

A G E N D A

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**METRO**

**Agenda**

MEETING: METRO COUNCIL REGULAR MEETING  
DATE: December 07, 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 - 2006** Dow

**4. CONSENT AGENDA**

4.1 Consideration of Minutes for the November 30, 2006 Metro Council Regular Meeting.

**5. ORDINANCES – FIRST READING**

5.1 **Ordinance No. 06-1130**, For the Purpose of Amending the FY 2006-07 Budget and Appropriations Schedule to Provide for a Loan Payable under the TOD Program and Declaring an Emergency.

5.2 **Ordinance No. 06-1131**, For the Purpose of Amending the FY 2006-07 Budget and Appropriations Schedule to Provide for Several Projects at Metro Regional Center, Amending the FY 2006-07 through 2010-11 Capital Budget, and Declaring an Emergency.

5.3 **Ordinance No. 06-1133**, For the Purpose of Amending the FY 2006-07 Budget and Appropriations Schedule Authorizing New Positions for the Natural Areas Bond Work Program, Providing for Expenditures Related to the Natural Areas Bond, Providing for a Land Purchase in the Open Spaces Fund, and Declaring an Emergency.

5.4 **Ordinance No. 06-1134**, For the Purpose of Amending the FY 2006-07 Budget and Appropriations Schedule Amending the MERC Operating and Pooled Capital Funds and Declaring an Emergency.

**6. RESOLUTIONS**

6.1 **Resolution No. 06-3742**, For the Purpose of Approving an Amendment to the Mt. Talbert Master Plan Pursuant to an Existing Intergovernmental Agreement between Metro and North Clackamas Parks and Recreation District. Newman

**7. EXECUTIVE SESSION HELD PURSUANT TO ORS 192.660(1)(e), DELIBERATIONS WITH PERSONS DESIGNATED TO NEGOTIATE REAL PROPERTY TRANSACTIONS.**

7.1 **Resolution No. 06-3746**, For the Purpose of Authorizing the Chief Operating Officer to Enter into an Agreement to Purchase Property in the East Buttes Target Area under the 1995 Open Spaces Bond Measure and Implementation Work Plan Subject to Unusual Circumstances. Park

**8. EXECUTIVE SESSION, HELD PURSUANT TO ORS 192.660(1)(h), TO CONSULT WITH LEGAL COUNSEL CONCERNING THE LEGAL RIGHTS AND DUTIES OF A PUBLIC BODY WITH REGARD TO CURRENT LITIGATION.**

**9. CHIEF OPERATING OFFICER COMMUNICATION**

**10. COUNCILOR COMMUNICATION**

**ADJOURN**

**Television schedule for December 7, 2006 Metro Council meeting**

<p><b>Clackamas, Multnomah and Washington counties, and Vancouver, Wash.</b>          Channel 11 -- Community Access Network  <a href="http://www.tvctv.org">www.tvctv.org</a> -- (503) 629-8534          2 p.m. Thursday, Dec. 7 (live)</p>	<p><b>Portland</b>          Channel 30 (CityNet 30) -- Portland Community Media  <a href="http://www.pcmv.org">www.pcmv.org</a> -- (503) 288-1515          8:30 p.m. Sunday, Dec. 10          2 p.m. Monday, Dec. 11</p>
<p><b>Gresham</b>          Channel 30 -- MCTV  <a href="http://www.mctv.org">www.mctv.org</a> -- (503) 491-7636          2 p.m. Monday, Dec. 11</p>	<p><b>Washington County</b>          Channel 30 -- TVC-TV  <a href="http://www.tvctv.org">www.tvctv.org</a> -- (503) 629-8534          11 p.m. Saturday, Dec. 9          11 p.m. Sunday, Dec. 10          6 a.m. Tuesday, Dec. 12          4 p.m. Wednesday, Dec. 13</p>
<p><b>Oregon City, Gladstone</b>          Channel 28 -- Willamette Falls Television  <a href="http://www.wftvaccess.com">www.wftvaccess.com</a> -- (503) 650-0275          Call or visit website for program times.</p>	<p><b>West Linn</b>          Channel 30 -- Willamette Falls Television  <a href="http://www.wftvaccess.com">www.wftvaccess.com</a> -- (503) 650-0275          Call or visit website for program times.</p>

**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](http://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 – 2006***

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**November 2006**

A Report by the Office of the Auditor



**METRO**

PEOPLE PLACES

OPEN SPACES

**Alexis Dow, CPA**

**Metro Auditor**

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**METRO**

**AUDITOR**

**ALEXIS DOW, CPA**

November 27, 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.

We appreciate the cooperation and assistance from Chief Operating Officer Michael Jordan, 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,

A handwritten signature in cursive script that reads "Alexis Dow".

Alexis Dow, CPA  
Metro Auditor

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## **Response to the Report – Chief Operating Officer Michael Jordan**

## **Chapter 1: Overview and Background**

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## Overview and Background

### Report background and objective

The Metro Code directs the Metro Auditor “to make continuous investigations of the operations of Metro.”<sup>1</sup> 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.

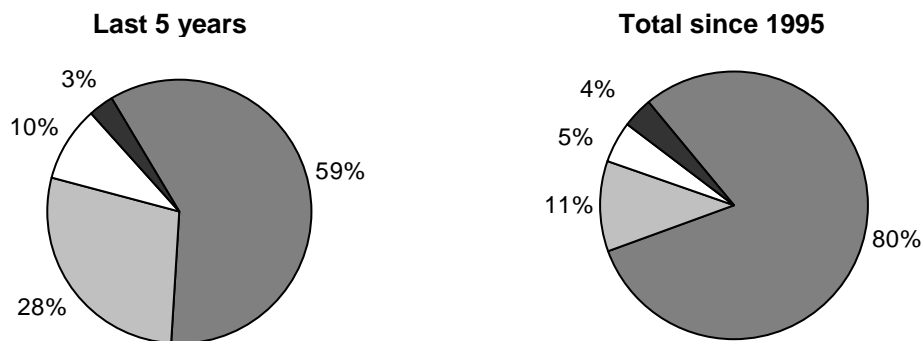
In efforts to fulfill our mission, we have issued 24 audit reports in the past five years (since June 2001), with a total of 129 recommendations. Audit recommendations are made to encourage improvement in the economy, efficiency and effectiveness of Metro operations, and to improve safeguards over public 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.<sup>2</sup> 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 the 368 audit recommendations issued since 1995, 80%<sup>3</sup> have been implemented. Another 11% are considered to be in progress. However, progress on implementing audit recommendations has slowed considerably in the last five years – only 59% of the 125 recommendations made in that time period have been implemented.

The following charts illustrate and compare the progress made in the last five years against progress made since the creation of the Metro Auditor’s Office in 1995.



<b>Last 5 Years</b>	■ Implemented (74)	■ In Progress (35)	□ Not Implemented (11) or Stalled (1)	■ Future Activity (4)
<b>Total since 1995</b>	■ Implemented (295)	■ In Progress (41)	□ Not Implemented (18) or Stalled (1)	■ Future Activity (13)

<sup>1</sup> Metro Code, Chapter 2.15.010, January 2003 Edition.

<sup>2</sup> Government Auditing Standards, 2003 Revision, section 1.18.

<sup>3</sup> The recommendations withdrawn since 1995 due to changed circumstances (14 total) are omitted from the calculations.

## **Implemented audit recommendations improve internal control, reduce risks and add value**

Implemented audit recommendations may result in more efficient use of resources, asset protection, reduction in risks through more effective controls, and ensuring that program goals and objectives are met.

### Glendoveer Golf Course Revenue Control

Our audit *Review of Controls over Revenue from Glendoveer Golf Course* (March 2003), identified control weaknesses in Metro's Regional Parks and Greenspaces Department's cash handling procedures for funds received at Metro Regional Center. One recommendation was that the Parks Department improve cash handling procedures for funds received at Metro Regional Center by:

- separating the duties of receiving cash and preparing deposits
- keeping a log of receipts
- documenting the chain of custody when transferring deposits to the Accounting Services Division
- documenting the Parks Department's cash handling procedures at Metro Regional Center.

In light of the audit recommendation, the Parks Department reviewed their cash handling procedures and has implemented the following changes to comply with these recommendations:

- The amount of cash and checks received at Metro Regional Center has been reduced. This was accomplished by relocating the parks reservation processing from Metro Regional Center to Blue Lake Park where most of the reservations are made.
- Payments for reservations are transacted through a cash register and balanced using appropriate cash handling procedures.
- The Parks Department has contacted sources of recurring revenue (i.e. State of Oregon) and requested that these payments go directly to Metro Accounts Receivable for processing rather than to the Parks Department.
- On occasion, small amounts of cash and checks are received by the Parks Department. These amounts are sporadic and unplanned, typically under \$100 per month. These funds are taken to the Metro Accounting Department for processing and deposit. Since the Parks Department no longer prepares deposits, separation of duties is in place. Moreover, all transfers of cash and checks are receipted, thus developing the evidence of a chain of custody.
- Cash handling procedures for Parks Department administration have been developed and documented.

We believe the implementation of these recommendations will help ensure controls are in place to mitigate the risk of loss due to mishandling of funds.

### **“In Progress” recommendations also demonstrate commitment to improvement**

While recommendations are not always easy to implement, progress on implementation shows management's commitment to improving operations and efficiencies. Moreover, addressing issues adds value to the organization and assists in ensuring effective internal controls are in place.



The *Accounts Payable ACL Audit* (June 2003), identified opportunities to improve controls with the use of purchasing cards and to expand the use of these cards for small dollar purchases to increase the efficiency of the purchasing process.

Personnel within Metro’s Accounts Payable Department have met with Bank of America representatives to review procedural controls, ensure that the interface with the new PeopleSoft ERP system is appropriate when conversion occurs next year, and improve the ease of use for purchasing card holders. Internally, Metro continues to strengthen training for purchasing card approvers and processors.

Use of the purchasing card for small dollar purchases for goods has continued to expand with good results. Appropriate use of purchasing cards can enhance efficiencies and improve processing time for purchasing and accounts payable. Savings can be realized through the reduction or elimination of costs associated with forms, envelopes, postage and labor.

**Inattention to audit recommendations exposes Metro to risks**

While the Portland area is susceptible to terrorists and a variety of natural disasters, earthquakes worry emergency planners the most. Unlike Hurricane Katrina, there would be no warning. Disasters and incidents such as earthquakes, floods, gas leaks, fires, volcanic eruptions, bombings and terrorist activities do occur. It is not a matter of if, *but when*, a major disaster will occur. Events such as these highlight the need for a comprehensive Information System Disaster Recovery/Business Continuity Plan.

How quickly Metro’s Information Technology Department can get back to business after a fire, flood or catastrophic event depends on emergency planning today. The lessons of the 1993 World Trade Center bombing, the 1995 Oklahoma City bombing and the September 11, 2001 terrorist attacks demonstrate the importance of being prepared.<sup>4</sup> An Information System Disaster Recovery/Business Continuity Plan provides an organization with the foundation to allow for an orderly recovery of systems and operations.

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 undertake 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 suggested for years now, that Metro should have a Disaster Recovery/Business Continuity Plan in place.

**Scope of work performed**

This is the Metro auditor’s eleventh annual report discussing the status of audit recommendations. Since the Metro Auditor’s Office began operations in early 1995, the office has issued 59 audit reports and made 368 recommendations involving all Metro departments, including the Metropolitan Exposition Recreation Commission (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:

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<sup>4</sup> U.S. Department of Homeland Security, Ready Business.

## Status of Audit Recommendations – 2006

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

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

## **Chapter 2: Recommendations Requiring Further Action**

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## MERC Facilities Efficiently Maintained – Maybe Too Efficiently

May 2006

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This study evaluated the Metropolitan Exposition Recreation Commission’s (MERC) facility care and capital improvement processes for the Oregon Convention Center, the Portland Center for the Performing Arts and the Portland Metropolitan Exposition Center. The cost of MERC facilities care activities benchmark below that of other facilities across the nation. While low cost is generally a positive, some improvements in facility care practices and capital improvement funding should be made.



### Remaining recommendations (of 7 total)

1. Evaluate the adequacy of staffing for janitorial and maintenance activities.
2. Add electrical expertise where needed.
3. Establish a system to track preventive maintenance.
4. Adopt a predictive maintenance program for electrical and mechanical systems using infrared thermography.

***In Progress:*** MERC has performed a workload analysis to determine staffing needs and is in the process of hiring two housekeeping and set-up personnel for the convention center. The exposition center has added .20-FTE to its FY 2007 budget for electrical work. However, the electrician the exposition center plans to use has a full time job at another MERC facility and asserts he really does not have time to spend the equivalent of one day a week at the exposition center. Consequently, we consider the recommendation “in progress.”

A module within MERC’s Event Business Management System was recently purchased and installed to track normal maintenance cycles and preventive maintenance projects, but it is not yet being fully used. In addition, MERC has researched the purchase of an infrared system. A funding request will be initiated in the 2007 budget cycle; if approved, an infrared system will be purchased in 2008.

5. Identify a reliable funding source for capital renewal and replacement at each facility.
6. Consider clarifying spending criteria on capital funding agreements currently in existence.

***Not Implemented:*** MERC management agrees with our recommendation to identify a reliable funding source for capital renewal and replacement; however, as facilities operate at near breakeven and below their fund balance goals, reserves for capital renewal and replacement projects are not being accrued.

Although MERC management agrees with our recommendation to clarify capital funding agreements, they desire to wait until there is a need to make “substantial changes” to the agreement with the City of Portland before action is taken. According to MERC management, “the parties to this agreement knew that the language was less than perfect at the time, but at that stage in the negotiations, it was not significant to keep the agreement open.”

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## System for Managing Contracts Can Be Improved

January 2006

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We evaluated the Metro Planning Department's system for managing transportation consulting contracts. In fiscal year 2006, the Planning Department budgeted about \$4.9 million for contracted professional services, mostly for transportation consulting.

We found that a \$1.2 million transportation-consulting contract achieved favorable outcomes. However, the audit identified important ways for Metro to improve how it manages contracts.



### Remaining recommendations (of 5 total)

1. Define contract administration roles and responsibilities.
2. Develop a more complete set of procedures to guide staff on contracts.
3. Clearly identify the role of the Metro Attorney in the contracting process.
4. Implement remaining recommendations from Metro Auditor December 2000 report on contracting practices.

***In Progress:*** The Grants Management Analyst and Project Manager are responsible for ensuring that the services billed for have been provided. A Procurement and Contracts Manager has recently been hired who will be responsible for planning, organizing and directing Metro's procurement program. In addition, this individual will be responsible for reviewing the recommendations from the December 2000 audit report and using this information to make improvements in Metro's contracting practices.

The Office of Metro Attorney has discussed its role in the Metro contracting process with staff from the Contracts Department and will coordinate communication with the new Procurement and Contracts Manager to produce a Statement of Legal Sufficiency Review, which will provide guidance to Metro staff regarding criteria used for and factors excluded from Office of Metro Attorney's legal sufficiency approval of public contracts.

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## **Outsourced Retail Operations – Some Benefits Realized; Better Zoo Oversight Needed**

**January 2006**

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We undertook a review of the Oregon Zoo's contract with Aramark and concluded there is a strong potential for growth in zoo retail operations. In addition, retail performance was compared against expected benefits Metro projected when deciding to outsource retail services for the Zoo. Actual results are significantly short of those projections.



### **Remaining recommendations (of 8 total)**

1. Internet sales efforts should be expanded.
2. The Zoo's outdated point-of-sale system should be replaced.

***In Progress:*** Aramark recently launched an attractive and user-friendly web page, with the goal of increasing website purchases. Other measures taken to promote the retail website include printing the web address on sales receipts and all publications, and partnering with the Oregon Zoo Foundation to increase sales. In January 2007, the results of an online survey will be evaluated and suggestions will be used to make additional improvements to the website. The Oregon Zoo and Aramark continue to discuss replacement of the point-of-sale system.

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## Eliminate or Revise the Regional System Fee Credit Program

**August 2005**

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In this 2005 Bronze Knighton Award-winning report, we reviewed Metro's Regional System Fee Credit Program, which grants credits to private companies that pull recyclable material from the solid waste they receive rather than sending it to the landfill. The program cost Metro approximately \$617,000 in 2005 and \$1 million annually for the previous four years.



Knighton  
Award  
Winner

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. The program's goal should be redefined, and appropriate measures developed to evaluate program accomplishments.
3. Administrative procedures should be strengthened.
4. Eligibility criteria should be simplified.

***In Progress:*** The Solid Waste and Recycling Department is working on a Dry Waste Recovery Initiative which will allow for the elimination of the Regional System Fee Credit Program, as well as boost the regional recovery rate and accomplish other recycling and conservation objectives. Metro Council approval is anticipated in January 2007. As the new program is implemented, the Solid Waste and Recycling Department will fine-tune the measurement, monitoring, and enforcement of this program, as well as create detailed administrative procedures.

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## Financial Statement Audit Management Recommendations

April 2005

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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.

*Stalled:* There has been no change or progress made on this recommendation. 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. However, documentation of procedures and processes are still needed to complete this recommendation.



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## Community Enhancement Grant Processes Need Improvement

February 2005

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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.

***In Progress:*** The Grant Coordinator continues to research best management practices for grant programs that will be reviewed and possibly put into practice at a later date. New procedures have been documented and implemented to provide guidance on how grants should be initiated, authorized, and managed, including:

- requiring grant applicants to submit estimated project budgets that include percentage of funds earmarked for administrative use
- providing grant management controls to all grant applicants, highlighting responsibilities and expectations of grantee.

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## Management of Relationship with Oregon Zoo Foundation Needs Improvement

September 2004

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We examined the relationship between the Metro-owned and operated 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.



### Remaining recommendations (of 7 total):

1. 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.
2. Enhance the role of the contract office to ensure that high risks, contract performance and compliance with policies and procedures are monitored.
3. Implement the full range of recommendations made in the Metro Auditor report of December 2000, *Contracting: A Framework for Enhancing Contract Management*.

***In Progress:*** Financial statements of the Oregon Zoo Foundation have been submitted for years 2003, 2004, and 2005. However, documentation describing the activities and the accomplishments of the Oregon Zoo Foundation were not submitted. A Procurement and Contracts Manager has recently been hired who will be responsible for planning, organizing and directing Metro’s procurement program and providing oversight of contracts and contractor performance. In addition, this individual will be responsible for reviewing the recommendations from the December 2000 *Contracting* audit report and using this information to make improvements in Metro’s contracting practices.

4. Renegotiate Metro’s contractual agreement with the Foundation to better define major duties and processes, including compensation terms.
5. Take appropriate action to hold the Zoo Director accountable for departures from Metro’s regulations relating to construction of the Condor breeding facility.

***Not Implemented:*** According to Metro’s Chief Operating Officer’s response to this recommendation, “The contractual agreement between the Metro Council and the Oregon Zoo Foundation is the policy articulation of the relationship and thus changes to the agreement are under the purview of the Metro Council.”

Regarding holding the Zoo Director responsible for departures from Metro’s regulations relating to construction of the Condor breeding facility, the Chief Operating Officer’s office stated, “This matter has been dealt with, no further action will be taken.”

We found no evidence that either of these recommendations have been considered.

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## Telecommunications Joint Project

June 2004

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

*Not Implemented:* Metro requires key employees to have cell phones for Metro business. These employees are not required to use a uniform wireless carrier, and can therefore select their own cell phone service provider. This is a one-time action that can result in savings to Metro. We encourage management to complete this recommendation and adequately document the steps taken and requirements for providing cell phones to Metro employees.

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## Financial Statement Audit Management Recommendations

March 2004

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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 recommendation (of 2 total):

1. MERC should draft detailed bank account 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:
    - monthly reconciliations
    - stated due date for the reconciliations
    - investigation of all significant differences
    - supervisory review of all reconciliations
    - supervisory approval of all proposed adjustments resulting from the reconciliations.

***Not Implemented:*** According to discussion with MERC representatives, written reconciliation procedures have not been developed due to the bank revising the format of the electronic statements which are provided to MERC. However, a supervisor does review and sign off on the reconciliations once MERC personnel have completed them.

We still recommend that written procedures be drafted so that employees have knowledge of expectations and processes to be performed while reconciling the bank accounts.

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## Status of Audit Recommendations – 2004

### January 2004

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Government Auditing Standards state that it is the responsibility of managers of governmental entities to establish and maintain a process to track the implementation status of auditor findings and recommendations (Section 1.18, 2003 Revision). For this reason, we recommended in the 2004 Status of Audit Recommendations report that Metro's Chief Operating Officer begin to fulfill this responsibility to provide the management impetus and oversight to assure that 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:*** Procedures have been developed to establish a process for tracking the status of audit recommendations; however, they are not fully effective. While progress has been made, additional steps need to be taken to ensure Metro departments comply with time deadlines and provide adequate documentation to address the recommendation.

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## MERC's Accountability Processes Need to be Strengthened

October 2003

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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 pay-for-performance 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.

*In Progress:* A consultant has been hired to perform an assessment of MERC's performance evaluation and pay process, job classifications and compensation criteria.

### Remaining recommendations to METRO (of 2 total)

1. 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 program).

*In Progress:* Meetings were held twice in 2006 (February and June) between the Metro Council and the MERC Commission. Meetings are a step in the right direction; however, we believe that a joint Metro/MERC Committee, consisting of a few Council and MERC commission members be established to assist in the resolution of differences between both organizations.

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

*Not Implemented:* Specific guidelines and requirements that the MERC Commission should communicate to the Metro Council, including program goals, policies, procedures and monitoring programs have not been established. We recommend formalizing guidelines and requirements.

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## MERC's Employee Performance Agreements Need Improvement

October 2003

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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 (of 3 total):

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

***In Progress:*** A consultant has been hired to perform an assessment of MERC's performance evaluation and pay process, job classifications and compensation criteria.



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

**August 2003**

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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 unit of Metro that was also 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 accountability for travel costs.
2. Ensure construction materials are acquired at competitive prices.
3. Ensure confidentiality of subcontractor bids.
4. 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 Construction Manager/General Contractor approach to approving contracts.

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## Accounts Payable ACL Audit

June 2003

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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.
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.

***In Progress:*** Metro continues to strengthen its training for purchasing card processors and approvers. The current purchasing card program will be replaced in December 2007. As part of the upcoming conversion planning, the purchasing card administrator has met with bank representatives to review the procedural controls, the interface with the PeopleSoft ERM system utilized within Metro, and the ease of use for purchasing card holders.

Although the small dollar purchase of goods has continued to expand with good results, use of purchasing cards for services remains problematic where the services are provided by entities subject to IRS 1099 reporting. Metro awaits resolution between the banking industry and the IRS of problematic service type transactions.

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:*** The inactivation of past vendors must be fully synchronized with the archiving function within the PeopleSoft ERM system and has not been fully tested. While the Accounts Payable Department is not moving forward on this recommendation at this time, some progress has been made. Departments within Metro are communicating to the Accounts Payable Department one-time payments, which allow the vendor to be created and inactivated almost concurrently.

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## Financial Statement Audit Management Recommendations

**April 2003**

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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:*** Agency-wide policies and procedures to account for fixed assets have been drafted. The draft documents have been provided to the Chief Financial Officer and finance staff for their review and feedback. The review has been delayed due to the ongoing reorganization of various finance functions with Metro. Upon finalization and completion of the reorganization, the procedures will be reviewed and finalized.

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## Financial Statement Audit Management Recommendations

### June 2002

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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 several recommendations regarding information technology controls and accounting and administrative 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:*** The 2006-07 budget contained an authorization for the acquisition of a Fixed Asset module for use within the PeopleSoft System. In October 2006, a project team began the design requirements and expects to complete design and acquisition this year with implementation in 12-15 months. A physical inventory is planned as part of the implementation. In addition, agency-wide policies and procedures have been drafted and provided to the Chief Financial Officer and finance staff for their review and feedback. The review has been delayed due to the on-going re-organization of various finance functions with Metro, but upon finalization and completion of the re-organization, the procedures will be reviewed and implemented.

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:*** A network security assessment and vulnerability analysis of network and remote access connections should be conducted as the initial step in preparing an Information Technology Disaster Recovery and Business Continuity Plan. A Disaster Recovery and Business Continuity Plan, specific to the Information Technology Department, 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. We again encourage Metro to seriously consider providing the necessary funding to develop a Disaster Recovery and Business Continuity Plan.

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

June 2002

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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. 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
  - identify when aging accounts receivable should be written off and how such write-offs should be authorized and reported.
2. 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 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.

***In Progress:*** MERC is making progress on these recommendations, but there is still work to be performed. Business processes within MERC are changing with the implementation of Event Business Management System software. As a result, it is recommended that written procedures be developed to clearly define roles and responsibilities to assist staff in performing their job functions appropriately.

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## Oregon Zoo: Construction Management

### September 2001

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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.

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 documented and monitored.
  - Project milestones and performance indicators are established.
  - Project status, performance, scope changes and other issues are regularly communicated to stakeholders.

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

***In Progress:*** A Procurement and Contracts Manager has recently been hired who will be responsible for planning, organizing and directing Metro's procurement program and overseeing capital improvement projects specific to the Metro Regional Services facility.

3. Define and document Metro-wide the authority, roles and responsibilities of the organizations and positions involved in overseeing major projects, including department managers, the Chief Operating Officer and the Metro Council.

***Not Implemented:*** No progress has been made on this recommendation.

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## Food Service: Evaluation of Contract and Financial Controls

June 2001

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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. Annually evaluate and test concessionaire's internal controls over revenue, expenses and inventory.
2. Document concession management and oversight policies and procedures in management directives, administrative policies and an operating manual.

***In Progress:*** Progress has been made in implementing these recommendations by installing a point-of-sale system at the Oregon Convention Center and Portland Center for Performing Arts facilities. In addition, spreadsheets are prepared indicating the amounts of proceeds from concessions and event catering. These spreadsheets are used to perform analysis and track trends. Meetings are held monthly between MERC Management and Aramark to discuss any variances that need further explanation.

We still recommend that a CPA firm be hired by MERC to evaluate and test controls over Aramark's revenue, expenses and inventory reporting and that written administrative policies be prepared as a means of documenting concession management procedures.

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## Financial Statement Audit Management Recommendations

### March 2001

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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, such as strengthening computer server security and improving accounting practices.



#### Remaining recommendations (of 12 total):

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

*In Progress:* The 2006-07 budget contains an authorization for the acquisition of a Fixed Asset module for use within the PeopleSoft System. In October 2006, a project team began the design requirements and expects to complete design and acquisition this year with implementation in 12-15 months. A physical inventory is planned as part of the implementation.

2. 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:* No progress has been made towards implementing this recommendation.

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. We again encourage Metro to seriously consider providing the necessary funding to develop a Disaster Recovery and Business Continuity Plan for the information technology function within Metro.



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## Contracting: A Framework for Enhancing Contract Management

December 2000

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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.



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.
  
2. 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.

***In Progress:*** A Procurement and Contracts Manager has recently been hired who will be responsible for planning, organizing and directing Metro's procurement program and overseeing capital improvement projects specific to the Metro Regional Services facility. Additional job responsibilities consist of developing, analyzing and recommending functional improvements to the department management team, and, as needed, to Metro's upper management structure in all division areas.

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## Open Spaces Acquisitions

### June 2000

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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:*** No progress has been made towards implementing these recommendation.

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## Financial Statement Audit Management Recommendations

January 2000

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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.

*In Progress:* The 2006-07 budget contains an authorization for the acquisition of a Fixed Asset module for use within the PeopleSoft System. In October 2006, a project team began the design requirements and expects to complete design and acquisition this year with implementation in 12-15 months. A physical inventory is planned as part of the implementation.

2. 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:* No progress has been made towards implementing this recommendation.

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. We again encourage Metro to seriously consider providing the necessary funding to develop a Disaster Recovery and Business Continuity Plan for the information technology function within Metro.

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## Information Technology Benchmarks and Opportunities

### December 1999

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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.

We made five recommendations for improving Information Technology operations. All but one have been implemented. Our recommendations have led to improvements in:

- Information Technology updating the focus of its efforts, better foreseeing trends in network enterprise and desktop use and developing systematic measures to avoid problems
- Information Technology managers simplifying processes and standardizing its resources
- Information Technology 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 to address this recommendation. 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.

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## Purchasing Benchmarks and Opportunities

**May 1999**

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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.

***In Progress:*** A Procurement and Contracts Manager has recently been hired who will be responsible for planning, organizing and directing Metro’s procurement program and overseeing capital improvement projects specific to the Metro Regional Services facility. Additional job responsibilities consist of developing, analyzing and recommending functional improvements to the department management team, and, as needed, to Metro’s upper management structure in all division areas.

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## Financial Statement Audit Management Recommendations

**March 1999**

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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:* The 2006-07 budget contains an authorization for the acquisition of a Fixed Asset module for use within the PeopleSoft System. In October 2006, a project team began the design requirements and expects to complete design and acquisition this year with implementation in 12-15 months. A physical inventory is planned as part of the implementation.

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## InfoLink Project Review

### December 1998

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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 excellent job to date, the consultant made several recommendations to improve system reliability, increase employee satisfaction with the system and provide better management reporting tools. 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:** These issues can be addressed when the Information Technologies Department undertakes another IT project.

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## Review of General Information System Controls

### September 1998

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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:* No progress has been made on these recommendations.



**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.

	Implemented	In Progress	Stalled / Not Implemented	Other
<b>MERC Facilities Efficiently Maintained, Maybe Too Efficiently – May 2006</b>				
1. Perform a workload analysis of janitorial and maintenance staffs.		✓		
2. Add a journeyman electrician at the exposition center and take steps to secure properly qualified personnel at the performing arts center.		✓		
3. Track time spent on facility care, event service activities and capital maintenance projects.	✓			
4. Track maintenance to ensure it is being performed adequately and in a timely manner and progress is updated regularly.		✓		
5. Adopt a predictive maintenance program using infrared thermography for electrical and mechanical systems at all MERC facilities.		✓		
6. Identify an adequate, stable and reliable funding source for capital renewal and replacement projects at each MERC facility.			✓	
7. Clarify use of capital funds at the performing arts center. Evaluate risks associated with not obtaining a formal written understanding with the City of Portland as to the acceptability of charging salaries and benefits against City-provided funding for capital improvements.			✓	
<b>System for Managing Contracts Can Be Improved – January 2006</b>				
1. Define contract administration roles and responsibilities: <ul style="list-style-type: none"> <li>• Ensure contracts are clearly written and include all terms and conditions</li> <li>• Identify contract risks and ensure processes are in place</li> <li>• Ensure invoices comply with contract terms and services billed were provided</li> <li>• Ensure contract files contain required records that are well-organized.</li> </ul>		✓		
2. Develop a more complete set of procedures to guide staff on contracts.		✓		
3. Clearly identify the role of the Metro Attorney in the contracting process.		✓		
4. Consider reviewing the consultant's labor and overhead rates.	✓			
5. Implement remaining recommendations from Metro Auditor December 2000 report on contracting practices.		✓		

**Outsourced Retail Operations – Some Benefits Realized; Better Zoo Oversight Needed – January 2006**

1. Update Aramark’s detail of capital improvements.
2. Consider replacement of the point-of-sale system.
3. Expend available marketing funds to increase retail sales.
4. Educate and monitor the zoo’s maintenance department.
5. Enhance the retail website.
6. Survey zoo visitors on their shopping experience.
7. Provide required insurance coverage.
8. Monitor contract terms.

Implemented	In Progress	Stalled / Not Implemented	Other
✓			
	✓		
✓			
✓			
	✓		
✓			
✓			
✓			

**Eliminate or Revise Regional System Fee Credit Program – August 2005**

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.

Implemented	In Progress	Stalled / Not Implemented	Other
	✓		
	✓		
	✓		
✓			
	✓		
✓			
✓			

**Financial Audit Recommendations – April 2005**

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

Implemented	In Progress	Stalled / Not Implemented	Other
		✓	

**Community Enhancement Grant Processes Need Improvement – February 2005**

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.

Implemented	In Progress	Stalled / Not Implemented	Other
	✓		
✓			
✓			

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

	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.			✓	
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, <i>Contracting: A Framework for Enhancing Contract Management</i> .		✓		

**Telecommunications Joint Project – June 2004**

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**

1. MERC should reconcile cash accounts as soon as the bank statement is available.	✓			
2. MERC should establish formal reconciliation policies and procedures.			✓	

**Status of Audit Recommendations – January 2004**

1. Management should implement a process for tracking audit recommendations and assuring that they are properly implemented.		✓		
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**MERC’s PFP Program Implementation is Not a Model for Metro – October 2003**

1. Conduct a needs assessment to clearly define why the new system is needed.	✓			
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	Implemented	In Progress	Stalled / Not Implemented	Other
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.	✓			
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 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 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.				✓

**Accounts Payable ACL Audit – June 2003**

	Implemented	In Progress	Stalled / Not Implemented	Other
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.	✓			

	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**

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**

1. Metro's Solid Waste and Recycling Department should maintain the solid waste management framework outlined in this audit report.	✓			
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**Financial Audit Recommendations – June 2002**

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.	✓			

	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. <i>Repeat of recommendation made by financial auditors in 1999, 2000, and 2001.</i>		✓		
11. Establish a procedure to reconcile fixed asset detail to the accounting system at least quarterly. <i>Repeat of recommendation made by financial auditors in 1999, 2000 and 2001.</i>		✓		

**PCPA Event Settlements – June 2002**

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: <ul style="list-style-type: none"> <li>• Identify frequency of event revenue transfers to Metro and how the transfer amounts should be calculated.</li> <li>• Define the kinds of disbursements allowable from special deposit accounts.</li> <li>• Identify procedures for writing off aging accounts receivable including authorization and reporting.</li> <li>• Ensure bank reconciliation is done adequately and timely.</li> <li>• Obtain approval of policies by the MERC Commission or its General Manager.</li> </ul>		✓		
6. Complete development of and obtain management approval for procedures that: <ul style="list-style-type: none"> <li>• Ensure PCPA staff sends event billing information to MERC administration promptly.</li> <li>• Ensure PCPA staff adequately documents all event services before billing paperwork is forwarded to MERC administration.</li> <li>• Assign responsibility for initiating rental rate updates and for promptly communicating new rates to staff.</li> <li>• Describe how staff should follow-up on overdue accounts receivable.</li> <li>• Describe the process for charging interest on overdue accounts and for recording interest revenue.</li> </ul>		✓		



	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.

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**Oregon Zoo: Construction Management – September 2001**

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: <ul style="list-style-type: none"> <li>• a procedure for setting and revising scope</li> <li>• a documented assessment of significant risks and management strategy</li> <li>• a time management system with key activities, parties and timelines</li> <li>• performance measures for scope, cost, schedule and quality goals</li> <li>• timely updates to stakeholders on progress and status.</li> </ul>	✓			
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**

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.	✓			

	Implemented	In Progress	Stalled / Not Implemented	Other
<b>Transit-Oriented Development Program – March 2001</b>				
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.	✓			
<b>Financial Statement Audit Management Recommendations – March 2001</b>				
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. <i>Repeat of financial auditor recommendations in 1999 and 2000.</i>		✓		
10. Establish an allowance for potentially uncollectible accounts receivable. <i>Repeat of financial auditor recommendations in 1999 and 2000.</i>	✓			
11. Adjust for cash account reconciling items in a timely manner, including all MERC accounts. <i>Repeat of financial auditor recommendations in 1999 and 2000.</i>	✓			
12. Identify one Metro employee to approve all grants and be the contact person on grant applications.	✓			

## Reports Issued Prior to January 2001

The following 11 recommendations are still outstanding from reports issued before January 2001:

- |  | Implemented | In Progress | Stalled / Not Implemented | Other |
|--|-------------|-------------|---------------------------|-------|
| 1. 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 and formally evaluating contracting personnel performance.<br><i>Contracting Framework – December 2000</i> |             | ✓           |                           |       |
| 2. Provide better support to contracting personnel by developing procedures, guidelines and training.<br><i>Contracting Framework – December 2000</i>  |             | ✓           |                           |       |
| 3. Eliminate, by Council action, a provision in the Program Work Plan that allows staff to direct appraisal assumptions.<br><i>Open Spaces Acquisitions – June 2000</i>  |             |             | ✓                         |       |
| 4. Obtain clarification from the Council regarding Program Work Plan directives requiring Council approval to purchase properties with unusual circumstances.<br><i>Open Spaces Acquisitions – June 2000</i>   |             |             | ✓                         |       |
| 5. Develop a business-wide continuity plan for computing operations including disaster recovery.<br><i>Financial Statement Audit Management Recommendations – January 2000</i>   |             |             | ✓                         |       |
| 6. Perform a complete physical inventory of all fixed assets biannually. <i>Repeat of financial auditor recommendation in 1999.</i><br><i>Financial Statement Audit Management Recommendations – January 2000</i>  |             | ✓           |                           |       |
| 7. Develop a comprehensive IT risk management strategy, including physical and logical security, data integrity, system and component failure, and technical or market obsolescence.<br><i>Information Technology Benchmarks and Opportunities – December 1999</i>   |             |             | ✓                         |       |
| 8. Institute formalized vendor performance standards and include reference to monitoring and performance measures in master contracts.<br><i>Purchasing Benchmarks and Opportunities – May 1999</i>  |             | ✓           |                           |       |
| 9. Inventory all fixed assets biannually and tag all assets.<br><i>Financial Statement Audit Management Recommendations – March 1999</i>   |             | ✓           |                           |       |
| 10. Develop and document a comprehensive disaster recovery plan.<br><i>Review of General Information System Controls – September 1998</i>  |             |             | ✓                         |       |
| 11. Review existing service level agreements (hardware and software) for length of coverage and replacement terms.<br><i>Review of General Information System Controls – September 1998</i>  |             |             | ✓                         |       |

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.

Implemented	In Progress	Stalled / Not Implemented	Other
			✓
			✓
			✓
			✓
			✓
			✓
			✓
			✓
			✓

*InfoLink Project Review – December 1998*

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

**Finance and Administrative Services**

- Financial Statement Audit Management Recommendations January 2000
- Check Fraud Protection January 2000
- InfoLink Review Update January 2000
- Accounting and Finance Benchmarks and Opportunities January 2000
- Contracting: A Framework for Enhancing Contract Management December 2000
- 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 HR Applications December 1998
- Survey of Controls Over Cash Receipts at Remote Locations October 1998
- Review of General Information System Controls September 1998
- Investment Management Program August 1996

**Human Resources**

- Human Resources Benchmarks and Opportunities July 1999
- Observations Relating to Loaned Employees and Metro’s Code of Ethics September 1995

**Metropolitan Exposition Recreation Commission (MERC)**

- Portland Oregon Visitors Association Contract September 2000
- MERC Parking Revenue: Better Controls Are Needed September 1999
- Expo Center Expansion: Construction Cost Management March 1998
- Oregon Convention Center Purchasing Practices March 1997

**Oregon Zoo**

- Oregon Zoo Service Efforts and Accomplishments August 2000

**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**

- Open Spaces Acquisitions June 2000
- Metro's Open Spaces Program June 1996
- Glendoveer Cellular Site Lease October 1995
- Observations Relating to Outreach & 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

# **Response to the Report**

Metro Chief Operating Officer Michael Jordan

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METRO

November 21, 2006


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

RE: Chief Operating Officer's Response to 2006 *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 91% of the 368 audit recommendations made since 1995. 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

## 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 2006, November 2006

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

	<b>Too Little</b>	<b>Just Right</b>	<b>Too Much</b>
Background Information	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Details	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Length of Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Clarity of Writing	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Potential Impact	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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

FOR THE PURPOSE OF AMENDING THE FY ) ORDINANCE NO. 06-1130  
2006-07 BUDGET AND APPROPRIATIONS )  
SCHEDULE TO PROVIDE FOR A LOAN ) Introduced by Mike Jordan, Chief Operating  
PAYABLE UNDER THE TOD PROGRAM AND ) Officer, with the concurrence of Council  
DECLARING AN EMERGENCY ) President Bragdon

WHEREAS, the Metro Council has reviewed and considered the need to increase appropriations within the FY 2006-07 Budget; and

WHEREAS, the need for the increase of appropriation has been justified; and

WHEREAS, adequate funds exist for other identified needs; now, therefore,

THE METRO COUNCIL ORDAINS AS FOLLOWS:

- 1. That the FY 2006-07 Budget and Schedule of Appropriations are hereby amended as shown in the column entitled "Revision" of Exhibits A and B to this Ordinance for the purpose of amending the General Fund transferring \$29,250 from materials & services to debt service in the Planning Department to provide for a loan payable under the TOD program.
- 2. This Ordinance being necessary for the immediate preservation of the public health, safety or welfare of the Metro area in order to meet obligations and comply with Oregon Budget Law, an emergency is declared to exist, and this Ordinance takes effect upon passage.

ADOPTED by the Metro Council this \_\_\_\_\_ day of \_\_\_\_\_, 2006.

\_\_\_\_\_  
David Bragdon, Council President

Attest:

Approved as to Form:

\_\_\_\_\_  
Christina Billington, Recording Secretary

\_\_\_\_\_  
Daniel B. Cooper, Metro Attorney

**Exhibit A**  
**Ordinance No. 06-1130**

ACCT	DESCRIPTION	Current		Revision		Amended	
		FTE	Amount	FTE	Amount	FTE	Amount
<b>General Fund</b>							
<b>Total Personal Services</b>		<b>85.40</b>	<b>\$8,319,340</b>	<b>0.00</b>	<b>\$0</b>	<b>85.40</b>	<b>\$8,319,340</b>
<i><u>Materials &amp; Services</u></i>							
<i>GOODS Goods</i>							
	5201 Office Supplies		308,533		0		308,533
	5205 Operating Supplies		41,950		0		41,950
	5210 Subscriptions and Dues		25,650		0		25,650
<i>SVCS Services</i>							
	5240 Contracted Professional Svcs		6,689,058		0		6,689,058
	5251 Utility Services		750		0		750
	5260 Maintenance & Repair Services		72,100		0		72,100
	5265 Rentals		13,500		0		13,500
	5280 Other Purchased Services		376,281		0		376,281
<i>IGEXP Intergov't Expenditures</i>							
	5300 Payments to Other Agencies		1,542,100		0		1,542,100
<i>INCGEX Internal Charges for Service</i>							
	5400 Charges for Service		79,900		0		79,900
<i>OTHEXI Other Expenditures</i>							
	5440 Program Purchases		6,295,819		(29,250)		6,266,569
	5450 Travel		65,745		0		65,745
	5455 Staff Development		21,350		0		21,350
<b>Total Materials &amp; Services</b>			<b>\$15,532,736</b>		<b>(\$29,250)</b>		<b>\$15,503,486</b>
<i><u>Debt Service</u></i>							
<i>LOAN Loan Payments</i>							
	5615 Loan Payments - Interest		0		29,250		29,250
<b>Total Debt Service</b>			<b>\$0</b>		<b>\$29,250</b>		<b>\$29,250</b>
<b>TOTAL REQUIREMENTS</b>		<b>85.40</b>	<b>\$23,852,076</b>	<b>0.00</b>	<b>\$0</b>	<b>85.40</b>	<b>\$23,852,076</b>

**Exhibit B**  
**Ordinance No. 06-1130**  
**FY 2006-07 SCHEDULE OF APPROPRIATIONS**

	<u>Current Appropriation</u>	<u>Revision</u>	<u>Amended Appropriation</u>
<b>GENERAL FUND</b>			
Council Office			
Operating Expenses (PS & M&S)	1,773,595	0	1,773,595
Subtotal	1,773,595	0	1,773,595
Finance & Administrative Services			
Operating Expenses (PS & M&S)	7,352,501	0	7,352,501
Capital Outlay	5,000	0	5,000
Subtotal	7,357,501	0	7,357,501
Human Resources			
Operating Expenses (PS & M&S)	1,527,312	0	1,527,312
Subtotal	1,527,312	0	1,527,312
Metro Auditor			
Operating Expenses (PS & M&S)	342,280	0	342,280
Subtotal	342,280	0	342,280
Office of Metro Attorney			
Operating Expenses (PS & M&S)	1,448,414	0	1,448,414
Subtotal	1,448,414	0	1,448,414
Oregon Zoo			
Operating Expenses (PS & M&S)	22,508,631	0	22,508,631
Capital Outlay	200,000	0	200,000
Subtotal	22,708,631	0	22,708,631
Planning			
Operating Expenses (PS & M&S)	23,852,076	(29,250)	23,822,826
Debt Service	0	29,250	29,250
Subtotal	23,852,076	0	23,852,076
Public Affairs & Government Relations			
Operating Expenses (PS & M&S)	1,390,721	0	1,390,721
Subtotal	1,390,721	0	1,390,721
Regional Parks & Greenspaces			
Operating Expenses (PS & M&S)	6,914,866	0	6,914,866
Capital Outlay	100,000	0	100,000
Subtotal	7,014,866	0	7,014,866

**Exhibit B**  
**Ordinance No. 06-1130**  
**FY 2006-07 SCHEDULE OF APPROPRIATIONS**

	<u>Current Appropriation</u>	<u>Revision</u>	<u>Amended Appropriation</u>
Non-Departmental			
Operating Expenses (PS & M&S)	14,003,594	0	14,003,594
Debt Service	1,198,898	0	1,198,898
Subtotal	<u>15,202,492</u>	<u>0</u>	<u>15,202,492</u>
General Expenses			
Interfund Transfers	7,823,692	0	7,823,692
Contingency	7,676,575	0	7,676,575
Subtotal	<u>15,500,267</u>	<u>0</u>	<u>15,500,267</u>
Unappropriated Balance	3,935,397	0	3,935,397
<b>Total Fund Requirements</b>	<b><u>\$102,053,553</u></b>	<b><u>\$0</u></b>	<b><u>\$102,053,553</u></b>

*All other appropriations remain as previously adopted*

## STAFF REPORT

### IN CONSIDERATION OF ORDINANCE\_NO. 06-1130 FOR THE PURPOSE OF AMENDING THE FY 2006-07 BUDGET AND APPROPRIATIONS SCHEDULE TO PROVIDE FOR A LOAN PAYABLE UNDER THE TOD PROGRAM, AND DECLARING AN EMERGENCY

---

Date: November 6, 2006

Prepared by: Kathy Rutkowski  
Don Cox

## BACKGROUND

On September 21, 2005, Metro's Transit Oriented Development program entered into an agreement with a private party to purchase property in the City of Milwaukie for \$750,000. The intent is to sell the property in the future for a TOD development. As part of this purchase transaction, Metro entered into a financing arrangement dated October 7, 2005 in partial consideration of this purchase. The promissory note carries an interest rate of 6.5% and is payable as follows:

<u>Payment Due Date</u>	<u>Total Payment</u>	<u>Principal</u>	<u>Interest</u>	<u>Ending Balance</u>
10/7/2006	29,250.00	0.00	29,250.00	450,000.00
10/7/2007	479,250.00	450,000.00	29,250.00	0.00

The fiscal year 2006-07 budget does not contain an appropriation for debt service to make the required interest payment. This amendment provides the appropriation authority to pay the first interest payment, which was made on October 6, 2006. It requests the transfer of \$29,250 in existing TOD program expenditure authority from materials & services to debt service in the Planning Department of the General Fund.

## ANALYSIS/INFORMATION

- Known Opposition:** There is no known opposition to this resolution.
- Legal Antecedents:** ORS 294.450 provides for transfers of appropriations within a fund, including transfers from contingency, if such transfers are authorized by official resolution or ordinance of the governing body for the local jurisdiction.
- Anticipated Effects:** This action will provide the appropriation necessary to pay the debt service due on the loan payable.
- Budget Impacts:** The net budget impact on the Planning Department is zero. The department budget includes sufficient TOD program expenditure authority to fund the request. The ordinance requests that \$29,250 of existing appropriation be moved from materials & services to debt service.

## RECOMMENDED ACTION

The Chief Operating Officer recommends approval of Ordinance 06-1130.

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF AMENDING THE FY	)	ORDINANCE NO. 06-1131
2006-07 BUDGET AND APPROPRIATIONS	)	
SCHEDULE TO PROVIDE FOR SEVERAL	)	Introduced by Mike Jordan, Chief Operating
PROJECTS AT METRO REGIONAL CENTER,	)	Officer, with the concurrence of Council
AMENDING THE FY 2006-07 THROUGH 2010-11	)	President Bragdon
CAPITAL BUDGET, AND DECLARING AN	)	
EMERGENCY	)	

WHEREAS, the Metro Council has reviewed and considered the need to increase appropriations within the FY 2006-07 Budget; and

WHEREAS, the need for the increase of appropriation has been justified; and

WHEREAS, adequate funds exist for other identified needs; now, therefore,

THE METRO COUNCIL ORDAINS AS FOLLOWS:

1. That the FY 2006-07 Budget and Schedule of Appropriations are hereby amended as shown in the column entitled "Revision" of Exhibits A and B to this Ordinance for the purpose of amending the General Fund and Solid Waste Revenue Fund to provide for several projects at Metro Regional Center.
2. That the FY 2006-07 through FY 2010-11 Capital Budget is hereby amended to include the projects shown in Exhibit C to this Ordinance.
3. This Ordinance being necessary for the immediate preservation of the public health, safety or welfare of the Metro area in order to meet obligations and comply with Oregon Budget Law, an emergency is declared to exist, and this Ordinance takes effect upon passage.

ADOPTED by the Metro Council this \_\_\_\_\_ day of \_\_\_\_\_, 2006.

\_\_\_\_\_  
David Bragdon, Council President

Attest:

Approved as to Form:

\_\_\_\_\_  
Christina Billington, Recording Secretary

\_\_\_\_\_  
Daniel B. Cooper, Metro Attorney

**Exhibit A  
Ordinance No. 06-1131**

ACCT	DESCRIPTION	Current Budget		Revision		Amended Budget	
		FTE	Amount	FTE	Amount	FTE	Amount
<b>General Fund</b>							
<b><i>Resources</i></b>							
<b><u>Resources</u></b>							
<i>BEGBAL</i>	<i>Beginning Fund Balance</i>						
3500	Beginning Fund Balance						
	* Prior year ending balance		7,821,384		0		7,821,384
	* Undesignated		1,425,437		0		1,425,437
	* Cash Flow Reserve		936,668		0		936,668
	* Project Carryover		2,214,833		0		2,214,833
	* Tourism Opportunity & Comp. Account		715,658		0		715,658
	* Recovery Rate Stabilization Reserve		1,191,247		0		1,191,247
	* Reserve for Future Debt Service		1,728,371		0		1,728,371
	* Reserved for Parks (prior year per ton)		217,000		0		217,000
	* Prior year PERS Reserve		4,040,126		0		4,040,126
<i>EXCISE</i>	<i>Excise Tax</i>						
4050	Excise Taxes		14,588,507		0		14,588,507
4055	Construction Excise Tax		2,000,000		0		2,000,000
<i>RPTAX</i>	<i>Real Property Taxes</i>						
4010	Real Property Taxes-Current Yr		9,397,215		0		9,397,215
4015	Real Property Taxes-Prior Yrs		281,916		0		281,916
<i>GRANTS</i>	<i>Grants</i>						
4100	Federal Grants - Direct		5,203,777		0		5,203,777
4105	Federal Grants - Indirect		4,987,781		0		4,987,781
4110	State Grants - Direct		1,688,308		0		1,688,308
4120	Local Grants - Direct		10,787,682		0		10,787,682
4125	Local Grants - Indirect		64,000		0		64,000
<i>LGSHRE</i>	<i>Local Gov't Share Revenues</i>						
4135	Marine Board Fuel Tax		120,822		0		120,822
4139	Other Local Govt Shared Rev.		387,225		0		387,225
<i>GVCNTB</i>	<i>Contributions from Governments</i>						
4145	Government Contributions		165,300		0		165,300
<i>LICPER</i>	<i>Licenses and Permits</i>						
4150	Contractor's Business License		405,000		0		405,000
<i>CHGSVC</i>	<i>Charges for Service</i>						
4160	Boat Ramp Use Permits		500		0		500
4165	Boat Launch Fees		150,000		0		150,000
4180	Contract & Professional Service		209,860		0		209,860
4200	UGB Fees		50,000		0		50,000
4230	Product Sales		225,600		0		225,600
4280	Grave Openings		165,000		0		165,000
4285	Grave Sales		138,000		0		138,000
4500	Admission Fees		6,432,456		0		6,432,456
4510	Rentals		758,645		0		758,645
4550	Food Service Revenue		4,276,698		0		4,276,698
4560	Retail Sales		1,922,987		0		1,922,987
4580	Utility Services		2,142		0		2,142
4610	Contract Revenue		840,976		0		840,976
4620	Parking Fees		503,047		0		503,047
4630	Tuition and Lectures		859,875		0		859,875
4635	Exhibit Shows		460,000		0		460,000
4640	Railroad Rides		494,884		0		494,884
4645	Reimbursed Services		232,558		0		232,558
4650	Miscellaneous Charges for Service		29,753		0		29,753
4760	Sponsorships		14,000		0		14,000

**Exhibit A**  
**Ordinance No. 06-1131**

ACCT	DESCRIPTION	Current Budget		Revision		Amended Budget	
		FTE	Amount	FTE	Amount	FTE	Amount
<b>General Fund</b>							
<b><i>Resources</i></b>							
<i>INTRST</i>	<i>Interest Earnings</i>						
4700	Interest on Investments		692,412		0		692,412
<i>DONAT</i>	<i>Contributions from Private Sources</i>						
4750	Donations and Bequests		1,259,990		0		1,259,990
<i>INCGRV</i>	<i>Internal Charges for Service</i>						
4670	Charges for Service		1,246,998		0		1,246,998
<i>MISCRV</i>	<i>Miscellaneous Revenue</i>						
4170	Fines and Forfeits		25,000		0		25,000
4890	Miscellaneous Revenue		205,008		0		205,008
<i>INFREQ</i>	<i>Special Items-Infrequent Items</i>						
4810	Sale of Fixed Assets		2,000		0		2,000
<i>EQTREV</i>	<i>Fund Equity Transfers</i>						
4970	Transfer of Resources						
	* from MERC Operating Fund		2,442,811		0		2,442,811
	* from MERC Pooled Capital Fund		76,196		0		76,196
	* from Metro Capital Fund-Zoo Projects		11,955		0		11,955
	* from Open Spaces Fund		62,443		0		62,443
	* from Risk Management Fund		37,599		0		37,599
	* from Solid Waste Revenue Fund		1,549,663		42,000		1,591,663
<i>INDTRV</i>	<i>Interfund Reimbursements</i>						
4975	Transfer for Indirect Costs						
	* from MERC Operating Fund		1,726,466		0		1,726,466
	* from Open Spaces Fund		326,520		0		326,520
	* from Solid Waste Revenue Fund		3,650,734		0		3,650,734
<i>INTSRV</i>	<i>Internal Service Transfers</i>						
4980	Transfer for Direct Costs						
	* from MERC Operating Fund		73,585		0		73,585
	* from Smith & Bybee Lakes Fund		20,000		0		20,000
	* from Solid Waste Revenue Fund		508,935		0		508,935
<b>TOTAL RESOURCES</b>			<b>\$102,053,553</b>		<b>\$42,000</b>		<b>\$102,095,553</b>



**Exhibit A**  
**Ordinance No. 06-1131**

ACCT	DESCRIPTION	Current Budget		Revision		Amended Budget	
		FTE	Amount	FTE	Amount	FTE	Amount
<b>General Fund</b>							
<b><i>Finance &amp; Administrative Services</i></b>							
<b>Total Personal Services</b>		<b>60.40</b>	<b>\$5,335,114</b>	<b>0.00</b>	<b>\$0</b>	<b>60.40</b>	<b>\$5,335,114</b>
<b><i>Materials &amp; Services</i></b>							
<i>GOODS</i>	<i>Goods</i>						
	5201 Office Supplies		84,242		0		84,242
	5205 Operating Supplies		84,212		0		84,212
	5210 Subscriptions and Dues		11,332		0		11,332
	5214 Fuels and Lubricants		1,300		0		1,300
	5215 Maintenance & Repairs Supplies		41,226		0		41,226
<i>SVCS</i>	<i>Services</i>						
	5240 Contracted Professional Svcs		127,804		12,500		140,304
	5250 Contracted Property Services		53,000		0		53,000
	5251 Utility Services		238,665		0		238,665
	5255 Cleaning Services		179,000		0		179,000
	5260 Maintenance & Repair Services		607,192		9,000		616,192
	5265 Rentals		49,125		0		49,125
	5280 Other Purchased Services		87,676		0		87,676
<i>IGEXP</i>	<i>Intergov't Expenditures</i>						
	5300 Payments to Other Agencies		342,624		0		342,624
<i>INCGEX</i>	<i>Internal Charges for Service</i>						
<i>OTHEXP</i>	<i>Other Expenditures</i>						
	5450 Travel		39,423		0		39,423
	5455 Staff Development		62,354		0		62,354
	5490 Miscellaneous Expenditures		8,212		0		8,212
<b>Total Materials &amp; Services</b>			<b>\$2,017,387</b>		<b>\$21,500</b>		<b>\$2,038,887</b>
<b><i>Capital Outlay</i></b>							
<i>CAPNON</i>	<i>Capital Outlay (Non-CIP Projects)</i>						
	5750 Office Furn & Equip (non-CIP)		5,000		21,650		26,650
<i>CAPCIP</i>	<i>Capital Outlay (CIP Projects)</i>						
	5725 Buildings & Related (CIP)		0		172,500		172,500
	5755 Office Furniture & Equip (CIP)		0		6,000		6,000
<b>Total Capital Outlay</b>			<b>\$5,000</b>		<b>\$200,150</b>		<b>\$205,150</b>
<b>TOTAL REQUIREMENTS</b>		<b>60.40</b>	<b>\$7,357,501</b>	<b>0.00</b>	<b>\$221,650</b>	<b>60.40</b>	<b>\$7,579,151</b>

**Exhibit A  
Ordinance No. 06-1131**

ACCT	DESCRIPTION	Current Budget		Revision		Amended Budget	
		FTE	Amount	FTE	Amount	FTE	Amount
<b>General Fund</b>							
<b><i>General Expenditures</i></b>							
<b>Total Interfund Transfers</b>			<b>\$7,823,692</b>		<b>\$0</b>		<b>\$7,823,692</b>
<b><i>Contingency &amp; Unappropriated Balance</i></b>							
<i>CONT</i>	<i>Contingency</i>						
5999	Contingency						
	* General Contingency		1,784,285		(221,650)		1,562,635
	* General Reserve		5,848,983		0		5,848,983
	* Tourism Opportunity & Comp. Account		43,307		0		43,307
<i>UNAPP</i>	<i>Unappropriated Fund Balance</i>						
5990	Unappropriated Fund Balance						
	* Undesignated		0		42,000		42,000
	* Recovery Rate Stabilization reserve		1,982,748		0		1,982,748
	* Computer Replacement Reserve (Planning)		90,000		0		90,000
	* Tibbets Flower Account		278		0		278
	* Reserve for Future Debt Service		1,862,371		0		1,862,371
<b>Total Contingency &amp; Unappropriated Balance</b>			<b>\$11,611,972</b>		<b>(\$179,650)</b>		<b>\$11,432,322</b>
<b>TOTAL REQUIREMENTS</b>		<b>402.33</b>	<b>\$102,053,553</b>	<b>0.00</b>	<b>\$42,000</b>	<b>402.33</b>	<b>\$102,095,553</b>

**Exhibit A  
Ordinance No. 06-1131**

ACCT	DESCRIPTION	Current Budget		Revision		Amended Budget	
		FTE	Amount	FTE	Amount	FTE	Amount
<b>Solid Waste Revenue Fund</b>							
<b><i>General Expenses</i></b>							
<b><i>Interfund Transfers</i></b>							
<i>INDTEX</i>	<i>Interfund Reimbursements</i>						
5800	Transfer for Indirect Costs						
	* to General Fund-Bldg		343,464		0		343,464
	* to General Fund-Support Services		3,146,709		0		3,146,709
	* to General Fund		160,561		0		160,561
	* to Risk Mgmt Fund-Liability		96,716		0		96,716
	* to Risk Mgmt Fund-Worker Comp		65,159		0		65,159
<i>INTCHG</i>	<i>Internal Service Transfers</i>						
5820	Transfer for Direct Costs						
	* to General Fund-Planning		365,224		0		365,224
	* to General Fund-Regional Parks		3,308		0		3,308
	* to General Fund-Support Services		140,403		0		140,403
<i>EQTCHG</i>	<i>Fund Equity Transfers</i>						
5810	Transfer of Resources						
	* to General Fund (Pension Obligation)		1,549,663		0		1,549,663
	* to General Fund (General)		0		42,000		42,000
	* to Rehab. & Enhancement Fund		438,707		0		438,707
	* to Risk Management Fund		113,955		0		113,955
5830	Residual Equity Transfer-Out						
<b>Total Interfund Transfers</b>			<b>\$6,423,869</b>		<b>\$42,000</b>		<b>\$6,465,869</b>
<b><i>Contingency and Ending Balance</i></b>							
<i>CONT</i>	<i>Contingency</i>						
5999	Contingency						
	* Operating Account (Operating Contingency)		3,550,000		(42,000)		3,508,000
	* Landfill Closure Account		6,436,251		0		6,436,251
	* Renewal & Replacement Account		5,963,827		0		5,963,827
<i>UNAPP</i>	<i>Unappropriated Fund Balance</i>						
5990	Unappropriated Fund Balance						
	* Debt Service Account (Metro Central)		1,281,031		0		1,281,031
	* General Account (Working Capital)		5,759,668		0		5,759,668
	* General Account (Rate Stabilization)		6,922,207		0		6,922,207
	* General Account (Capital Reserve)		2,136,000		0		2,136,000
	* General Account (Debt Service Accumulation)		2,393,937		0		2,393,937
<b>Total Contingency and Ending Balance</b>			<b>\$34,442,921</b>		<b>(\$42,000)</b>		<b>\$34,400,921</b>
<b>TOTAL REQUIREMENTS</b>		<b>106.75</b>	<b>\$94,238,297</b>	<b>0.00</b>	<b>\$0</b>	<b>106.75</b>	<b>\$94,238,297</b>

**Exhibit B**  
**Ordinance No. 06-1131**  
**FY 2006-07 SCHEDULE OF APPROPRIATIONS**

	<u>Current</u> <u>Appropriation</u>	<u>Revision</u>	<u>Amended</u> <u>Appropriation</u>
<b>GENERAL FUND</b>			
Council Office			
Operating Expenses (PS & M&S)	1,773,595	0	1,773,595
Subtotal	1,773,595	0	1,773,595
Finance & Administrative Services			
Operating Expenses (PS & M&S)	7,352,501	21,500	7,374,001
Capital Outlay	5,000	200,150	205,150
Subtotal	7,357,501	221,650	7,579,151
Human Resources			
Operating Expenses (PS & M&S)	1,527,312	0	1,527,312
Subtotal	1,527,312	0	1,527,312
Metro Auditor			
Operating Expenses (PS & M&S)	342,280	0	342,280
Subtotal	342,280	0	342,280
Office of Metro Attorney			
Operating Expenses (PS & M&S)	1,448,414	0	1,448,414
Subtotal	1,448,414	0	1,448,414
Oregon Zoo			
Operating Expenses (PS & M&S)	22,508,631	0	22,508,631
Capital Outlay	200,000	0	200,000
Subtotal	22,708,631	0	22,708,631
Planning			
Operating Expenses (PS & M&S)	23,822,826	0	23,822,826
Debt Service	29,250	0	29,250
Subtotal	23,852,076	0	23,852,076
Public Affairs & Government Relations			
Operating Expenses (PS & M&S)	1,390,721	0	1,390,721
Subtotal	1,390,721	0	1,390,721
Regional Parks & Greenspaces			
Operating Expenses (PS & M&S)	6,914,866	0	6,914,866
Capital Outlay	100,000	0	100,000
Subtotal	7,014,866	0	7,014,866
Non-Departmental			
Operating Expenses (PS & M&S)	14,003,594	0	14,003,594
Debt Service	1,198,898	0	1,198,898
Subtotal	15,202,492	0	15,202,492

**Exhibit B**  
**Ordinance No. 06-1131**  
**FY 2006-07 SCHEDULE OF APPROPRIATIONS**

	<u>Current</u> <u>Appropriation</u>	<u>Revision</u>	<u>Amended</u> <u>Appropriation</u>
General Expenses			
Interfund Transfers	7,823,692	0	7,823,692
Contingency	7,676,575	(221,650)	7,454,925
Subtotal	<u>15,500,267</u>	<u>(221,650)</u>	<u>15,278,617</u>
Unappropriated Balance	3,935,397	42,000	3,977,397
<b>Total Fund Requirements</b>	<b>\$102,053,553</b>	<b>\$42,000</b>	<b>\$102,095,553</b>
<b>SOLID WASTE REVENUE FUND</b>			
Operating Account			
Operating Expenses (PS & M&S)	\$47,685,894	\$0	\$47,685,894
Subtotal	<u>47,685,894</u>	<u>0</u>	<u>47,685,894</u>
Debt Service Account			
Debt Service	2,348,013	0	2,348,013
Subtotal	<u>2,348,013</u>	<u>0</u>	<u>2,348,013</u>
Landfill Closure Account			
Materials & Services	318,600	0	318,600
Capital Outlay	545,000	0	545,000
Subtotal	<u>863,600</u>	<u>0</u>	<u>863,600</u>
Renewal and Replacement Account			
Capital Outlay	1,264,000	0	1,264,000
Subtotal	<u>1,264,000</u>	<u>0</u>	<u>1,264,000</u>
General Account			
Capital Outlay	1,210,000	0	1,210,000
Subtotal	<u>1,210,000</u>	<u>0</u>	<u>1,210,000</u>
General Expenses			
Interfund Transfers	6,423,869	42,000	6,465,869
Contingency	15,950,078	(42,000)	15,908,078
Subtotal	<u>22,373,947</u>	<u>0</u>	<u>22,373,947</u>
Unappropriated Balance	18,492,843	0	18,492,843
<b>Total Fund Requirements</b>	<b>\$94,238,297</b>	<b>\$0</b>	<b>\$94,238,297</b>
<b>TOTAL BUDGET</b>	<b>\$315,992,234</b>	<b>\$42,000</b>	<b>\$316,034,234</b>

*All other appropriations remain as previously adopted*

EXHIBIT C  
Ordinance No. 06-1131

**Capital Project Request - Project Detail**

**Project Title:**  **Fund:**   
**Project Status:**  **Funding Status:**  **FY First Authorized:**  **Department:**   
**Project Number:**  **Active:**  **Dept. Priority:**  **Facility:**  **Division:**   
**Source Of Estimate:**  **Source:**  **Start Date:**  **Date:**  **Cost Type:**   
**Type of Project:**  **Request Type:**  **Completion Date:**  **Prepared By:**

Project Estimates	Actual	Budget/Est	Prior						
Capital Cost:	Expend	2005-2006	Years	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011	Total
Plans and Studies	\$0	\$0	\$0	\$12,500	\$0	\$0	\$0	\$0	\$12,500
Construction	\$0	\$0	\$0	\$172,500	\$0	\$0	\$0	\$0	\$172,500
Equipment/Furnishings	\$0	\$0	\$0	\$6,000	\$0	\$0	\$0	\$0	\$6,000
Capital Maintenance	\$0	\$0	\$0	\$9,000	\$0	\$0	\$0	\$0	\$9,000
<b>Total:</b>	\$0	\$0	\$0	\$200,000	\$0	\$0	\$0	\$0	\$200,000

**Funding Source:**

Other - Transfer	\$0	\$0	\$0	\$42,000	\$0	\$0	\$0	\$0	\$42,000
Other	\$0	\$0	\$0	\$158,000	\$0	\$0	\$0	\$0	\$158,000
<b>Total:</b>	\$0	\$0	\$0	\$200,000	\$0	\$0	\$0	\$0	\$200,000

**Annual Operating Budget Impact:**

**Project Description / Justification:** \_\_\_\_\_ **Estimated Useful Life (yrs):**  **First Full Fiscal Year of Operation:**

Remodel of Metro Regional Center reconfiguring space plans to improve efficiency and public accessibility to Metro programs. The remodel involves Finance & Administrative Services, Human Resources, Metro Auditor, Planning and Solid Waste and Recycling.

EXHIBIT C  
Ordinance No. 06-1131

**Capital Project Request - Project Detail**

<b>Project Title:</b>	Copier Replacement			<b>Fund:</b>	Support Services Fund		
<b>Project Status:</b>	Incomplete	<b>Funding Status:</b>	Funded	<b>FY First Authorized:</b>	2005-06	<b>Department:</b>	Finance
<b>Project Number:</b>	65110	<b>Active:</b>	<input checked="" type="checkbox"/>	<b>Dept. Priority:</b>	0	<b>Facility:</b>	
<b>Source Of Estimate</b>	Preliminary	<b>Source:</b>		<b>Start Date:</b>	1/06	<b>Date:</b>	1/1/2006
<b>Cost Type:</b>							
<b>Type of Project:</b>	New	<b>Request Type</b>	Initial	<b>Completion Date:</b>	6/11	<b>Prepared By:</b>	Kathy Rutkowski

Project Estimates	Actual	Budget/Est	Prior						Total
Capital Cost:	Expend	2005-2006	Years	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011	
Equipment/Furnishings	\$0	\$138,000	\$138,000	\$37,043	\$39,000	\$34,000	\$47,000	\$34,000	\$329,043
<b>Total:</b>	\$0	\$138,000	\$138,000	\$37,043	\$39,000	\$34,000	\$47,000	\$34,000	\$329,043

Funding Source:									
Other - Cost Allocation Plan	\$0	\$18,000	\$18,000	\$0	\$0	\$0	\$0	\$0	\$18,000
Fund Balance - Renewal and Replacement	\$0	\$120,000	\$120,000	\$37,043	\$39,000	\$34,000	\$47,000	\$34,000	\$311,043
<b>Total:</b>	\$0	\$138,000	\$138,000	\$37,043	\$39,000	\$34,000	\$47,000	\$34,000	\$329,043

Annual Operating Budget Impact:									
<b>Annual Expenditures</b>									
Materials and Services				(\$27,300)	(\$27,300)	(\$27,300)	(\$27,300)	(\$27,300)	(\$136,500)
Renewal and Replacement				\$20,900	\$20,900	\$20,900	\$20,900	\$20,900	\$104,500
Subtotal, Expenditures:				(\$6,400)	(\$6,400)	(\$6,400)	(\$6,400)	(\$6,400)	(\$32,000)
<b>Net Operating Contribution (Cost):</b>				\$6,400	\$6,400	\$6,400	\$6,400	\$6,400	\$32,000

<b>Project Description / Justification:</b>	<b>Estimated Useful Life (yrs):</b>	0	<b>First Full Fiscal Year of Operation:</b>	NA
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The estimated budget for this project is \$138,000, funded \$18,000 from department allocations through the cost allocation plan and \$120,000 from Metro Regional Center renewal & replacement reserves. The actual total cost is \$135,600. The anticipated savings per year is \$27,300 resulting in a payback period for the project of approximately five years. The estimated useful life of the equipment is between six and seven years providing a 30 percent overall return on investment and about a 4.6 percent annual return. This calculation does not include expected reductions in maintenance efforts that had been provided by Information Technology staff on the eliminated copiers as that savings will be deployed to other needed tasks.

## STAFF REPORT

IN CONSIDERATION OF ORDINANCE NO. 06-1131 FOR THE PURPOSE OF AMENDING THE FY 2006-07 BUDGET AND APPROPRIATIONS SCHEDULE TO PROVIDE FOR SEVERAL PROJECTS AT METRO REGIONAL CENTER, AMENDING THE FY 2006-07 THROUGH 2010-11 CAPITAL BUDGET, AND DECLARING AN EMERGENCY

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Date: November 6, 2006

Presented by: Margo Norton

### BACKGROUND

This action provides for several projects all related to Metro Regional Center.

#### Council Chamber Portable Sound System

In the spring of 2006 following budget deliberations, the Metro Council and Chief Operating Officer recommended the agency purchase a wireless microphone system that could be used for reinforcement and recording of round-table and work session discussions held in the Metro Council chamber. The council chamber is a room holding 100 people with a curved dais at one end for councilors. There is an annex room holding an additional 50 people behind a moveable wall at the back of the room. Informal council work sessions are held in the middle of the room around a large square arrangement of tables holding 6 to 25 people, with audience members of up to 50 sitting in chairs around the square table in the middle. This configuration makes it difficult for both meeting participants at the table and the audience to hear what is being said, and the current microphone set up is not adequate.

The wireless microphones and associated equipment connect to the existing sound system so that proceedings can be heard in the chamber/annex as well as in agency offices throughout the building and can be recorded through the console at the clerk's desk. The system will be easy for staff to set up and operate, providing quality sound throughout room. This microphone system will be compatible and integrate seamlessly with the existing system.

Improvement of the sound system for both formal and informal council sessions supports the goal of increasing public access and transparency in all Metro decision making

**Total project cost: \$21,650**

#### Metro Regional Center Office Reconfigurations

In the next two months, several Metro departments will be exchanging spaces at Metro Regional Center. Over the years, we have placed employees according to available space throughout the building, not necessarily according to a functional master plan. Some departments have outgrown their space and new programs have been added.

We currently have an opportunity to reconfigure our space plans to improve efficiency and public accessibility to Metro programs. We plan to accomplish the physical reorganization in a fiscally sustainable manner, reusing office equipment and materials as much as possible, and minimizing the impact on Metro employees.

Our goal is to achieve a better use of our physical space that will allow everyone to do their jobs and serve the public efficiently and comfortably. The changes will include the following:



- The computer training room is temporarily located in room 501 and may be eventually relocated in either what is now the Pioneer Cemeteries' office on the first floor or in an alternate area on the first floor.
- Human Resources, currently in two locations, will be brought together in a single location on the fourth floor. This will provide greater security for the Payroll function, centralize all personnel records, and allow more efficient use of support staff.
- By swapping the Human Resources programs with the Procurement, Risk Management and Building Services divisions, the Finance and Administrative Services Department will all be located on the second floor. Some limited sound wall construction, in lieu of private offices, is the least costly method.
- The Metro Auditor's office and Pioneer Cemeteries' office will be relocated to the reconfigured Human Resources office on the second floor.
- Room 375, which for some time has been reserved exclusively for New Look activities, will be available to reserve for general meetings.
- The Planning Department will infill existing space to accommodate additional Corridors and TOD staff and relocate one staff person from Public Affairs.
- Solid Waste will construct two additional offices within its existing space and reconfigure some cubes to optimize office space to provide both a quieter work environment for some staff and a more confidential workspace for those who manage staff and sensitive issues.

Required Budget Adjustments for Reconfiguration

Because of the different types of expenditures (Materials and Services costs related to design services; furniture and capital equipment costs; and capital construction costs which relate to the MRC building structure itself as a fixed asset), the implementing budget transactions appear complex. Solid Waste and Planning will pay for work done in their assigned space, although the capital construction expenditures must be made from the Metro Regional Center budget. The Central Services costs (Human Resources, FAS, Auditor) will be paid from contingency as a transfer to the Metro Regional Center budget. These costs will not be apportioned to other departments through the cost allocation plan.

**Total estimated project cost: \$175,000**

Central Services	\$108,000
Solid Waste	\$42,000
Planning	\$25,000

Initial Remodeling for Natural Areas Program (Metro Attorney)

Although staffing and work plans for the entire Natural Areas Program have not yet been finalized, the initial remodeling requirements for the Office of the Metro Attorney are known.

- Two interior offices within the existing space will be constructed.
- Additional cubical space will be reconfigured.
- Ingress and egress door modifications will be needed.

Required Budget Adjustments for Natural Areas Remodeling

This budget adjustment is also complex. The remodeling affects the building structure and must be budgeted within the building Fund. The General Fund contingency will provide the immediate source of funds in a transfer from the General Fund to the Metro Regional Center budget. These costs will be recovered over time as “rent”, payable through the cost allocation plan as a charge to the Natural Areas fund. The recovery period will not be known until the second phase, any remodeling, building or reconfiguration needed for the Parks portion of the Natural Areas work plan is determined. This will require a subsequent budget amendment at which time we will develop the complete cost recovery plan.

**Total estimated project cost: \$25,000**

Capital Improvement Plan Amendment

As capital projects not included at the time of budget adoption, the Metro Regional Center remodeling and Natural Areas remodeling require an amendment to the Capital Budget, which is provided for in the ordinance. At the same time a small CIP change related to equipment is included to correct a previous omission of normal printer replacement.

**ANALYSIS/INFORMATION**

1. **Known Opposition:** There is no known opposition to this resolution.
2. **Legal Antecedents:** ORS 294.450 provides for transfers of appropriations within a fund, including transfers from contingency, if such transfers are authorized by official resolution or ordinance of the governing body for the local jurisdiction.
3. **Anticipated Effects:** This action will provide the appropriation necessary to purchase the portable sound system for the Metro Regional Center Council Chamber and accomplish several minor remodel projects at Metro Regional Center. It also amends the five-year Capital Budget to include the remodel projects at Metro Regional Center and the ongoing replacement of printers/copiers.
4. **Budget Impacts:** This ordinance transfers \$221,650 from the General Fund Contingency to fund the several projects discussed in the staff report. The Solid Waste & Recycling Department will reimburse the General Fund \$42,000 for its share of the remodel costs. The Natural Areas bonds will reimburse the General Fund for a portion of the costs over time. All the projects are considered one-time in nature. Ongoing maintenance costs associated with the portable sound system will, in future years, be folded into the Property Services budget of the Finance & Administrative Services Budget.

**RECOMMENDED ACTION**

The Chief Operating Officer recommends approval of Ordinance 06-1131.

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF AMENDING THE FY ) ORDINANCE NO. 06-1133  
2006-07 BUDGET AND APPROPRIATIONS )  
SCHEDULE AUTHORIZING NEW POSITIONS ) Introduced by Mike Jordan, Chief Operating  
FOR THE NATURAL AREAS BOND WORK ) Officer, with the concurrence of Council  
PROGRAM, PROVIDING FOR EXPENDITURES ) President Bragdon  
RELATED TO THE NATURAL AREAS BOND, )  
PROVIDING FOR A LAND PURCHASE IN THE )  
OPEN SPACES FUND, AND DECLARING AN )  
EMERGENCY )

WHEREAS, the voters of the Metro region approved the Natural Areas Bond measure on November 7, 2006; and

WHEREAS, the Metro Council has reviewed the work plan for the Natural Areas Bond program; and

WHEREAS, Metro Code section 2.02.040 requires the Metro Council to approve any new position added to the budget; and

WHEREAS, the Metro Council has reviewed and considered the need to modify appropriations within the FY 2006-07 Budget; and

WHEREAS, the need for the change in appropriation has been justified; and

WHEREAS, adequate funds exist for other identified needs; now, therefore,

THE METRO COUNCIL ORDAINS AS FOLLOWS:

1. That the FY 2006-07 Budget and Schedule of Appropriations are hereby amended as shown in the column entitled "Revision" of Exhibits A and B to this Ordinance for the purpose of providing appropriation authority for expenditures related to the Natural Areas bond work program and Open Spaces Fund.
2. The Metro Council authorizes the addition of the following positions to the FY 2006-07 budget:

***Regional Parks Staff***

Program Director 1	1.00
Principal Planner	1.00
Real Estate Negotiator	3.00
Associate Public Affairs Specialist	1.00
Associate Regional Planner (GIS Specialist)	1.00
Associate Regional Planner (Local Share & Grants)	1.00
Associate Regional Planner (Stabilization)	1.00
Associate Management Analyst (Stabilization)	1.00
Management Technician	1.00
Secretary	1.00
Ranger (Stabilization)	1.00

***Subtotal*** 13.00

<i><b>Metro Attorney Staff</b></i>	
Legal Counsel II	1.00
Administrative Assistant III	1.00
Paralegal II	1.00
	<i><b>Subtotal</b></i>
	<b>3.00</b>
<b>Total New Staff</b>	<b>16.00</b>

3. This Ordinance being necessary for the immediate preservation of the public health, safety or welfare of the Metro area in order to meet obligations and comply with Oregon Budget Law, an emergency is declared to exist, and this Ordinance takes effect upon passage.

ADOPTED by the Metro Council this \_\_\_\_\_ day of \_\_\_\_\_, 2006.

\_\_\_\_\_  
David Bragdon, Council President

Attest:

Approved as to Form:

\_\_\_\_\_  
Christina Billington, Recording Secretary

\_\_\_\_\_  
Daniel B. Cooper, Metro Attorney

**Exhibit A**  
**Ordinance No. 06-1133**

ACCT	DESCRIPTION	<u>Current Budget</u>		<u>Revision</u>		<u>Amended Budget</u>	
		FTE	Amount	FTE	Amount	FTE	Amount
<b>General Fund</b>							
<b>Office of Metro Attorney</b>							
<i>Personal Services</i>							
<i>SALWGE</i>	<i>Salaries &amp; Wages</i>						
5010	Reg Employees-Full Time-Exempt						
	Legal Counsel I	1.00	79,265	-	0	1.00	79,265
	Legal Counsel II	4.00	413,930	0.50	56,018	4.50	469,948
	Metro Attorney	1.00	141,000	-	0	1.00	141,000
5015	Reg Empl-Full Time-Non-Exempt						
	Administrative Assistant III	1.00	41,948	0.50	17,704	1.50	59,652
	Paralegal I	1.00	47,176	-	0	1.00	47,176
	Paralegal II	1.00	54,776	0.50	22,092	1.50	76,868
5020	Reg Emp-Part Time-Exempt						
	Administrative Assistant III	0.50	24,926	-	0	0.50	24,926
5025	Reg Employees-Part Time-Non-Exempt						
	Legal Counsel II	1.50	158,485	-	0	1.50	158,485
5080	Overtime		7,500		0		7,500
5089	Salary Adjustments						
	Salary Adjustment Pool (non-represented)		58,140		0		58,140
<i>FRINGE</i>	<i>Fringe Benefits</i>						
5100	Fringe Benefits						
	Base Fringe (variable & fixed)		333,332		35,277		368,609
5190	PERS Bond Recovery		31,842		2,970		34,812
<b>Total Personal Services</b>		<b>11.00</b>	<b>\$1,392,320</b>	<b>1.50</b>	<b>\$134,061</b>	<b>12.50</b>	<b>\$1,526,381</b>
<b>Total Materials &amp; Services</b>			<b>\$56,094</b>		<b>\$0</b>		<b>\$56,094</b>
<b>TOTAL REQUIREMENTS</b>		<b>11.00</b>	<b>\$1,448,414</b>	<b>1.50</b>	<b>\$134,061</b>	<b>12.50</b>	<b>\$1,582,475</b>

**Exhibit A  
Ordinance No. 06-1133**

ACCT	DESCRIPTION	Current Budget		Revision		Amended Budget	
		FTE	Amount	FTE	Amount	FTE	Amount
<b>General Fund</b>							
<b>Regional Parks Department</b>							
<i>Personal Services</i>							
<i>SALWGE</i>	<i>Salaries &amp; Wages</i>						
5010	Reg Employees-Full Time-Exempt						
	Assistant Public Affairs Specialist	1.00	46,359	-	0	1.00	46,359
	Associate Management Analyst	2.00	115,454	-	0	2.00	115,454
	Associate Public Affairs Specialist	-	0	0.13	5,565	0.13	5,565
	Associate Regional Planner	1.00	45,986	0.25	11,150	1.25	57,136
	Director II	1.00	119,769	-	0	1.00	119,769
	Education Coordinator II	1.00	53,638	-	0	1.00	53,638
	Management Technician	1.00	44,183	0.13	4,670	1.13	48,853
	Manager I	4.00	334,758	-	0	4.00	334,758
	Manager II	1.00	85,344	-	0	1.00	85,344
	Principal Regional Planner	-	0	0.13	12,730	0.13	12,730
	Program Analyst I	1.00	31,346	-	0	1.00	31,346
	Program Analyst III	1.00	55,668	-	0	1.00	55,668
	Program Director I	1.00	100,437	0.17	17,075	1.17	117,512
	Real Estate Negotiator	-	0	0.50	33,310	0.50	33,310
	Senior Regional Planner	4.00	270,693	-	0	4.00	270,693
	Service Supervisor III	1.00	61,406	-	0	1.00	61,406
5015	Reg Empl-Full Time-Non-Exempt						
	Arborist	1.00	49,336	-	0	1.00	49,336
	Education Coordinator I	1.00	48,526	-	0	1.00	48,526
	Park Ranger	12.00	522,163	-	0	12.00	522,163
	Secretary	3.00	90,845	0.17	4,100	3.17	94,945
5020	Reg Emp-Part Time-Exempt						
	Education Coordinator I	0.50	24,263	-	0	0.50	24,263
	Program Supervisor II	0.50	25,549	-	0	0.50	25,549
	Senior Regional Planner	1.60	112,293	-	0	1.60	112,293
	Volunteer Coordinator I	0.80	33,511	-	0	0.80	33,511
	Volunteer Coordinator II	0.50	29,557	-	0	0.50	29,557
5025	Reg Employees-Part Time-Non-Exempt						
	Program Assistant 2	0.50	17,320	-	0	0.50	17,320
5030	Temporary Employees		12,575		0		12,575
5040	Seasonal Employees		280,668		0		280,668
5080	Overtime		14,995		0		14,995
5089	Salary Adjustments						
	Salary Adjustment Pool (non-represented)		46,977		0		46,977
	Step Increases (AFSCME)		28,550		0		28,550
	COLA (represented employees)		38,080		0		38,080
<i>FRINGE</i>	<i>Fringe Benefits</i>						
5100	Fringe Benefits						
	Base Fringe (variable & fixed)		942,339		33,668		976,007
5190	PERS Bond Recovery		75,394		2,732		78,126
<b>Total Personal Services</b>		<b>41.40</b>	<b>\$3,757,982</b>	<b>1.48</b>	<b>\$125,000</b>	<b>42.88</b>	<b>\$3,882,982</b>

**Materials & Services**

*GOODS Goods*

5201	Office Supplies		34,078		11,000		45,078
5205	Operating Supplies		55,299		0		55,299
5210	Subscriptions and Dues		2,423		0		2,423
5215	Maintenance & Repairs Supplies		81,185		0		81,185
5225	Retail		11,026		0		11,026

**Exhibit A  
Ordinance No. 06-1133**

ACCT	DESCRIPTION	Current Budget		Revision		Amended Budget	
		FTE	Amount	FTE	Amount	FTE	Amount
<b>General Fund</b>							
<b>Regional Parks Department</b>							
<i>SVCS</i>	<i>Services</i>						
	5240 Contracted Professional Svcs		868,849		50,000		918,849
	5250 Contracted Property Services		1,347,692		17,000		1,364,692
	5251 Utility Services		109,979		700		110,679
	5255 Cleaning Services		254		0		254
	5260 Maintenance & Repair Services		53,436		0		53,436
	5265 Rentals		28,409		0		28,409
	5270 Insurance		26,000		0		26,000
	5280 Other Purchased Services		40,058		2,500		42,558
	5290 Operations Contracts		5,242		0		5,242
<i>IGEXP</i>	<i>Intergov't Expenditures</i>						
	5300 Payments to Other Agencies		262,299		0		262,299
	5310 Taxes (Non-Payroll)		199,461		0		199,461
<i>OTHEXP</i>	<i>Other Expenditures</i>						
	5450 Travel		2,620		0		2,620
	5455 Staff Development		20,600		1,000		21,600
	5490 Miscellaneous Expenditures		7,974		1,800		9,774
	<b>Total Materials &amp; Services</b>		<b>\$3,156,884</b>		<b>\$84,000</b>		<b>\$3,240,884</b>
	<u>Capital Outlay</u>						
<i>CAPNON</i>	<i>Capital Outlay (Non-CIP Projects)</i>						
	5700 Land (non-CIP)		100,000		4,100,000		4,200,000
	<b>Total Capital Outlay</b>		<b>\$100,000</b>		<b>\$4,100,000</b>		<b>\$4,200,000</b>
<b>TOTAL REQUIREMENTS</b>		<b>41.40</b>	<b>\$7,014,866</b>	<b>1.48</b>	<b>\$4,309,000</b>	<b>42.88</b>	<b>\$11,323,866</b>

**Exhibit A**  
**Ordinance No. 06-1133**

ACCT	DESCRIPTION	Current Budget		Revision		Amended Budget	
		FTE	Amount	FTE	Amount	FTE	Amount
<b>General Fund</b>							
<b>General Expenses</b>							
<b>Total Interfund Transfers</b>			<b>\$7,823,692</b>		<b>\$0</b>		<b>\$7,823,692</b>
<i>Contingency &amp; Unappropriated Balance</i>							
<i>CONT</i>	<i>Contingency</i>						
5999	Contingency						
	* General Contingency		1,374,825		(134,061)		1,240,764
	* General Reserve		5,848,983		(4,309,000)		1,539,983
	* Tourism Opportunity & Comp. Account		43,307		0		43,307
<i>UNAPP</i>	<i>Unappropriated Fund Balance</i>						
5990	Unappropriated Fund Balance						
	* Undesignated		42,000		0		42,000
	* General Fund stabilization reserve		1,982,748		0		1,982,748
	* Computer Replacement Reserve (Planning)		90,000		0		90,000
	* Tibbets Flower Account		278		0		278
	* Reserve for Future Debt Service		1,862,371		0		1,862,371
<b>Total Contingency &amp; Unappropriated Balance</b>			<b>\$11,244,512</b>		<b>(\$4,443,061)</b>		<b>\$6,801,451</b>
<b>TOTAL REQUIREMENTS</b>		<b>402.33</b>	<b>\$102,095,553</b>	<b>2.98</b>	<b>\$0</b>	<b>405.31</b>	<b>\$102,095,553</b>



**Exhibit A**  
**Ordinance No. 06-1133**

ACCT	DESCRIPTION	Current Budget		Revision		Amended Budget	
		FTE	Amount	FTE	Amount	FTE	Amount
<b>Open Spaces Fund</b>							
<b>Total Personal Services</b>		<b>1.00</b>	<b>\$99,798</b>	<b>0.00</b>	<b>\$0</b>	<b>1.00</b>	<b>\$99,798</b>
<u>Materials &amp; Services</u>							
GOODS	Goods						
5201	Office Supplies		1,150		0		1,150
5205	Operating Supplies		500		0		500
5210	Subscriptions and Dues		1,632		0		1,632
SVCS	Services						
5240	Contracted Professional Svcs		203,000		0		203,000
5250	Contracted Property Services		1,075,800		(1,050,000)		25,800
5251	Utility Services		1,050		0		1,050
5280	Other Purchased Services		1,200		0		1,200
5290	Operations Contracts		25		0		25
IGEXP	Intergov't Expenditures						
5300	Payments to Other Agencies		1,556		0		1,556
OTHEXP	Other Expenditures						
5455	Staff Development		1,750		0		1,750
<b>Total Materials &amp; Services</b>			<b>\$1,287,663</b>		<b>(\$1,050,000)</b>		<b>\$237,663</b>
<u>Capital Outlay</u>							
CAPCIP	Capital Outlay (CIP Projects)						
5705	Land (CIP)		475,000		1,050,000		1,525,000
<b>Total Capital Outlay</b>			<b>\$475,000</b>		<b>\$1,050,000</b>		<b>\$1,525,000</b>
<u>Interfund Transfers</u>							
INDTEX	Interfund Reimbursements						
5800	Transfer for Indirect Costs						
	* to General Fund-Bldg		72,300		0		72,300
	* to General Fund-Support Services		249,082		0		249,082
	* to General Fund		5,138		0		5,138
	* to Risk Mgmt-Liability		2,165		0		2,165
	* to Risk Mgmt-Worker Comp		879		0		879
INTCHG	Internal Service Transfers						
5820	Transfer for Direct Costs						
	* to Metro Capital Fund-Regional Parks		72,105		0		72,105
EQTCHG	Fund Equity Transfers						
5810	Transfer of Resources						
	* to General Fund (Pension Obligation)		62,443		0		62,443
	* to Risk Management Fund		685		0		685
<b>Total Interfund Transfers</b>			<b>\$464,797</b>		<b>\$0</b>		<b>\$464,797</b>
<u>Contingency and Ending Balance</u>							
CONT	Contingency						
5999	Contingency						
	* General contingency		112,158		0		112,158
<b>Total Contingency and Ending Balance</b>			<b>\$112,158</b>		<b>\$0</b>		<b>\$112,158</b>
<b>TOTAL REQUIREMENTS</b>		<b>1.00</b>	<b>\$2,439,416</b>	<b>0.00</b>	<b>\$0</b>	<b>1.00</b>	<b>\$2,439,416</b>

**Exhibit B**  
**Ordinance No. 06-1133**  
**FY 2006-07 SCHEDULE OF APPROPRIATIONS**

<b>GENERAL FUND</b>	<b><u>Current</u></b>	<b><u>Revision</u></b>	<b><u>Amended</u></b>
	<b><u>Appropriation</u></b>		<b><u>Appropriation</u></b>
<b>Council Office</b>			
Operating Expenses (PS & M&S)	1,775,095	0	1,775,095
Debt Service	0	0	0
Capital Outlay	0	0	0
<b>Subtotal</b>	<b>1,775,095</b>	<b>0</b>	<b>1,775,095</b>
<b>Finance &amp; Administrative Services</b>			
Operating Expenses (PS & M&S)	7,370,001	0	7,370,001
Debt Service	0	0	0
Capital Outlay	158,285	0	158,285
<b>Subtotal</b>	<b>7,528,286</b>	<b>0</b>	<b>7,528,286</b>
<b>Human Resources</b>			
Operating Expenses (PS & M&S)	1,527,312	0	1,527,312
Debt Service	0	0	0
Capital Outlay	0	0	0
<b>Subtotal</b>	<b>1,527,312</b>	<b>0</b>	<b>1,527,312</b>
<b>Metro Auditor</b>			
Operating Expenses (PS & M&S)	579,455	0	579,455
Debt Service	0	0	0
Capital Outlay	0	0	0
<b>Subtotal</b>	<b>579,455</b>	<b>0</b>	<b>579,455</b>
<b>Office of Metro Attorney</b>			
Operating Expenses (PS & M&S)	1,448,414	134,061	1,582,475
Debt Service	0	0	0
Capital Outlay	0	0	0
<b>Subtotal</b>	<b>1,448,414</b>	<b>134,061</b>	<b>1,582,475</b>
<b>Oregon Zoo</b>			
Operating Expenses (PS & M&S)	22,508,631	0	22,508,631
Debt Service	0	0	0
Capital Outlay	200,000	0	200,000
<b>Subtotal</b>	<b>22,708,631</b>	<b>0</b>	<b>22,708,631</b>
<b>Planning</b>			
Operating Expenses (PS & M&S)	23,822,826	0	23,822,826
Debt Service	29,250	0	29,250
Capital Outlay	0	0	0
<b>Subtotal</b>	<b>23,852,076</b>	<b>0</b>	<b>23,852,076</b>

**Exhibit B**  
**Ordinance No. 06-1133**  
**FY 2006-07 SCHEDULE OF APPROPRIATIONS**

	<u>Current</u> <u>Appropriation</u>	<u>Revision</u>	<u>Amended</u> <u>Appropriation</u>
<b>Public Affairs &amp; Government Relations</b>			
Operating Expenses (PS & M&S)	1,390,721	0	1,390,721
Debt Service	0	0	0
Capital Outlay	0	0	0
Subtotal	1,390,721	0	1,390,721
<b>Regional Parks &amp; Greenspaces</b>			
Operating Expenses (PS & M&S)	6,914,866	209,000	7,123,866
Debt Service	0	0	0
Capital Outlay	100,000	4,100,000	4,200,000
Subtotal	7,014,866	4,309,000	11,323,866
<b>Non-Departmental</b>			
Operating Expenses (PS & M&S)	14,003,594	0	14,003,594
Debt Service	1,198,898	0	1,198,898
Capital Outlay	0	0	0
Subtotal	15,202,492	0	15,202,492
<b>General Expenses</b>			
Interfund Transfers	7,823,692	0	7,823,692
Contingency	7,267,115	(4,443,061)	2,824,054
Subtotal	15,090,807	(4,443,061)	10,647,746
Unappropriated Balance	3,977,397	0	3,977,397
<b>Total Fund Requirements</b>	<b>\$102,095,553</b>	<b>\$0</b>	<b>\$102,095,553</b>
<b>OPEN SPACES FUND</b>			
Operating Expenses (PS & M&S)	\$1,387,461	(\$1,050,000)	\$337,461
Capital Outlay	475,000	1,050,000	1,525,000
Interfund Transfers	464,797	0	464,797
Contingency	112,158	0	112,158
Unappropriated Balance	0	0	0
<b>Total Fund Requirements</b>	<b>\$2,439,416</b>	<b>\$0</b>	<b>\$2,439,416</b>

*All other appropriations remain as previously adopted*

## STAFF REPORT

IN CONSIDERATION OF ORDINANCE NO. 06-1133 FOR THE PURPOSE OF AMENDING THE FY 2006-07 BUDGET AND APPROPRIATIONS SCHEDULE AUTHORIZING NEW POSITIONS FOR THE NATURAL AREAS BOND WORK PROGRAM, PROVIDING FOR EXPENDITURES RELATED TO THE NATURAL AREAS BOND, PROVIDING FOR A LAND PURCHASE IN THE OPEN SPACES FUND, AND DECLARING AN EMERGENCY

---

Date: November 17, 2006

Presented by: Jeff Tucker  
Kathy Rutkowski

## BACKGROUND

This ordinance provides for several actions related to the Natural Areas program.

### Natural Areas Work Program Staffing:

At the Council work session of November 14, 2006 the Regional Parks Department began more detail discussions with the Council on the scope of the Natural Areas bond work plan. Additional discussions are scheduled in January. In the next six months, the work plan will require the addition of staff to accomplish the goals of the program. Metro Code 2.02.040 requires the Council to authorize any new positions added to the budget. The Regional Parks Department and Office of Metro Attorney are seeking authorization for the following new positions to be funded from the bond proceeds:

#### **Regional Parks Staff**

Program Director 1	1.00
Principal Planner	1.00
Real Estate Negotiator	3.00
Associate Public Affairs Specialist	1.00
Associate Regional Planner (GIS Specialist)	1.00
Associate Regional Planner (Local Share & Grants)	1.00
Associate Regional Planner (Stabilization)	1.00
Associate Management Analyst (Stablization)	1.00
Management Technician	1.00
Secretary	1.00
Ranger (Stabilization)	1.00

***Subtotal*** 13.00

#### **Metro Attorney Staff**

Legal Counsel II	1.00
Administrative Assistant III	1.00
Paralegal II	1.00

***Subtotal*** 3.00

**Total New Staff** 16.00

Natural Areas Work Program Appropriation:

ORS 294.326 specifically exempts from the provisions of budget law (ORS 294.305 to 294.565) bonds that were approved by voters in the year or budget period in which they were approved. However, recent advice indicates that the exemption is tied to the sale of the bonds. We have begun discussions with our Financial Advisors on the sale of bonds and are investigating issuing some form of interim financing such as a line of credit or bond anticipation notes. However, even with an extremely aggressive schedule it will take several months to issue the bonds or secure interim financing. In the meantime, it is necessary to provide appropriation authority for the immediate expenditures related to staff costs and the exercising of options secured prior to the approval of the measure. Once sold, the bond proceeds will reimburse for all costs incurred as part of this interim appropriation authorization. This action seeks to transfer \$4,309,000 from the General Fund contingency to the Regional Parks Department to fund the interim bond program costs.

Additionally, the staffing for the Metro Attorney's Office will be managed through the general Metro Attorney's budget. All legal costs associated with the bond program will be reimbursed through the cost allocation plan. In this scenario, there is no exemption from budget law. It is necessary to provide appropriation authority for the additional staff requested as part of this ordinance for the last six months of the fiscal year. This action seek to transfer \$134,061 from the General Fund contingency to the Office of Metro Attorney to fund to the new staff associated with the Natural Areas work plan. Bond proceeds will reimburse the General Fund for all staffing costs associated with the program.

Open Spaces Land Purchase – Mt. Talbert Settlement

As part of the settlement agreement between Metro and Sheldon Development Company, Metro has agreed to purchase approximately 10 acres on Mt. Talbert in the East Buttes/Boring Lava Domes Target Area. (Council will consider this settlement agreement under a separate Resolution.)

This purchase is an allowable use of bond proceeds under the 1995 Open Spaces Acquisition Bond Measure. A reserve has been maintained in the Open Spaces Bond Fund as a contingency against unforeseen legal action, property stabilization needs, or other contingencies. This "Stabilization Reserve" was created by Resolution # 01-3106 "For the Purpose of Modifying the Open Spaces Implementation Work Plan and Open Spaces Acquisition Regional Target Area Refinement Plans to Direct Future Acquisitions of Properties That Satisfy Specific Identified Criteria," and was appropriated as Operating Expenditures within the FY 2006-07 Open Spaces Fund.

As the settlement agreement results in the acquisition of land, it is necessary to move the appropriation authority associated with this contingency reserve from Operating Expenditures to Capital Outlay. The current reserve amount is \$1,050,000. The purchase of the property under the settlement agreement will cost \$1,075,000. The difference can be accommodated using existing appropriation authority in the Open Spaces Fund.

This action will exhaust the "Stabilization Reserve" within the existing Open Spaces Fund. However, the proceeds from the recently approved Parks, Steams and Natural Areas measure can continue to serve this function into the future.

**ANALYSIS/INFORMATION**

1. **Known Opposition:** There is no known opposition to this ordinance.

2. **Legal Antecedents:** ORS 294.450 provides for transfers of appropriations within a fund, including transfers from contingency, if such transfers are authorized by official resolution or ordinance of the governing body for the local jurisdiction. Metro Code 2.02.040 requires the Metro Council to authorize any new positions added to the budget. Resolution #01-3106 “For the Purpose of Modifying the Open Spaces Implementation Work Plan and Open Spaces Acquisition Regional Target Area Refinement Plans to Direct Future Acquisitions of Properties That Satisfy Specific Identified Criteria” established the Stabilization Reserve.
3. **Anticipated Effects:** This ordinance authorizes positions associated with Natural Areas work program for the Regional Parks Department and Office of Metro Attorney. In addition, it provides interim appropriation for the program until such time as the bonds are sold and provides appropriation for the remainder of the fiscal year for the positions authorized for the Office of Metro Attorney. It also supports the implementation of the settlement agreement between Metro and Sheldon Development by providing adequate appropriation authority.
4. **Budget Impacts:** The action transfers a total of \$4,443,061 from the General Fund contingency to the Regional Parks Department or Office of Metro Attorney to provide appropriation authority for the Natural Areas work program. All expenditures will be reimbursed with bond proceeds. It also transfers \$1.05 million from materials & services to capital outlay in the existing Open Spaces Fund to provide for the settlement between Metro and Sheldon Development.

#### **RECOMMENDED ACTION**

The Chief Operating Officer recommends approval of Ordinance 06-1133.

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF AMENDING THE FY	)	ORDINANCE NO. 06-1134
2006-07 BUDGET AND APPROPRIATIONS	)	
SCHEDULE AMENDING THE MERC	)	Introduced by Mike Jordan, Chief Operating
OPERATING AND POOLED CAPITAL FUNDS	)	Officer, with the concurrence of Council
AND DECLARING AN EMERGENCY	)	President Bragdon
	)	

WHEREAS, the Metro Council has reviewed and considered the need to increase appropriations within the FY 2005-06 Budget; and

WHEREAS, the need for the increase of appropriation has been justified; and

WHEREAS, adequate funds exist for other identified needs; now, therefore,

THE METRO COUNCIL ORDAINS AS FOLLOWS:

1. That the FY 2006-07 Budget and Schedule of Appropriations are hereby amended as shown in the column entitled "Revision" of Exhibits A and B to this Ordinance for the purpose of amending the MERC Operating and Pooled Capital Funds.
2. This Ordinance being necessary for the immediate preservation of the public health, safety or welfare of the Metro area in order to meet obligations and comply with Oregon Budget Law, an emergency is declared to exist, and this Ordinance takes effect upon passage.

ADOPTED by the Metro Council this \_\_\_\_\_ day of \_\_\_\_\_, 2006.

\_\_\_\_\_  
David Bragdon, Council President

Attest:

Approved as to Form:

\_\_\_\_\_  
Christina Billington, Recording Secretary

\_\_\_\_\_  
Daniel B. Cooper, Metro Attorney

**Exhibit A**  
**Ordinance No. 06-1134**

ACCT	DESCRIPTION	Current Budget		Revision		Amended Budget	
		FTE	Amount	FTE	Amount	FTE	Amount
<b>MERC Operating Fund</b>							
<b>Total MERC Operating Fund</b>							
<i><u>Personal Services</u></i>							
<i>SALWGE Salaries &amp; Wages</i>							
5010	Reg Employees-Full Time-Exempt						
	Account Executive	1.00	37,169	-	0	1.00	37,169
	Accountant	2.00	90,957	-	0	2.00	90,957
	Accounting Supervisor	1.00	54,756	-	0	1.00	54,756
	Admissions Staffing Mgr (Admin Scheduling Coord.)	1.00	56,020	-	0	1.00	56,020
	Asst. Event Svcs Mgr. or Senior House Mgr.	1.00	61,621	-	0	1.00	61,621
	Asst. Executive Director	1.00	90,426	-	0	1.00	90,426
	Asst. Ops. Mgr. (Housekeeping)	1.00	49,315	-	0	1.00	49,315
	Asst. Operations Mgr. (Asst. Tech Svcs. Mgr.)	1.00	52,226	-	0	1.00	52,226
	Audio Visual Supervisor	1.00	50,927	-	0	1.00	50,927
	Asst. Sales & Tkt Mgr	1.00	61,621	-	0	1.00	61,621
	Audio/Visual Technician Lead	1.00	42,500	-	0	1.00	42,500
	Audio/Visual Sales Coordinator	1.00	46,298	-	0	1.00	46,298
	Booking Coordinator	2.00	95,144	-	0	2.00	95,144
	Building Maintenance Supervisor	1.00	39,473	-	0	1.00	39,473
	Budget Analyst	1.00	51,015	-	0	1.00	51,015
	Business Systems Analyst	-	0	1.00	33,699	1.00	33,699
	Computer Systems Administrator	1.00	61,621	-	0	1.00	61,621
	Director of Administration/CFO	1.00	107,800	-	0	1.00	107,800
	Director of Events & Special Services	1.00	81,849	-	0	1.00	81,849
	Director of Sales & Marketing	1.00	82,019	-	0	1.00	82,019
	Operations Manager II	1.00	82,019	-	0	1.00	82,019
	Event Manager II	5.00	280,100	-	0	5.00	280,100
	Event Services Manager	1.00	66,423	-	0	1.00	66,423
	Facility Services Sales Coordinator	1.00	43,269	-	0	1.00	43,269
	Expo Director	1.00	90,234	-	0	1.00	90,234
	General Manager	1.00	150,000	-	0	1.00	150,000
	Graphic Designer II	1.00	50,927	-	0	1.00	50,927
	Human Resources Director	1.00	77,500	-	0	1.00	77,500
	Info Systems Supervisor	1.00	65,920	-	0	1.00	65,920
	Maintenance Supervisor	1.00	50,738	-	0	1.00	50,738
	Marketing & Communications Manager	1.00	66,553	-	0	1.00	66,553
	Marketing Info Serv's Manager	1.00	61,621	-	0	1.00	61,621
	OCC Executive Director	1.00	140,439	-	0	1.00	140,439
	Operations Accounting Coordinator	1.00	43,269	-	0	1.00	43,269
	Operations Manager I	3.00	207,112	-	0	3.00	207,112
	Director of Operations	1.00	82,018	-	0	1.00	82,018
	PCPA Director	1.00	109,819	-	0	1.00	109,819
	Purchasing & Contracts Analyst	-	0	1.00	25,274	1.00	25,274
	Sales & Events Manager	1.00	67,786	-	0	1.00	67,786
	Sales & Ticket Services Manager	1.00	74,562	-	0	1.00	74,562
	Sales Manager	3.00	164,140	-	0	3.00	164,140
	Security Manager	1.00	61,982	-	0	1.00	61,982
	Senior Event Manager	1.00	61,621	-	0	1.00	61,621
	Set-up Supervisor	4.00	217,626	-	0	4.00	217,626
	Senior Set-up Supervisor	2.00	129,534	-	0	2.00	129,534
	Stage Supervisor	1.00	58,483	-	0	1.00	58,483
	Telecom & Information Systems Supervisor	1.00	56,854	-	0	1.00	56,854
	Ticketing/Parking Service Manager	2.00	123,243	-	0	2.00	123,243
	Ticket Services Coordinator	1.00	39,485	-	0	1.00	39,485
	Ticket Services Supervisor	1.00	56,020	-	0	1.00	56,020



**Exhibit A**  
**Ordinance No. 06-1134**

ACCT	DESCRIPTION	Current Budget		Revision		Amended Budget	
		FTE	Amount	FTE	Amount	FTE	Amount
<b>MERC Operating Fund</b>							
<b>Total MERC Operating Fund</b>							
	Volunteer Coordinator	1.00	43,269	-	0	1.00	43,269
5015	Reg Empl-Full Time-Non-Exempt				0		
	Administrative Assistant	4.00	159,496	-	0	4.00	159,496
	Administrative Assistant II	3.00	123,572	-	0	3.00	123,572
	Administrative Assistant III	1.00	45,136	-	0	1.00	45,136
	Administrative Technician	5.20	185,963	-	0	5.20	185,963
	Administrative Technician II	0.80	29,736	-	0	0.80	29,736
	Audio Visual Technician	3.00	120,492	-	0	3.00	120,492
	Electrician	4.00	237,821	-	0	4.00	237,821
	Facility Security Agent	8.00	274,544	-	0	8.00	274,544
	Lead Electrician	2.00	124,633	-	0	2.00	124,633
	Lead Operating Engineer	1.00	56,823	-	0	1.00	56,823
	Management Technician	1.00	33,509	-	0	1.00	33,509
	Operating Engineer	7.00	368,619	-	0	7.00	368,619
	Operations Coordinator	3.00	146,202	-	0	3.00	146,202
	Secretary II	1.00	32,282	-	0	1.00	32,282
	Lead Stagedoor Watchperson	1.00	33,509	-	0	1.00	33,509
	Telecom & Information Systems Tech	1.00	39,874	-	0	1.00	39,874
	Utility Lead	3.00	101,338	-	0	3.00	101,338
	Utility Maintenance	3.00	122,825	-	0	3.00	122,825
	Utility Maintenance Lead	1.00	41,558	-	0	1.00	41,558
	Utility Maintenance Specialist	3.00	123,286	-	0	3.00	123,286
	Utility Maintenance Technician	1.00	34,923	-	0	1.00	34,923
	Utility Worker II	38.00	1,254,550	-	0	38.00	1,254,550
5025	Regular Employees Part Time Non-Exempt		193,284		0		193,284
5030	Temporary Employees		46,392		18,400		64,792
5043	Part-Time, Non-Reimbursed Labor		897,400		0		897,400
5045	Part-Time, Reimbursed Labor		1,844,417		0		1,844,417
5080	Overtime		137,917		0		137,917
5089	Merit/Bonus Pay		352,887		0		352,887
<i>FRINGE</i>	<i>Fringe Benefits</i>						
5100	Fringe Benefits						
	Base Fringe (variable & fixed)		3,815,151		26,436		3,841,587
5190	PERS Bond Recovery		322,409		2,113		324,522
<b>Total Personal Services</b>		<b>159.00</b>	<b>\$15,335,871</b>	<b>2.00</b>	<b>\$105,922</b>	<b>161.00</b>	<b>\$15,441,793</b>
<b><u>Materials &amp; Services</u></b>							
<i>GOODS</i>	<i>Goods</i>						
5201	Office Supplies		201,911		0		201,911
5205	Operating Supplies		317,001		0		317,001
5210	Subscriptions and Dues		25,902		0		25,902
5214	Fuels and Lubricants		10,350		0		10,350
5215	Maintenance & Repairs Supplies		131,700		0		131,700
5225	Retail		12,000		0		12,000
<i>SVCS</i>	<i>Services</i>						
5240	Contracted Professional Svcs		478,412		50,000		528,412
5245	Marketing Expense		2,024,375		0		2,024,375
5247	POVA Pass-Through		385,239		0		385,239
5251	Utility Services		2,299,479		0		2,299,479
5255	Cleaning Services		16,950		0		16,950
5260	Maintenance & Repair Services		517,970		0		517,970
5265	Rentals		489,634		0		489,634
5280	Other Purchased Services		350,722		0		350,722
5281	Other Purchased Services - Reimb		262,794		0		262,794

**Exhibit A**  
**Ordinance No. 06-1134**

ACCT	DESCRIPTION	Current		Revision		Amended	
		FTE	Amount	FTE	Amount	FTE	Amount
<b>MERC Operating Fund</b>							
<b>Total MERC Operating Fund</b>							
5291	Food and Beverage Services		8,462,996		(40,000)		8,422,996
5292	Parking Services		205,011		0		205,011
<i>IGEXP</i>	<i>Intergov't Expenditures</i>						
5300	Payments to Other Agencies		88,872		0		88,872
5310	Taxes (Non-Payroll)		7,000		0		7,000
<i>OTHEXP</i>	<i>Other Expenditures</i>						
5450	Travel		85,513		0		85,513
5455	Staff Development		80,264		0		80,264
5480	Fee Reimbursements		40,300		0		40,300
5490	Miscellaneous Expenditures		132,022		0		132,022
<b>Total Materials &amp; Services</b>			<b>\$16,626,417</b>		<b>\$10,000</b>		<b>\$16,636,417</b>
<b>Total Debt Service</b>			<b>\$18,899</b>		<b>\$0</b>		<b>\$18,899</b>
<b><u>Capital Outlay</u></b>							
<i>CAPNON</i>	<i>Capital Outlay (Non-CIP Projects)</i>						
5740	Equipment & Vehicles (non-CIP)		0		40,000		40,000
<b>Total Capital Outlay</b>			<b>\$0</b>		<b>\$40,000</b>		<b>\$40,000</b>
<b><u>Interfund Transfers</u></b>							
<i>INDTEX</i>	<i>Interfund Reimbursements</i>						
5800	Transfer for Indirect Costs						
	* to General Fund-Support Services		1,638,141		0		1,638,141
	* to General Fund		88,325		0		88,325
	* to Risk Management Fund - Liability		451,971		0		451,971
	* to Risk Management Fund - Workers Comp.		112,196		0		112,196
<i>INTCHG</i>	<i>Internal Service Transfers</i>						
5820	Transfer for Direct Costs						
	to General Fund-Support Services		73,584		0		73,584
<i>EQTCHG</i>	<i>Fund Equity Transfers</i>						
5810	Transfer of Resources						
	* to MERC Pooled Capital		423,903		0		423,903
	* to General Fund (Pension Obligation)		2,442,811		5,145		2,447,956
	* to General Revenue Bond Fund		852,800		0		852,800
<b>Total Interfund Transfers</b>			<b>\$6,083,731</b>	<b>0.00</b>	<b>\$5,145</b>		<b>\$6,088,876</b>
<b><u>Contingency and Ending Balance</u></b>							
<i>CONT</i>	<i>Contingency</i>						
5999	Contingency						
	* General Contingency		1,270,104		(161,067)		1,109,037
<i>UNAPP</i>	<i>Unappropriated Fund Balance</i>						
	* Restricted Fund Balance (User Fees)		840,445		0		840,445
	* Ending Balance		9,064,312		0		9,064,312
<b>Total Contingency and Ending Balance</b>			<b>\$11,174,861</b>		<b>(\$161,067)</b>		<b>\$11,013,794</b>
<b>TOTAL REQUIREMENTS</b>		<b>159.00</b>	<b>\$49,239,779</b>	<b>2.00</b>	<b>\$0</b>	<b>161.00</b>	<b>\$49,239,779</b>

**Exhibit A**  
**Ordinance No. 06-1134**

ACCT	DESCRIPTION	Current Budget		Revision		Amended Budget	
		FTE	Amount	FTE	Amount	FTE	Amount
<b>MERC Pooled Capital Fund</b>							
<b>Total Personal Services</b>		<b>2.00</b>	<b>\$222,306</b>	<b>0.00</b>	<b>\$0</b>	<b>2.00</b>	<b>\$222,306</b>
<i>Materials and Services</i>							
<i>GOODS</i>	<i>Goods</i>						
5215	Maintenance & Repairs Supplies		10,000		0		10,000
<i>SVCS</i>	<i>Services</i>						
5240	Contracted Professional Svcs		0		76,490		76,490
<b>Total Materials and Services</b>			<b>\$10,000</b>		<b>\$76,490</b>		<b>\$86,490</b>
<i>Capital Outlay</i>							
<i>CAPNON</i>	<i>Capital Outlay (Non-CIP Projects)</i>						
5710	Improve-Oth thn Bldg (non-CIP)		25,000		0		25,000
5720	Buildings & Related (non-CIP)		71,000		0		71,000
5740	Equipment & Vehicles (non-CIP)		253,000		0		253,000
5750	Office Furn & Equip (non-CIP)		25,000		0		25,000
<i>CAPCIP</i>	<i>Capital Outlay (CIP Projects)</i>						
5715	Improve-Oth thn Bldg (CIP)		150,000		0		150,000
5725	Buildings & Related (CIP)		2,753,475		(76,490)		2,676,985
<b>Total Capital Outlay</b>			<b>\$3,277,475</b>		<b>(\$76,490)</b>		<b>\$3,200,985</b>
<b>Total Interfund Transfers</b>			<b>\$76,196</b>		<b>\$0</b>		<b>\$76,196</b>
<i>Contingency and Ending Balance</i>							
<i>CONT</i>	<i>Contingency</i>						
5999	Contingency						
	* General Contingency		742,702		0		742,702
	* Current Year PERS Reserve		224		0		224
<i>UNAPP</i>	<i>Unappropriated Fund Balance</i>						
5990	Unappropriated Fund Balance						
	* Ending Balance		1,205,471		0		1,205,471
<b>Total Contingency and Ending Balance</b>			<b>\$1,948,397</b>		<b>\$0</b>		<b>\$1,948,397</b>
<b>TOTAL REQUIREMENTS</b>		<b>2.00</b>	<b>\$5,534,374</b>	<b>0.00</b>	<b>\$0</b>	<b>2.00</b>	<b>\$5,534,374</b>

**Exhibit B**  
**Ordinance No. 06-1134**  
**FY 2006-07 SCHEDULE OF APPROPRIATIONS**

	<b><u>Current</u></b> <b><u>Appropriation</u></b>	<b><u>Revision</u></b>	<b><u>Amended</u></b> <b><u>Appropriation</u></b>
<b>MERC OPERATING FUND</b>			
Operating Expenses (PS & M&S)	\$31,962,288	\$115,922	\$32,078,210
Debt Service	18,899	0	18,899
Capital Outlay	0	40,000	40,000
Interfund Transfers	6,083,731	5,145	6,088,876
Contingency	1,270,104	(161,067)	1,109,037
Unappropriated Balance	9,904,757	0	9,904,757
<b>Total Fund Requirements</b>	<b>\$49,239,779</b>	<b>\$0</b>	<b>\$49,239,779</b>
<b>MERC POOLED CAPITAL FUND</b>			
Operating Expenses (PS & M&S)	\$232,306	(\$76,490)	\$155,816
Capital Outlay	3,277,475	76,490	3,353,965
Interfund Transfers	76,196	0	76,196
Contingency	742,926	0	742,926
Unappropriated Balance	1,205,471	0	1,205,471
<b>Total Fund Requirements</b>	<b>\$5,534,374</b>	<b>\$0</b>	<b>\$5,534,374</b>

*All other appropriations remain as previously adopted*

## STAFF REPORT

IN CONSIDERATION OF ORDINANCE NO. 06-1134, FOR THE PURPOSE OF AMENDING THE FY 2006-07 BUDGET AND APPROPRIATIONS SCHEDULE FOR AMENDING THE MERC OPERATING AND POOLED CAPITAL FUNDS AND DECLARING AN EMERGENCY

---

Date: November 13, 2006

Prepared by: Cynthia Hill  
Presented by: Kathy Taylor

### BACKGROUND

This amendment requests amendments to MERC Operating and Capital Fund to recognize several actions:

#### 1) **MERC Operating Fund:**

This ordinance will increase MERC Administration personal services budget for the addition of 2.00 FTE Regular Full-Time Exempt Employees; increase Temporary Employees; increase contracted professional services to conduct an executive search for MERC General Manager; reclassify OCC Food and Beverage Services to Capital Outlay-Equipment to purchase three additional espresso machines.

**Business System Analyst** will serve as a key employee to facilitate understanding and maximize the use of our information systems. Develop training or educational materials for technology users. Design, analyze and implement information systems including documenting application requirements and operational procedures, solving problems, importing data, creating reports and other output from databases, and supporting software, equipment and backup requirements. MERC has made a significant investment in Event Business Management System, point of sale systems and other technologies. The next challenge is to derive benefits from that investment in the form of management information, benchmark data, trends, performance measures and eliminating stand alone side systems for efficiency and productivity.

Total annual cost, including salary and fringe benefits, of the Business System Analyst will be \$75,794, however this request is \$50,529 based on a partial year implementation. \$50,529

**Purchasing and Contracts** position will coordinate the purchasing and contracting process for all MERC venues. Our goal is to consolidate processes and facilitate a professional approach for contracting construction projects and for purchasing capital items, operating goods and services. Ensures purchasing agreements and contracts are negotiated for effective and efficient results. Evaluates and implements best practice purchasing and contracting procedures. This central support will provide an improved, efficient business process for the facilities. The benefit of this central position will be an opportunity to capture economies of scale to achieve better pricing.

Total annual cost, including salary and fringe benefits, of the Purchasing and Contracts position will be \$75,794, however this request is \$37,897 based on a partial year implementation. \$37,897

**Temporary Employee**

- a) To support the construction management function. Over the next few months it is critical that MERC implement several major construction and capital projects. Our professional staff can more quickly implement those projects with the assistance of a temporary employee who could perform clerical and support aspect of these projects. Staff transition due to retirement is anticipated within the next year. Collecting, notating and archiving important building information subsequent to this transition will be assisted by the temporary staff.
- b) Workloads have been especially heavy in accounting during the implementation of the accounting functions from Metro and PeopleSoft to MERC and EBMS. To provide support to accounting, an intern will be hired to perform clerical tasks.
- c) Total increased cost, including salary and fringe benefits will be \$22,641 \$22,641

**General Manager Executive Search**

Hire executive search consultant to assist MERC Commission with General Manager recruitment. \$50,000

**Espresso Machines**

Reclassify cost of good sold to purchase an additional espresso machine for each Starbuck’s and one for the mobile espresso cart.

Increase Capital Outlay Equipment \$40,000  
 Decrease Food and Beverage Service (\$40,000)

**Total Requirements** **\$161,067**

**General Contingency** **(\$161,067)**

**2) MERC Capital Fund:**

This amendment will reclassify appropriations from Capital Outlay to Contracted Professional Services for the following carry-over projects:

• Expo Phase Three Market Assessment	\$16,490
• PCPA ASCH Hall Improvements Feasibility and Design Study	\$60,000
<b>Total</b>	<b>\$76,490</b>

**ANALYSIS/INFORMATION**

- 1. Known Opposition:** None known.
- 2. Legal Antecedents:** ORS 294.450 provides for transfers of appropriations within a fund, including transfers from contingency, if such transfers are authorized by official resolution or ordinance of the governing body for the local jurisdiction.
- 3. Anticipated Effects:** This ordinance provides for several actions. It moves funds from the contingency to personal services and materials and services to add new positions mid year; provide additional temporary services and conduct executive search for MERC General Manager; it reclassifies existing budget for food and beverage capital outlay and properly classifies the budget for two carryover projects in the MERC Pooled Capital Fund.
- 4. Budget Impacts:** This action moves \$161,067 from the MERC Operating Fund contingency to Operating Expenditures for the actions listed above. It also moves existing appropriation authority from Capital Outlay to Materials & Services in the MERC Capital Fund.

**RECOMMENDED ACTION**

Recommend adoption of Ordinance No. 06-1134

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF APPROVING AN ) RESOLUTION NO. 06-3742  
AMENDMENT TO THE MT. TALBERT )  
MASTER PLAN PURSUANT TO AN EXISTING )  
INTERGOVERNMENTAL AGREEMENT ) Introduced by Chief Operating Officer  
BETWEEN METRO AND NORTH CLACKAMAS ) Michael J. Jordan with the concurrence  
PARKS AND RECREATION DISTRICT ) of Council President David Bragdon

WHEREAS, on July 23, 1992, Metro Council adopted the Metropolitan Greenspaces Master Plan via Resolution No. 92-1637, "For the Purpose of Considering Adoption of the Metropolitan Greenspaces Master Plan," which identified a desired system of natural areas interconnected with greenways and trails; and

WHEREAS, Mt. Talbert was identified as a regionally significant open space by the Metro Greenspaces Master Plan; and

WHEREAS, the Refinement Plan for the East Buttes-Boring Lava Domes Target Area, adopted by the Metro Council on July 25, 1996, Resolution No. 96-2361, "For the Purpose of Approving a Refinement Plan for the East Buttes and Boring Lava Domes Target Area as Outlined in the Open Space Implementation Work Plan," identified certain areas as Tier 1B, requiring a 75%-25% partnership between Metro and local governments for acquisition of identified properties; and also requiring deed restrictions that the properties remain in their natural condition in perpetuity; and

WHEREAS, in November 1997, Metro entered into an Intergovernmental Agreement ("IGA"), Contract No. 920211 with North Clackamas Parks and Recreation District ("NCPRD"), attached hereto as Exhibit A, providing that Metro and NCPRD would jointly purchase Mt. Talbert properties for NCPRD to manage, which IGA requires that any management plan for the Mt. Talbert properties be subject to Metro Council approval; and

WHEREAS, in accord with the East Buttes Refinement Plan, Metro and NCPRD acquired 183 acres on Mt. Talbert, sharing title to the land as tenants in common, in proportion to each party's contribution to the purchase price (Metro-75%; NCPRD 25%); and

WHEREAS, Metro has made subsequent acquisitions on Mt. Talbert and NCPRD currently manages approximately 183 acres of Metro-NCPRD property under the IGA; and

WHEREAS, on July 13, 2000, via Resolution No. 00-2970, "For the Purpose of Council Approval of the Mt. Talbert Master Plan and Management Recommendations, Pursuant to an Existing IGA Between Metro and North Clackamas Parks and Recreation District," Metro Council approved the Mt. Talbert Master Plan, providing for a regional trailhead for Mt. Talbert to be built on Sunnyside Road; and

WHEREAS, the Mt. Talbert Master Plan was also approved by the NCPRD Board and Clackamas County Board of Commissioners; and



WHEREAS, preliminary design and engineering has revealed serious topographic constraints, access issues and associated design challenges that make development of a regional trailhead on Sunnyside Road very difficult, and limit opportunities to develop meaningful Americans with Disabilities Act (“ADA”) access to Mt. Talbert; and

WHEREAS, Metro staff has reviewed and recommends that Metro Council approve the amendment to the Mt. Talbert Master Plan to allow construction of the regional trailhead off of Mather Road and open the park to the citizens of the region; and

WHEREAS, concurrent approval by the NCPRD Board and Clackamas County Board of Commissioners will be pursued; now therefore

BET IT RESOLVED, that the Metro Council hereby authorizes and approves the amendment to the Mt. Talbert Master Plan and appended hereto as Exhibit B.

ADOPTED by the Metro Council this \_\_\_\_\_ day of \_\_\_\_\_ 2006.

---

David Bragdon, Council President

Approved as to Form:

---

Daniel B. Cooper, Metro Attorney

**EXHIBIT A**  
**Resolution No. 06-3742**

**INTERGOVERNMENTAL AGREEMENT**

**Mount Talbert - Chia Development Corporation Property**

This Intergovernmental Agreement ("Agreement") dated this 20<sup>th</sup> day of November 1997 is by and between Metro, a metropolitan service district organized under the laws of the state of Oregon and the 1992 Metro Charter, located at 600 Northeast Grand Avenue, Portland, Oregon, 97232-2736 ("Metro"), and the North Clackamas Parks and Recreation District, located at 11022 SE 37th Avenue, Milwaukie, Oregon 97222 ("NCPRD").

**RECITALS:**

WHEREAS, approximately 66.77 acres of real property within the Mount Talbert Natural Area in Clackamas County, Oregon, known as the Chia Development Corporation Property; formerly known as Bon Development Corporation, is available for purchase, as more particularly described in Exhibit A attached hereto ("Chia Property" or "Property");

WHEREAS, the East Buttes-Boring Lava Domes was identified as a regionally significant open space by the Metro Greenspaces Master Plan., and by the Metro Open Spaces, Parks and Streams 1995 Ballot Measure 26-26 ("Metro Open Spaces Measure");

WHEREAS, the Refinement Plan for the East Buttes-Boring Lava Domes Target Area, adopted by the Metro Council on July 17, 1996, Resolution No. 96-3631, identified certain areas as Tier 1b, requiring a 75%-25% partnership between Metro and local governments for acquisition of identified properties; and also requiring deed restrictions that the properties remain in their natural condition in perpetuity;

WHEREAS, the Chia Property is within the East Buttes-Boring Lava Domes Target Area and is identified as a Tier 1B property in the Refinement Plan;

WHEREAS, Metro and NCPRD wish to purchase the property and to preserve it as open space in accordance with the Metro Open Spaces Measure and with the Metro Greenspaces Master Plan;

WHEREAS, Metro is negotiating an Agreement of Purchase and Sale for the Property (the "Agreement of Purchase and Sale"); and

WHEREAS, Metro and NCPRD wish to enter into this Agreement to authorize the purchase and to provide for the responsibilities and obligations of the parties with respect to the acquisition, allowable uses, maintenance and operation of this Chia Development Corporation Property;

Now, therefore, the parties agree as follows:

**A. Acquisition**

1. Metro and NCPRD are hereby authorized to purchase the Chia Property in accordance with the final Agreement of Purchase and Sale, to be attached hereto as Exhibit C. At closing Metro will contribute 75% of the purchase price and NCPRD will contribute 25% of the purchase price. NCPRD will also accept an assignment of a 25% interest in the Agreement of Purchase and Sale.
2. Metro and NCPRD shall take title to the Property as tenants in common, with Metro having a 3/4 undivided interest and NCPRD having a 1/4 undivided interest and with deed restrictions requiring that the property shall remain in its natural condition in perpetuity..
3. Metro shall be responsible for completing the negotiations for the final Agreement of Purchase and Sale and any other terms of the transaction with the Property owner and for undertaking the normal due diligence investigations conducted by Metro pursuant to the Open Spaces Measure practices. If NCPRD requires any due diligence investigations not required by Metro, NCPRD shall be solely responsible for those items. Metro shall also be responsible for drafting and coordinating escrow instructions and closing details, and shall pay the Buyer's closing costs.

**B. Management, Maintenance, and Operation**

1. The long-term management guidelines for the Property will be set forth in a Resource Management Plan ("Management Plan") for the Property, as set forth in Section D below. This Agreement shall set forth the interim protection guidelines for the Property prior to adoption of the Management Plan, and shall also set forth the use limitations for the Property which must be carried forth and reflected in the Management Plan.
2. If Metro executes an agreement to purchase Property within Mount Talbert which Metro would like NCPRD to manage under the terms of this Agreement, Metro shall notify NCPRD in writing in the form attached hereto as Exhibit B ("Notice of Acquisition"). NCPRD shall notify Metro if NCPRD does not wish to accept management responsibilities for that property in accordance with this Agreement, using NCPRD's best efforts to make this notification prior to the closing date for the acquisition. If NCPRD has not so notified Metro within thirty (30) days of receiving Metro's Notice of Acquisition, then NCPRD shall be deemed to have accepted the new Property for management, maintenance and operation in accordance with the terms and conditions of this Agreement.
3. Metro and NCPRD agree that NCPRD shall be responsible for the ongoing management, maintenance, and operation of the Property, both during the interim period and after adoption of the Management Plan.

4. The term of NCPRD's management, maintenance, and operation responsibilities for the Property shall be determined by the Management Plan, but in no event shall the term be less than ten (10) years from the effective date of this Agreement, renewable by mutual written agreement for additional ten (10) year periods.
5. Metro grants to NCPRD, its agents and contractors, the right to enter the Property for the purpose of performing all activities reasonably necessary for the management, maintenance and operation of the Property and for the fulfillment of their duties under this Agreement and pursuant to the Management Plan.

C. Interim Protection Guidelines

1. Prior to the adoption of a Management Plan for the Property, the Property shall be managed, maintained and operated by NCPRD in accordance and in a manner consistent with this Agreement, the Metro Greenspaces Master Plan, and NCPRD's Comprehensive Master Plan ("the Plans"). In case of conflict among Plans, the Plan affording the highest level of resource protection shall govern.
2. The Property shall at all times be managed, maintained, operated, and protected in accordance with its intended use as a natural area open space, with the primary goals being protection of the Property's natural resources, enhancement and protection of wildlife habitat, and public recreation consistent with the foregoing.
3. In accordance with the Metro Greenspaces Master Plan, formal public use of the Property and site development on the Property shall not begin until a Management Plan for the Property has been adopted.
4. Prior to the adoption of a Management Plan for the Property, in the interim period, at NCPRD's discretion, the Property may be used informally by the public for passive recreation, habitat enhancement, pedestrian activity, and/or nonmotorized bicycle use. All uses of the Property in the interim period shall be consistent with this Agreement and with the Plans, and shall not preclude any uses that could later be allowed in the Management Plan.
5. Prior to the adoption of the Management Plan for the Property, in the interim period NCPRD shall not allow or permit any alteration of any water, timber, mineral, or other resource on the Property, except for the control of exotic or pest plant species or as necessary to prevent Property degradation or for security or public safety concerns.
6. NCPRD shall maintain security of the Property as NCPRD may deem necessary in its discretion as manager of the Property.

D. Resource Management Plan for the Property

1. NCPRD shall develop a Resource Management Plan ("Management Plan") for the Property. The Management Plan shall set forth the acceptable management, operation, maintenance, types and levels of programmed and public use, and trail and improvement standards for the Property. NCPRD shall manage the Property in accordance with the standards and guidelines developed in the Management Plan.
2. The Management Plan shall ensure that the Property is managed, maintained and operated in accordance with the Metro Greenspaces Master Plan and with this Agreement, and that all trails and improvements on the Property comply with the Greenspaces Master Plan and with this Agreement. The Management Plan shall also ensure that the Property is maintained as a natural area open space, with the primary goals being protection of the Property's natural resources, enhancement and protection of wildlife habitat, and public recreation consistent with the foregoing. As part of the process of developing the Management Plan, NCPRD shall take an inventory of the resources on the Property.
3. Metro shall designate at least one staff member to participate in the Management Plan process for the Property. In addition to any other approvals required by NCPRD, the Management Plan shall be subject to approval by the Metro Council prior to its implementation, which approval shall not be unreasonably withheld *and* shall be based on consistency with this Agreement and with the Greenspaces Master Plan.

*E. Permits, Assessments, Coordination with Other Public Agencies*

1. As stated in the Greenspaces Master Plan, by accepting management responsibility for the Property NCPRD agrees to be responsible for funding the operation and maintenance of the Property with NCPRD's own resources. NCPRD's management responsibility shall include responsibility for all taxes, liens or assessments for the Property.
2. Prior to adoption of the Management Plan and thereafter, NCPRD shall be responsible for obtaining any p e r m i t s necessary for management, maintenance or operation of the Property.
3. Any permits granted by NCPRD to users of the Property shall comply with the terms and limitations set forth in this Agreement and in the Management Plan for the Property.
4. NCPRD shall be responsible for contacting and coordinating with other local or state agencies regarding any and all management, maintenance or operation issues that may arise with respect to the Property.

F. General Provisions

1. Indemnification. NCPRD, to the maximum extent permitted by law and subject to the Oregon Tort Claims Act, ORS Chapter 30, shall defend, indemnify and save harmless Metro, its officers, employees, and agents from and against any and all liabilities, damages, claims, demands, judgments, losses, costs, expenses, fines, suits, and actions, whether arising in tort, contract, or by operation of any statute, including but not limited to attorneys' fees and expenses at trial and on appeal, relating to or resulting from any management, maintenance or operation of the Property, including but not limited to. construction of trails or in relation to any other improvement on the Property, except as caused by Metro's negligence.
2. Oregon Constitution and Tax Exempt Bond Covenants. The source of funds for the acquisition of this Property is from the sale of voter-approved general obligation bonds that are to be paid from ad valorem property taxes exempt from the limitations of Article XI, section 11(b), 11(c), 11(d) and 11(e) of the Oregon Constitution, and the interest paid by Metro to bond holders is currently exempt from federal and Oregon income taxes. NCPRD covenants that it will take no actions that would cause Metro to be unable to maintain the current status of the real property taxes as exempt from Oregon's constitutional limitations or the income tax exempt status of the bond interest. In the event NCPRD breaches this covenant, Metro shall be entitled to whatever remedies are available to either cure the default or to compensate Metro for any loss it may suffer as a result thereof.
3. Signage. NCPRD shall provide on-site signage informing the public that NCPRD is managing the site. Metro will provide on-site signage stating that funding for the acquisition came from Metro Open Spaces Measure bond proceeds. NCPRD shall also document in any publication, media presentation or other presentations, in which the Property is mentioned, that funding for the acquisition came from Metro Open Spaces Measure bond proceeds. On-site signage that provides recognition of Metro funding- shall be subject to prior review and comment by Metro. All signage will be consistent with Metro guidelines for Open Spaces Projects.
4. Joint Termination for Convenience. Metro and NCPRD may by mutual agreement terminate all or part of this Agreement based upon a determination that such action is in the public interest.
5. Law of Oregon. This Agreement shall be governed by the laws of the state of Oregon, and the parties agree to submit to the jurisdiction of the courts of the state of Oregon. All applicable provisions of ORS chapters 187 and 279, and all other terms and conditions necessary to be inserted into public contracts in the state of Oregon, are hereby incorporated as if such provisions were a part of this Agreement including but not limited to ORS 279.015 to 279.320.

6. Assignment. NCPRD may not assign any of its rights or responsibilities under this Agreement without prior written consent from Metro, except NCPRD may delegate or subcontract for performance of any of its responsibilities under this Agreement.
7. Novices. All notices or other communications required or permitted under this Agreement shall be in writing, and shall be personally delivered (including by means of professional messenger service) or sent by fax and regular mail.

To Metro:                      Metro  
   Charles Ciecko  
   Director, Metro Regional Parks and Greenspaces  
   600 NE Grand Avenue  
   Portland, OR 97232-2736

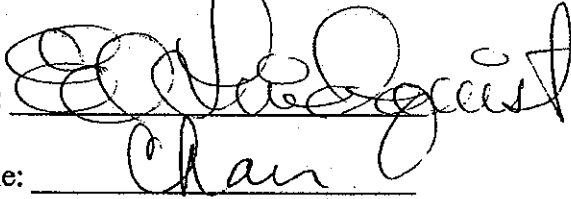
To NCPRD                      Mike Henley  
   Director  
   North Clackamas Parks and Recreation District  
   11022 SE 37th Avenue  
   Milwaukee, OR 97222

9. Severability. If any covenant or provision in this Agreement shall be adjudged void, such adjudication shall not affect the validity, obligation, or performance of any other covenant or provision which in itself is valid, if such remainder would then continue to conform with the terms and requirements of applicable law and the intent of this Agreement.
10. Entire Agreement. This Agreement constitutes the entire agreement between the parties and supersedes any prior oral or written agreements or representations relating to this Property. No waiver, consent, modification or change of terms of this Agreement shall bind either party unless in writing and signed by both parties.

IN WITNESS WHEREOF, the parties hereto have set their hands on the day and year set forth above.

NORTH CLACKAMAS PARKS  
AND RECREATION DISTRICT

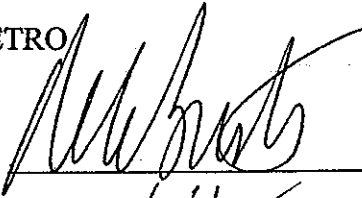
By:

  
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11/18/04



**EXHIBIT B**  
**Resolution No. 06-3742**

**Amendments to the Master Plan**

The Mt. Talbert Master Plan was amended on Dec. 7, 2006 by the Metro Council. The amendment to the plan was completed to facilitate development of the site and to open the park for public use. The amendment was adopted by the North Clackamas Parks District on xxx, 2007 and the Clackamas County Board of Commissioners on xxx, 2007.

The amendment modifies the master plan dated Aug. 1, 2000 to allow development of the main regional trailhead with parking, picnic shelter and restroom facilities off of Mather Road instead of Sunnyside Road. The original Master Plan calls for regional trailhead improvements (restrooms, parking and picnic shelter) to be developed at the Sunnyside Road entrance to the park. Due to topographic and access constraints, the Sunnyside Road entrance to the park will instead be developed to provide pedestrian access, limited parking and a future connection to the Mt. Scott trail. By developing the regional trailhead on Mather Road, an ADA accessible trail will be able to be constructed that provides access to the wet prairie meadow and viewing of the forested habitat and the oak savannah restoration project.



**INSERT MAP**

## **STAFF REPORT**

IN CONSIDERATION OF RESOLUTION NO. 06-3742 FOR THE PURPOSE OF  
APPROVING AN AMENDMENT TO THE MT. TALBERT MASTER PLAN  
PURSUANT TO AN EXISTING INTERGOVERNMENTAL AGREEMENT  
BETWEEN METRO AND NORTH CLACKAMAS PARKS AND RECREATION  
DISTRICT

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Date: November 22, 2006

Prepared by: Lydia M. Neill

### **BACKGROUND**

Metro staff is proposing to amend the Mt. Talbert Master Plan, which was required through IGA with North Clackamas Parks and Recreation District (NCPRD) to facilitate development on the site and to open the park for public use. The proposed amendment modifies the master plan to allow development of the regional trailhead with parking, picnic shelter and restroom facilities off of Mather Road instead of Sunnyside Road. Currently the Master Plan calls for regional trailhead improvements (restrooms, parking and picnic shelter) to be developed off of Sunnyside Road. Due to topographic and access constraints, and far higher than anticipated construction costs, the Sunnyside entrance to the park is proposed to be downgraded to provide pedestrian access, limited parking and a future connection to the Mt. Scott trail.

In November 1997 Metro entered into an Intergovernmental Agreement with NCPRD for joint purchase, and NCPRD management, of 183 acres on Mt. Talbert in North Clackamas County. The IGA requires that NCPRD's Management Plan:

- Set forth acceptable standards for trails and other improvements and for overall management, operation, and maintenance of the property
- Identify appropriate types and levels of programmed and public uses
- Ensure that the property is maintained as a natural open space area with the primary goals being:  
1) protection of natural resources, 2) enhancement and protection of wildlife habitat and provision of public recreation opportunities consistent with natural resource and habitat protection.

The IGA also requires that the Management Plan "be subject to Metro Council approval, which approval shall not be unreasonably withheld and shall be based on consistency with [the IGA] and the Greenspaces Master Plan."

NCPRD began work on the Mt. Talbert Master Plan and Management Recommendations in August 1999. The Mt. Talbert Master Planning area includes approximately 340 acres, 183 of which are owned jointly by Metro and NCPRD, while the remainder is in private ownership.

A professional planning consultant was retained to draft the master plan. NCPRD and Metro staff were involved in the management planning process to ensure consistency with the IGA. The final draft of the Mt. Talbert Master Plan and Management Recommendations were adopted by the Metro Council on July 13, 2000 and the IGA was adopted on November 18, 1997. The IGA is set to expire on November 18, 2007.

### **ANALYSIS/INFORMATION**

The Mt. Talbert Master Plan and Management Recommendations are intended to guide preservation and enhancement of the natural resources and character of Mt. Talbert and ensure appropriate recreational use of the site. Master Plan highlights include but are not limited to:

- Realignment of the intersection of 117<sup>th</sup> and Sunnyside Road to create safe vehicular access into the main park entrance.
- ADA accessible parking and trailhead amenities at main entrance including toilets, picnic tables, drinking fountain, entry kiosk, bike rack, signage, footbridge over Mt. Scott Creek.
- Several pedestrian access points into the site.
- Network of existing soft surface hiking trails on Mt. Talbert.
- Educational and interpretive signage.
- Trail, and natural resource management recommendations aimed at enhancing and protecting wildlife habitat on Mt. Talbert.

After adoption of the Master Plan by the Metro Council, Walker Macy, a planning and landscape architecture firm, was hired to complete preliminary design and engineering to open the park to the public. Initially work by the consultant was concentrated on developing the regional trailhead access off of Sunnyside Road. This preliminary work revealed expensive topographic constraints, access issues and design constraints making development of a regional trailhead difficult. Site difficulties limit opportunities to develop meaningful and cost-effective ADA access to the site.

Therefore, staff is suggesting that the location of the regional trailhead be shifted to Mather Road. Secondary non-ADA trail access is still being recommended to be developed at the Sunnyside entrance to the park. The following program elements are proposed to be moved to Mather Road: parking, a picnic shelter and restroom facilities. As a result of moving the regional trailhead to Mather Road, an ADA accessible trail can be developed that gives users access to forested portion of the park, the meadow that contains wetland prairie species, and view of the oak reforestation project. The Mather Road entrance to the park will be located off of a collector street and will allow bus parking for school groups and a looped driveway access. Overall, it is Walker Macy's and staff's opinion that the Mather Road access to the park will provide a better park experience for the public.

Approval of the amendment to the Mt. Talbert Master Plan is recommended based upon these findings:

- The changes to the master plan are consistent with the overall standards set forth in the original plan for trails, park amenities and overall management, operation, and maintenance of the property governed by the IGA.
- This proposed plan provides the safest access for the public and the greatest opportunity for experiencing the natural features of the park.
- This proposed plan change provides a better opportunity for developing meaningful ADA access to the site.
- The Plan's mission statement, goals, program elements and proposed amenities ensure that the natural resources and wildlife habitat of the property subject to the IGA will be enhanced and protected if the plan is fully implemented.
- The Plan complies with policies in the Greenspaces Master Plan and is consistent with the IGA.

**Known opposition:**

Several property owners near Mather Road have expressed opposition to the proposed changes to the Mt. Talbert Master Plan due to increased traffic to the site and the location of the proposed driveway.

**Legal Antecedents:**

Metro Code 2.04.026 (a) (2) requires that the Chief Operating Officer obtain the authorization of the Metro Council prior to executing any agreement entered into pursuant to ORS chapter 190 by which Metro acquires or transfers any interest in real property, or transfers any function or duty to another governmental unit. The IGA was adopted by the Metro Council by Resolution No. 97-2563, was established between Metro and the NCPRD regarding joint acquisition and NCPRD management of property in the Mt. Talbert section of the East Buttes and Boring Lava Domes Target Area. The IGA requires that long-term management guidelines for the Property be set forth in a Resource Management Plan. The IGA requires that the Management Plan ensure that the property is managed, maintained and operated in accordance with the Metro Greenspaces Master Plan. Section D of the IGA requires that the Management Plan “be subject to approval by the Metro Council prior to its implementation, which approval shall not be unreasonably withheld and shall be based on consistency with the IGA and the Greenspaces Master Plan”.

Resolution No. 92-137 adopted July 23, 2002: “For the Purpose of Considering Adoption of the Metropolitan Greenspaces Master Plan”

Resolution No. 96-2361 adopted July 25, 2002: “ For the Purpose of Approving a Refinement Plan For the East Buttes and Boring Lava Domes Target Area as Outlined in the Open Space Implementation Work Plan”

Resolution No. 97-2563 adopted November 6, 1997: “For the Purpose of Authorizing the Executive Officer to Execute an Intergovernmental Agreement With North Clackamas Parks and Recreation District to Manage Properties on Mt. Talbert Purchased by Metro”

Resolution No. 00-2970 adopted July 13, 2000: “For the Purpose of Council Approval of the Mt. Talbert Master Plan and Management Recommendations Pursuant to an Existing IGA Between Metro and North Clackamas Parks and Recreation District”

**Anticipated Effects:**

The changes to the Master Plan will allow construction to proceed on the site to open the park for public use in 2007.

**Budget Impacts:**

No budget impacts resulting from this decision are anticipated.

**RECOMMENDED ACTION**

Approval of Resolution No. 06-3742 For the Purpose of Council Amendment to the Mt. Talbert Master Plan Pursuant to the existing IGA Between Metro and the North Clackamas Parks and Recreation District.

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF AUTHORIZING THE CHIEF ) RESOLUTION NO. 06-3746  
OPERATING OFFICER TO ENTER INTO AN )  
AGREEMENT TO PURCHASE PROPERTY IN THE ) Introduced by Chief Operating Officer  
EAST BUTTES TARGET AREA UNDER THE ) Michael J. Jordan, with the  
1995 OPEN SPACES BOND MEASURE AND ) concurrence of Council President  
IMPLEMENTATION WORK PLAN SUBJECT TO ) David Bragdon  
UNUSUAL CIRCUMSTANCES )

WHEREAS, the Metro Council has taken a leadership role in identifying remaining natural areas in the Metro Area and planning for their protection; and

WHEREAS, at the election held on May 16, 1995, the Metro Area voters approved the Open Spaces, Parks and Streams Bond Measure (“Ballot Measure 26-26”), which authorized Metro to issue \$135.6 million in general obligation bonds to fund land acquisition and capital improvements to preserve open space for parks, trails and wildlife (“1995 Open Spaces Bond Measure”); and

WHEREAS, Resolution No. 96-2361 adopted by the Metro Council on July 25, 1996 (“ For the Purpose of Approving a Refinement Plan For the East Buttes and Boring Lava Domes Target Area as Outlined in the Open Space Implementation Work Plan”), identifies the Mt. Talbert area as a Tier 1B objective requiring a 25% participation in the purchase price by North Clackamas Parks & Recreation District (“NCPRD”); and

WHEREAS, Metro staff has identified an opportunity to purchase specific property located in the Mt. Talbert area, identified in the Refinement Plan For the East Buttes and Boring Lava Domes Target Area as a Tier 1B objective, and further described in Exhibit A (“Property”); and

WHEREAS, the Property was the subject of a lawsuit entitled *Sheldon Development Inc. v. Metro, Clackamas County and North Clackamas Parks & Recreation District*, and purchase of the Property will result in a complete settlement of the litigation; and

WHEREAS, the terms of Metro’s acquisition of the Property were determined in non-binding mediation, and the acquisition of the Property contains certain “unusual circumstances” requiring Metro Council approval under the Open Spaces Implementation Work Plan, including that Metro will not receive its standard contractual representations and warranties from the Seller and will not be obtaining an appraisal of current fair market value; and

WHEREAS, NCPRD is unable to contribute 25% to the purchase price for the Property, but has agreed to provide day-to-day management of Mt. Talbert Natural Area in lieu of the required contribution, and said substitution requires Metro Council approval; and

WHEREAS, Metro Council Resolution No. 01-3106 (“(“For the Purpose of Modifying the Open Spaces Implementation Work Plan and Open Spaces Acquisition Regional Target Area Refinement Plans to Direct Future Acquisitions of Properties that Satisfy Specific Identified Criteria”), adopted by the

Metro Council on September 27, 2001, requires Metro Council approval of future property acquisitions on Mt. Talbert, because Metro has exceeded its acreage goals for the East Buttes Target Area; and

WHEREAS, all other terms of the transaction contemplated herein shall be governed by the 1995 Open Spaces Implementation Work Plan, set forth in Metro Council Resolution No. 95-2228A (“For the Purpose of Authorizing the Executive Officer to Purchase Property with Accepted Acquisition Guidelines as Outlined in the Open Spaces Implementation Work Plan”), adopted by the Metro Council on November 2, 1995 and amended by Resolution 01-3106 (“For the Purpose of Modifying the Open Spaces Implementation Work Plan and Open Spaces Acquisition Regional Target Area Refinement Plans to Direct Future Acquisitions of Properties that Satisfy Specific Identified Criteria”), adopted by the Metro Council on September 27, 2001; and

WHEREAS, Ordinance No. 06-1133 (“For the Purpose of Amending the FY 2006-07 Budget and Appropriations Schedule Authorizing New Positions for the Natural Areas Bond Work Program, Providing for Expenditures Related to the Natural Areas Bond, Providing for a Land Purchase in the Open Spaces Fund and Declaring an Emergency”), moves appropriation authority for this expenditure out of Operating Expenditures and into Capital Outlay within the Open Spaces Fund, and authorizes the use of the “Stabilization Reserve” for this property purchase; now therefore

BE IT RESOLVED that the Metro Council hereby authorizes the Chief Operating Officer to enter into an Agreement of Purchase and Sale and to acquire the Property identified in Exhibit A subject to the unusual circumstances set forth herein.

ADOPTED by the Metro Council this \_\_\_\_\_ day of \_\_\_\_\_ 2006.

\_\_\_\_\_  
David Bragdon, Council President

Approved as to Form:

\_\_\_\_\_  
Daniel B. Cooper, Metro Attorney

**EXHIBIT A  
RESOLUTION NO. 06-3746**



**Target Area: EAST BUTTES**

**Description:** The Property consists of three contiguous tax parcels totaling 10 acres, is contiguous to the established 183-Acre Mt. Talbert natural area and includes significant frontage on Mt. Scott Creek. The property is sloped, includes a remnant filbert orchard and the remainder is forested with red alder, western red cedar and Douglas fir. The Property also significantly contributes to the protection of the north side scenic values of Mt. Talbert.

- Option Criteria Addressed:**
- Water quality protection through Mount Scott Creek, in the Kellogg creek watershed
  - Builds on existing natural area and habitat protection
  - Protects scenic values on the North side of the Butte
  - Builds on this vital and unique natural recreation opportunity in Clackamas County. Mt. Talbert is scheduled to be open to public use, with regional trailhead facilities in 2007

**Managers:** North Clackamas Parks and Recreation will manage this property as part of Mt. Talbert

**Sellers:** Private Party

**Conditions:** Metro Council Approval







## **STAFF REPORT**

IN CONSIDERATION OF RESOLUTION NO. 06-3746 FOR THE PURPOSE OF AUTHORIZING THE CHIEF OPERATING OFFICER TO ENTER INTO AN AGREEMENT TO PURCHASE PROPERTY IN THE EAST BUTTES TARGET AREA UNDER THE 1995 OPEN SPACE BOND MEASURE AND IMPLEMENTATION WORK PLAN SUBJECT TO UNUSUAL CIRCUMSTANCES

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Date: November 30, 2006

Prepared by: Hillary Wilton

### **BACKGROUND**

Metro staff has identified an opportunity to purchase specific property adjacent to the Mt. Talbert Regional Park (the "Property"). The Property is identified in the Open Spaces, Parks and Streams Bond Measure Refinement Plan For the East Buttes and Boring Lava Domes Target Area as a Tier 1B objective, (Resolution No. 96-2361 adopted July 25, 1996, "For the Purpose of Approving a Refinement Plan For the East Buttes and Boring Lava Domes Target Area as Outlined in the Open Space Implementation Work Plan"). The Property is also represented in the 2006 Natural Areas Bond Measure Target Area, known as East Buttes.

The Property was subject to litigation filed against Metro, Clackamas County and North Clackamas Parks & Recreation District ("NCPRD") and terms of Metro's acquisition of the Property were determined in non-binding mediation, acquisition of the Property contains certain "unusual circumstances" including that Metro will not receive its standard contractual representations and warranties from the Seller and will not be obtaining an appraisal of current market value; and "unusual circumstances" require the specific approval of the Metro Council, as set forth in the Open Spaces Implementation Work Plan.

Metro's acquisition of the Property with funds from the 1995 Open Spaces Bond Measure will build on the established goals of the Mt. Talbert Regional Park ("Mt. Talbert"), established in partnership with NCPRD.

### **EAST BUTTES TARGET AREA MT. TALBERT PROPERTY**

Mt. Talbert is the largest undeveloped butte in Northern Clackamas County. Mt. Talbert rises as a forested green sentinel overlooking the web of development that surrounds it and the busy I-205 and Sunnyside Road interchange. With funds from the 1995 Open Spaces Bond Measure, 183 acres have been protected on Mt. Talbert, including the butte top and west and north facing slopes, which are visible to tens of thousands of people who travel daily on I-205 or visit Clackamas Town Center.

Metro and NCPRD have worked with neighbors, landscape architects and natural resource experts to develop a master plan for public use of Mt. Talbert. The Mt. Talbert Master Plan including the property visitor facilities planned for construction in 2007 will provide access to existing nature trails, parking, restrooms and a shelter for school field trips. The Property was identified in the Mt. Talbert Master Plan, adopted by the Metro Council on July 13, 2000, Resolution No. 00-2970 ("For the Purpose of Council Approval of the Mt. Talbert Master Plan and Management Recommendations, Pursuant to an Existing IGA Between Metro and North Clackamas Parks and Recreation District") as a target for acquisition.

The identified Property consists of three contiguous tax parcels totaling 10 acres. Located on Mt. Talbert's north side, the Property is contiguous to the established 183-acre Mt. Talbert Natural Area. The Property includes significant frontage on Mt. Scott Creek, part of a remnant filbert orchard and is otherwise forested with a mixture of western red cedar, Douglas fir, red alder and sword fern. Acquisition of the Property also significantly contributes to protection of the scenic values on the north side of the butte, which Metro hopes to continue to build upon.

Tier 1B objectives specify a challenge grant requirement and identify Clackamas Park District, now NCPRD, as a necessary partner and probable land manager. NCPRD will not participate in the acquisition of this 10-acre parcel but, through negotiation, has agreed to take over full day-to-day management responsibilities at Mt. Talbert.

Terms of the acquisition of the Property have been negotiated through non-binding mediation; Metro will not be obtaining an appraisal, which is considered an "unusual circumstances" under the terms of the Open Spaces Implementation Work Plan, and requiring Metro Council's specific approval.

While the East Buttes target area has exceeded its acreage goals set in the 1995 Open Spaces Bond Measure (acreage goal: 545, acreage acquired: 855), the Property is within the Tier 1B target area and makes a significant contribution to the established natural area, building on multiple established goals. Any acquisition under the 1995 Open Spaces Bond Measure where target area goals have already been exceeded also requires the specific approval of the Metro Council. Staff recommends the acquisition as a priority.

## **ANALYSIS/INFORMATION**

### **1. Known Opposition**

None known.

### **2. Legal Antecedents**

Resolution No. 95-2228A, adopted November 2, 1995: "For the Purpose of Authorizing the Executive Officer to Purchase Property with Accepted Acquisition Guidelines as Outlined in the Open Spaces Implementation Work Plan."

Resolution No. 96-2361, adopted July 25, 1996: "For the Purpose of Approving a Refinement Plan For the East Buttes and Boring Lava Domes Target Area as Outlined in the Open Space Implementation Work Plan."

Resolution No. 00-2970, adopted July 13, 2000: "For the Purpose of Council Approval of the Mt. Talbert Master Plan and Management Recommendations, Pursuant to an Existing IGA Between Metro and North Clackamas Parks and Recreation District."

Resolution No. 01-3106, adopted September 27, 2001: "For the Purpose of Modifying the Open Spaces Implementation Work Plan and Open Spaces Acquisition Regional Target Area Refinement Plans to Direct Future Acquisitions of Properties that Satisfy Specific Identified Criteria."

Ordinance No. 06-1133, scheduled for Metro Council consideration on December 14, 2006: "For The Purpose of Amending the FY 2006-07 Budget and Appropriations Schedule Authorizing New Positions for the Natural Areas Bond Work Program, Providing for Expenditures Related to the

Natural Areas Bond, Providing for a Land Purchase in the Open Spaces Fund and Declaring an Emergency.”

### **3. Anticipated Effects**

Metro will enter into a Purchase and Sale Agreement for the Property identified in Exhibit A of the Resolution.

### **4. Budget Impacts**

This acquisition is estimated at \$1,075,000. Ordinance No. 06-1133 establishes expenditure authority for the acquisition of this Property. A “Stabilization Reserve” was created in 2001 (Resolution No. 01-3106), specifically for unforeseen legal liabilities and stabilization activities. A lawsuit filed against Metro and the subsequent mediated settlement agreement to purchase the property conforms to the intent of this reserve, and as such the Stabilization Reserve will be used to pay for this property acquisition.

## **RECOMMENDED ACTION**

Staff recommends the adoption of Resolution No. 06-3746.