A G E N D A

600 NORTHEAST GRAND AVENUE | PORTLAND, OREGON 97232 2736
TEL 503 797 1542 | FAX 503 797 1793

METRO

Agenda

MEETING: METRO COUNCIL REGULAR MEETING
DATE: March 23, 2006
DAY: Thursday
TIME: 2:00 PM
PLACE: Metro Council Chamber

CALL TO ORDER AND ROLL CALL

1. INTRODUCTIONS

2. CITIZEN COMMUNICATIONS

3. STATUS OF AUDIT RECOMMENDATIONS FOR 2005 — Dow

4. COMPARISON OF HOUSEHOLD HAZARDOUS WASTE PROGRAM TO OTHERS IN THE COUNTRY — Quinn

5. CONSENT AGENDA

5.1 Consideration of Minutes for the March 16, 2006 Metro Council Regular Meeting.

5.2 **Resolution No. 06-3678**, Authorizing the Chief Operating Officer to Renew the Non-System License Issued to Gray and Company for Delivery of Putrescible Solid Waste to the Riverbend Landfill.

5.3 **Resolution No. 06-3682**, For the Purpose of Confirming Jim Watkins, Kendal Walden and Kim Bardes to the Metro 401(K) Employee Salary Savings Plan Advisory Committee.

6. ORDINANCES - SECOND READING

6.1 **Ordinance No. 06-1115**, An ordinance creating a new Metro Code Chapter 7.04 establishing a Construction Excise Tax. — Newman

7. RESOLUTIONS

7.1 **Resolution No. 06-3665**, For the Purpose of Adopting the Policy Direction For the Transportation Priorities 2008-11 Allocation Process and Metropolitan Transportation Improvement Program (MTIP). — Burkholder

7.2 **Resolution No. 06-3683**, For the Purpose of Confirming New Member Appointments and Current Member Reappointments to the Greenspaces Policy Advisory Committee. McLain

8. CHIEF OPERATING OFFICER COMMUNICATION

9. COUNCILOR COMMUNICATION

ADJOURN

Television schedule for March 23, 2006 Metro Council meeting

Clackamas, Multnomah and Washington counties, and Vancouver, Wash. Channel 11 -- Community Access Network www.yourtvtv.org -- (503) 629-8534 2 p.m. Thursday, March 23 (live)	**Portland** Channel 30 (CityNet 30) -- Portland Community Media www.pcmtv.org -- (503) 288-1515 8:30 p.m. Sunday, March 26 2 p.m. Monday, March 27
Gresham Channel 30 -- MCTV www.mctv.org -- (503) 491-7636 2 p.m. Monday, March 27	**Washington County** Channel 30 -- TVC-TV www.tvctv.org -- (503) 629-8534 11 p.m. Saturday, March 25 11 p.m. Sunday, March 26 6 a.m. Tuesday, March 28 4 p.m. Wednesday, March 29
Oregon City, Gladstone Channel 28 -- Willamette Falls Television www.wftvaccess.com -- (503) 650-0275 Call or visit website for program times.	**West Linn** Channel 30 -- Willamette Falls Television www.wftvaccess.com -- (503) 650-0275 Call or visit website for program times.

PLEASE NOTE: Show times are tentative and in some cases the entire meeting may not be shown due to length. Call or check your community access station web site to confirm program times.

Agenda items may not be considered in the exact order. For questions about the agenda, call Clerk of the Council, Chris Billington, (503) 797-1542. Public hearings are held on all ordinances second read and on resolutions upon request of the public. Documents for the record must be submitted to the Clerk of the Council to be considered included in the decision record. Documents can be submitted by e-mail, fax or mail or in person to the Clerk of the Council. For additional information about testifying before the Metro Council please go to the Metro website www.metro-region.org and click on public comment opportunities. For assistance per the American Disabilities Act (ADA), dial TDD 797-1804 or 797-1540 (Council Office).

METRO

Status of Audit Recommendations – 2005

February 2006

A Report by the Office of the Auditor

METRO

PEOPLE PLACES
OPEN SPACES

Alexis Dow, CPA

Metro Auditor

600 NORTHEAST GRAND AVENUE | PORTLAND, OREGON 97232-2736
TEL 503.797.1891 | FAX 503.797.1831

METRO

AUDITOR

ALEXIS DOW, CPA

February 22, 2006

To the Metro Council and Metro-area Citizens:

The accompanying report summarizes the recommendations made by the Metro Auditor and indicates whether Metro's management team has carried them out.

Metro has a strong history of implementing our audit recommendations. Most have been implemented and are contributing to more efficient and effective operations throughout Metro and the Metropolitan Exposition Recreation Commission (MERC). I am pleased that Metro and MERC managers and staff have taken these positive steps.

Recent progress has slowed. Improvements resulting from implemented recommendations can take many forms, including saving money, using resources more efficiently, protecting assets, and better assuring that program goals and project objectives are met. By implementing our recommendations, Metro and MERC can better face unmanaged risks and take advantage of opportunities to enhance effectiveness and credibility. Areas of particular concern include Oregon Convention Center purchasing practices and Metro-wide disaster recovery planning.

We appreciate the cooperation and assistance from the Chief Operating Officer, Michael Jordan, and all Metro departments and MERC and their staff as we prepared this report. The last section of this report contains Mr. Jordan's comments.

Please contact me if you have any questions or desire additional information.

Very truly yours,

Alexis Dow

Alexis Dow, CPA
Metro Auditor

Table of Contents

Chapter 1: Overview and Background

Overview and Background

Report background and objective

The Metro Code directs the Metro Auditor “to make continuous investigations of the operations of Metro.”[1] Our mission is to assist and advise Metro in achieving honest, efficient management and full accountability to the public, and to provide Metro with accurate information, unbiased analysis and objective recommendations on how best to use public resources in support of the region’s well being.

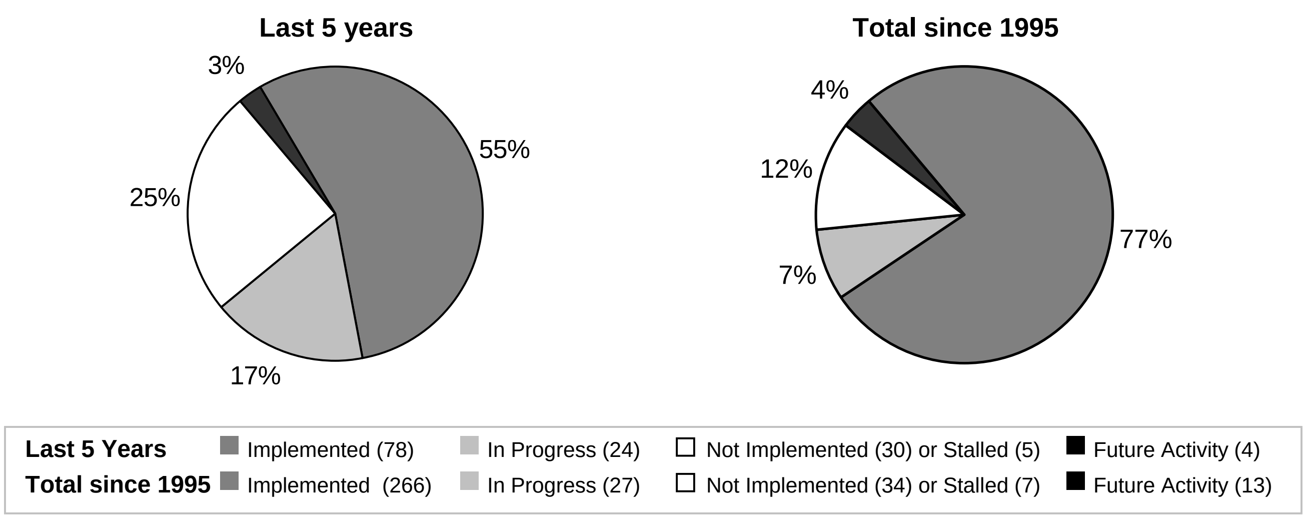
In efforts to fulfill our mission, we have issued 27 audit reports in the past five years (since June 2000), with a total of 146 recommendations. Audit recommendations are made to encourage improvement in the economy, efficiency and effectiveness of Metro operations, and to improve safeguards over public funds and other assets.

Government Auditing Standards state that officials of the audited entity are responsible for addressing the findings and recommendations of auditors, and for establishing and maintaining a process to track the status of such findings and recommendations.[2] An organization’s willingness and ability to carry out audit recommendations are important indicators of management effectiveness. This report is intended to provide the public and the Metro Council with information on Metro’s progress in implementing our audit recommendations.

Overview of Metro’s action on recommendations

Metro has a strong history of implementing audit recommendations. Of our 362 recommendations issued since 1995 when the Metro Auditor operation first began, 77%[3] have been implemented. Another 7% are in progress.

Recent progress has slowed noticeably, however, with only 55%[3] of 146 recommendations made in the last five years having been implemented. The following charts compare progress made in the last five years with progress since 1995.



[1] Metro Code, Chapter 2.15.010, January 2003 Edition.

[2] Government Auditing Standards, 2003 Revision, section 1.18.

[3] The recommendations withdrawn over the last 10 years due to changed circumstances (15 total) are omitted from the calculations.

Implemented audit recommendations improve operations, save resources

Improvements resulting from implemented recommendations can take many forms, including saving money, using resources more efficiently, protecting assets, and better assuring that program goals and project objectives are met.

Zoo Construction Management

Our audit *Oregon Zoo: Construction Management* (September 2001) acknowledged benefits from completed components of the Zoo's Great Northwest construction project, but also identified weaknesses in control and management that resulted in the project's completion date being four (*or more*) years later than expected, a narrowing of the project's scope from the original plans, and uncertainty of available funding to complete the scaled-down version of the final stages of the project.

This year the Zoo prepared a detailed, comprehensive project management plan for the Cascade Canyon (a continuation of the Great Northwest project) that addressed areas of concern we raised in 2001. The plan clearly defines and documents the authority, roles and responsibilities of the project management team members; analyzes project risks and how they will be managed; indicates project milestones and performance measures to be tracked; includes a detailed budget and budget tracking processes; prioritizes components of the project; establishes formal procedures for recording construction meeting minutes; and provides for a final project report that will be issued to all stakeholders, summarizing compliance with all categories in the project management plan.

We believe this detailed advance planning will result in more efficient and effective use of the remaining resources for the completion phase of the Great Northwest Project. We encourage Metro to adopt this thorough approach to all construction projects in the future.

MetroPaint

Prior audits identified weaknesses in the Solid Waste and Recycling Department's cash handling procedures and inventory management of Metro's recycled paint.[4] Recommendations called for installing cash registers, installing a point-of-sale system for recording sales and managing inventory, conducting inventory counts, developing procedures for reconciling system to physical inventory counts, and developing sound cash handling procedures. All of these recommendations have been successfully implemented. A recent inventory count by color, size and batch number resulted in a variance of 0.08%, or a difference of only 15 out of 19,499 cans!

With controls like this in place, MetroPaint is clearly safeguarding public assets and operating in an efficient manner.

[4] *Financial Statement Audit Management Recommendations* (April 2003); *Transfer Station Revenue Controls* (October 2002)

Recommendations "in progress" may demonstrate significant improvements

We realize that some of our recommendations are not easy to implement. They may require significant shifts in current business practices. They may require establishment of procedures that are complicated to develop, and complex to implement. Some recommendations have multiple parts to them. Some tread on politically sensitive ground. And some clearly cannot be accomplished within a one-year time frame.

Thus, we would like to take note of efforts underway that clearly demonstrate significant progress and commitment to organizational improvement.

<u>Metro's Performance Evaluation Program</u>

Metro Council was considering some type of performance-based compensation plan at the time we were examining the Metropolitan Exposition Recreation Commission's (MERC) pay for performance system.[5] We recommended that performance measurements and reporting systems should be intrinsic to any plan, along with strong oversight and accountability to assure consistent meeting of defined goals and objectives. We also recommended mid-course corrections be made as needed. Management in Metro's Human Resources department told us that Metro Auditor reports, including *Issues to Consider in Implementing a Pay-For-Performance Program, May 2004*, were referred to frequently as Metro's new Performance Evaluation Program was being designed.

Metro's Human Resources department solicited input from many Metro employees to define clear performance criteria for a number of job titles and/or categories of employees. Once the program was designed, Human Resources held training sessions for every Metro employee over a period of several months. The structure and implementation calendar of the program was clearly explained. Clear and consistent reporting requirements exist, and the roles and responsibilities of employees, managers and evaluators are defined. The Human Resources department promises to track and monitor the program over the coming year, and modify it as necessary.

We are pleased this new performance-based compensation system incorporates our recommendations. We anticipate that these recommendations will be completed in 2006, as the program completes its first full year of implementation.

<u>MERC'S Improvement in Accounting Operations</u>

MERC's Financial and Accounting Services staff are diligently working to improve accounting functions, even though a number of our recommendations are not fully implemented.[6] Progress has been made in reconciling severely out-of-date bank accounts, and identifying and resolving adjustments to accounts. Installation of a robust new software program, Events Business Management System (EBMS), is well underway. EBMS is expected to automate numerous accounting activities while providing more useful management information and tools. All of this has been accomplished after great employee turnover. We look forward to reporting on progress on our recommendations next year, after EBMS is fully functional, and MERC further refines its policies and operating procedures.

---

[5] *MERC's PFP Program is Not a Model for Metro*, October 2003.

[6] *PCPA Event Settlements*, June 2002

"Not Implemented/stalled" recommendations expose Metro to risks

Oregon Convention Center Purchasing Practices

One of our recommendations has been outstanding since 1997.[7] It advises that Oregon Convention Center (OCC) vendor invoices should be sent directly to Metro Accounts Payable, or at least to one single address at the Oregon Convention Center. This presents more complications than might be apparent. How does Metro verify that invoices are proper in amount, and that vendors have fulfilled their obligations? How does the OCC avoid erroneous coding of activities if it does not have initial review of the invoices? When, and how, are invoices matched to purchase orders?

Metro management has identified several risks associated with not having these procedures developed and consistently followed: invoices may be sent to both OCC and Metro, possibly resulting in duplicate payments, or increasing the risk of fraudulent invoices; a department may directly receive an invoice and not record it, opening the door for distortion of financial information; and Metro's representation to its independent auditors that all expense accruals have been appropriately made is subject to error.

The risks inherent in leaving this recommendation not implemented do not disappear with time, unless and until business processes exist that address and resolve them. We look forward to Metro and OCC management developing mutually satisfactory solutions to this recommendation, to minimize risks and streamline operations for both entities.

Disaster Recovery Planning

Hurricane Katrina highlighted anew the need for a comprehensive Disaster Recovery/Business Continuity Plan. We mentioned this open recommendation in our 2004 status report, and again raise this issue. As mentioned in the report *Review of General Information System Controls*,[8] and in the recommendations to management associated with the 2000, 2001 and 2002 financial statement audit reports, Metro should develop a coordinated plan for responding to a disaster or unforeseen event that ensures appropriate action is taken to recover and resume business services in a timely manner. The reports recommended that the plan document key contacts and their roles and responsibilities; that it allow for an orderly recovery of systems, operations and services; and that it include operational requirements to reduce the disruption of services and operations as well as relocation, if necessary. The reports also recommended that the plan prioritize business functions for restoration to minimize damage and loss and protect essential equipment, records and other assets. Lastly, the reports recommended that schedules for testing and periodically updating the plan should be documented and enforced.

Without a formal, entity-wide strategic plan to recover from a significant disaster or other major unplanned interruption, it will be difficult for Metro to restore normal public service operations, business processes, and information systems in a timely manner. We encourage Metro to begin the process of implementing this recommendation in the coming year. We understand the issues involved are very complex and funding will be a challenge, but we believe, as the external auditors have for years now, that Metro should have such a Disaster Recovery/Business Continuity Plan.

[7] *OCC Purchasing Practices*, March 1997.

[8] Deloitte and Touche, LLP, issued by the Metro Auditor, September 1998.

Scope of work performed

This is the Metro Auditor's tenth annual report discussing the status of audit recommendations. Since the Metro Auditor's Office began operations in early 1995, the office has issued 56 audit reports and made 362 recommendations involving all Metro departments, including MERC, a subsidiary of Metro.

To determine the status of recommendations still outstanding from our last report and the status of new recommendations made since that time, Metro's Chief Operating Officer was:

- provided a list of audit recommendations that were not implemented as of last year's report and of audit recommendations that have been made since then
- asked to categorize each recommendation in terms of whether management considers it implemented, in progress or not implemented
- asked that detailed documentation to support recommendations management considers implemented or in progress be provided, along with a written narrative justifying the category selected.

Management's responses and supporting documentation were reviewed and selective inquiries were made to gain a clear understanding of actions taken to ensure that the Auditor concurs the reported status is accurate.

This report was then compiled and reviewed with the Chief Operating Officer.

Chapter 2: Recommendations Requiring Further Action

Eliminate or Revise the Regional System Fee Credit Program

August 2005

Metro's Regional System Fee Credit Program grants credits to private companies that pull recyclable material from the mixed trash they receive rather than sending it to the landfill. These companies annually remove more than 84,000 tons, or about 7% of total recovered material in the Metro region. The program cost Metro approximately $617,000 in 2005 and $1 million annually for the previous four years.

We recommended the program be eliminated. Recovery companies do contribute to waste recovery in the region. However, a trend of declining recovery rates and the existence of other economic incentives for recovery of recyclable materials suggest alternative activities may be more desirable.

The report recognized that other factors may justify maintaining a variation of the program and recommended several administrative improvements.

♦ ♦ ♦ ♦ ♦

Remaining Recommendations (of 7 total):

1. Metro Council should eliminate the Regional System Fee Credit Program or revise it substantially.

2. Administrative procedures should be strengthened.

3. Policies should be changed to prevent facilities from withholding payment on amounts due.

   In progress. The Solid Waste and Recycling Department is developing a new program to replace the current Regional System Fee Credit program by the beginning of fiscal year 2007. A risk-based compliance review program has been implemented and other administrative procedures are being reviewed and modified. A new policy that states facilities may protest but must pay the amount of fees Metro calculates as due has been implemented.

4. The program's goal should be redefined, and appropriate measures developed to evaluate program accomplishments.

5. Eligibility criteria should be simplified.

   Not implemented. These two recommendations have not yet been implemented, pending development of a new program.

Financial Statement Audit Management Recommendations

April 2005

As a by-product of its audit of Metro's FY 2004 financial statements, Grant Thornton LLP made observations related to Metro's internal control and other accounting, administrative and operating matters.

♦ ♦ ♦ ♦ ♦

Remaining Recommendation (of 1 total):

1. Establish a process to prepare and review network security logs and document that review.

   In Progress. Metro's Information Technology department has installed an open service network monitoring system, along with other extensive security controls. Systems administrators are responsible for monitoring network performance, with an array of security modules and protocols in place. Documentation of procedures are needed to complete this recommendation.

Community Enhancement Grant Processes Need Improvement

February 2005

We evaluated Metro's system for managing community enhancement grant contracts in response to a citizen allegation that Metro enhancement grant funds were inappropriately spent. We reviewed issues pertaining to contract development, contract administration and internal controls. While we found that the questioned expenditure of grant funds substantially met contract requirements, we concluded that Metro's system for managing the grant program needs strengthening. Three recommendations were provided for improving management of this program.

♦ ♦ ♦ ♦ ♦

Remaining Recommendations (of 3 total):

1. Expand grant management procedures to better guide staff on how grants should be initiated, authorized and overseen. Identify which costs are reimbursable, limiting overhead-type expenditures.

2. Set up better systems to measure and report grant performance.

3. Maximize the value of enhancement grant programs by linking their goals to Metro's strategic goals.

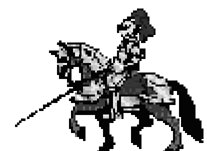
   In progress. In three recent contracts, contract language included clearer performance objectives and more specific reporting requirements. Overhead expenditures are required to be reported separately in contract applications, and are limited in dollar amounts or percentages of funds received. A September 2005 presentation to Metro Council of proposed 2005-2006 projects grouped grants by topic, more closely aligning these with Metro Council goals and objectives.

   Further work is required to consolidate improved grants management practices into a procedures manual, and linking grant awards to Metro strategic goals will add value to this program.

Management of Relationship with Oregon Zoo Foundation Needs Improvement

September 2004

We examined the relationship between the Metro-owned Oregon Zoo and the independent Oregon Zoo Foundation in this *2004 Knighton Award for Best Audit* award recipient. Metro Councilors asked us to determine whether financial activities between the two organizations were conducted in an accountable and transparent manner, allowing for meaningful oversight by Metro management and the Metro Council. We identified several problems that indicated the system for controlling this relationship was weak. We believe Metro will have to change how the relationship is conducted to ensure that the Oregon Zoo's activities are consistent with Metro policy objectives, organizational goals and established procedures.



Knighton Award Winner

♦ ♦ ♦ ♦ ♦

Remaining Recommendations (of 7 total):

1. Renegotiate Metro's contractual agreement with the Foundation to better define major duties and processes, including compensation terms.

2. Take appropriate action to hold the Zoo Director accountable for departures from Metro's regulations relating to construction of the Condor breeding facility.

3. Review the contractual relationship with the Foundation to assure that all major risks are identified and procedures are in place to mitigate them.

4. Define the information and reports needed by Metro to perform oversight responsibility and take steps to ensure that the Zoo and Foundation make this information available.

5. Establish appropriate procedures to independently monitor Metro's contractual relationship with the Foundation. The Zoo Director is a party to both sides of the contractual agreement and independent monitoring of compliance with terms of the agreement is needed.

6. Enhance the role of the Contract Office to ensure that high risks, contract performance and compliance with policies and procedures are monitored.

7. Implement the full range of recommendations made in the Metro Auditor report of December 2000, *Contracting: A Framework for Enhancing Contract Management.*

Not implemented. Metro Chief Operating Officer Michael Jordan agreed with most of our recommendations and discussions are underway to analyze how best to implement them; we look forward to more formal action being taken. Regular meetings between Metro's Chief Financial Officer, the Zoo's Finance Manager and the Foundation's Finance Manager have been established. This is a good step in the right direction. Furthermore, the Business Design Team (a cross-functional effort at Metro to assess and redesign key business processes) endorsed Metro Auditor recommendations concerning managing contracts across the agency. This team recommended that more expertise and resources be devoted to a newly established "Contract Office." Metro management is in the process of assessing this recommendation.

Given the significance of problems that were identified in this audit – misreporting revenues to avoid excise taxes and entering into unauthorized contracts – we encourage management to proceed with implementation of all open recommendations from this audit.

Telecommunications Joint Project

June 2004

The Metro Auditor, together with Metro's Chief Financial Officer, engaged Solberg/Adams LLC to audit the billings, contracts, customer service records and other information related to Metro's telecommunication expenses. Solberg/Adams identified several opportunities where Metro could save money, partly from refunds of incorrectly assessed excise taxes, and from adopting more cost-effective telecommunication practices.

♦ ♦ ♦ ♦ ♦

Remaining Recommendations (of 5 total):

1. Apply federal tax exemption based on governmental body status.

   In progress. Metro accounting staff worked with staff at Solberg/Adams to obtain refunds of excise taxes, resulting in several thousand dollars being returned to Metro. This was a slow and frustrating process at times, but did result in savings. Unfortunately, the underlying root cause of the overcharges have not been addressed and the problem is a recurring one, due to Metro's decentralized approach to ordering telephone lines. When new lines are added, they are often assessed excise tax, leaving the accounting staff with the responsibility to try and monitor the billings, and obtain refunds as time permits. This situation merits further attention, as erroneously charged excise taxes can run into the thousands of dollars.

2. Adjust AT&T Wireless plans to reduce unnecessary costs.

3. Replace AT&T local service T-1s with X5 local service T-1s to achieve lower access rates and lower long distance rates.

4. Elect 60-month term pricing on tie line.

5. Disconnect telecommunication service lines no longer in use.

   Not implemented. These are one-time actions that can result in savings to Metro. We encourage management to complete these recommendations and adequately document steps taken.

Financial Statement Audit Management Recommendations

March 2004

As part of its audit of Metro's FY 2003 financial statements, Grant Thornton LLP assessed Metro's internal financial controls in order to determine appropriate auditing procedures. While they found that Metro's financial controls were generally adequate, they did make two recommendations for improving certain deficiencies relating to the Metropolitan Exposition Recreation Commission (MERC).

♦ ♦ ♦ ♦ ♦

Remaining Recommendations (of 2 total):

1. MERC should reconcile all cash accounts monthly, as soon as the bank statement is available. The reconciliations should be reviewed and formally approved by a supervisor.

   In progress. MERC accounting staff has been working diligently to complete bank account reconciliations on a monthly basis. Much progress has been made in this area. Still, bank reconciliations are lagging behind by two to three months, and there are not yet formal policies and procedures for accomplishing this work. Management expects that this and related recommendations will be fully implemented in the near future, as additional staff is being trained in these tasks, and MERC is in the middle of installing its new Event Business Management System (EBMS) software, which includes robust accounting features.

2. MERC should draft detailed reconciliation policies and procedures that include:
   - Statement of policy and purpose
   - General description of each cash account including the unique aspects of each
   - Specified procedures requiring:
     1. Monthly reconciliations
     2. Stated due date for the reconciliations
     3. Investigation of all significant differences
     4. Supervisory review of all reconciliations
     5. Supervisory approval of all proposed adjustments resulting from the reconciliations

   Not implemented. Once the EBMS software is fully functional and bank reconciliations current, it will be important for MERC to document these procedures *in writing* to ensure that these improved business practices are permanent and recurring.

Management Tracking of Audit Recommendations

January 2004

Government Auditing Standards state that it is the responsibility of managers of governmental entities to establish and maintain a process to track the status of auditor findings and recommendations (Section 1.18, 2003 Revision). For this reason, we recommended in 2004 that Metro's Chief Operating Officer begin to fulfill this responsibility to provide the management impetus and oversight to assure that accepted recommendations are properly implemented.

Metro management's acceptance of audit recommendations means they agree that the recommendations will improve Metro's operations. One way for management to ensure these identified improvements occur is to establish a process for tracking the status of audit recommendations, ensuring that action taken by the departments is appropriate to the recommendation and that supporting documentation exists. The process should enable others, such as the Metro Council and Auditor, to easily obtain reliable information on the implementation status of audit recommendations and to verify that recommendations have actually been implemented. Evidence of implementation should be organized and maintained in a single, central location.

♦ ♦ ♦ ♦ ♦

Remaining Recommendation (of 1 total):

1. Metro management should develop a process for assuring that audit recommendations are properly implemented.

   In progress. Management is developing an environment that encourages implementation of audit recommendations, and is in the process of developing procedures to track progress. While good progress has been made, additional steps need to be taken to ensure department compliance and adequate documentation is provided in a timely manner.

MERC's PFP Program Implementation Is Not a Model for Metro

October 2003

We evaluated the Metropolitan Exposition Recreation Commission's (MERC) performance-related compensation (pay-for-performance or PFP) program to assess the appropriateness of expanding it elsewhere within Metro. Our review determined that MERC's PFP system is not a model that Metro should embrace. Instead, we recommended the Metro Council and Chief Operating Officer perform the following steps in determining the need for and developing a new performance-based compensation system.

♦ ♦ ♦ ♦ ♦

Remaining Recommendations (of 4 total):

1. Consider the costs of installation in relation to anticipated benefits. Compensation systems based on performance vary widely in sophistication and cost, and all require appropriate levels of resources to administer the program and help ensure program success.

   Withdrawn. Metro's Human Resources department is in the middle of implementing its new Performance Evaluation Program which will be fully operational in 2006. The estimated cost of maintaining the system is considered comparable to the current compensation system, but no formal cost benefit study was undertaken. Since the new program has already been adopted with support from the Metro Council, this recommendation is withdrawn. Management has expressed its intention to conduct a study after the first year of the program to assess results.

2. Assure that program performance measurement and reporting systems are intrinsic to the new system. Clearly defined goals, objectives and organizational performance measures should be established and tracked to provide an objective basis for evaluating progress and reporting results.

3. Provide strong oversight and accountability to assure that the program consistently meets defined goals and objectives and make mid-course corrections as needed.

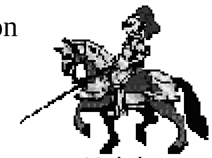
   In Progress. As Metro's Performance Evaluation Program is implemented throughout the agency for non-represented employees in 2006, we anticipate that these two recommendations will be completed. The program provides for clearly defined goals, objectives and measures, with ongoing monitoring built in. Broad employee participation in the design of the program, as well as training of Metro employees in the new program, sets the stage for a positive experience.

   We appreciate feedback from the Metro Human Resources department that Metro Auditor reports, including *Issues to Consider in Implementing a Pay-For-Performance Program, May 2004* provided useful guidance in establishing an accountable and effective performance-based employee evaluation and compensation system.

MERC's Accountability Processes Need to be Strengthened

October 2003

This report discusses issues related to Metro/Metropolitan Exposition Recreation Commission (MERC) governance and accountability. We believe the Metro Council and the MERC Commission should consider our recommendations for measuring, reporting and monitoring its compensation program and the reasonableness of MERC's administration of its policies and procedures for the program.



Knighton Award Winner

♦ ♦ ♦ ♦ ♦

Remaining Recommendations to the MERC Commission (of 3 total):

1. Direct MERC management to establish and report on specific program goals and performance measures to provide a basis for evaluating program accomplishments.

2. Assure that compensation policies are prudent, equitable, transparent and consistently applied.

3. Direct MERC management to establish a clear linkage between employee pay and MERC's operational and financial performance.

   Not implemented. While no specific actions have been taken, management reports that it intends to address these recommendations in the near future. MERC's Deputy General Manager has indicated that the 2006-2007 budget will include a request for funds to hire consultants to review and revise the compensation system, including addressing the issues itemized in these recommendations.

Remaining Recommendations to Metro (of 2 total)

1. Establish specific guidelines and requirements for the MERC Commission to follow in exercising its responsibilities in an accountable manner.

2. Establish a formal process for considering and reconciling unresolved issues of mutual interest to Metro and the MERC Commission (i.e., MERC's administration of its compensation system).

   Stalled. Metro Ordinance No. 03-1023 that would have clarified the relationship between MERC and Metro was given a first reading before the Metro council in late 2003. The ordinance was subsequently withdrawn without further action. No further efforts toward formalizing the relationship between the two agencies is being considered at the moment.

   In 2004 the Metro Council instituted quarterly meetings with the MERC Commission. However, these meetings have not been held consistently since then, and management has stated it does not currently intend to institutionalize this process. Bi-weekly meetings with financial personnel from both agencies were begun, and MERC and Metro staff work together on many joint committees.

   Continuation of these efforts will ensure that issues of mutual interest between MERC and Metro are communicated and resolved in a timely manner, and that adequate oversight of MERC is provided.

MERC's Employee Performance Agreements Need Improvement

October 2003

This report focuses on how the Metropolitan Exposition Recreation Commission (MERC) could improve employee performance agreements. Performance agreements are the pivotal tool for any pay-for-performance program – they spell out the criteria under which employees will be evaluated and upon which they will receive any performance-based adjustments to their pay. The report's findings and recommendations apply to MERC's current program and offer a framework for Metro to consider in planning and implementing any compensation program using employee agreements.

♦ ♦ ♦ ♦ ♦

Remaining Recommendation to the MERC Commission (of 3 total):

1. Have an independent human resource consultant review employee performance agreements at the beginning of the next evaluation cycle.

   Stalled. While no specific actions have been taken, management intends to address this recommendation in the near future. MERC's Deputy General Manager has indicated that the 2006-2007 budget will include a request for funds to hire consultants to review and revise the compensation system, including addressing the issues itemized in this report.

Oregon Convention Center Expansion: Review of Management's System for Controlling Costs

August 2003

The Oregon Convention Center (OCC) built a $100 million expansion to enhance the existing facility to keep Portland competitive with other cities' convention centers. The OCC is managed by the Metropolitan Exposition Recreation Commission (MERC), a Metro unit that was responsible for overseeing the expansion project. The objective of this audit was to determine if the expansion project team installed an effective set of procedures to ensure that it reimbursed the Construction Manager/General Contractor (CM/GC) only for services that were allowed under the contract and that services were reasonably priced and necessary to achieving the project's objectives.

We found that MERC's oversight was generally carried out effectively. The project came in on time and under budget. The success of the project notwithstanding, we offer several recommendations for strengthening some of the procedures relating to these types of projects.

♦ ♦ ♦ ♦ ♦

Remaining Recommendations (of 9 total):

1. Ensure that the CM/GC is paid only for authorized subcontract work.

2. Ensure the CM/GC is paid for only those services that were actually received and necessary for the project.

   Withdrawn. Although the CM/GC's monthly progress billings were reviewed, there is no evidence that the review ensured the amount paid subcontractors did not exceed the authorized subcontracts and subcontract changes. There is also no evidence that a review of general condition costs was performed to ensure that the CM/GC was paid only for those services actually received (the audit specifically mentioned three general condition costs that were over budget). Given the age and one-time nature of the transactions, we recognize these recommendations will never be implemented and withdraw them.

3. Ensure accountability for travel costs.

4. Ensure construction materials are acquired at competitive prices.

5. Ensure confidentiality of subcontractor bids.

6. Improve management of contract and project risks through a risk management plan prepared by appropriate managers.

   Future activity. The above four recommendations cannot be implemented until Metro/MERC undertake another construction project using the CM/GC contracting approach.

Accounts Payable ACL Audit

June 2003

Problems such as the corporate malfeasance that has plagued the American economy over the last few years are not limited to the private sector. Fraud in governments regularly comes to light as well. Therefore, more emphasis is given to the importance of transaction testing and an increased focus is placed on governance responsibilities to ensure a sound structure of controls and oversight to protect public interests. The Metro Auditor engaged a contractor to perform specific tests of accounts payable and payroll transactions and to analyze data associated with these tests.

Several recommendations were made to strengthen controls, streamline processes and optimize existing controls.

♦ ♦ ♦ ♦ ♦

Remaining Recommendations (of 9 total):

1. Review the purchasing card program to ensure that controls are appropriate, and purchasing opportunities for the program are optimized. The risks mentioned above could be minimized and the purchasing power available through the program optimized.

2. Expand the use of purchasing cards for small dollar purchases to increase the efficiency of the purchasing process. Optimize the controls available through the program.

3. Establish a policy limiting the amount of time a vendor can remain in active status since the last time they were used and inactivate vendors who do not fall within the policy of "active" vendors.

   Stalled/Not Implemented. Metro's financial software has been updated to provide for archiving of vendors. Otherwise, no direct effort has been undertaken to address these recommendations. We encourage more focused attention to this area.

Financial Statement Audit Management Recommendations

April 2003

As part of its audit of Metro's FY 2002 financial statements, Grant Thornton LLP assessed Metro's internal financial controls in order to determine appropriate auditing procedures. While they found that Metro's financial controls were generally adequate, they made six recommendations to improve them.

♦ ♦ ♦ ♦ ♦

Remaining Recommendations (of 6 total):

1. Develop written policies and procedures for identifying and accounting for fixed asset transfers and retirements.

   In progress. Metro has drafted agency-wide policies and procedures to account for fixed assets – tagging and taking physical inventories, and for recording, transferring, retiring and disposing of assets. This draft document is being distributed to different departments for review and feedback. Management anticipates that this recommendation will be fully implemented in 2006.

2. Review existing purchase order policies with all purchasing personnel to ensure that they prepare purchase orders before purchases are made.

   Not implemented. Consistent with last year's responses, management indicated that organizational structure and staff changes resulting in fewer management personnel to guide these efforts have limited management's ability to review and strengthen purchasing policies and procedures. As a result, Metro employees continue to make some purchases prior to preparing purchase orders and getting them authorized. We maintain our position that obtaining authorization for purchases is a fundamental internal control and we encourage Metro to take steps to ensure employees are made aware of and follow purchasing policies and procedures.

Review of Controls Over Revenue from Glendoveer Golf Course

March 2003

We audited management's controls over the revenue Metro receives from the Glendoveer Golf Course to determine whether Metro is receiving appropriate payments and whether the revenue is properly safeguarded. A private concessionaire operates the two 18-hole golf courses and adjacent pro shop, driving range, indoor tennis courts and other facilities. Metro and the concessionaire divide the revenue under two agreements, one covering the golf courses, the second covering the other facilities. Metro receives nearly $900,000 a year in revenue, mostly from greens fees.

Recommendations included ensuring that Metro receives proper rent payments, revenue payments are reconciled to financial statements, and cash controls are strengthened at the golf course.

♦ ♦ ♦ ♦ ♦

Remaining Recommendation (of 6 total):

1. Improve Regional Parks and Greenspaces department cash handling procedures at Metro headquarters by separating the duties of receiving cash and preparing deposits, keeping a log of cash receipts, and documenting the department's cash-handling procedures, especially the chain of custody for the cash.

   In progress. The Regional Parks and Greenspaces department has taken steps to strengthen some cash-handling procedures, including establishing procedures for internal transfers of cash to the Accounting department for deposit. The Finance Manager reported to us that the department has regular discussions with Accounting on how to improve internal controls. We encourage the Regional Parks and Greenspaces department to complete its study of current cash handling procedures as an important step toward identifying opportunities for strengthening controls.

Financial Statement Audit Management Recommendations

June 2002

As part of its audit of Metro's financial statements for the fiscal year ending June 30, 2001, KPMG LLP reviewed Metro's financial controls. While they noted no material weaknesses regarding Metro's financial control systems and their operation, KPMG had a number of concerns related to Metro's information systems, accounting and administration. KPMG made six recommendations about information technology controls and two recommendations addressing Metro's accounting and administration practices.

♦ ♦ ♦ ♦ ♦

Remaining Recommendations (of 11 total):

1. Perform an inventory of fixed assets bi-annually and tag assets with identification numbers.

2. Establish procedures to reconcile fixed asset detail to the accounting system at least quarterly.

   In progress. Metro has drafted agency-wide policies and procedures to account for fixed assets – tagging and taking physical inventories, and for recording, transferring, retiring and disposing of assets. This draft document is being distributed to different departments for review and feedback. Management anticipates that this recommendation will be fully implemented in 2006.

3. Conduct a network security assessment and vulnerability analysis of network and remote access connections.

4. Launch a more robust Information Technology Disaster Recovery and Business Continuity initiative to mitigate risks.

   Not Implemented. Budgets for the network security assessment and vulnerability analysis of network and remote access connections were presented by Information Technology in three of four recent budget cycles. According to the Director of Information Technology, in each case the appropriation did not survive the budget review process and there are no plans to budget for it again until next year.

   Having a robust Information Technology Disaster Recovery and Business Continuity plan is imperative to mitigate risks of data loss and to ensure the ability to continue to perform services for the community. This is not a simple task, and requires dedication of resources – time, money, and personnel – to accomplish. But given the recent examples of Hurricane Katrina's impact, we again encourage Metro to seriously consider providing the necessary funding to develop a Disaster Recovery and Business Continuity Plan.

Portland Center for the Performing Arts Event Settlement Activities: System Works, Some Enhancements Are Needed

June 2002

We evaluated the processes used by the Metropolitan Exposition Recreation Commission (MERC) and the Portland Center for the Performing Arts (PCPA) to calculate and bill the amounts commercial promoters, nonprofit arts groups, and others owe for renting the PCPA's facilities – a process known as event settlement. The PCPA hosts hundreds of arts and cultural performances each year, and in FY 2001 rental revenue from these events totaled about $3.2 million. The PCPA is owned by the City of Portland and operated by the MERC Commission, a Metro unit.

We found that overall the event settlement system was functioning adequately. Management processes were in place to ensure that settlements were complete and accurate, appropriate rental and labor rates were applied, and deposits were sent to the bank and recorded in a timely manner. Even so, opportunities for improvement existed in three areas:

- streamlining information systems
- developing additional policies and procedures to manage and control cash, billings and accounts receivable
- investigating and resolving discrepancies in bank balances.

♦ ♦ ♦ ♦ ♦

Remaining Recommendations (of 8 total):

1. To help assure that planned event settlement process improvements are implemented effectively, MERC should seek assistance from someone experienced in implementing and operating the ConCentRICs' event management software.

   Withdrawn. In light of MERC's choice to purchase the EBMS software package, this recommendation is no longer applicable, and is withdrawn.

2. Develop new policies that:
   - identify the frequency of event revenue transfers to Metro and how the transfer amounts should be calculated
   - define the types of disbursements that may be made out of MERC's special deposit (bank) accounts
   - ensure bank reconciliations are performed timely and adequately.

3. Complete the development of and obtain management approval for procedures that:
   - ensure PCPA staff sends event billing information to MERC administration promptly
   - ensure PCPA adequately identifies and records all services provided for the event before billing information is forwarded to MERC administration for invoicing
   - assign responsibility for initiating rental rate updates and for promptly communicating new rates to staff
   - describe how staff should follow up on overdue accounts
   - establish how interest on overdue accounts should be calculated and recorded.

4. Identify responsibilities of MERC and Metro staff for reconciling bank accounts related to event settlements.

   In progress. MERC is making steady progress on most of these recommendations, but there is still work to be done. All business processes are changing with the implementation of EBMS. As a result, it will be even more important that policies and procedures are developed and documented.

   Bank reconciliations are still lagging behind by two to three months; errors and discrepancies are much easier to catch and correct when they are performed timely. Written procedures need to be developed to ensure consistent accuracy over time and to clearly identify roles and responsibilities.

Oregon Zoo: Construction Management

September 2001

We studied the accomplishments of and work remaining on the Great Northwest Project at the Oregon Zoo, and evaluated the system used to manage this major construction project.

The Great Northwest Project, a multifaceted effort to improve the Zoo, grew out of a $28.8 million bond measure approved by voters in 1996. The project was to consist of four phases and be completed in spring 2001. As of April 2001, three of the phases were completed and $30.7 million had been spent. The available funds for the final phase were not sufficient to cover anticipated costs. Metro expected donations to fill the gap.

The bond measure had three overall goals: helping the Zoo achieve higher attendance and revenues, reducing its reliance on property taxes, and improving the Zoo’s accessibility and exhibits. Neither Metro nor the Oregon Zoo translated these broad goals into a set of operational goals. Therefore, we were unable to evaluate whether the Zoo actually received the expected benefits from the bond funds.

Zoo and Metro officials took a number of actions to help ensure that the project would be well managed, but adherence to a more comprehensive project management framework would have improved performance in many ways. The recommended framework is appropriate for any large project Metro may undertake in the future.

♦ ♦ ♦ ♦ ♦

Remaining Recommendations (of 9 total):

The following recommendations apply to Metro on an agency-wide basis.

1. Develop a system of procedures and controls to ensure for each project that:
   - Roles, responsibilities and authorities of project managers and project team members – including contractors – are clearly defined and communicated.
   - Project managers are adequately qualified and trained, and their performance is regularly evaluated.
   - Goals are clearly defined and measurable.
   - Project scope and priorities provide the best means of achieving project goals.
   - Project scope can be carried out within its budget.
   - Project budget is complete and includes a contingency for unforeseen problems.
   - A project management plan is written and monitored.
   - Project milestones and performance indicators are established.
   - Information on project progress, performance, scope changes and other issues is regularly communicated to stakeholders.

2. Designate a "Project Coordinator" in departments that manage a significant number of projects.

In progress. In the process of completing the two recommendations relating to completion of the Great Northwest Project, Zoo management also completed all of the steps contained in this recommendation. We believe having done so will result in a project with increased accountability and performance measurements, while staying within budget. Implementing this recommendation Metro-wide will benefit the entire agency. Metro would achieve more efficient and effective operations in all departments by adopting this approach on an agency-wide basis.

Metro has made some progress by creating a project management team with representatives from different departments within Metro. Overall guidelines describing the roles and responsibilities of project mangers are posted on Metro's intramet. Increased training of these individuals and formal establishment of policies and procedures (see below) to assist them in carrying out their responsibilities will promote effective and consistent project management.

3. Define and document the authority, roles and responsibilities of the organizations and positions that are involved in overseeing major projects.

   Not implemented. Management has not addressed this recommendation on a Metro-wide basis. This recommendation is essential to effective project management and we encourage Metro to implement it.

Food Service: Evaluation of Contract and Financial Controls

June 2001

We audited the Metropolitan Exposition Recreation Commission’s (MERC) $8 million annual food service operation to determine whether it is based on a contract that reasonably protects Metro's financial interests and whether MERC’s management controls over the concessionaire's (Aramark) financial activities reasonably protect public funds.

We found that the contract type is appropriate for MERC’s food service operation and that contract provisions are adequate to:
- hold the concessionaire accountable for providing quality services
- provide Metro the revenue to which it is entitled
- ensure fair and accurate compensation to the contractor.

MERC’s management controls, however, can be improved. MERC needs to:
- develop ways to evaluate the concessionaire’s financial performance
- evaluate the concessionaire’s internal controls over cash and inventory to reasonably ensure that revenue is protected and errors and fraud are detected.

Such controls are essential, particularly in view of recent thefts and turnover in staff responsible for concessionaire oversight.

♦ ♦ ♦ ♦ ♦

Remaining Recommendations (of 4 total):

1. Develop ways to formally evaluate concessionaire financial performance.

2. Annually evaluate and test concessionaire's internal controls over revenue, expenses and inventory.

3. Document concession management and oversight policies and procedures in management directives, administrative policies and an operating manual.

   Stalled or not implemented. Last year we reported that MERC had taken some steps to verify invoices prior to making payments to Aramark. No new additional progress has been reported. The third phase of implementation of the new Event Business Management System (EBMS) software is a food and beverage services module, which will allow MERC to more easily address the recommendations above. Management expects progress on these items in 2006, as the new software goes live.

Financial Statement Audit Management Recommendations

March 2001

As part of its audit of Metro's FY 2000 financial statements, Deloitte & Touche LLP reviewed Metro's financial controls in order to determine appropriate auditing procedures. While they found no material control weaknesses, they did identify some control and administrative issues that merit management's attention. Deloitte & Touche LLP made one new recommendation to strengthen computer server security and two new recommendations to improve accounting practices.

♦ ♦ ♦ ♦ ♦

Remaining Recommendations (of 12 total):

1. Perform a complete physical inventory of all fixed assets biannually.

2. Adjust for cash account reconciling items in a timely manner, including all Metropolitan Exposition Recreation Commission (MERC) accounts.

   In progress. Metro has drafted agency-wide policies and procedures to account for fixed assets – tagging and taking physical inventories, and for recording, transferring, retiring and disposing of assets. This draft document is being distributed to different departments for review and feedback. Management expects that this recommendation will be fully implemented in 2006.

   MERC accounting staff has been working diligently to complete bank account reconciliations on a monthly basis. Much progress has been made in this area. Still, bank reconciliations are lagging behind by two to three months, and there are not yet formal policies and procedures for accomplishing this work. Management expects that this and related recommendations will be fully implemented in the near future, as additional staff is being trained in these tasks, and MERC is in the middle of installing its new Event Business Management System (EBMS) software, which includes robust accounting features.

3. Develop a plan for ensuring that Metro's key computer systems can continue to operate in the event of an emergency or disaster.

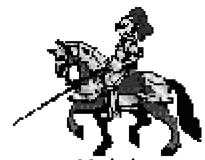
   Not implemented. Budgets for the network security assessment and vulnerability analysis of network and remote access connections were presented by Information Technology in three of four recent budget cycles. According to the Director of Information Technology, in each case the appropriation did not survive the budget review process and there are no plans to budget for it until next year.

   Having an Information Technology Disaster Recovery and Business Continuity plan is imperative to mitigate risks of data loss and to ensure the ability to continue to perform services for the community. Given the recent examples of Hurricane Katrina's impact, we again encourage Metro to seriously consider providing the necessary funding to develop a Disaster Recovery and Business Continuity Plan.

Contracting: A Framework for Enhancing Contract Management

December 2000

Metro had more than $1 billion in contractual obligations outstanding in 2000. This *2000 Knighton Award for Best Audit* report presents a comprehensive framework for improving Metro's approach to managing its contracts. The recommendations in this report, when fully implemented, will help management identify how Metro can reduce contract risks; improve contract costs, schedules and deliverables; and enhance protection of public funds.



Knighton Award Winner

We found Metro's procedures are generally in line with best practices for selecting the most qualified contractor, but can be improved in other areas. Areas requiring improvement are specifying contract requirements, paying fair and reasonable costs, and overseeing contractor performance.

♦ ♦ ♦ ♦ ♦

Remaining Recommendations (of 8 total):

1. Enhance departmental quality control by:
   - designating a formal "Contract Coordinator" in each department responsible for assuring that contracts are properly planned and monitored
   - establishing minimum agency-wide qualifications for project managers and other contracting personnel
   - formally evaluating the performance of project managers and other contracting personnel in relation to their contracting duties and responsibilities.

   In progress. Departmental Contract Coordinators have been designated, with descriptions of their role in the contracting process easily accessed on the agency's intranet. Contract Analysts in the Purchasing Department are assigned to the Coordinators; their responsibilities include providing advice and training to their Coordinators. These are steps in the right direction. Further work is required to fully implement this recommendation.

2. Improve contract oversight by establishing a management reporting system geared toward providing oversight information to top management and departmental managers.

3. Provide better support to project managers and other contracting personnel by developing procedures, guidelines and training in:
   - determining appropriate contract type
   - establishing scope of work requirements and performance standards
   - monitoring and evaluating contractor performance
   - evaluating contractor proposed prices and billings
   - conducting risk assessments.

   Not implemented/stalled. No progress has been made on the remaining recommendations in the past year. Management is in the process of hiring a Contracts Manager that will be given responsibility for addressing these recommendations.

Open Spaces Acquisitions

June 2000

We examined the progress and acquisition processes of the Open Spaces program, approved by voters in 1995, giving Metro authority to issue more than $135 million in bonds primarily for acquiring land. Program goals included acquiring nearly 6,000 acres of open space in 14 target areas in the three-county area, and establishing about 45 miles of greenways and trail corridors.

Metro exceeded its 6,000-acre goal, but we found that the issue of regional balance merited attention, as land acquisitions and trail and greenway purchases were above program goals in some target areas while significantly below in others.

To help Metro and the public better chart the program's remaining course we recommended:

- establishing a system to help maintain the regional balance envisioned in the bond measure
- expanding information in reports to enable the Metro Council and the public to evaluate whether goals were being met and expenditure patterns were consistent with expectations as described in the bond measure
- making some procedural changes to strengthen the appraisal process, improve documentation of due diligence work and clarify policies for obtaining Metro Council approval.

♦ ♦ ♦ ♦ ♦

Remaining Recommendations (of 8 total):

1. Eliminate, by Council action, a provision in the program work plan that allows staff to direct appraisal assumptions. This provision is unnecessary as appraisals already consider the highest and best potential use for a property.

2. Obtain clarification from the Council regarding Program Work Plan directives as to which "unusual circumstances" require Council approval prior to land purchases.

   Not implemented. Previously, management instructed the Director of Regional Parks and Greenspaces and the Metro Attorney that all appraisal work would be directed by the Metro Attorney. At the present time, staff are not currently directing appraisal assumptions. Nevertheless, there is no written policy that restricts them from doing so. Since appraisers already consider the highest and best potential use for a property, allowing staff the ability to define assumptions can give the impression, if not the fact, of lack of independence and transparency in land purchase negotiations. Eliminating this provision in the Work Plan would improve the integrity and credibility of land appraisals performed for the program and clarify when circumstances require Council approval of a purchase.

   Our audit identified several transactions where additional guidance concerning "unusual circumstances" would have been helpful. These included unresolved mineral rights and limited environmental contamination. The audit report suggested that defining "unusual circumstances" in quantifiable terms (more than $20,000 or 10% of the property purchase price, for example) would add objectivity to the decision as to when matters should be brought to the Metro Council's attention.

Financial Statement Audit Management Recommendations

January 2000

As part of its audit of Metro's FY 1999 financial statements, Deloitte & Touche LLP analyzed Metro's financial controls. While they found that Metro's controls were generally sound, they recommended some improvements to Metro's information systems, accounting practices, and administrative procedures.

♦ ♦ ♦ ♦ ♦

Remaining Recommendations (of 11 total):

1. Perform a complete physical inventory of all fixed assets biannually.

2. Adjust for cash account reconciling items in a timely manner, including all MERC accounts.

   In progress. Metro has drafted agency-wide policies and procedures to account for fixed assets – tagging and taking physical inventories, and for recording, transferring, retiring and disposing of assets. This draft document is being distributed to different departments for review and feedback. Management anticipates that this recommendation will be fully implemented in 2006.

   MERC accounting staff has been working diligently to complete bank account reconciliations on a monthly basis. Much progress has been made in this area. Still, bank reconciliations are lagging behind by two to three months, and there are not yet formal policies and procedures for accomplishing this work. Management expects that this and related recommendations will be fully implemented in the near future, as additional staff is being trained in these tasks.

3. Develop a plan for assuring that Metro's primary computer systems can continue to operate in the event of a disaster or emergency.

   Not Implemented. Budgets for the network security assessment and vulnerability analysis of network and remote access connections were presented by Information Technology in three of four recent budget cycles. According to the Director of Information Technology, in each case the appropriation did not survive the budget review process and there are no plans to budget for it until next year.

   Having an Information Technology Disaster Recovery and Business Continuity plan is imperative to mitigate risks of data loss and to ensure the ability to continue to perform services for the community. Given the recent examples of Hurricane Katrina's impact, we again encourage Metro to seriously consider providing the necessary funding to develop a Disaster Recovery and Business Continuity Plan.

Information Technology Benchmarks and Opportunities

December 1999

We compared or “benchmarked” Metro’s Information Technology functions against those of more than 100 private and public organizations. We identified top performers and looked at the activities that contributed to their standing.

Our work showed that Metro's Information Technology team excels in certain areas, such as quick resolution to problems called in to the Help Desk. It also showed that Metro lags in other areas, such as system redesign and development, standardization of Information Technology resources, and user support and training.

Our five recommendations for improving Information Technology operations included:
- updating the focus of efforts, anticipating trends in network enterprise and desktop use, and developing systematic measures to avoid problems
- simplifying processes and standardizing resources
- providing adequate end-user training and support.

♦ ♦ ♦ ♦ ♦

Remaining Recommendation (of 5 total):

1. Develop a comprehensive Information Technology risk management strategy, including physical security, logical security, data integrity, system and component failure, and technical or market obsolescence.

   Not Implemented. No progress has been made.

   We encourage management to implement this remaining recommendation, which will result in Metro having a comprehensive plan to reduce risks of losing or compromising data due to various security issues, including component failures and obsolescence.

Purchasing Benchmarks and Opportunities

May 1999

This report benchmarked Metro's purchasing functions against the purchasing functions of more than 100 private and public organizations. We identified several areas for improvement and made specific recommendations for improving Metro's purchasing processes that have resulted in staff spending less time on purchasing processes and better control over items purchased.

Recommendations included updating purchasing requirement thresholds, streamlining purchase processing, increasing computer systems used for purchase processing, increasing centralization of some purchasing activities, instituting a vendor performance measurement system, and establishing internal teams to study purchasing activities to improve cost effectiveness.

♦ ♦ ♦ ♦ ♦

Remaining Recommendation (of 6 total):

1. Institute formalized vendor performance standards and include reference to monitoring and performance measures in master contracts.

   Stalled. Over a year ago Metro established a Contract Consultant Team to address the need for contractor performance standards cited in both this audit report and our subsequent audit of December 2000, *Contracting: A Framework for Enhancing Contract Management*. The team meets monthly and continues to work on establishing a performance evaluation process. At this time, the team is unable to estimate when the standards might be completed.

Financial Statement Audit Management Recommendations

March 1999

As part of its audit of Metro's fiscal year 1998 financial statements, Deloitte & Touche LLP reviewed Metro's internal controls. While noting no significant control weaknesses affecting the financial statements, it did identify some control issues and recommended ways to address them. These control issues pertain to Metro accounting and administrative procedures.

♦ ♦ ♦ ♦ ♦

Remaining Recommendation (of 6 total):

1. Perform a complete inventory of all fixed assets at least biannually and tag all assets with identification numbers.

   In progress. Metro has drafted agency-wide policies and procedures to account for fixed assets – tagging and taking physical inventories, and for recording, transferring, retiring and disposing of assets. This draft document is being distributed to different departments for review and feedback. Management anticipates that this recommendation will be fully implemented in 2006.

InfoLink Project Review

December 1998

The Metro Auditor contracted with Pacific Consulting Group, Inc. to evaluate three aspects of the InfoLink project – the replacement of Metro's 10-year-old mainframe-based computer system that ran on obsolete software and was not expected to process data correctly after December 31, 1999. The three areas of review were project planning and management, the procurement process and project implementation.

Although Metro staff had done an exceptional job to date, opportunities for improvement were identified:
- Only 5 of 11 planned PeopleSoft applications were installed. The others were significantly behind schedule.
- Delays in training users limited the ability of employees obtaining information from InfoLink that would help them to do their jobs. This lack of training contributed to low satisfaction ratings in focus groups.
- Processes needed to be reengineered to eliminate duplicate data entry and records.
- PeopleSoft upgrades each application approximately once a year. Installing these upgrades requires an adequate number of staff with appropriate skills.

The consultant made several recommendations to improve system reliability, increase employee satisfaction with the management information system and provide departments with better reports and other tools for managing their budgetary responsibilities.

The report also included recommendations for planning future information system projects, such as setting up vendor contracts based on delivery of services rather than time and materials.

♦ ♦ ♦ ♦ ♦

Remaining Recommendation (of 28 total):

1. Follow these nine recommendations on future Information Technology (IT) projects:
    - Develop and maintain detailed project plans, including resource assignments, for all major IT projects.
    - Include the cost of internal Metro staff in cost estimates to more accurately capture the total cost of carrying out IT projects.
    - Adopt a formal system development and implementation methodology, with specified project deliverables, for all major IT projects.
    - Prepare written reports summarizing the software evaluation and selection phase for review and approval by the IT Steering Committee and senior management.
    - Prepare a feasibility study, including detailed cost-benefit analyses, for all major proposed changes in the IT infrastructure of Metro, such as the implementation of new computing architectures or software projects.
    - Conduct formal certification tests prior to software license payments. Make final software license payments after final acceptance of the system by Metro.
    - Require consulting contracts for software implementation services to be deliverable-based.

- Review all major IT projects at least annually to determine if they continue to meet Metro’s overall objectives.
- Review projected benefits of IT projects on an ongoing basis to evaluate the overall need to continue the project or make necessary modifications.

Future activity. Metro can address these recommendations when it undertakes another major IT project.

Review of General Information System Controls

September 1998

As part of the audit of Metro's financial statements for fiscal year 1998, Metro's contract auditor, Deloitte & Touche, reviewed the Business Support department's general information system internal controls over certain administrative functions. The review resulted in several recommendations for improvement over:

- staffing
- information systems security policies and procedures
- disaster planning for Metro's computer system
- the computer help desk system.

♦ ♦ ♦ ♦ ♦

Remaining Recommendations (of 8 total):

1. Develop and document a comprehensive disaster recovery plan.

2. Review existing service level agreements (hardware and software) for length of coverage and replacement terms.

   Not implemented. The Director of Information Technology had planned on starting an analysis for a disaster recovery plan during fiscal year 2003 but additional duties assigned to the Director to manage another division displaced that effort. An Information Technology Disaster Recovery and Business Continuity plan is imperative to mitigate risks of data loss and to ensure the ability to continue to perform services for the community.

Oregon Convention Center Purchasing Practices

March 1997

We reviewed Oregon Convention Center (OCC) purchasing practices to evaluate the effectiveness of management controls, determine whether policies and procedures ensure supplies and services are obtained at competitive prices and identify opportunities to streamline purchasing processes. We made several recommendations to establish more efficient purchasing processes and improved control over vendor invoices:

- Update MERC purchasing policies and procedures.
- Strengthen internal controls to ensure purchases are made at competitive prices and MERC policies are followed.
- Save money through buying in larger volumes.
- Simplify purchasing and payment approval processes.

♦ ♦ ♦ ♦ ♦

Remaining Recommendation (of 16 total):

1. Instruct vendors to send OCC invoices directly to Metro's accounts payable section.

   Stalled. We reported in 2004 that the Finance and Administrative Services department had established a "Purchasing Committee" to work with operating departments, including MERC, to review the procure-to-pay business process.

   MERC opted out of Metro's Business Design Team efforts in 2005, and developing policies and procedures relating to OCC/MERC/Metro processing of vendor invoices has stalled.

   As we discussed in our overview chapter, we encourage Metro and OCC management to develop mutually satisfactory solutions to this recommendation to minimize risks and streamline operations for both entities.

Chapter 3: Summary of Recommendations and Status

This chapter summarizes recommendations made by the Auditor's Office since the office was established in 1995. Most recommendations have either been implemented or their implementation is under way. Chapter 2 contains more detail on remaining recommendations and steps taken toward implementation.

For this summary, we are using four categories of progress for recommendations. Implemented, in progress, stalled or not implemented, and other. We have grouped the classification of recommendations into categories that we think provide the best interpretation of the current status. Recommendations for which no further progress has been made in the last year (stalled) are grouped with those not yet implemented and the "other"' category includes recommendations relating to a future activity or those withdrawn due to changed circumstances.

Eliminate or Revise Regional System Fee Credit Program – August 2005

Recommendation	Implemented	In Progress	Stalled / Not Implemented	Other
1. Metro Council should eliminate the Regional System Fee Credit Program or revise it substantially.		✓		
2. The program's goal should be redefined and appropriate measures developed to evaluate program accomplishments.			✓	
3. Eligibility criteria should be simplified.			✓	
4. Consider eliminating all inert materials from materials that can be included in recovery rate calculations.	✓			
5. Administrative procedures should be strengthened.		✓		
6. A process should be developed to review inconsistencies and discrepancies.	✓			
7. Policies should be changed to prevent facilities from withholding payment on amounts due.		✓		

Financial Audit Recommendations – April 2005

Recommendation	Implemented	In Progress	Stalled / Not Implemented	Other
1. Establish a process to prepare and review network security logs and document that review.		✓		

Community Enhancement Grant Processes Need Improvement – February 2005

Recommendation	Implemented	In Progress	Stalled / Not Implemented	Other
1. Expand grant management procedures to better guide staff on how grants should be initiated, authorized and overseen. Identify which costs are reimbursable, limiting overhead-type expenditures.		✓		
2. Set up better systems to measure and report grant performance.		✓		
3. Maximize value of enhancement grant programs by linking their goals to Metro's strategic goals.		✓		

Management of Relationship with Oregon Zoo Foundation Needs Improvement – September 2004

Recommendation	Implemented	In Progress	Stalled / Not Implemented	Other
1. Renegotiate Metro's contractual agreement with the Foundation to better define major duties and processes, including compensation terms.			✓	

Recommendation	Implemented	In Progress	Stalled / Not Implemented	Other
2. Take appropriate action to hold the Zoo Director accountable for departures from Metro's regulations relating to the construction of the Condor breeding facility.			✓	
3. Review the contractual relationship with the Foundation to assure that all major risks are identified and procedures are in place to mitigate them.			✓	
4. Define the information and reports needed by Metro to perform oversight responsibility and take steps to ensure that the Zoo and Foundation make this information available.			✓	
5. Establish appropriate procedures to independently monitor Metro's contractual relationship with the Foundation. The Zoo Director is a party to both sides of the contractual agreement and independent monitoring of compliance with terms of the agreement is needed.			✓	
6. Enhance the role of the contract office to ensure that high risks, contract performance and compliance with policies and procedures are monitored.			✓	
7. Implement the full range of recommendations made in the Metro Auditor report of December 2000, *Contracting: A Framework for Enhancing Contract Management*.			✓	

Telecommunications Joint Project – June 2004

Recommendation	Implemented	In Progress	Stalled / Not Implemented	Other
1. Apply federal tax exemption based on governmental body status.		✓		
2. Adjust AT&T wireless plans to reduce unnecessary costs.			✓	
3. Replace AT&T local service T-1s with X5 local service T-1s to achieve lower access rates and lower long distance rates.			✓	
4. Elect 60 month term pricing on tie line.			✓	
5. Disconnect telecommunication service lines no longer in use.			✓	

Financial Audit Recommendations – March 2004

Recommendation	Implemented	In Progress	Stalled / Not Implemented	Other
1. MERC should reconcile cash accounts as soon as the bank statement is available.		✓		
2. MERC should establish formal reconciliation policies and procedures.			✓	

Management Tracking of Audit Recommendations – January 2004

Recommendation	Implemented	In Progress	Stalled / Not Implemented	Other
1. Management should implement a process for tracking audit recommendations and assuring that they are properly implemented.		✓		

MERC's PFP Program Implementation is Not a Model for Metro – October 2003

Recommendation	Implemented	In Progress	Stalled / Not Implemented	Other
1. Conduct a needs assessment to clearly define why the new system is needed.	✓			
2. Consider the costs of installation in relation to anticipated benefits.				✓
3. Assure that the program performance measurement and reporting systems are intrinsic to the new system.		✓		

Recommendation	Implemented	In Progress	Stalled / Not Implemented	Other
4. Provide strong oversight and accountability to assure that the program consistently meets defined goals and objectives and make mid-course corrections as needed.		✓		
MERC's Accountability Processes Need to be Strengthened – October 2003				
1. Establish and report on specific program goals and performance measures to provide a basis for evaluating program accomplishments.			✓	
2. Take steps to assure that compensation policies are prudent, equitable, transparent and consistently applied.			✓	
3. Establish a clear linkage between employee pay and MERC's operational and financial performance.			✓	
4. Establish specific guidelines and requirements for the Commission to follow in exercising its responsibilities in an accountable manner.			✓	
5. Establish a formal process for considering and reconciling unresolved issues of mutual interest to Metro and the MERC Commission.			✓	
MERC's Employee Performance Agreements – October 2003				
1. Simplify and focus employee performance agreement goal statements.	✓			
2. Establish further training on employee performance agreements.	✓			
3. Have an independent HR consultant review employee performance agreements at the beginning of the next evaluation cycle.			✓	
Oregon Convention Center Expansion – August 2003				
1. Formally review a greater portion of subcontract changes costing less than $75,000.	✓			
2. Ensure the CM/GC is paid only for authorized subcontract work.				✓
3. Ensure accountability for travel costs.				✓
4. Ensure construction materials are acquired at competitive prices.				✓
5. Ensure rates for rented equipment are competitive and reflect the CM/GC's actual costs.	✓			
6. Ensure the CM/GC is paid for only those services that were actually received and necessary for the project.				✓
7. Resolve outstanding billing issues.	✓			
8. Ensure confidentiality of subcontractor bids.				✓
9. Improve management of contract project risks.				✓

	Implemented	In Progress	Stalled / Not Implemented	Other
Accounts Payable ACL Audit – June 2003				
1. Ensure that purchasing card program controls are appropriate, and purchasing opportunities for the program are optimized.			✓	
2. Empower the Purchasing department through increased centralization for purchases.	✓			
3. Develop a quality assurance process to periodically perform duplicate payment analysis.	✓			
4. Continue to review vendor invoices in detail to identify discounts offered.	✓			
5. Establish a policy that limits how long an inactive vendor can remain in active status.			✓	
6. Review vendors without street addresses to determine validity. Require the use of vendor set-up form when establishing new vendor accounts.	✓			
7. Develop policies and procedures regarding new vendor setup. Transfer responsibility of vendor setup from Accounting to Purchasing.	✓			
8. Establish a policy that vendor name changes require a new setup rather than changing the existing setup to reflect the new name of the vendor.	✓			
9. Expand the use of Purchasing Cards for small dollar purchases to increase efficiency of the purchasing process.			✓	
Financial Audit Recommendations – April 2003				
1. Re-evaluate Metro's practice of accounting for 401(k) assets and liabilities in a fiduciary fund.	✓			
2. Develop written policies and procedures for identifying and accounting for fixed asset transfers and retirements.		✓		
3. Consider adding a cash register at Metro's paint recycling facility to more efficiently record and control paint sales.	✓			
4. Develop policies and procedures to track paint inventory and control paint donations.	✓			
5. Review purchasing policies to ensure that purchase orders are prepared before purchases are made.			✓	
6. Institute controls to ensure that federal grants awarded to Metro or the Oregon Zoo Foundation are accounted for by the entity applying for and expending the federal monies.	✓			
Glendoveer Golf Course Revenue Controls – March 2003				
1. Develop and document a plan for assuring that Metro receives proper rent payments.	✓			
2. Improve the effectiveness of the annual financial and compliance audit.	✓			

Recommendation	Implemented	In Progress	Stalled / Not Implemented	Other
3. Routinely reconcile greens fees and rent payments with the concessionaire’s financial statements.	✓			
4. Work with the concessionaire to improve cash controls at the golf course.	✓			
5. Improve cash handling procedures in the Parks department at Metro headquarters.		✓		
6. Reimburse the concessionaire for an overpayment of greens fees that occurred during calendar year 2000.	✓			

Transfer Station Revenue Controls – October 2002

Recommendation	Implemented	In Progress	Stalled / Not Implemented	Other
1. More fully use the capabilities of the automated weighing system.	✓			
2. Develop reports and procedures to improve operations and monitor activities.	✓			
3. Change operations to ensure transfer station users do not enter and leave without weighing in.	✓			
4. Strengthen cash controls over sales of recycled paint.	✓			
5. Document all practices in written policies and procedures.	✓			
6. Develop a written plan to assure that the automated weighing system could continue to be used in the event of an emergency or a disaster.	✓			
7. Integrate the automated weighing system more fully with Metro’s information technology policies.	✓			
8. Develop reports to detect unauthorized or inappropriate changes to files or transaction data.	✓			

Solid Waste Management Framework – July 2002

Recommendation	Implemented	In Progress	Stalled / Not Implemented	Other
1. Metro’s Solid Waste and Recycling Department should maintain the solid waste management framework outlined in this audit report.	✓			

Financial Audit Recommendations – June 2002

Recommendation	Implemented	In Progress	Stalled / Not Implemented	Other
1. Establish stronger password controls for the PeopleSoft-based information system when Metro upgrades to version 8.4 of this software.	✓			
2. Conduct a network security assessment and vulnerability analysis of network and remote access connections.			✓	
3. Segregate system users in development, test and production environments for changes made to application and interface programs.	✓			
4. Store system backup tapes at a secure offsite location on a more frequent basis (daily).	✓			
5. Store on-site backup tapes in a fireproof vault or cabinet.	✓			
6. Test backup tapes periodically to ensure data is recoverable and the media has not deteriorated.	✓			

Recommendation	Implemented	In Progress	Stalled / Not Implemented	Other
7. Launch a more robust IT Disaster Recovery and Business Continuity Initiative to mitigate risks.			✓	
8. Review and monitor user access to the PeopleSoft applications on a regular basis.	✓			
9. Clarify responsibilities of Metro and the Oregon Zoo Foundation in regards to federal grants.	✓			
10. Perform an inventory of fixed assets bi-annually and tag assets with identification numbers. *Repeat of recommendation made by financial auditors in 1999, 2000, and 2001.*		✓		
11. Establish a procedure to reconcile fixed asset detail to the accounting system at least quarterly. *Repeat of recommendation made by financial auditors in 1999, 2000 and 2001.*		✓		

PCPA Event Settlements – June 2002

Recommendation	Implemented	In Progress	Stalled / Not Implemented	Other
1. Investigate options to improve MERC’s event management information system and assess costs/benefits of integrating with Metro’s financial applications.	✓			
2. Develop written plan for carrying out the changes resulting from above recommendation.	✓			
3. Seek assistance from someone with experience operating and implementing the ConCentRIC's event management software to help assure improvements are implemented effectively.	✓			
4. If ConCentRIC's software is used for accounting purposes, improve data security and ensure the system can be operated when primary system administrators are absent.				✓
5. Develop new policies that: • Identify frequency of event revenue transfers to Metro and how the transfer amounts should be calculated. • Define the kinds of disbursements allowable from special deposit accounts. • Identify procedures for writing off aging accounts receivable including authorization and reporting. • Ensure bank reconciliation is done adequately and timely. • Obtain approval of policies by the MERC Commission or its General Manager.		✓		
6. Complete the development of and obtain management approval for procedures that: • Ensure PCPA staff sends event billing information to MERC administration promptly. • Ensure PCPA staff adequately documents all event services before billing paperwork is forwarded to MERC administration. • Assign responsibility for initiating rental rate updates and for promptly communicating new rates to staff. • Describe how staff should follow-up on overdue accounts receivable. • Describe the process for charging interest on overdue accounts and for recording interest revenue.		✓		

Recommendation	Implemented	In Progress	Stalled / Not Implemented	Other
7. Organize policies and procedures for easy access and retrieval by staff.	✓			
8. Identify responsibilities of MERC and Metro staff for reconciling the event settlement bank account.		✓		

Solid Waste Hauling Contract: Change Order #24 Review – March 2002

No recommendations were made.

Oregon Zoo: Construction Management – September 2001

Recommendation	Implemented	In Progress	Stalled / Not Implemented	Other
1. Define and document authority, roles and responsibilities of those involved with the remainder of the project.	✓			
2. Develop a list of priorities for remaining affordable elements of the project.	✓			
3. Develop a plan to complete the project that includes: • a procedure for setting and revising scope • a documented assessment of significant risks and management strategy • a time management system with key activities, parties and timelines • performance measures for scope, cost, schedule and quality goals • timely updates to stakeholders on progress and status.	✓			
4. Define and document Metro-wide the authority, roles and responsibilities of organizations and positions involved in overseeing major projects.			✓	
5. Develop a Metro-wide system for reviewing, approving and revising the cost, scope, schedule and priorities for major projects.	✓			
6. Designate a “Project Coordinator” in Metro departments and units that conduct a significant number of projects; they should be trained and empowered.		✓		
7. Develop a Metro-wide system of procedures and controls that would contain the elements of an effective project management framework.		✓		
8. Before undertaking CM/GC construction work, obtain a written opinion from a construction consultant that project scope and budget are in balance.	✓			
9. Before undertaking CM/GC construction work, obtain a written opinion from a construction consultant that the proposed Guaranteed Maximum Price and reimbursable expenditures budget are reasonable.	✓			

MERC Food Service Contract – June 2001

Recommendation	Implemented	In Progress	Stalled / Not Implemented	Other
1. Establish a formal process for evaluating concessionaire financial performance.			✓	
2. Evaluate and test the concessionaire’s internal controls over revenue, expenses and inventory annually.			✓	
3. Document concession management and oversight policies and procedures in management directives, administrative policies and an operating manual.			✓	
4. Maintain relevant food service operation documentation in a readily available location.	✓			

Transit-Oriented Development Program – March 2001

Recommendation	Implemented	In Progress	Stalled / Not Implemented	Other
1. Continue to develop a clear and cohesive measurement framework.	✓			
2. Simplify the measurement process by focusing on TOD's most important objectives and prioritizing effectiveness measures.	✓			
3. Update data used to measure performance, including base-line data on completed projects, and define the method, frequency and reliability of data collection.	✓			

Financial Statement Audit Management Recommendations – March 2001

Recommendation	Implemented	In Progress	Stalled / Not Implemented	Other
1. Complete a thorough software security assessment and implement a risk-management solution for the Novell servers.				✓
2. Develop an IT strategic plan linking information systems to Metro's operating plan.	✓			
3. Develop a business-wide continuity plan for computing operations, including disaster recovery.			✓	
4. Use the existing Information Systems Steering Committee for routine communications between IMS and DRC to further ensure use of common standards.	✓			
5. Review administrative access to information systems and restrict unnecessary access to strengthen system security.	✓			
6. Increase Metro oversight of MERC during periods with high turnover of higher-level management and accounting staff. MERC should attempt to increase retention among this group of employees.	✓			
7. Reconcile general ledger account balances to Zoo Foundation contributions at least quarterly.	✓			
8. Study GASB Statement 34 and create an action plan for implementation.	✓			
9. Perform a complete physical inventory of all fixed assets biannually. *Repeat of financial auditor recommendations in 1999 and 2000.*		✓		
10. Establish an allowance for potentially uncollectible accounts receivable. *Repeat of financial auditor recommendations in 1999 and 2000.*	✓			
11. Adjust for cash account reconciling items in a timely manner, including all MERC accounts. *Repeat of financial auditor recommendations in 1999 and 2000.*		✓		
12. Identify one Metro employee to approve all grants and be the contact person on grant applications.	✓			

Contracting Framework – December 2000

Recommendation	Implemented	In Progress	Stalled / Not Implemented	Other
1. Define and document contracting authority, roles and responsibilities.	✓			
2. Strengthen the Contract Office role in guiding and reviewing contracting activities.	✓			
3. Conduct formal risk assessments to identify contracts requiring close monitoring and audits.	✓			

Recommendation	Implemented	In Progress	Stalled / Not Implemented	Other
4. Establish a management reporting system to provide oversight information to top management.			✓	
5. Enhance quality control by: • designating a Contract Coordinator in each department to assure contracts are properly planned and monitored • establishing minimum qualifications for contracting personnel • formally evaluating contracting personnel performance.		✓		
6. Provide better support to contracting personnel by developing procedures, guidelines and training in: • determining appropriate contract type • establishing scope of work requirements and performance standards • monitoring and evaluating contractor performance • evaluating contractor proposed prices and billings • conducting risk assessments.			✓	
7. Capitalize on the experience of some Metro contracting personnel by forming interdepartmental workgroups to develop procedures, guidelines and training programs.	✓			
8. Consider using performance-based service contracting methodology on a pilot basis.	✓			

Portland Oregon Visitors Association Contract – September 2000

Recommendation	Implemented	In Progress	Stalled / Not Implemented	Other
1. Evaluate performance indicators proposed by POVA to see if they are acceptable and if others should be added.	✓			
2. Define what constitutes an acceptable quality level for each service provided.	✓			
3. Establish a plan for measuring POVA's performance using these indicators.	✓			

Oregon Zoo: Service Efforts and Accomplishments – August 2000

Recommendation	Implemented	In Progress	Stalled / Not Implemented	Other
1. Develop SEAs consistent with division missions, goals and objectives.	✓			
2. Analyze implications and develop strategies to address relatively flat attendance.	✓			
3. Establish a program to deal with declines in preventive maintenance efforts.	✓			

Open Spaces Acquisitions – June 2000

Recommendation	Implemented	In Progress	Stalled / Not Implemented	Other
1. Accomplish Program objectives.	✓			
2. Obtain Metro Council guidance on regional balance and establish a system to ensure balance is maintained.	✓			
3. Improve reports to the Metro Council and the public.	✓			
4. Assign all appraisal work through the General Counsel's Office.	✓			
5. Make all relevant information available to appraisers and reviewers.	✓			

Recommendation	Implemented	In Progress	Stalled / Not Implemented	Other
6. Eliminate, by Council action, a provision in the Program Work Plan that allows staff to direct appraisal assumptions.			✓	
7. Obtain clarification from the Council regarding Program Work Plan directives requiring Council approval to purchase properties with unusual circumstances.			✓	
8. Document due diligence problems and their resolution.	✓			
Accounting and Finance Benchmarks and Opportunities – January 2000				
1. Evaluate Metro's accounting and financial services to assure adequate support of management and protection of Metro's financial standing.	✓			
2. Document accounting and financial policies and procedures.	✓			
3. Establish materiality level for journal entries and allocations.	✓			
4. Simplify accounting for purchasing card transactions.	✓			
5. Require all vendor invoices be sent directly to Accounting Services Division.	✓			
6. Fully utilize e-business applications to improve financial processes.	✓			
InfoLink Review Update – January 2000				
1. Conduct a strategic planning session for modules of InfoLink not yet implemented to develop a detailed project plan.				✓
2. Reevaluate adequacy of functional and technical staff support.	✓			
Check Fraud Protection – January 2000				
1. Adopt a Positive Pay system.				✓
Financial Statement Audit Management Recommendations – January 2000				
1. Develop an IT strategic plan linking information systems to Metro's operating plan.	✓			
2. Develop a business-wide continuity plan for computing operations including disaster recovery.			✓	
3. Use existing Information Systems Steering Committee to communicate between IMS and DRC to further ensure use of common standards and coordination of new purchases, infrastructure changes and operating procedures.	✓			
4. Install performance monitoring tools for timely diagnosis of potential computing problems.	✓			
5. Review root and administrative access to information systems and establish procedures to restrict unnecessary access.	✓			
6. Obtain an understanding of GASB Statement 34 and create an implementation plan.	✓			

Recommendation	Implemented	In Progress	Stalled / Not Implemented	Other
7. Perform a complete physical inventory of all fixed assets biannually. *Repeat of financial auditor recommendation in 1999.*		✓		
8. Establish an allowance for potentially uncollectible accounts based on an aging analysis. *Repeat of financial auditor recommendation in 1999.*	✓			
9. Adjust for cash account reconciling items in a timely manner, including all MERC accounts.		✓		
10. Update Metro's policies and procedures manuals to reflect implementation of PeopleSoft.	✓			
11. Update the Transportation Planning Federal Regulation listing attached to requests for proposals to address conflict of interest.	✓			

Reports Issued Prior to January 2000

Recommendation	Implemented	In Progress	Stalled / Not Implemented	Other
The following 6 recommendations are still outstanding from reports issued before January 2000:				
1. Develop a comprehensive IT risk management strategy, including physical and logical security, data integrity, system and component failure, and technical or market obsolescence. *Information Technology Benchmarks and Opportunities* – December 1999			✓	
2. Institute formalized vendor performance standards and include reference to monitoring and performance measures in master contracts. *Purchasing Benchmarks and Opportunities* – May 1999			✓	
3. Inventory all fixed assets biannually and tag all assets. *Financial Statement Audit Management Recommendations* – March 1999		✓		
4. Develop and document a comprehensive disaster recovery plan. *Review of General Information System Controls* – September 1998			✓	
5. Review existing service level agreements (hardware and software) for length of coverage and replacement terms. *Review of General Information System Controls* – September 1998			✓	
6. Instruct vendors to send MERC invoices directly to Metro Accounts Payable. *Oregon Convention Center Purchasing Practices* – March 1997			✓	

	Implemented	In Progress	Stalled / Not Implemented	Other
The following nine recommendations relate to future IT projects:				
1. Develop and maintain detailed project plans, including resource assignments, for all major IT projects.				✓
2. Include internal Metro staff in IT projects cost estimates to more accurately portray total cost of ownership.				✓
3. Adopt formal system development and implementation methodology, with specified project deliverables, for all major IT projects.				✓
4. Prepare written reports summarizing the software evaluation and selection phase for review and approval by the IT Steering Committee and senior management.				✓
5. Prepare a feasibility study, including detailed cost-benefit analyses, for all major proposed changes in Metro's IT infrastructure.				✓
6. Conduct formal certification tests prior to software license payments. Make final software license payments after final acceptance of the system by Metro.				✓
7. Require consulting contracts for software implementation services to be deliverable-based.				✓
8. Review major IT projects at least annually to determine if they continue to meet Metro's overall objectives.				✓
9. Review projected benefits of IT projects on an on-going basis to evaluate the need to continue the project or make necessary modifications. *InfoLink Project Review – December 1998*				✓

With the exception of the above, there are no recommendations outstanding for the following reports:

Finance and Administrative Services	
• Information Technology Benchmarks and Opportunities	December 1999
• Purchasing Benchmarks and Opportunities	May 1999
• Financial Statement Audit Management Recommendations	March 1999
• InfoLink Project Review	December 1998
• Internal Controls Review of PeopleSoft Purchasing and Human Resources Applications	December 1998
• Review of General Information System Controls	September 1998
Investment Management Program	August 1996
General	
• Survey of Controls Over Cash Receipts at Remote Locations	October 1998
Observations Relating to Loaned Employees and Metro's Code of Ethics	September 1995

Metropolitan Exposition Recreation Commission (MERC)

• MERC Parking Revenue: Better Controls Are Needed	September 1999
• Expo Center Expansion: Construction Cost Management	March 1998
• Oregon Convention Center Purchasing Practices	March 1997

Planning

• RLIS Data: Customer Survey and Implications	September 1997
• Urban Growth Boundary Planning Processes and Decisions Can Be More Credible	September 1997
• Grant Management	July 1996

Regional Parks and Greenspaces

• Metro's Open Spaces Program	June 1996

Glendoveer Cellular Site Lease	October 1995
Observations Relating to the Outreach and Educational Program's Salmon Festival	September 1995

Solid Waste and Recycling

• Household Hazardous Waste Program	May 1999
• Waste Reduction Grant Programs	August 1997
• Comments on Solid Waste Rate Reform Project	October 1996
• Franchise Management	August 1996
• Review of Metro's Solid Waste Enforcement Unit	February 1996
• Administration of Existing Contract for Waste Disposal Services	January 1996

Human Resources

• Human Resources Benchmarks and Opportunities	July 1999

Response to the Report

REGIONAL SERVICES

600 NORTHEAST GRAND AVENUE | PORTLAND, OREGON 97232 2736
TEL 503 797 1700 | FAX 503 797 1797

METRO

February 22, 2006

The Honorable Alexis Dow
Metro Auditor
600 NE Grand Avenue
Portland, OR 97232

RE: Chief Operating Officer's Response to 2005 *Status of Audit Recommendations*

Dear Ms. Dow:

Thank you for the opportunity to review your report on the status of audit recommendations. I am pleased to learn that management has implemented or is in the process of implementing 84% of the 362 audit recommendations. I expect to see good progress made on most of the remaining recommendations during the coming year.

Sincerely,

Michael Jordan
Chief Operating Officer

Metro Auditor
Report Evaluation Form

METRO

Fax... Write... Call...
Help Us Serve Metro Better

Our mission at the Office of the Metro Auditor is to assist and advise Metro in achieving honest, efficient management and full accountability to the public. We strive to provide Metro with accurate information, unbiased analysis and objective recommendations on how best to use public resources in support of the region's well-being.

Your feedback helps us do a better job. If you would please take a few minutes to fill out the following information for us, it will help us assess and improve our work.

Name of Audit Report: Status of Audit Recommendations 2005, February 2006

Please rate the following elements of this report by checking the appropriate box.

	Too Little	Just Right	Too Much
Background Information	❑	❑	❑
Details	❑	❑	❑
Length of Report	❑	❑	❑
Clarity of Writing	❑	❑	❑
Potential Impact	❑	❑	❑

Suggestions for our report format:____

____

____

Suggestions for future studies:____

____

____

Other comments, ideas, thoughts:____

____

____

Name (optional):____

Thanks for taking the time to help us.

Fax: 503.797.1831
Mail: Metro Auditor, 600 NE Grand Avenue, Portland, OR 97232-2736
Call: Alexis Dow, CPA, Metro Auditor, 503.797.1891
Email: dowa@metro.dst.or.us

Suggestion Hotline: 503.230.0600, MetroAuditor@metro.dst.or.us

BEFORE THE METRO COUNCIL

AUTHORIZING THE CHIEF OPERATING OFFICER TO RENEW THE NON-SYSTEM LICENSE ISSUED TO GRAY & COMPANY FOR DELIVERY OF PUTRESCIBLE SOLID WASTE TO THE RIVERBEND LANDFILL	))))))	RESOLUTION NO. 06-3678 Introduced by Michael Jordan, Chief Operating Officer, with the concurrence of David Bragdon, Council President

WHEREAS, the Metro Code requires a non-system license of any person that delivers solid waste generated from within the Metro boundary to a non-system disposal facility; and

WHEREAS, Gray & Company currently has a non-system license to deliver mixed solid waste, including putrescible waste, to the Riverbend Landfill, which license will expire on April 13, 2006; and

WHEREAS, Gray & Company has applied to renew its non-system license under the provisions of Metro Code Chapter 5.05, “Solid Waste Flow Control”; and

WHEREAS, the application is in conformance with the requirements of Chapter 5.05 of the Code; and

WHEREAS, the Chief Operating Officer has analyzed the application and recommended approval of the applicant’s request to renew its non-system license with the conditions and in the form attached to this resolution as Exhibit A; now therefore,

BE IT RESOLVED that the Metro Council authorizes the Chief Operating Officer to renew the non-system license issued to Gray & Company in a form substantially similar to the license attached as Exhibit A.

ADOPTED by the Metro Council this ____ day of _______, 2006.

____
David Bragdon, Council President

Approved as to Form:

____
Daniel B. Cooper, Metro Attorney

600 NORTHEAST GRAND AVENUE | PORTLAND, OREGON 97232 2736
TEL 503 797 1650 | FAX 503 797 1795

METRO

METRO SOLID WASTE FACILITY
NON-SYSTEM LICENSE

Number N-011-06

LICENSEE:
Gray & Company 2331 – 23rd Avenue Forest Grove, OR 97116
CONTACT PERSON:
Pete Leber, Plant Manager Phone: 503-357-3141, ext 314 Fax: 503-359-0719 e-mail: PJLeber@cherryman.com
MAILING ADDRESS:
PO Box 218 Forest Grove, OR 97116

METRO

Signature

Michael Jordan, Chief Operating Officer
Print name and title

Date

Licensee's Acceptance & Acknowledgement of Receipt:

Signature of Licensee

Print name and title

Date

1	NATURE OF WASTE COVERED BY LICENSE
	This license authorizes delivery to the non-system facility listed in section 3, below, of putrescible wastes including coconut, cherries, pineapple, and citrus products along with the residual syrups they contain, and syrup-contaminated tote and barrel bags, syrup-contaminated #10 tins, and miscellaneous refuse from offices, restrooms, and the plant cafeteria.

2	CALENDAR YEAR TONNAGE LIMITATION
	This license grants the licensee the authority to dispose of up to 1,000 tons per calendar year of the waste described in section 1, above.

3	NON-SYSTEM FACILITY
	The licensee hereunder may deliver the waste described in section 1, above, to the following non-system facility only: Riverbend Landfill 13469 SW Hwy 18 McMinnville, OR 97128

4	TERM OF LICENSE
	The term of this license will commence on April 14, 2006 and expire at midnight on December 31, 2007.

5	REPORTING OF ACCIDENTS AND CITATIONS
	Licensee shall report to Metro any significant incidents (such as fires), accidents, and citations involving vehicles of its transportation carrier during the loading and transporting of solid waste on behalf of the licensee.

6	ADDITIONAL LICENSE CONDITIONS
	This non-system license shall be subject to the following conditions: (a) The permissive transfer of solid waste to the Riverbend Landfill authorized by this license shall be subordinate to any subsequent decision by Metro to direct the solid waste described in this license to any other facility. (b) This license shall be subject to amendment, modification or termination by Metro's Chief Operating Officer in the event that the Chief Operating Officer determines that: (i) there has been sufficient change in any circumstances under which Metro issued this license, or in the event that Metro amends or modifies its Regional Solid Waste Management Plan in a manner that justifies modification or termination of this license, (ii) the provisions of this license are actually or potentially in conflict with any provision in Metro's disposal contract with Oregon Waste Systems, or (iii) Metro's solid waste system or the public will benefit from, and will be better served by, an order directing that the waste described in section 1 of this license be transferred to, and disposed of at, a facility other than the facility described in section 3, above. (c) This license shall, in addition to subsections (b)(i) through (iii), above, be subject to amendment, modification, termination, or suspension pursuant to the Metro Code. (d) No later than the fifteenth (15th) day of each month, beginning with the next month following the signature date below, Licensee shall: (i) submit to Metro's Solid Waste & Recycling Department a Regional System Fee and Excise Tax Report, that covers the preceding month, and (ii) remit to Metro the requisite Regional System Fees and Excise Taxes in accordance with the Metro Code provisions applicable to the collection, payment, and accounting of such fees and taxes. (e) Licensee shall make all records from which (d) above are derived available to Metro (or Metro's designated agent) for its inspection or copying, as long as Metro provides no less than three (3) calendar days written notice of an intent to inspect or copy documents. Licensee shall, in addition, sign or otherwise provide to Metro any consent or waiver necessary for Metro to obtain information or data from a third party, including the non-system facility named in section 3, above.

	(f) Licensee shall not transfer or assign any right or interest in this license without prior written notification to, and approval of, Metro. (g) This license shall terminate upon the execution of a designated facility agreement with the facility listed in Section 3. (h) This license authorizes delivery of solid waste to the Riverbend Landfill. Transfer of waste generated from within the Metro boundary to any non-system disposal site other than the Riverbend Landfill is prohibited unless authorized in writing by Metro.

7	COMPLIANCE WITH LAW
	Licensee shall fully comply with all applicable local, regional, state and federal laws, rules, regulations, ordinances, orders, and permits pertaining in any manner to this license, including all applicable Metro Code provisions and administrative procedures adopted pursuant to Chapter 5.05 whether or not those provisions have been specifically mentioned or cited herein. All conditions imposed on the collection and hauling of the licensee's solid waste by federal, state, regional or local governments or agencies having jurisdiction over solid waste generated by the licensee shall be deemed part of this license as if specifically set forth herein.

8	INDEMNIFICATION
	Licensee shall defend, indemnify and hold harmless Metro, its elected officials, officers, employees, agents and representatives from any and all claims, demands, damages, causes of action, or losses and expenses, or including all attorneys' fees, whether incurred before any litigation is commenced, during any litigation or on appeal, arising out of or related in any way to the issuance or administration of this non-system license or the transport and disposal of the solid waste covered by this license.

STAFF REPORT

IN CONSIDERATION OF RESOLUTION NO. 06-3678 AUTHORIZING THE CHIEF OPERATING OFFICER TO RENEW THE NON-SYSTEM LICENSE ISSUED TO GRAY & COMPANY FOR DELIVERY OF PUTRESCIBLE SOLID WASTE TO THE RIVERBEND LANDFILL

March 1, 2006 Prepared by: Steve Kraten

BACKGROUND

Approval of Resolution No. 06-3678 will authorize the Chief Operating Officer to renew a non-system license (NSL) issued to Gray & Company to annually deliver mixed solid waste, including putrescible waste, to the Riverbend Landfill located in McMinnville, Oregon. Gray & Company is a food processing facility located in Forest Grove, Oregon (Metro District 4). The application requests authority for only 1,000 tons per year. Gray & Company reported sending 546 tons of waste to the Riverbend Landfill during calendar year 2005. Such waste was largely comprised of fruit wastes, residual fruit syrups, plastic bags and large tin cans but also included a small quantity of miscellaneous waste from offices, restrooms, and the plant cafeteria. The existing license will expire on April 13, 2006. Since the Riverbend Landfill is a Waste Management Facility, granting this license would not count against the ten percent of waste not obligated under Metro's disposal contract. In order to make any future renewals of this license coincide with a calendar year, as is the case with most other NSLs, the proposed license has a term of 20-1/2 months and an expiration date of December 31, 2007.

ANALYSIS/INFORMATION

1. Known Opposition

There is no known opposition to the proposed license renewal.

2. Legal Antecedents

The issuance of NSLs for putrescible waste are subject to approval by the Council. Section 5.05.035(c) of the Metro Code provides that, when determining whether or not to approve an NSL application, the Council shall consider the following factors to the extent relevant to such determination.

> *(1) The degree to which prior users of the non-system facility and waste types accepted at the non-system facility are known and the degree to which such wastes pose a future risk of environmental contamination;*

The Riverbend Landfill first came into use during the mid-eighties. When the Riverbend became a Subtitle D landfill in 1993, the original unlined cells were capped. Since 1993, the landfill has been filling only lined cells and operating with the required environmental controls required by the DEQ. The landfill has no known history of landfilling wastes that pose a future risk of environmental contamination.

> *(2) The record of regulatory compliance of the non-system facility's owner and operator with federal, state and local requirements including but not limited to public health, safety and environmental rules and regulations;*

The Riverbend Landfill is permitted by the Oregon Department of Environmental Quality (DEQ). The DEQ considers the landfill to be a well-run facility that is in compliance with federal, state and local requirements. The facility has a good compliance record with public health, safety and environmental rules and regulations.

> *(3) The adequacy of operational practices and management controls at the non-system facility;*

The Riverbend Landfill uses operational practices and management controls that are typical of Subtitle D landfills and considered by the DEQ to be adequate for the protection of health, safety, and the environment.

> *(4) The expected impact on the region's recycling and waste reduction efforts;*

A portion of the material to be covered by the proposed NSL consists of large tin cans that are potentially recyclable. Metro staff examined the recyclability of these tins prior to the previous renewal but found the cost of adequately cleaning sticky fruit residues from recyclable materials too great an obstacle to overcome. The applicant has indicated it will continue to seek recycling opportunities for these materials and will make finding a market for the tins a key priority for the coming year. The fruit waste itself is not particularly suitable for composting as it is treated with preservatives for the specific purpose of preventing decomposition. There is no reason to believe that recycling efforts would be significantly impacted by the decision regarding this NSL application.

> *(5) The consistency of the designation with Metro's existing contractual arrangements;*

The waste subject to the proposed license would be disposed at the Riverbend Landfill, which is a Waste Management landfill. Such waste would be included within the 90 percent of general purpose waste obligated to Waste Management under Metro's disposal contract. Approval of the requested license will not conflict with the disposal contract or any other of Metro's existing contractual arrangements.

> *(6) The record of the applicant regarding compliance with Metro ordinances and agreements or assistance to Metro in Metro ordinance enforcement and with federal, state and local requirements including but not limited to public health, safety and environmental rules and regulations; and*

The requested license is a renewal of the applicant's previous two-year license. During the previous four terms of its license, the applicant submitted its required Metro reports in a timely fashion. The applicant is a food processor and, according to the City of Forest Grove, has a good compliance record with local public health, safety and environmental rules and regulations.

> *(7) Such other factors as the Chief Operating Officer deems appropriate for purposes of making such determination.*

A moratorium adopted by the Council on February 2, 2006, does not apply to renewal requests where the renewed license will authorize the same type and amount of solid waste to be delivered to the same non-system facility as the previous NSL. Thus, under the terms of the NSL moratorium, Metro can only renew this NSL on the same terms as the previous NSL or not renew it at all.

An additional relevant factor in making a determination regarding this application is staff's recommendation that no NSLs be renewed for any generator, hauler, or other person using the Riverbend Landfill unless there are unique management needs that can only be provided for through an NSL authorizing the use of Riverbend Landfill. Metro staff have encouraged Waste Management to pursue designated facility status for the landfill but Waste Management has not chosen to do so. However, in this instance, the solid waste in question consists of fruit processing wastes that would normally be composted but, in this case, are treated with preservative and require disposal. Metro has managed the disposal of putrescible waste via NSLs, rather than using designated facility agreements, so an NSL is appropriate in this instance. Riverbend is the landfill nearest to the applicant's facility and the applicant has a good record of transporting this semi-liquid waste to the landfill without dripping or spilling it en route. In the opinion of staff, these factors constitute special circumstances that meet this "unique management needs" test for the fruit waste. The miscellaneous solid wastes from offices, restrooms, and the plant cafeteria that are also part of this NSL authorization, however, do not meet such a test. We nevertheless recommend that the license be renewed as those types of wastes are generated in very small quantities (less than five tons per year) and are secondary to the primary solid wastes to be disposed under this license and, as mentioned above, under the NSL moratorium now in effect the NSL can only be renewed under the same terms as the current NSL.

Conclusion

The Chief Operating Officer finds that the proposed license satisfies the requirements of Metro Code Section 5.05.035 for the requested Non-System License.

3. Anticipated Effects

The effect of Resolution No. 06-3678 will be to renew an NSL for delivery of up to 1,000 tons per fiscal year of fruit processing waste to the Riverbend Landfill.

4. Budget Impacts

The regional system fee and excise tax will continue to be collected on waste delivered under authority of the proposed NSL. Since the proposed NSL is a renewal, the budget impact has already been factored into budget projections and approval of the license will maintain the status quo. It does not impact Metro's obligation under the disposal contract.

RECOMMENDED ACTION

The Chief Operating Officer recommends approval of Resolution No. 06-3678, and issuance of a renewed NSL substantially similar to the NSL attached to the resolution as Exhibit A.

M:\rem\od\projects\Legislation\2006\063678 GrayCO Stfrpt.doc

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF CONFIRMING JIM WATKINS, KENDAL WALDEN AND KIM BARDES TO THE METRO 401(k) EMPLOYEE SALARY SAVINGS PLAN ADVISORY COMMITTEE	)))))	RESOLUTION NO. 06-3682 INTRODUCED BY MICHAEL JORDAN CHIEF OPERATING OFFICER WITH CONCURRENCE OF COUNCIL PRESIDENT BRAGDON

WHEREAS, Metro established an Employee Salary Savings Plan and Trust originally effective July 1, 1981; and

WHEREAS, the Metro Council adopted Resolution No. 92-1596, "For the Purpose of Naming WM Trust Company as a non-discretionary Trustee of the Metro Salary Saving Plan", on March 26, 1992, authorizing the Executive Office to appoint a five-person Advisory Committee to give instructions to the trustee with respect to all matters concerning the Plan; and

WHEREAS, the Metro Council adopted Resolution No. 96-2382, "For the Purpose of Confirming Appointments to the Employee Salary Savings Plan Advisory Committee", on September 12, 1996 making initial appointments to the 401(k) Advisory Committee; and subsequent appointments to the Committee through Resolutions Numbers 03-3298 &03-3354, "For the purpose of Confirming Nancy Kluss and Julie Reed to the Metro 401(k) employee Salary Savings Plan Advisory Committee", adopted by the Council in May of 2003 and Resolution No. 03-3453, "For the Purpose of Confirming Karen Hohndel, Juli Helser, and Brian Williams to the Metro 401(k) Employee Savings Plan Advisory Committee", adopted by the Council on May 13, 2004.

WHEREAS, terms of three Committee members have expired and require new appointments;

WHEREAS, the 401(k) Advisory Committee Nominating Committee on behalf of the Chief Operating Officer has requested that interested applicants submit their names for consideration and the applicants requests were reviewed, now, therefore,

BE IT RESOLVED,

That the Council confirms the following members of the Metro 401(k) Employee Salary Savings Plan Advisory Committee appointed by the Chief Operating Officer:

Jim Watkins:	Term of Office: March 2006 -March 5, 2008
Kendal Walden:	Term of Office: March 2006 -March 5, 2008
Kim Bardes:	Term of Office: March 2006 -March 5, 2008

ADOPTED by the Metro Council this ________ day of _________________, 2006.

____
David Bragdon, President

Approved as to Form:

____
Daniel B. Cooper, Metro Attorney

STAFF REPORT

IN CONSIDERATION OF RESOLUTION 06-3682, FOR THE PURPOSE OF CCONFIRMIMG JIM WATKINS, KENDAL WALDEN AND KIM BARDES TO THE METRO 401(K) EMPLOYEE SALARY SAVINGS PLAN ADVISORY COMMITTEE

Date: March 6, 2006 Prepared by: Michael Jordan, Chief Operating Officer

PROPOSED ACTION

Confirm Jim Watkins, Kendal Walden and Kim Bardes to the Metro 401(k) Employee Salary Savings Plan Advisory Committee.

EXISTING LAW

Conforms with requirements established in Resolution No. 94-1985, “For the Purpose of Requiring Council Confirmation of Appointments to a Committee to Supervise Administration of the Metro Employee Savings Plan”, adopted December 22, 1994 regarding appointments to the Metro Employee Salary Savings Advisory Committee and conforms with requirements of the 401(k) Advisory Committee Mission, Goals, By-Laws and Operating Procedures.

BACKGROUND AND ANALYSIS

Metro established an Employee salary Savings Plan and Trust, which was originally effective on July 1, 1981. The Metro Council adopted Resolution No. 92-1596, “For the Purpose of Naming WM Trust Company as a non-discretionary Trustee of the Metro Salary Saving Plan”, on March 26,1992, authorizing the Executive Officer to appoint a five-member advisory committee to give instructions to the trustee with respect to all matters concerning the Plan.

Initial appointments of the five-member committee were made through resolution on September 12, 1996. Committee members each serve two-year terms as employee representatives of the Metro 401(k) Employee Salary Savings Committee.

Nancy Kluss, Julie Reed and Juli Helser were members of the Committee; their terms expired on March 5, 2006. In Order to fill the vacant positions and in accordance with the 401(k) Advisory Committee Mission, Goals, By-Laws and Operating Procedures, a nominating committee was formed and applicants were asked to submit a letter of interest to the Committee.

After solicitation for nominations to the Committee, four applicants applied and were interviewed. The Committee is suggesting that Jim Watkins, Kendal Walden and Kim Bardes be appointed to fill the Metro 401(k) Employee Salary Savings Plan Committee vacancies. These appointments will expire on March 5, 2008.

FISCAL IMPACT: None

RECOMMENDED ACTION

The Chief Operating Officer recommends Council confirmation of Jim Watkins, Kendal Walden and Kim Bardes to the Metro 401(k) Employee Salary Savings Plan Advisory Committee.

BEFORE THE METRO COUNCIL

AN ORDINANCE CREATING A NEW METRO CODE CHAPTER 7.04 ESTABLISHING A CONSTRUCTION EXCISE TAX	)))))))	ORDINANCE NO. 06-1115 Introduced by Chief Operating Officer Michael J. Jordan, with the concurrence of Council President David Bragdon”

WHEREAS, the implementation of concept and comprehensive planning in expansion areas added to the Urban Growth Boundary is required by state statute and the Metro Code, and such planning will help to implement Metro’s 2040 growth concept and regional expansion; and

WHEREAS, Metro has provided a leadership role in identifying regional fiscal needs associated with concept and comprehensive planning for expansion areas recently added to the Urban Growth Boundary; and

WHEREAS, on October 13, 2005, the Metro Council adopted Resolution No. 05-3626A, For the Purpose of Establishing an Expansion Area Planning Fund Committee (“EAPF”), to serve as a tax study committee pursuant to the Metro Code, with the charge to advise and make recommendations to the Metro Council regarding aspects of the need, distribution and mechanism for funding concept and comprehensive planning needs from the 2002 and 2004 Urban Growth Boundary expansions; and

WHEREAS, the charge and focus of the EAPF Committee was narrow in scope, and the Committee was not asked to examine nor estimate the larger additional costs of planning for infrastructure, urban planning in existing urban areas, center and corridor planning, or transit oriented development, or other additional planning requirements in the region; and

WHEREAS, on February 2, 2006 the EAPF Committee forwarded its final report and recommended actions to the Metro Council, stating that a regional need exists for funding concept and comprehensive planning associated with the 2002 and 2004 Urban Growth Boundary expansions, and that a construction excise tax is the best available means for creating such a fund; and

WHEREAS, the EAPF Committee recommended that long-term planning needs be further examined and addressed at a later date either with the state legislature or with the funding mechanisms already available to Metro and local governments; and

WHEREAS, the EAPF Committee reported, and the Metro Council finds that, based on estimated costs provided by the local governments themselves, the total costs of concept and comprehensive planning (through comprehensive plan adoption) for lands added to the Urban Growth Boundary from the 2002 and 2004 expansions is estimated to be approximately $6.3 million; and

WHEREAS, the EAPF Committee recommended that the funding mechanism to fund this gap be a Construction Excise Tax (CET) on building permit values, due to its clear nexus with development of the expansion areas; and

WHEREAS the EAPF Committee estimated that, based on historical construction activity in the region, that $6.3 million could be collected in approximately three (3) years by imposing a 0.12% tax on the value of new construction for which a building permit is required; and

WHEREAS, the EAPF Committee recommended that the funds be collected by local jurisdictions and remitted to Metro pursuant to Intergovernmental Agreements, and that Metro would distribute the funds in the form of grants to the local jurisdictions, based on a grant request submitted by the local jurisdiction setting forth the expected completion of certain milestones associated with Title 11 of Metro Code Chapter 3.07, the Urban Growth Management Functional Plan; and

WHEREAS, Metro is willing to assist local governments to fund their concept and comprehensive planning requirements for the expansion areas recently added to the Urban Growth Boundary in 2002 and 2004, by implementing a region-wide Construction Excise Tax;

WHEREAS, Metro will exempt from the Construction Excise Tax all new construction valued at less than $100,000 and also the construction of low-income housing; and

WHEREAS, the Construction Excise Tax will include a fee ceiling of $10,000,000, such that if the permit value is greater than $10,000,000, then the Construction Excise Tax imposed for that Construction is capped at a ceiling of $12,000 (Twelve Thousand Dollars).

WHEREAS, Metro will provide up-front financing of the grant funds requested by the local jurisdictions, and will sunset the Construction Excise Tax when the total amounts granted to the local jurisdictions have been received by Metro, which is estimated to take approximately three (3) years; and

WHEREAS, the Metro Council hereby directs the Metro Chief Operating Officer to execute Intergovernmental Agreements with local jurisdictions for collection of the Construction Excise Tax and remittance of such funds to Metro; and

WHEREAS, the Metro Council hereby directs the Metro Chief Operating Officer to prepare yearly reports to the Metro Council, advising the Metro Council of the amounts collected from the Construction Excise Tax and the status of the grant requests by the local jurisdictions;

NOW, THEREFORE, THE METRO COUNCIL ORDAINS AS FOLLOWS:

Section 1. New Metro Code Chapter 7.04 Construction Excise Tax. Effective July 1, 2006, or the effective date of this Ordinance, whichever is the latest, the new Metro Code Chapter 7.04 Construction Excise Tax, attached hereto as Exhibit A and incorporated herein by this reference, is added to the Metro Code.

Section 2. Sunset Provision. The Metro Construction Excise Tax established pursuant to the new Metro Code Chapter 7.04 shall not be imposed on and no person shall be liable to pay any tax for any construction activity that is commenced pursuant to a building permit issued on or after the last day of the month in which a total of $6.3 million has been collected under this Chapter, received by Metro, and certified as received by Metro to the local jurisdictions.

ADOPTED by the Metro Council this _________ day of ____________________, 2006.

____
David Bragdon, Council President

Attest:

____
Christina Billington, Recording Secretary

Approved as to Form:

____
Daniel B. Cooper, Metro Attorney

EXHIBIT A
ORDINANCE 06-1115

METRO CODE – TITLE VII FINANCE
(New) Chapter 7.04 CONSTRUCTION EXCISE TAX

SECTIONS:

7.04.010 Short Title

This chapter shall be known as the “Construction Excise Tax.”

7.04.020 Policy and Purpose

This chapter establishes a Construction Excise Tax to provide funding for regional and local planning that is required to make land ready for development after its inclusion in the Urban Growth Boundary.

7.04.030 Definitions

As used in this chapter:

(a) “Building Official” means any person charged by a municipality with responsibility for the administration and enforcement of a building code.

(b) “Chief Operating Officer” means the person holding the position of Metro Chief Operating Officer established by Section 2.20.010 of the Metro Code.

(c) “Construction” means erecting, constructing, enlarging, altering, repairing, moving, improving, removing, converting, or demolishing any building or structure for which the issuance of a building permit is required pursuant to the provisions of Oregon law, whether residential or non-residential. Construction also includes the installation of a manufactured dwelling.

(d) “Contractor” means any person who performs Construction for compensation.

(e) “Improvement” means any newly constructed structure or a modification of any existing structure.

(f) “Major Renovation” means any renovation, alteration or remodeling of an existing building or structure, or portion thereof, residential or non-residential, that requires or receives a building permit.

(g) “Manufactured Dwelling” means any building or structure designed to be used as a residence that is subject to regulation pursuant to ORS 446, as further defined in ORS 446.003(26).

(h) “Person” means and includes individuals, domestic and foreign corporations, public bodies, societies, joint ventures, associations, firms, partnerships, joint stock companies, clubs or any legal entity whatsoever.

(i) “Value of New Construction” means the total value of the Construction as determined by the construction permit or building permit for the Improvement and/or Major Renovation.

7.04.040 Exemptions

(a) No obligation to pay the tax imposed by Section 7.04.070 shall be imposed upon any Person who establishes that one or more of the following are met:

(1) The Value of New Construction is less than or equal to $100,000; or

(2) The Person who would be liable for the tax is a corporation exempt from federal income taxation pursuant to 42 U.S.C. 501(c)(3), or a limited partnership the sole general partner of which is a corporation exempt from federal income taxation pursuant to 42 U.S.C. 501(c)(3), the Construction is used for residential purposes and the property is restricted to being occupied by Persons with incomes less than 50 percent (50%) of the median income for a period of 30 years or longer; or

(3) The Person who would be liable for the tax is exempt from federal income taxation pursuant to 42 U.S.C. 501(c)(3) and the Construction is dedicated for use for the purpose of providing charitable services to Persons with income less than 50 percent (50%) of the median income.

(b) The Building Official or Chief Operating Officer may require any Person seeking an exemption to demonstrate that the Person is eligible for an exemption and that all necessary facts to support the exemption are established.

7.04.045 Ceiling

Notwithstanding the provisions set forth in Sections 7.04.070 and 7.04.080, if the Construction Excise tax imposed by this Chapter would be greater than $12,000 (Twelve Thousand Dollars) as measured by the Value of New Construction that would generate that amount of tax, then the Construction Excise Tax imposed for that Construction is capped at a ceiling of $12,000 (Twelve Thousand Dollars).

7.04.050 Rules and Regulations Promulgation

The Chief Operating Officer shall promulgate rules and regulations necessary for the administration and enforcement of this chapter.

7.04.060 Administration and Enforcement Authority

(a) The Chief Operating Officer shall be responsible for the administration and enforcement of this chapter. In exercising the responsibilities of this section the Chief Operating Officer may act through a designated representative.

(b) In order to carry out the duties imposed by this chapter, the Chief Operating Officer shall have the authority to do the following acts, which enumeration shall not be deemed to be exhaustive, namely: administer oaths, certify to all official acts; to subpoena and require attendance of witnesses at hearings to determine compliance with this chapter, rules and regulations; to require production of relevant documents at public hearings; to swear witnesses; and to take testimony of any Person by deposition.

7.04.070 Imposition of Tax

A Construction Excise tax is imposed on every Person who engages in Construction within the Metro Area. The tax shall be measured by the total Value of New Construction at the rate set forth in Section 7.04.080. If no additional value is created or added by the Construction and if the Construction does not constitute a Major Renovation then there shall be no tax due. The tax shall be due and payable at the time of the issuance of any building permit, or installation permit in the case of a manufactured dwelling, by any building authority.

7.04.080 Rate of Tax

The rate of tax to be paid for Construction and/or Major Renovation shall be 0.12% of the Value of New Construction.

7.04.090 Failure to Pay

It shall be unlawful for any Person to fail to pay all or any portion of the tax imposed by this chapter.

7.04.100 Statement of Entire Value of New Construction Required

It shall be unlawful for any Person to fail to state or to misstate the full Value of New Construction of any Improvement, Major Renovation, or Manufactured Dwelling. When any Person pays the tax, within the time provided for payment of the tax, there shall be a conclusive presumption, for purposes of computation of the tax, that the Value of New Construction of the Improvement, Major Renovation, or Manufactured Dwelling is the Value of New Construction as determined by the Building Official at the time of issuance of the building permit or installation permit. When any Person fails to pay the tax within the time provided for payment of the tax, the Value of New Construction constructed shall be as established by the Chief Operating Officer who may consider the Value of New Construction established by the Building Official but may consider other evidence of actual value as well.

7.04.110 Intergovernmental Agreements

The Chief Operating Officer may enter into intergovernmental agreements with other local governments and jurisdictions to provide for the enforcement of this chapter and the collection and remittance of the Construction Excise Tax. The agreements may provide for the governments to retain no more than 5 percent (5%) of the taxes actually collected as reimbursement of administrative expenses, and also for the reimbursement of the government's reasonable, one time, start-up costs as set forth in the agreements.

7.04.120 Rebates

(a) The Chief Operating Officer shall rebate to any Person who has paid a tax the amount of tax actually paid, upon the Person establishing that the tax was paid for Construction that is eligible for an exemption under Section 7.04.040.

(b) The Chief Operating Officer shall either rebate all amounts due under this section within 30 days of receipt of a complete application for the rebate or give written notice of the reasons why the application has been denied. Any denial of any application may be appealed as provided for in Section 7.04.140.

7.04.130 Hearings Officer

The Chief Operating Officer shall appoint a hearings officer to conduct hearings related to enforcement or appeals of this chapter. All hearings shall be conducted in accordance with rules and regulations adopted by the Chief Operating Officer.

7.04.140 Appeals

Any Person who is aggrieved by any determination of the Chief Operating Officer regarding liability for payment of the tax, the amount of tax owed, or the amount of tax that is subject to refund or rebate may appeal the determination in accordance with Section 7.04.130. All appeals must be in writing and must be filed within 10 days of the determination by the Chief Operating Officer. No appeal may be made unless the Person has first paid the tax due as determined by the Chief Operating Officer.

7.04.150 Refunds

(a) Upon written request, the Chief Operating Officer shall refund any tax paid to the Person who paid the tax after that Person has established that Construction was not commenced and that any Building Permit issued has been cancelled as provided by law.

(b) The Chief Operating Officer shall either refund all amounts due under this section within 30 days of a complete application for the refund or give written notice of the reasons why the application has been denied. Any denial of any application may be appealed as provided for in Section 7.04.140.

7.04.160 Enforcement by Civil Action

The tax and any penalty imposed by this chapter constitutes a debt of the Person liable for the tax as set forth in Section 7.04.070 of this chapter and may be collected by the Chief Operating Officer in an action at law. If litigation is necessary to collect the tax and any penalty, the prevailing party shall be entitled to reasonable attorney fees at trial or on appeal. The Office of Metro Attorney is authorized to prosecute any action needed to enforce this chapter as requested by the Chief Operating Officer.

7.04.170 Review

Review of any action of the Chief Operating Officer taken pursuant to this chapter, or the rules and regulations adopted pursuant thereto, shall be taken solely and exclusively by writ of review in the manner set forth in ORS 34.010 through 34.100, provided, however, that any aggrieved Person may demand such relief by writ of review.

7.04.180 Failure to Pay – Penalty

In addition to any other fine or penalty provided by this chapter, failure to pay the tax within 15 days of the date of issuance of any Building Permit for any Improvement, Major Renovation, or installation permit for any Manufactured Dwelling shall result in a penalty equal to the amount of tax owed or fifty dollars ($50.00), whichever is greater.

7.04.190 Violation – Penalty

(a) In addition to any other civil enforcement provided herein, violation of this chapter shall be a misdemeanor and shall be punishable, upon conviction, by a fine of not more than five hundred dollars ($500.00).

(b) Violation of this chapter by any officer, director, partner or other Person having direction or control over any Person violating this chapter shall subject each such Person to such fine.

7.04.200 Rate Stabilization

In order to protect against the cyclical nature of the construction industry and development patterns, the Council shall annually as part of the budget process create reserves from the revenues generated or expected to be generated by the Construction Excise Tax, which reserves are designed to protect against future fluctuations so as to promote stability in the funds needed to support required programs.

7.04.210 Dedication of Revenues

Revenue derived from the imposition of this tax after deduction of necessary costs of collection shall be dedicated to fund regional and local planning that is required to make land ready for development after inclusion in the Urban Growth Boundary.

7.04.220 Procedures for Distribution

The Chief Operating Officer shall distribute the revenues from the Construction Excise Tax as grants to local governments based on an analysis of grant requests submitted by the local jurisdiction which set forth the expected completion of certain milestones associated with Title 11 of Metro Code Chapter 3.07, the Urban Growth Management Functional Plan.

7.04.230 Sunset Provision

The Construction Excise Tax shall not be imposed on and no person shall be liable to pay any tax for any construction activity that is commenced pursuant to a building permit issued on or after the last day of the month in which a total of $6.3 million has been collected under this Chapter, received by Metro, and certified as received by Metro to the local collecting jurisdictions.

STAFF REPORT

IN CONSIDERATION OF ORDINANCE NO. 06-1115, AN ORDINANCE CREATING A NEW METRO CODE CHAPTER 7.04 ESTABLISHING A CONSTRUCTION EXCISE TAX

Date: March 16, 2006 Prepared by: Reed Wagner

BACKGROUND

Of the 2002 and 2004 Urban Growth Boundary (UGB) Expansions over 6,000 acres remain unplanned. The Metro Ordinances that brought the land into the UGB specify that the city or county with land use planning responsibility for the new areas complete Title 11 planning within two years (unless exceptions have been applied). Several of the deadlines for compliance expired in March 2005, because many of the local jurisdictions responsible for completing the Title 11 planning requirements do not have the funding to do so. Development in these areas is stalled until comprehensive plans are adopted.

On October 13, 2005, the Metro Council adopted Resolution No. 05-3626A, For the Purpose of Establishing an Expansion Area Planning Fund Committee ("EAPF"), to serve as a tax study committee pursuant to the Metro Code, with the charge to advise and make recommendations to the Metro Council regarding aspects of the need, distribution and mechanism for funding concept and comprehensive planning needs from the 2002 and 2004 Urban Growth Boundary expansions. On February 2, 2006 the EAPF Committee presented its findings and conclusions to the Metro Council, recommending that Metro implement a short-term construction excise tax to fund local planning needs for the 2002 and 2004 UGB expansion areas. A copy of the committee's recommendation is attached to this staff report as Attachment 1.

The implementation of a regional Construction Excise Tax, with grants back to the local jurisdictions for planning, would provide these jurisdictions with funding necessary for their completion of the requisite Title 11 planning for the 2002 and 2004 expansion areas.

ANALYSIS/INFORMATION

1. **Known Opposition:** The committee decision was 5 in favor with 0 opposed and 1 abstention. The EAPF Committee report included a minority report, which stated that some jurisdictions have concerns with Metro serving as the tax agent, and that local jurisdictions could identify and pursue other funding sources. Outside the committee, Metro has received letters from Beaverton School District (Attachment 2), Sherwood School District (Attachment 3) and Tigard-Tualatin School District (Attachment 4), all requesting that the proposed exemptions be broadened to include K-12 public school construction projects in the list of construction activities that would be exempt from the construction excise tax. In addition, some individuals in the development/business community would prefer a cap on this tax for large-scale construction projects.

2. **Legal Antecedents:** In compliance with Metro Code Section 2.19.200, on October 13, 2005 Metro established a tax study committee to determine the financial need associated with

2002/2004 expansion area planning costs and a revenue mechanism for addressing this need, via Metro Resolution no. 05-3626A, “For the Purpose of Establishing An Expansion Area Planning Fund Committee.” .

3. **Anticipated Effects:** The Construction Excise Tax collection would begin on July 1, 2006, at a rate of .12%. Based on current forecasts, this rate would realize approximately $2 million annually. After the effective date of the Construction Excise Tax, Metro’s planning department would accept grant requests from local jurisdictions to identify the precise revenues necessary to complete concept and comprehensive planning and establish a payment schedule based on a collation of each planning project’s set of milestones. The total payments of approximately $6.3 million would be distributed to the requestor jurisdictions, while reimbursement to Metro, via the Construction Excise Tax, would be realized within approximately 3 fiscal years, based on estimates of future construction activities.

4. **Budget Impacts**: The budget impact includes a significant amount of staff time, including data generation from the Data Resource Center, financial planning and intergovernmental fund transfer planning by Finance and Administrative Services, IGA development by the Office of the Metro Attorney, and Grant development /review and tracking by the Planning Department. These costs will be absorbed by current budgets within FAS and OMA, assuming revenues will be collected successfully through IGAs with all local jurisdictions, while the Planning Department, including DRC, will need increased resources to complete associated tasks. Planning anticipates a budget impact of an additional .5 to .75 limited duration analyst over the course of the program. This FTE would be necessary to assist in grant negotiations, grant reviews, and monitoring and tracking of the invoices against the IGAs and Metro standards; in addition, this position would assist in overall program management. This will allow existing planning staff to continue to participate in local government concept planning efforts.

   Increased revenues from the Construction Excise Tax forecasted at approximately $2 million annually, which will reimburse Metro for the amounts Metro has granted to local jurisdictions under the program. The ordinance outlines a Metro advance on funds; the advance schedule will be determined within the first year of the program (upon the receipt of all grant requests). Preliminary forecasting suggests that the majority of the funding will be spent within the first 18 months. This advance will impact the budget as Metro will need to identify advance resources for payouts. The advance resources will not exceed the total amount of the program, forecasted to be $6.3 million dollars.

RECOMMENDED ACTION

The Chief Operating Officer recommends adoption of this ordinance.

Attachment 1
STAFF REPORT ORDINANCE 06-1115

Expansion Area Planning Fund Committee (EAPF) Recommended Actions on the Need, Distribution and Mechanism for Funding Concept and Comprehensive Planning in the 2002 and 2004 Urban Growth Boundary Expansion Areas

Presented to the Metro Council

February 2, 2006

<u>Expansion Area Planning Fund Committee Members</u>
Chuck Becker, Mayor, City of Gresham
Tom Brian, Washington County Board of Commissioners
Jim Chapman, President, Home Builders Association
Diana Godwin, Land Use Attorney
Gil Kelly, Planning Director, City of Portland
John Hartsock, City Councilor, City of Damascus
Holly Iburg, Project Manager, Newland Communities
Wally Mehrens, Columbia Pacific Building Trades
Bud Moore, Deputy Superintendent of Beaverton School District
Ryan O'Brien, Land Development Specialist
Bob Stacey, Executive Director, 1000 Friends

<u>Ex-Officio Non-Voting Members</u>

David Bragdon, Council President, Metro
Michael Jordan, Chief Operating Officer, Metro

<u>Council Liaison</u>

Brian Newman, Councilor, Metro

<u>Metro Staff</u>

Dan Cooper, Metro Attorney, Metro
Alison Kean Campbell, Senior Attorney, Metro
Ken Ray, Senior Public Affairs Specialist, Metro
Randy Tucker, Legislative Affairs, Metro
Ray Valone, Principal Regional Planner, Metro
Reed Wagner, Policy Specialist, Metro
Dennis Yee, Forecasting & Modeling, Metro
Daniel Lerch, Policy Intern, Metro
Lake McTighe, Policy Intern, Metro

Table of Contents

Background

Of the 2002 and 2004 Urban Growth Boundary (UGB) Expansions over 6,000 acres remain unplanned (see Appendices II and III for a map and table of these areas). The Metro Ordinances that brought the land into the UGB specify that the city or county with land use planning responsibility for the new areas complete Title 11 planning within two years (the timelines for some areas are longer). Several of the deadlines for compliance expired in March 2005, because many of the local jurisdictions responsible for completing the Title 11 planning requirements do not have the funding to do so. Development in these areas is stalled until comprehensive plans are adopted.

Policy Development

On October 13, 2005, the Metro Council passed RESOLUTION NO. 05-3626A (see Appendix I) establishing a tax study committee. The Expansion Area Planning Fund (EAPF) Committee was charged with identifying the need, distribution and mechanism for funding concept and comprehensive planning in the 2002 and 2004 Urban Growth Boundary Expansion Areas.

Specifically, the EAPF Committee was charged to advise the Metro Council on the following questions:

a. How large is the regional need for concept and comprehensive planning?
b. How should the funds be distributed? Are certain areas prioritized?
c. Should the funds accompany other resources?
d. What role should Metro play?
e. What role should local jurisdictions play?
f. What mechanism should be used for capturing this fee?
g. What administrative processes and costs should be considered in regards to this fee?
h. What should be the time period for this fee, should it sunset?
i. What mechanism should be used to satisfy long-term needs? How can this source of funding be more directly linked to the areas that benefit?
j. Should this funding mechanism include a portion or additional percentage for construction of affordable housing across the region?

Committee Process

The Expansion Area Planning Fund (EAPF) Committee was comprised of eleven members, two ex-officio non-voting members, and a Metro Council liaison. The committee served on a short-term basis and met five times from November 9, 2005 through January 18, 2006. The original conclusion date for the committee was December 15, 2005; the committee agreed to extend this deadline in order to conduct further outreach with local leaders and jurisdictions. Not all committee members were able to attend every meeting; in most cases an alternate attended.

The committee agreed to use modified consensus with a minority dissenting report to reach decisions. Metro staff served as technical and administrative support to the committee and provided background information.

Various committee members and Metro Councilors participated in outreach discussions with local area leaders to inform them of the committee's work, gain their insight, and answer questions. This issue was also discussed at the October 12, 2005 Metro Policy Advisory Committee (MPAC) meeting and the December 7, 2005 Metro Technical Advisory Committee (MTAC) meeting.

Data and Analysis

The committee utilized the following data to analyze the issue and answer the questions set forth by the Metro Council (see Appendices):

- Acreage and background information on UGB Expansion Areas that have not yet been planned
- Local jurisdictions estimations of planning costs through comprehensive plan adoption
- Totals of building permit values for Clackamas, Multnomah, and Washington Counties for the years 2003-2004
- Construction Excise Tax modeling based on various ceilings and floors
- Estimated construction costs for affordable housing units constructed between 2003 and 2004
- Draft Metro Code Chapter for a New Construction Excise Tax
- Draft Administrative Rules: Metro Code Chapter 7.04
- Sample Intergovernmental Agreement (IGA)

Recommended Actions

The Expansion Area Planning Fund (EAPF) Committee recommends that the Metro Council adopt an ordinance to impose a region wide construction excise tax (CET) on all new building permits applied for within Metro's boundaries for the purpose of funding and expediting concept and comprehensive planning and development in the 2002 and 2004 Urban Growth Boundary Expansion Areas.

The EAPF Committee reached this recommendation with a majority vote of five (5) and one (1) abstention. The remaining five (5) members of the committee were unable to attend the final meeting.

a. How large is the regional need for concept and comprehensive planning?

Over 6,000 acres of land brought inside the Urban Growth Boundary remains unplanned (see Appendices II and III for a list and map of these areas).

The committee determined that there is a regional need for a funding source for concept and comprehensive planning, and identified lack of funding as the major hurdle to development of these new areas.

The total cost of concept and comprehensive planning (through comprehensive plan adoption) for these areas was derived from estimates provided by the local jurisdictions. The estimated total amount is approximately $5,628,000 (see Appendix II for the estimated amount for each individual area).

b. How should the funds be distributed? Are certain areas prioritized?

- The committee recommends that local jurisdictions apply for the funding and it be distributed as planning milestones are completed.
- Funding should be distributed in the form of grants as areas move forward with the planning process and demonstrate that they are completing the process according to the requirements laid out in Title 11 of the Urban Growth Management Functional Plan.
- Planning through comprehensive plan adoption should be covered.
- Concept and comprehensive planning (through adoption of the comprehensive plan) should be within a standard timeline of 18 months, with exceptions considered on an individual basis.
- Prioritization of areas should not be necessary because all areas that apply for funding should be funded.

- The committee recommends that the Metro Council consider frontloading funds from Metro's general account in anticipation of revenues from the CET, in order to expedite planning.
- The committee recommends that jurisdictions can apply for funds to cover planning costs incurred after January 1, 2006, in the 2002 and 2004 UGB expansion areas. Costs incurred before January 1, 2006 will not be funded.

c. Should the funds accompany other resources?

The committee recommends that funding from the CET revenues should be combined with other sources of funding (such as TGM grants, city funds, and developers) whenever possible.

d. What role should Metro play?

The committee recommends that Metro hold the CET revenue collected in a separate account within Metro's general account. Metro would distribute the funds, working with local jurisdictions to determine appropriate milestones for the completion of planning and the distribution of funds as laid out in individual IGAs.

e. What role should local jurisdictions play?

The committee recommends that local jurisdictions collect the CET revenues when building permits are processed and pass the revenue to Metro. Local jurisdictions will apply for the funding and work with Metro to establish the appropriate timelines and milestones for the completion of planning and the distribution of funds as laid out in individual IGAs.

f. What mechanism should be used for capturing this fee?

The committee discussed various funding mechanisms for capturing a fee. The Construction Excise Tax (CET) on building permit values was determined to be the best funding mechanism because of its clear nexus with development of the expansion areas.

A CET is a tax on new residential and commercial/industrial building permits (including remodels and additions) and, in this case, is based on the value attached to the building permit. The tax would only apply to building permits within Metro's boundaries.

The committee recommends that:
- collection of the tax begin July 1, 2006
- building permit values below $100,001 are exempted from the tax

- the tax be .1% of the value of the building permit (a building permit value of $250,000 would generate $250)
- there be no cap on the amount collected per building permit
- approximately $2 million a year be collected for three years; the final amount to be collected will be determined based on IGAs
- the tax sunset after three (3) years
- affordable housing development building permits be exempt from the tax

g. What administrative processes and costs should be considered in regards to this fee?

The committee recommends that no more than 5% of the total revenue collected be used for administration costs. The committee also recommends utilizing existing administrative structures and processes for the collection of the tax. To streamline the process and keep costs down, and because the administrative processes of jurisdictions will vary, the committee recommends that Metro staff communicate early with permit processing divisions to determine administrative needs and costs.

h. What should be the time period for this fee, should it sunset?

The committee recommends that the fee sunset after three (3) years.

i. What mechanism should be used to satisfy long-term needs? How can this source of funding be more directly linked to the areas that benefit?

The committee recommends that long-term needs be addressed through discussion in the 2007 legislative session. The committee also recommends that once the CET sunsets, if no other funding mechanism has been identified, that this CET is reviewed for the possibility of extending the process and creating a revolving fund in which areas that receive funding from the CET could fund future expansion areas.

j. Should this funding mechanism include a portion or additional percentage for construction of affordable housing across the region?

The committee recommends that this CET be associated with concept and comprehensive planning purposes only. The committee also recommends that building permits for the construction and rehabilitation of affordable housing be exempted from this tax. The committee recognizes the work of the Housing Choice Task Force currently looking at regional affordable housing needs and solutions and believes that this is the best forum to address regional funding solutions for affordable housing.

Minority Report

For some jurisdictions, predominately those on the Westside, a few issues remain regarding a construction excise tax that would fund planning in the 2002 and 2004 Urban Growth Boundary Expansion Areas. One issue is that these local jurisdictions feel that in most cases, they will be able to identify the necessary resources to complete concept and comprehensive planning on their own with mechanisms other than the construction excise tax (such as developer fees). These jurisdictions want the opportunity to pursue these other funding sources before supporting a regional funding solution.

A second concern is the perception that a regional funding solution will add an extra layer of unneeded bureaucracy. These jurisdictions do not want to collect the tax, send it to Metro, only to have to apply to Metro to redistribute the funds back to local jurisdictions through grants with attendant reporting requirements and possibly planning requirements beyond those already in place. Most of the jurisdictions want any taxes collected locally to remain in local hands and be used in the jurisdiction near where they are collected.

Appendices

Appendix I - Resolution NO. 05-3626A

Appendix II – *Table* Title 11 New Planning Areas

Appendix III - *Map* Funding Status of 2002 UGB Expansion Areas

Additional Materials on file:

- Meeting Agendas
- Meeting Minutes
- Committee member contact list
- Housing Choice Task Force memos regarding affordable housing
- Local jurisdiction communications on planning costs
- *Table* Building Permit Values
- *Draft* Administrative Rules: Metro Code Chapter 7.04
- *Draft* Metro Code Chapter for a New Construction Excise Tax
- Sample Intergovernmental Agreement (IGA)
- Title 11, Metro Functional Plan
- Committee members, Metro Councilor, Metro staff, and local jurisdiction email communications

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF ESTABLISHING AN EXPANSION AREA PLANNING FUND COMMITTEE	))	RESOLUTION NO. 05-3626A Introduced by Metro Council President David Bragdon

WHEREAS, Metro has taken a leadership role in identifying regional fiscal needs associated with concept and comprehensive planning for areas added to the Urban Growth Boundary; and

WHEREAS, the implementation of concept and comprehensive planning in areas added to the Urban Growth Boundary is consistent with state statute, the Metro Code, and will help to implement Metro's 2040 growth concept; and

WHEREAS, discussions with regional elected officials, developers, municipal planning staff, Realtors, and representatives of the general population generally encouraged the establishment of a revenue study committee to develop a mechanism for the funding of concept and comprehensive planning; and

WHEREAS, the Metro Council adopted Ordinance No. 00-860A, on November 9, 2000 "For the Purpose of Adding a New Chapter 2.19 to the Metro Code Relating to Advisory Committees," amended by Ordinance 02-955A, on June 27, 2002 "For the purpose of amending chapter 2.19 of the Metro Code to conform to the charter amendments adopted on November 7, 2000," and authorized under Metro Code No. 2.19.200 "Tax Study Committee" and the creation and purpose states that "before considering the imposition of any new tax or taxes, which do not require prior voter approval under the Charter, the Council shall create a tax study committee by adoption of a resolution";

NOW, THEREFORE, BE IT RESOLVED BY THE METRO COUNCIL THAT,

1. The Metro Council hereby establishes an Expansion Area Planning Fund Committee to serve as the tax study committee authorized under Ordinance No. 00-860A and hereby appoints the Committee Chair and committee members as set forth in Exhibit A attached hereto and incorporated herein;

2. The Tax Study Committee shall meet 3 to 4 times between now and December 15, 2005, with administrative and technical support from the Metro staff, and the committee shall advise and make recommendations to the Metro Council regarding aspects of the need, distribution and mechanism for funding concept and comprehensive planning as more specifically set forth in Exhibit B attached hereto, and the Committee shall return to the Metro Council by December 15, 2005 with specific recommendations.

ADOPTED by the Metro Council this 13th day of October, 2005.

David Bragdon, Council President

GODKÄND APPROVED METRO COUNCIL HUVUDSTADS RÅD

Approved as to Form:

Daniel B. Cooper, Metro Attorney

Exhibit A
Resolution 05-3626A

The Expansion Area Planning Fund Committee is being asked to serve on a short term basis, beginning in late October and concluding by December 15th, 2005, and meet 3 to 4 times to analyze funding mechanism options for concept and comprehensive planning in the Metro Region. Metro staff will serve as technical and administrative support to the committee and provide background information.

11 Metro residents have been identified as possible committee members. They are

Ryan O'Brien	Land Development Specialist
Jerome Colonna	Superintendent of Beaverton School District
Bob Stacey	Executive Director, 1000 Friends
Wally Mehrens	Columbia Pacific Building Trades
Diana Godwin	Land Use Attorney
Tom Brian	Chair, Washington County Board of Commissioners
Gil Kelley	Planning Director, City of Portland
John Hartsock	City Councilor, City of Damascus
Holly Iburg	Project Manager, Newland Communities
Jim Chapman	President, Home Builders Association
Chuck Becker	Mayor, Gresham

Exhibit B
Resolution 05-3626A

The Expansion Area Planning Fund Committee is being asked to serve on a short-term basis, beginning in late October and concluding by December 15th, 2005, and meet 3 to 4 times to analyze funding mechanism options for concept and comprehensive planning in the Metro Region. Metro staff will serve as technical and administrative support to the committee and provide background information.

The Committee will be asked to advise the Council on the following specific questions:

a. How large is the regional need for concept and comprehensive planning?
b. How should the funds be distributed? Are certain areas prioritized?
c. Should the funds accompany other resources?
d. What role should Metro play?
e. What role should local jurisdictions play?
f. What mechanism should be used for capturing this fee?
g. What administrative processes and costs should be considered in regards to this fee?
h. What should be the time period for this fee, should it sunset?
i. What mechanism should be used to satisfy long term needs? How can this source of funding be more directly linked to the areas that benefit?
j. Should this funding mechanism include a portion or additional percentage for construction of affordable housing across the region?

Following the completion of the Committee's work by December 15, 2005, they will issue their recommendations about the funding to the Metro Council. The Council will then ask the community at large to review and comment on those recommendations.

STAFF REPORT

IN CONSIDERATION OF RESOLUTION NO. 05-3626A, FOR THE PURPOSE OF ESTABLISHING AN EXPANSION AREA PLANNING FUND COMMITTEE

Date: September 29, 2005 Prepared by: Reed Wagner

BACKGROUND

The majority of acreage added in the 2002 Urban Growth Boundary expansion has yet to be developed. It is argued by much of the development community and expansion area jurisdictions that the major hurdle in development, of these new Metro areas, is the lack of funding for concept and comprehensive planning. Initial discussions with developers, realtors, planners and elected officials from the Metro region suggests that a regional funding mechanism may be welcomed in an effort to expedite development in expansion areas.

ANALYSIS/INFORMATION

1. **Known Opposition** None known

2. **Legal Antecedents** According to Metro Code No. 2.19.200 “Tax Study Committee”, “before considering the imposition of any new tax or taxes, which do not require prior voter approval under the Charter, the Council shall create a tax study committee by adoption of a ordinance;” Metro Council Ordinance No. 00-860A.

3. **Anticipated Effects** The identified committee of 11 will be convened and a recommendation will be made to the Metro Council by December 15, 2005 as set forth in Exhibit B to the Resolution.

4. **Budget Impacts** The impact includes a minimal amount of staff time, including data from the Data Resource Center, support by Metro’s office of the Chief Operating Officer and Office of the Metro Attorney.

RECOMMENDED ACTION

The Chief Operating Officer recommends adoption of this resolution.

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF ESTABLISHING AN EXPANSION AREA PLANNING FUND COMMITTEE	))	RESOLUTION NO. 05-3626 Introduced by Metro Council President David Bragdon

WHEREAS, Metro has taken a leadership role in identifying regional fiscal needs associated with concept and comprehensive planning for areas added to the Urban Growth Boundary; and

WHEREAS, the implementation of concept and comprehensive planning in areas added to the Urban Growth Boundary is consistent with state statute, the Metro Code, and will help to implement Metro's 2040 growth concept; and

WHEREAS, discussions with regional elected officials, developers, municipal planning staff, Realtors, and representatives of the general population generally encouraged the establishment of a revenue study committee to develop a mechanism for the funding of concept and comprehensive planning; and

WHEREAS, the Metro Council adopted Ordinance No. 00-860A, on November 9, 2000 "For the Purpose of Adding a New Chapter 2.19 to the Metro Code Relating to Advisory Committees," amended by Ordinance 02-955A, on June 27, 2002 "For the purpose of amending chapter 2.19 of the Metro Code to conform to the charter amendments adopted on November 7, 2000," and authorized under Metro Code No. 2.19.200 "Tax Study Committee" and the creation and purpose states that "before considering the imposition of any new tax or taxes, which do not require prior voter approval under the Charter, the Council shall create a tax study committee by adoption of a resolution";

NOW, THEREFORE, BE IT RESOLVED BY THE METRO COUNCIL THAT,

1. The Metro Council hereby establishes an Expansion Area Planning Fund Committee to serve as the tax study committee authorized under Ordinance No. 00-860A and hereby appoints the Committee Chair and committee members as set forth in Exhibit A attached hereto and incorporated herein;

2. The Tax Study Committee shall meet 3 to 4 times between now and December 15, 2005, with administrative and technical support from the Metro staff, and the committee shall advise and make recommendations to the Metro Council regarding aspects of the need, distribution and mechanism for funding concept and comprehensive planning as more specifically set forth in Exhibit B attached hereto, and the Committee shall return to the Metro Council by December 15, 2005 with specific recommendations.

ADOPTED by the Metro Council this ___________ day of ____________________________, 2005.

____
David Bragdon, Council President

Approved as to Form:

____
Daniel B. Cooper, Metro Attorney

Exhibit A
Resolution 05-3626

The Expansion Area Planning Fund Committee is being asked to serve on a short term basis, beginning in late October and concluding by December 15^{th}, 2005, and meet 3 to 4 times to analyze funding mechanism options for concept and comprehensive planning in the Metro Region. Metro staff will serve as technical and administrative support to the committee and provide background information.

11 Metro residents have been identified as possible committee members. They are

Ryan O'Brien	Land Development Specialist
Jerome Colonna	Superintendent of Beaverton School District
Bob Stacey	Executive Director, 1000 Friends
Wally Mehrens	Columbia Pacific Building Trades
Diana Godwin	Land Use Attorney
Tom Brian	Chair, Washington County Board of Commissioners
Gil Kelley	Planning Director, City of Portland
John Hartsock	City Councilor, City of Damascus
Cindy Catto	Public Affairs Manager, Associated General Contractors
Jim Chapman	President, Home Builders Association
Chuck Becker	Mayor, Gresham

Exhibit B
Resolution 05-3626

The Expansion Area Planning Fund Committee is being asked to serve on a short-term basis, beginning in late October and concluding by December 15th, 2005, and meet 3 to 4 times to analyze funding mechanism options for concept and comprehensive planning in the Metro Region. Metro staff will serve as technical and administrative support to the committee and provide background information.

The Committee will be asked to advise the Council on the following specific questions:

a. How large is the regional need for concept and comprehensive planning?
b. How should the funds be distributed? Are certain areas prioritized?
c. Should the funds accompany other resources?
d. What role should Metro play?
e. What role should local jurisdictions play?
f. What mechanism should be used for capturing this fee?
g. What administrative processes and costs should be considered in regards to this fee?
h. What should be the time period for this fee, should it sunset?
i. What mechanism should be used to satisfy long term needs? How can this Funding be more directly linked to the areas that benefit?

Following the completion of the Committee's work by December 15, 2005, they will issue their recommendations about the funding to the Metro Council. The Council will then ask the community at large to review and comment on those recommendations.

STAFF REPORT

IN CONSIDERATION OF RESOLUTION NO. 05-3626, FOR THE PURPOSE OF ESTABLISHING AN EXPANSION AREA PLANNING FUND COMMITTEE

Date: September 29, 2005 Prepared by: Reed Wagner

BACKGROUND

The majority of acreage added in the 2002 Urban Growth Boundary expansion has yet to be developed. It is argued by much of the development community and expansion area jurisdictions that the major hurdle in development, of these new Metro areas, is the lack of funding for concept and comprehensive planning. Initial discussions with developers, realtors, planners and elected officials from the Metro region suggests that a regional funding mechanism may be welcomed in an effort to expedite development in expansion areas.

ANALYSIS/INFORMATION

1. **Known Opposition** None known

2. **Legal Antecedents** According to Metro Code No. 2.19.200 "Tax Study Committee", "before considering the imposition of any new tax or taxes, which do not require prior voter approval under the Charter, the Council shall create a tax study committee by adoption of a ordinance;" Metro Council Ordinance No. 00-860A.

3. **Anticipated Effects** The identified committee of 11 will be convened and a recommendation will be made to the Metro Council by December 15, 2005 as set forth in Exhibit B to the Resolution.

4. **Budget Impacts** The impact includes a minimal amount of staff time, including data from the Data Resource Center, support by Metro's office of the Chief Operating Officer and Office of the Metro Attorney.

RECOMMENDED ACTION

The Chief Operating Officer recommends adoption of this resolution.

TITLE 11 NEW AREA PLANNING STATUS REPORT – 2002 and 2004 UGB Expansion Areas
(revised February 2006)

Project/ Study Area	Lead Government	Plan Deadline	Total Acres	Dwelling Unit Capacity	Total Number of units built to date	Status / Notes	Planning cost from Jan. 03 & Dec. 05 Expense Breakdown	Unfunded Cost and Cost Status
2002 UGB Expansion								
Springwater Community Plan (Areas 6, 12)	Gresham	March 2005	1,151	1,417*	0	Completed	Total: $1,300,000 $247,000 –staff $945,000 - state loans to be paid back from general fund	**NA**
Damascus/Boring (Areas 10-11, 13-19)	Clackamas County	March 2007	12,214	25,595	0	Draft plan under review. Completion expected December 2005	Total: $2 million $271,867 county general fund $25,000 Happy Valley general fund	**NA**
Park Place Master Plan (Areas 24, 25, 26)	Oregon City	March 2007	512	577	0	The City planning on funding concept planning from general funds and is attempting to negotiate approx. $90,000 in assistance from a developer.	$0	**$250,000 Not funded**
Beavercreek Road (Area 26)	Oregon City	March 2007	245	0	0	Total cost $250,000. Recently received $170,000 TGM grant. Industrial land. The city will pay for the remaining $80,000 from general funds.	$0	**$80,000 Partially funded**
South End Road (Area 32)	Oregon City	March 2007	919	413	0	No money or staff to take on third concept planning effort at this time.	$0	**$250,000 Not funded**

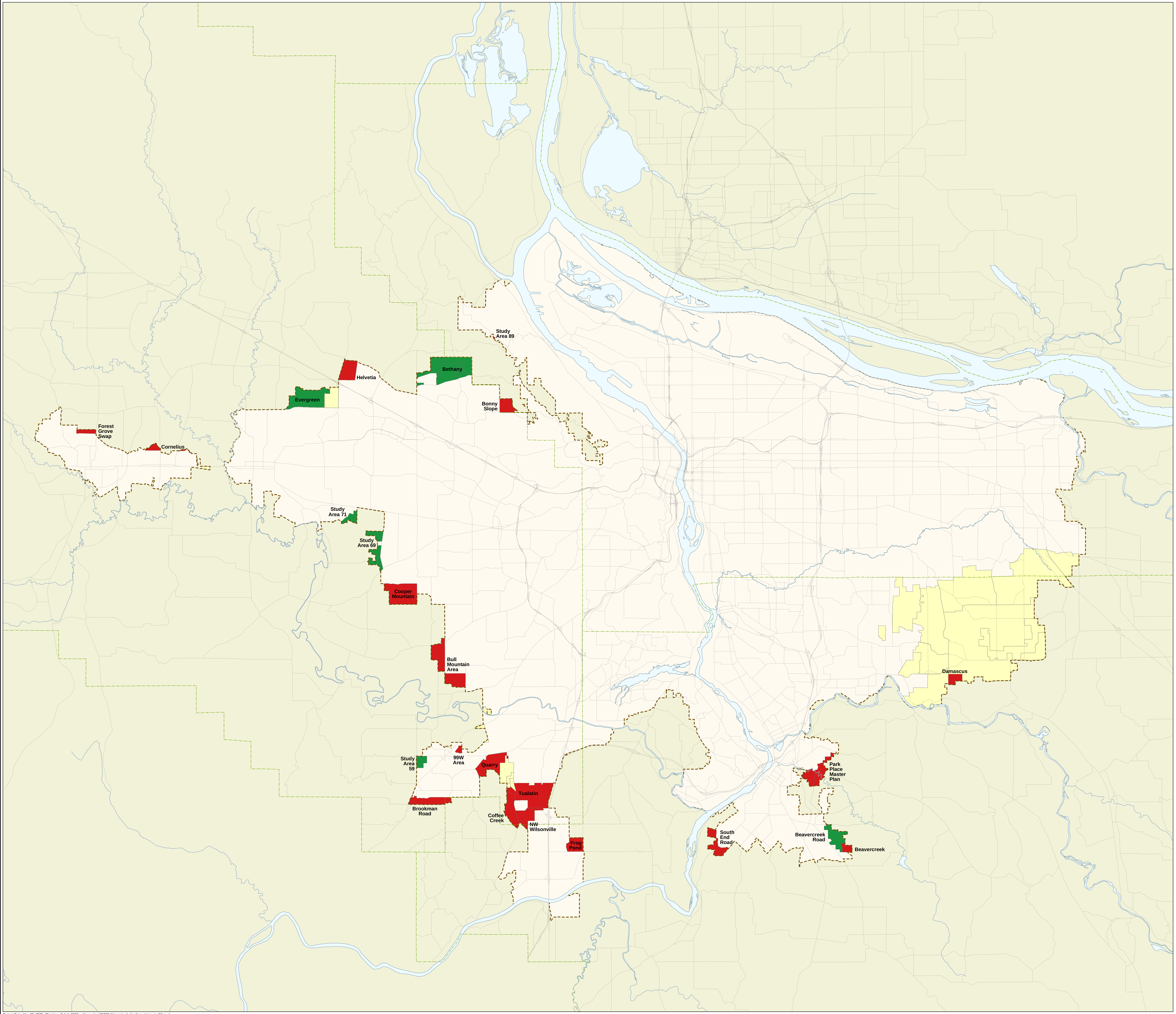
Project/ Study Area	Lead Government	Plan Deadline	Total Acres	Dwelling Unit Capacity	Total Number of units built to date	Status / Notes	Planning cost from Jan. 03 & Dec. 05 Expense Breakdown	Unfunded Cost and Cost Status
East Wilsonville (Frog Pond) (Area 45)	Wilsonville	March 2007	183	660	0	Developers have had discussions with city but no formal process has begun.	$0	**$100,000 Not funded**
Northwest Wilsonville (Area 49)	Wilsonville	March 2007	216	0	0	**Total cost $100,000. Received $100,000 TGM grant.** Designated by Metro as Regionally Significant Industrial Area. City had consultant do a preliminary urban reserve plan in 1998. City is working with developers/owners on revised master plan**.**	$100,000 TGM grant plus match in kind, no other general fund expenses. Grant should cover all expenses.	**Partially funded**
Brookman Road (Area 54, 55)	Sherwood	March 2007	231	914	0	City seeking grant funds for planning effort.	$0	**$150,000 Not funded**
Study Area 59	Sherwood	March 2006	85	313	0	Metro Council approved Title 11 extension request to March 2006. City has started concept planning; **85% complete.** New school.	$9,000 staff $1,900 general fund $25,000 school district	**$75,000 Partially funded**
99W Area	Sherwood	March 2005	18	0	0	Road Alignment	$0	**$25,000 Not funded**
NW Tualatin/ Cipole Road	Tualatin	March 2005	15	0	0	Industrial Area. Completed	Total: $50,189 General fund $17,575	**NA**
Tonquin Site (part of SW Tualatin)	Tualatin	March 2007	431	0	0	Tonquin and Tigard Sand/Gravel industrial sites, known as 'SW Tualatin', were planned together. Planning completed.	Total: $221,913 General fund: $52,016	**NA**
Tigard Sand and Gravel Site Site (part of SW Tualatin)	Tualatin	March 2007						**NA**

Project/ Study Area	Lead Government	Plan Deadline	Total Acres	Dwelling Unit Capacity	Total Number of units built to date	Status / Notes	Planning cost from Jan. 03 & Dec. 05 Expense Breakdown	Unfunded Cost and Cost Status
Bull Mountain Area (Study Area 63 and 64)	Tigard or Washington County	March 2005	258 and 262	688 and 1,047	0	Measure to annex to Tigard unincorporated area between city boundary and area added to UGB was defeated by voters in Nov 2004. County in talks with residents about future service provision and planning responsibility. **Areas 63 and 64 will be planned together.**	$0	**$745,000 Not funded**
Cooper Mountain (Area 67)	Washington County or Hillsboro or Beaverton	March 2005	507	1,019	0	Who plans area still to be determined	$0	**$213,000 Not funded**
Study Area 69	Washington County or Hillsboro	March 2005	384	884	TBD	Hillsboro developed South Hillsboro Concept Plan which includes both areas 69 and 71 but also includes areas not yet in UGB. Metro should be getting concept plan soon. Working with owner for possible owner contributions.	$0	**$150,000**
Study Area 71 (portion)	Hillsboro	March 2005	88	416	TBD	Portion contained in Witch Hazel Community Plan, which is completed. Remainder of area included in South Hillsboro Concept Plan.	$0	**$25,000**
Study Area 77	Cornelius	March 2005	16	0	NA	Completed	TBD	**NA**

Project/ Study Area	Lead Government	Plan Deadline	Total Acres	Dwelling Unit Capacity	Total Number of units built to date	Status / Notes	Planning cost from Jan. 03 & Dec. 05 Expense Breakdown	Unfunded Cost and Cost Status
Shute Road Site	Hillsboro	March 2005	203	0	NA	Industrial Area. Completed	Total: approx. $50,000 Approx. $25,000 from city general fund	**NA**
Evergreen	Washington Co or Hillsboro & Metro	July 2007	532	0	0	Area added in remand. **Will be planned with Helevita.**	$0	**See Helevita.**
Forest Grove Swap	Forest Grove	June 2006 & June 2007	0	0	NA	Industrial land. Metro Council approved Title 11 extension request to June 2006 for comp plan amendments and rezoning and June 2007 for long-range boundary recommendations	$0	**$90,000 Not funded**
Bethany (Areas 84-87)	Washington County	March 2005	716	3,546	0	**Total cost $1,170,000. Recently received $150,000 TGM grant** for concept planning.	$0	**$1,020,000 Partially funded**
Bonny Slope (Study Area 93)	Multnomah County	March 2005	159	524	0	Metro Council adopted Resolution 04-3518 directing Metro staff to facilitate completion of concept planning. Metro is in process of bringing local governments together to facilitate concept planning.	$0	**$225,000**

Project/ Study Area	Lead Government	Plan Deadline	Total Acres	Dwelling Unit Capacity	Total Number of units built to date	Status / Notes	Planning cost from Jan. 03 & Dec. 05 Expense Breakdown	Unfunded Cost and Cost Status
2004 UGB Expansion								
Damascus West	Clackamas County & Metro	July 2007	102	0	NA	Industrial land. Part of Damascus /Boring Concept Plan	$0	**$125,000 Not funded**
Beavercreek (Portion of area 26)	Clackamas County or Oregon City & Metro	July 2007	63	0	NA	Industrial land. Included in 2002 expansion area 26 for concept planning. Will be planned with Beavercreek Road Area 26 Plan	$0	**Cost included with Area 26**
Quarry (Portions of areas 48 & 49)	Washington County, Tualatin, or Sherwood & Metro	July 2007	354	0	NA	Industrial land. Tualatin and Sherwood applied for TGM grant for concept planning but grant request not approved.	$0	**$233,000 Not funded**
Coffee Creek (Portions of areas 48 & 49)	Washington & Clackamas counties or Tualatin or Wilsonville & Metro	July 2012 or 2 years after selection of ROW alignment for 99W/I-5 connector whichever is earlier	264	0	NA	Industrial land. Concept planning not yet begun. Applied for TGM grant for concept planning but request not approved.	$0	**$270,000 Not funded**
Tualatin (Portions of areas 47 & 49)	Washington County, Tualatin or Wilsonville & Metro	July 2012 or 2 years after selection of ROW alignment for 99W/I-5 connector whichever is earlier	646	0	NA	Industrial land. Concept planning not yet begun.	$0	**$400,000 Not funded**

Project/ Study Area	Lead Government	Plan Deadline	Total Acres	Dwelling Unit Capacity	Total Number of units built to date	Status / Notes	Planning cost from Jan. 03 & Dec. 05 Expense Breakdown	Unfunded Cost and Cost Status
Cornelius	Washington Co or Cornelius & Metro	July 2007	64	0	NA	Industrial land.	$0	**$50,000(TBD) Not funded**
Helvetia	Washington Co or Hillsboro & Metro	July 2007	249	0	NA	Industrial land. **Will concept plan Helvetia and Evergreen together.**	$0	**$200,000 Not funded**



R L I S
REGIONAL LAND INFORMATION SYSTEM

2002 - 2005 UGB Expansion Land

FUNDING STATUS

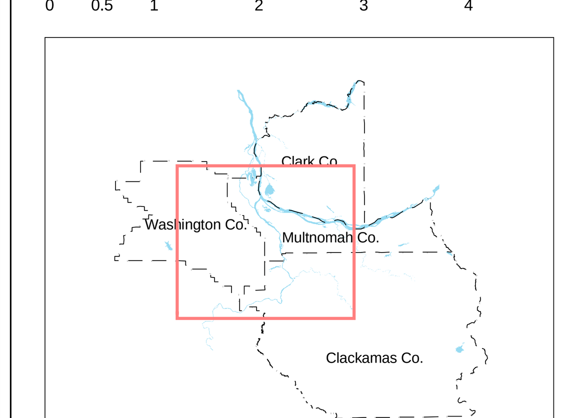
2002 UGB Expansion
- Other Expansion Areas
- No Funding
- Partial Funding

2004 UGB Expansion
- Other Expansion Areas
- No Funding

2005 UGB Expansion
- No Funding
- Partial Funding

1 inch equals 1 mile

0 0.5 1 2 3 4 5 Miles



Location Map

METRO

METRO DATA RESOURCE CENTER
600 NORTHEAST GRAND AVENUE | PORTLAND, OREGON 97232-2736
TEL (503) 797-1742 | FAX (503) 797-1909
drc@metro.dst.or.us | www.metro-region.org

Project Date: Mar 30, 2005 Plot time: Feb 1, 2006 J:\mensher\05280 Wagner\ugb_funding_status_jan06.mxd

Distributed to:
All Councilors
Lydia Neill/Tim O'Brien
UGB Record & Reed Wagner MW

Attachment2
Staff Report Re: Ord. #06-1115

RECEIVED
FEB 17 2006

Beaverton
SCHOOL DISTRICT
creating pathways to the future for all students

Jerome Colonna
Superintendent
16550 SW Merlo Road
Beaverton, OR 97006
503.591.4401 FAX 503.591.4175

"One Goal, One Focus"

***District Goal for 2004-2009:** Increase academic achievement Districtwide with a special emphasis on literacy and mathematics gains for each student. The intent is to give every student the skills to succeed in challenging courses, meet academic standards, graduate from high school and be fully prepared for a range of post-secondary education and vocational options.*

February 14, 2006

Councilor Susan McLain
Metro Council
600 NE Grand Ave.
Portland, OR 97232

Dear Councilor McLain,

It has come to my attention that the Metro Council has received a report, including a set of recommendations, from the Expansion Area Planning Fund (EAPF) Committee which was appointed by the Council. The report includes recommendations about assessing an additional construction excise tax, above currently assessed fees and conditioned off-site improvements for new and remodel construction. The proposed tax, in the amount of .1% of building permit values in excess of $100,000, is intended to specifically assist with concept and comprehensive planning for land brought into the UGB in 2002 and 2004. It is my further understanding that recommended exemptions from the tax do not include K-12 public schools.

If EAPF Committee recommendations are adopted and implemented as outlined in the report, the additional construction fees (tax) will have a significant impact on the limited capital improvement resources of the Beaverton School District. Certain intended capital improvements for District schools will need to be eliminated to accommodate projected additional construction tax requirements.

I encourage you and Deputy President Carl Hosticka to include K-12 public schools in the list of exempt construction activities to be assessed the UGB planning tax.

Thank you for your careful consideration of this request.

Sincerely,

J. Colonna

Jerome Colonna
Superintendent of Schools

Attachment 3
Staff Report Re: Ord. #06-1115

Distributed to:
All Councilors
Lydia Neill/Tim O'Brien
Reed Wagner
UGB Record

MV

SHERWOOD SCHOOLS
a great place for kids

Sherwood School District Administrative Services

23295 S.W. Main Street * Sherwood, Oregon 97140

RECEIVED
FEB 17 2006

February 15, 2006

The Honorable Carl Hosticka
Metro Councilor, District 3
Metro
600 NE Grant Avenue
Portland, OR 97232

Dear Councilor Hosticka,

It has recently come to my attention that the Metro Council has received a report, including a set of recommendations, from the Expansion Area Planning Fund (EAPF) Committee, appointed by the Council, that includes recommendations about assessing an additional construction excise tax, above currently assessed fees and conditioned off-site improvements for new and remodel construction. Apparently the proposed tax, in the amount of .1% of building permit values in excess of $100,000, is intended to specifically assist with concept and comprehensive planning for land brought into the UGB in 2002 and 2004. It is my further understanding that recommended exemptions from the tax do not include public schools.

If EAPF Committee recommendations are adopted and implemented as per the report, the additional construction fees (tax) will have a significant impact on the limited and precious capital improvement resources of the Sherwood School District.

I encourage you and your fellow Councilors to include public schools in the list of exempt construction activities to be assessed the UGB planning tax.

Thank you for consideration of this request.

Sincerely,

Dan C. Jamison
Superintendent

(503)625-8100 * FAX (503)625-8101
www.sherwood.k12.or.us

Attachment 4
Staff Report re: Ord. #06-1115

Tigard - Tualatin School District 23J
Larry Hibbard Administration Center
6960 SW Sandburg Street
Tigard, Oregon 97223
503-431-4000 • fax 503-431-4047
www.ttsd.k12.or.us

RECEIVED
MAR - 2 2006

Distributed to:
All Councilors
Lydia Neill/Tim O'Brien
Reed Wagner
UGB Record

February 22, 2006

Metro Councilors
Metro Regional Center
600 NE Grand Ave.
Portland, OR 97232-2736

Dear Metro Councilors,

It has recently come to my attention that the Metro Council has received a report, including a set of recommendations, from the Expansion Area Planning Fund (EAPF) Committee, appointed by the Council, that includes recommendations about assessing an additional construction excise tax, above currently assessed fees and conditioned off-site improvements for new and remodel construction. Apparently the proposed tax, in the amount of .1% of building permit values in excess of $100,000, is intended to specifically assist with concept and comprehensive planning for land brought into the UGB in 2002 and 2004. It is my further understanding that recommended exemptions from the tax do not include public schools.

If EAPF Committee recommendations are adopted and implemented as per the report, the additional construction fees (tax) will have a significant impact on the limited and precious capital improvement resources of the Tigard-Tualatin School District. To be determined intended capital improvements for District schools will need to be eliminated to accommodate projected additional construction tax requirements.

I encourage you and your fellow Councilors to include public schools in the list of exempt construction activities to be assessed under the UGB planning tax.

Thank you for consideration of this request.

Sincerely,

Rob S. Saxton
Superintendent

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF ADOPTING THE POLICY DIRECTION, PROGRAM OBJECTIVES, PROCEDURES AND CRITERIA FOR THE TRANSPORTATION PRIORITIES 2008-11 ALLOCATION PROCESS AND METROPOLITAN TRANSPORTATION IMPROVEMENT PROGRAM (MTIP)	)))))))	RESOLUTION NO. 06-3665 Introduced by Councilor Rex Burkholder

WHEREAS, the Joint Policy Advisory Committee on Transportation (JPACT) and Metro Council will be awarding regional flexible funds to transportation projects in the region through the Transportation Priorities process; and

WHEREAS these funding awards, as well as all other federal transportation spending in the region, will be programmed in the (MTIP); and

WHEREAS, JPACT and the Metro Council wish to provide policy direction on the objectives of the Transportation Priorities funding process and programming of funds in the MTIP; now therefore

BE IT RESOLVED that the Metro Council hereby adopts the recommendation of JPACT for the policy direction, program objectives, procedures and criteria for the Transportation Priorities 2008-11 allocation process and Metropolitan Transportation Improvement Program as described in Exhibit A attached hereto as to form.

ADOPTED by the Metro Council this 23rd day of March, 2006.

____

David Bragdon, Council President

Approved as to Form:

____

Daniel B. Cooper, Metro Attorney

Exhibit A of
Resolution 06-3665

Transportation Priorities
2008-11 Allocation Process
and Metropolitan
Transportation Improvement
Program Update

Policy
Report

March 23, 2006

METRO
PEOPLE PLACES
OPEN SPACES

Regional Transportation Funding and the Transportation Priorities Program

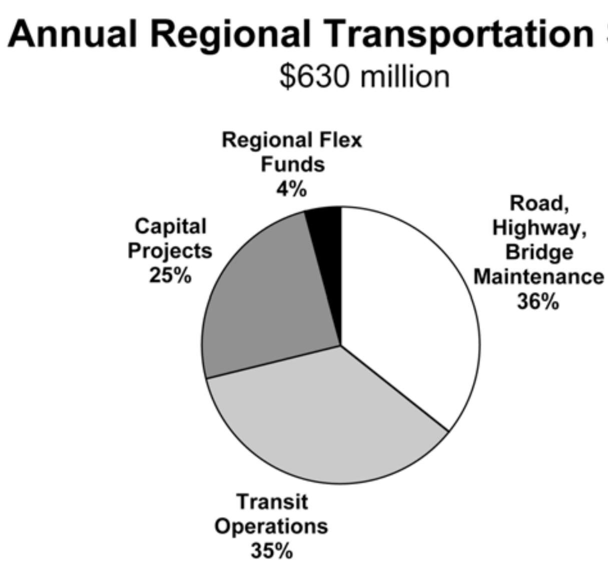
There are several different sources of transportation funding in the region, many of which are dedicated to specific purposes or modes.

Recent data demonstrates that approximately $425 million is spent annually in this region on operation and maintenance of the existing transportation system. While there are unmet needs within operations and maintenance, the relatively small potential impact that regional flexible funds would have on these needs and because there are other potential means to address these needs, JPACT and the Metro Council have adopted policy against using regional flexible funds for these purposes. Exceptions include the Transportation Demand Management (TDM) programs as they have demonstrated a high cost-effectiveness at reducing the need for capital projects, because they lack other sources of public funding to leverage private funding and because they directly benefit priority 2040 land-use areas. A second exception is expenditures on the expansion of transit service. This exception has been limited to situations where the transit provider can demonstrate the ability to fund the increased transit service in the subsequent MTIP funding cycle.

Capital spending in the region for new capital transportation projects outside of regional flexible funding is approximately $180 million per year. This includes funding for state highways, new transit capital projects, port landside facilities and local spending.

Approximately $26 million of regional flexible funds are spent each year in the Metro Area. This funding is summarized in the following Figure 1.

Figure 1



Recent acts by the state legislature have provided one-time revenue sources for transportation improvements in the region. This includes $22 million in road capacity projects in OTIA I & II, a portion of the expected $31 million for capacity projects in OTIA III and a portion of OTIA III funds targeted for freight mobility, industrial access and job creation ($100 million statewide). These funds directly supplement the construction of road capacity projects in the region.

Additionally, $34 million in highway capacity and $158 million in highway, bridge and road reconstruction funding programmed to this region for expenditure by 2010. These highway funds will be supplemented by highway projects of statewide significance ($100 million statewide), and match to the Oregon Transportation Commission (OTC)-requested federal earmarks ($200 million statewide) that will be programmed to this region by OTC.

This increase in state revenue dedicated to highway and road capacity, preservation, and bridge repair and reconstruction represents the first major increase in state resources in more than a decade. Prior to this increase, regional flexible funds were used to fund a number of highway capacity projects, such as the I-5/Highway 217 interchange, capacity improvements on Highway 26, the Tacoma Street over crossing of Highway 99E and the Nyberg Road interchange.

2006-09 Transportation Priorities Allocation Process and Policy Direction

The 2006-09 Transportation Priorities process began with the adoption of the following program policy direction.

The primary policy objective for MTIP and the allocation of region flexible transportation funds is to:

- Leverage economic development in priority 2040 land-use areas through investment to support:
  - 2040 Tier I and II mixed-use areas (central city, regional centers, town centers, main streets and station communities);
  - 2040 Tier I and II industrial areas (regionally significant industrial areas and industrial areas); and
  - 2040 Tier I and II mixed-use and industrial areas within UGB expansion areas with completed concept plans.

Other policy objectives include:

- Emphasize modes that do not have other sources of dedicated revenues;
- Complete gaps in modal systems;
- Develop a multi-modal transportation system with a strong emphasis on funding: bicycle, boulevard, freight, green street demonstration, pedestrian, regional transportation options, transit oriented development and transit projects and programs; and
- Meet the average annual requirements of the State Implementation Plan for air quality for the provision of pedestrian and bicycle facilities.

These policy objectives are implemented through limits on the number and type of applications allowed from the sub-regional transportation coordinating committees, project eligibility and screening criteria, the Region 2040 match advantage incentive, technical evaluation measures, qualitative issues (including public comments), the factors used to develop the narrowing recommendation, and any additional policy direction received from JPACT and the Metro Council during the narrowing process.

Sub-Regional Application Limits

The region has three transportation coordinating committees: Clackamas County, East Multnomah County and Washington County, to coordinate various transportation issues, including the number and type of applications to the Transportation Priorities process. The City of Portland has an internal coordinating process among its transportation, planning, development and parks agencies. Each sub-area may only apply for an amount of regional flexible funds equal to twice the amount they would receive under a sub-allocation by percentage of regional population. Due to the time and cost involved in preparation, evaluation and selection of projects, this is a means of containing the costs association with this process to those projects of highest priority to the applicants.

Furthermore, each sub-area may only submit road capacity, reconstruction and bridge projects in total project costs of no more than 60% of their target maximum. This ensures a range of CMAQ eligible projects will be eligible from across the region.

<u>Region 2040 Match Advantage</u>

The Region 2040 Match Advantage is summarized as follows:

A. Bridge, Road Capacity, Road Reconstruction, and Transit Projects located within:
   i. Tier I or II 2040 land use areas other than corridors;
   ii. One mile of a Tier I 2040 land use areas if the facility directly serves that area is eligible for up to 89.73% match of regional funds.

B. Freight projects located within:
   i. Tier I or II 2040 industrial areas or inter-modal facility,
   ii. Within 1 mile of a Tier I industrial area or inter-modal facility if the facility directly serves that area or facility is eligible for up to 89.73% match of regional funds.

C. Boulevard, Pedestrian and TOD projects located within:
   i. Tier I or II 2040 land use areas other than corridors is eligible for up to an 89.73% match of regional funds.

D. Planning and Green Street Demonstration projects are eligible for 89.73% match of regional funds.

E. The RTO program is not subject to the Region 2040 match advantage program as it is programmatic in nature and some RTO programs or projects may be eligible for 100% funding from regional flexible fund sources. The RTO Subcommittee may utilize other incentive criteria for emphasizing projects and programs in Region 2040 priority land use areas.

F. All other projects would be eligible for up to a 70% match of regional funds.

<u>Project Eligibility and Screening Criteria</u>

Following are the project eligibility and screening criteria.

Eligibility Criteria for All Projects

To be eligible for funding, a project must be a part of the 2004 Regional Transportation Plan's financially constrained system project list. A jurisdiction may apply for a project not currently in the financially constrained project list under the following conditions:

- Jurisdiction assumes risk in requesting approval of amendment to the RTP financially constrained system;

- Jurisdiction identifies a project of similar costs (within 10%) currently in the 2004 RTP financially constrained system that it may request be removed to maintain financial constraint; and
- The project is likely to be determined exempt from air quality impacts based on federal guidance.

Screening Criteria for All Projects

- Highway, road and boulevard projects must be consistent with regional street design guidelines.
- Project designs must be consistent with the Functional Classification System of the 2004 RTP.
- No funding for on-going operations or maintenance, except for the RTO program and start-up transit operations that demonstrate capacity for future operation funds to replace regional flexible funds by the next MTIP funding cycle.
- Applicant jurisdiction must be in compliance with the Metro Urban Growth Management Functional Plan or has received an extension to complete compliance planning activities. If the applicant jurisdiction is not in compliance work has not received an extension, it must provide documentation of good faith effort in making progress toward accomplishment of its compliance work program. The work program documentation must be approved by the governing body of the applicant jurisdiction at a meeting open to the public and submitted to Metro prior to the released of the draft technical evaluation of project applications by Metro staff.
- Project must meet Metro's requirements for public involvement and have received support of the governing body at a public meeting as a local priority for regional flexible funding. Adoption of a resolution at a public meeting would qualify as receiving support of the governing body. Documentation of such support would need to be provided prior to release of a technical evaluation of any project.
- Statement that project is deliverable within funding time frame and brief summary of anticipated project development schedule.
- Intelligent Transportation System (ITS) elements of a project be included in a relevant plan and is consistent, or can be incorporated into, the regional ITS architecture.

Technical Evaluation Measures

Projects are quantitatively evaluated within one of 12 modal categories (planning applications are not quantitatively evaluated). Measures are developed to address the program policy objectives and are generally categorized into project effectiveness (25 points), 2040 land use objectives (40 points), safety (20 points) and cost-effectiveness (15 points). Bonus points are sometimes available to address additional goals such as inclusion of Green Street project elements. The Green Street category, as a demonstration category, does not follow the point allocation distribution described above but rather the point system emphasizes inclusion of Green Street design elements.

Evaluation measures are refined each funding cycle to better address program policy objectives.

Qualitative Criteria

The use of qualitative criteria was limited as a means for technical staff to recommend elevating a project to receive funding over other higher technically ranked projects within their same project categories.

Qualitative Criteria

- Minimum logical project phase
- Linked to another high priority project
- Over-match
- Past regional commitment*
- Includes significant multi-modal benefits
- Affordable housing connection
- Assists the recovery of endangered fish species
- Other factors not reflected by technical criteria

Any project could receive a recommendation from Metro staff or TPAC for funding based on these qualitative criteria only if it is technically ranked no more than 10 technical points lower than the highest technically ranked project not to receive funding in the same project category (e.g., a project with a technical score of 75 could receive funding based on qualitative criteria if the highest technically ranked project in the same project category that did not receive funding had a technical score of 85 or lower).

* Previous funding of Preliminary Engineering (PE) does constitute a past regional commitment to a project and should be listed as a consideration for funding. Projects are typically allocated funding for PE because they are promising projects for future funding. However, funding of PE or other project development work does not guarantee a future financial commitment for construction of these projects.

Factors Used to Develop Narrowing Recommendations

In developing both the first cut and final cut narrowing recommendations, Metro technical staff will consider the following information and policies:

- Honoring previous funding commitments made by JPACT and the Metro Council.
- Program policy direction relating to:
  - Economic development in priority land use areas;
  - Modal emphasis on bicycle, boulevard, green streets demonstration, freight, pedestrian, RTO, TOD and transit;
  - Addressing system gaps;
  - Emphasis on modes without other dedicated sources of revenue; and
  - Meeting SIP air quality requirements for miles of bike and pedestrian projects.
- Funding projects throughout the region.
- Technical rankings and qualitative factors:
  - The top-ranked projects at clear break points in technical scoring in the bicycle, boulevard, freight, green streets, pedestrian, regional travel options, transit and TOD categories (with limited consideration of qualitative issues and public comments).
  - Projects in the road capacity, reconstruction or bridge categories when the project competes well within its modal category for 2040 land use technical score and overall technical score, and the project best addresses (relative to competing candidate projects) one or more of the following criteria:

- Project leverages traded-sector development in Tier I or II mixed-use and industrial areas;
- Funds are needed for project development and/or match to leverage large sources of discretionary funding from other sources;
- The project provides new bike, pedestrian, transit or green street elements that would not otherwise be constructed without regional flexible funding (new elements that do not currently exist or elements beyond minimum design standards).

- Recommend additional funding for existing projects when the project scores well and documents legitimate cost increases relative to unanticipated factors. It is expected, however, that projects will be managed to budget. Only in the most extraordinary of circumstances will additional monies to cover these costs be granted.

• When considering nomination of applications to fund project development or match costs, address the following:
  - Strong potential to leverage discretionary (competitive) revenues.
  - Partnering agencies illustrate a financial strategy (not a commitment) to complete construction that does not rely on large, future allocations from Transportation Priorities funding.
  - Partnering agencies demonstrate how dedicated road or bridge revenues are used within their agencies on competing road or bridge priorities.

• As a means of further emphasis on implementation of Green Street principles, staff may propose conditional approval of project funding to further review of the feasibility of including green street elements.

STAFF REPORT

IN CONSIDERATION OF RESOLUTION NO. 06-3665, FOR THE PURPOSE OF ADOPTING THE POLICY DIRECTION, PROGRAM OBJECTIVES, PROCEDURES AND CRITERIA FOR THE TRANSPORTATION PRIORITIES 2008-11 ALLOCATION PROCESS AND METROPOLITAN TRANSPORTATION IMPROVEMENT PROGRAM (MTIP)

Date: March 23, 2006 Prepared by: Ted Leybold

BACKGROUND

This resolution would approve a report outlining the policy direction, program objectives, and procedures that will be used during the Transportation Priorities 2008-11 Allocation Process and MTIP update to nominate, evaluate, and select projects to receive federal transportation funds in the fiscal year 2010-11 biennium.

The Metro Council and the Chief Operating Officer are preparing a request to local jurisdictions to submit projects to Metro for evaluation and award of regional flexible transportation funding. Regional flexible transportation funds are those portion of federal funds accounted for in the MTIP that are allocated through the JPACT/Metro Council decision-making process. This process is referred to as the Transportation Priorities 2006-09 allocation.

Metro and ODOT update the MTIP/STIP every two years to schedule funding for the following four-year period. The Transportation Priorities 2008-11 allocation encompasses the four-year period of federal fiscal years 2008 through 2011. This update will therefore adjust, as necessary, funds already allocated to projects in fiscal years 2008 and 2009 in the current approved MTIP. It will also allocate funds to new projects in the last two years (2010 and 2011) of the new MTIP.

The regional flexible funds available in the Transportation Priorities 2008-11 allocation is composed of two types of federal transportation assistance, which come with differing restrictions. The most flexible funds are surface transportation program (STP) funds that may be used for virtually any transportation purpose, identified in the Financially Constrained RTP, short of building local residential streets.

The second category of money is Congestion Mitigation/Air Quality (CMAQ) funds. CMAQ funds cannot be used to build new lanes for automobile travel. Also, projects that use CMAQ funds must demonstrate that some improvement of air quality will result from building or operating the project.

ANALYSIS/INFORMATION

1. **Known Opposition** None known at this time.

2. **Legal Antecedents** Updates the 2006-09 Transportation Priorities and MTIP policy report, adopted by Metro Council Resolution 04-3431 on March 18, 2004 (FOR THE PURPOSE OF ADOPTING THE POLICY DIRECTION, PROGRAM OBJECTIVES, PROCEDURES AND CRITERIA FOR THE TRANSPORTATION PRIORITIES 2006-09 ALLOCATION PROCESS AND METROPOLITAN TRANSPORTATION IMPROVEMENT PROGRAM (MTIP)).

3. **Anticipated Effects** Adoption of this resolution will provide the policy direction, program objectives, and procedures that will be used during the Transportation Priorities 2008-11 Allocation Process and MTIP update to nominate, evaluate, and select projects to receive federal transportation funds in the fiscal year 2010-11 biennium as described in Exhibit A of Resolution 06-3665.

4. **Budget Impacts** None.

RECOMMENDED ACTION

Metro staff recommends the approval of Resolution No. 06-3665.

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF CONFIRMING NEW MEMBER APPOINTMENTS AND CURRENT MEMBER REAPPOINTMENTS TO THE GREENSPACES POLICY ADVISORY COMMITTEE	))))	RESOLUTION NO. 06-3683 Introduced by David Bragdon, Metro Council President

WHEREAS, on January 15, 2004 the Metro Council adopted Ordinance No. 04-1030 "For the Purpose of Amending Section 2.19.160 of the Metro Code to Establish a Greenspaces Policy Advisory Committee, and Declaring an Emergency"; and

WHEREAS, Ordinance No. 04-1030 created a new Greenspaces Policy Advisory Committee (GPAC), consisting of fifteen (15) members requiring appointment by the Metro Council President and subject to confirmation by the Metro Council; and

WHEREAS, five (5) vacancies now exist in the committee membership of the GPAC; and

WHEREAS, Council President has appointed Mike Livingston, Tim Raphael, Linda Robinson, Mike Sykes and Dan Zinzer to the Greenspaces Policy Advisory Committee for two-year terms (as set forth in Exhibit "A" attached hereto), subject to Council confirmation; and

WHEREAS, Council President wishes to extend the terms of ten (10) committee members who have completed their terms (as set forth in Exhibit "A" attached hereto), subject to Council confirmation; now therefore;

BE IT RESOLVED, the Metro Council hereby confirms:

1) The appointments of Mike Livingston, Tim Raphael, Linda Robinson, Mike Sykes and Dan Zinzer for two-year terms.
2) The reappointment of Zari Santner and Dick Schouten to two-year terms.
3) The reappointment of Ernie Drapela, John Griffiths, Scott Burgess, Kim Gilmer, Mike Houck, Sue Marshall, Faun Hosey and Mike Ragsdale to one-year terms.

ADOPTED by the Metro Council on this _________ day of ________________, 2006.

____
David Bragdon, Council President

Approved as to Form:

____
Daniel B. Cooper, Metro Attorney

Exhibit "A"

Resolution No. 06-3683
Greenspaces Policy Advisory Committee Appointees

The Metro Council hereby confirms the appointment by the Metro Council President of the following five (5) nominees to the Greenspaces Policy Advisory Committee:

Dan Zinzer to Position B.2 - (Two year term) - Park providers East of the Willamette River

Mike Sykes to Position G.7 - (Two year term) - Park providers in the Western-most part of the region

Tim Raphael to Position I.9 - (Two year term) - Non-profit land trust organizations

Mike Livingston to Position K.ll – (Two year term) - Citizen representative

Linda Robinson to Position M.13 – (Two year term) - Citizen representative

The terms of the above committee members will expire in January 2008.

The Metro Council hereby confirms the reappointment by the Metro Council President of ten (10) current members of the Greenspaces Policy Advisory Committee as follows:

Zari Santner and Dick Schouten will be reappointed for a term of two years, ending in January 2008.

Ernie Drapela, John Griffiths, Scott Burgess, Kim Gilmer, Mike Houck, Sue Marshall, Faun Hosey and Mike Ragsdale will be reappointed for one-year terms, ending in January 2007.

STAFF REPORT

IN CONSIDERATION OF RESOLUTION NO. 06-3683 FOR THE PURPOSE OF CONFIRMING NEW MEMBER APPOINTMENTS AND CURRENT MEMBER REAPPOINTMENTS TO THE GREENSPACES POLICY ADVISORY COMMITTEE

March 10, 2006 Prepared by: Jim Desmond and Patricia Sullivan

BACKGROUND

The Metro Council continues to commit itself to the vision of the Greenspaces Master Plan of a cooperative, interconnected system of parks, natural areas, trails and greenways for wildlife and people. On January 15, 2004, in order to better serve the public and to work more effectively and efficiently with our partners, the Metro Council adopted Ordinance No. 04-1030 ("For the Purpose of Amending Section 2.19.160 of the Metro Code to Establish a Greenspaces Policy Advisory Committee (GPAC), and Declaring an Emergency"). Such ordinance calls for the appointment of a 15-member policy advisory committee to provide consultation and advice to the Metro Council on various issues of a regional nature related to parks, greenspaces, trails and natural areas.

There are currently five (5) vacancies on the Greenspaces Policy Advisory Committee: The Council President has appointed the following persons to two-year terms, subject to confirmation by Metro Council:

Dan Zinzer, chosen from park providers east of the Willamette River.

Mike Sykes, chosen from park providers in the western-most part of the region.

Tim Raphael, chosen from non-profit land trust organizations.

Mike Livingston, chosen from among citizens at large.

Linda Robinson, chosen from among citizens at large.

There are ten (10) GPAC members whose terms have expired. The Council President has extended their terms as follows: Zari Santner and Dick Schouten with two-year extensions and Ernie Drapela, John Griffiths, Scott Burgess, Kim Gilmer, Mike Houck, Sue Marshall, Faun Hosey and Mike Ragsdale with one-year extensions.

In addition, the Council President has extended Mike Ragsdale's term in the position of GPAC chair, for one (1) year.

ANALYSIS/INFORMATION

1. Known Opposition: None

2. Legal Antecedents: GPAC was created by Ordinance No. 04-1030 ("For the Purpose of Amending Section 2.19.160 of the Metro Code to Establish a Greenspaces Policy Advisory Committee, and

Declaring an Emergency), on January 15, 2004. The Metro Code 2.19.160 establishes that committee appointments shall be made by the Council Present and confirmed by the Metro Council.

3. Anticipated Effects: None

4. Budget Impacts: None

RECOMMENDED ACTION

Council President David Bragdon recommends adoption of Resolution No. 06-3683 appointing new members: Dan Zinzer, Mike Sykes, Tim Raphael, Mike Livingston and Linda Robinson to the Greenspaces Policy Advisory Committee; and reappointing the terms of current committee members: Zari Santner, Dick Schouten, Ernie Drapela, John Griffiths, Scott Burgess, Kim Gilmer Mike Houck, Sue Marshall, Faun Hosey and Mike Ragsdale.