



METRO

Agenda

MEETING: METRO COUNCIL
DATE: January 31, 2008
DAY: Thursday
TIME: 2:00 PM
PLACE: Metro Council Chamber

CALL TO ORDER AND ROLL CALL

1. INTRODUCTIONS

2. CITIZEN COMMUNICATIONS

3. INDEPENDENT AUDIT REPORT FINDINGS - FINANCIAL COMPLIANCE AUDIT FOR FY 2006-07. Flynn

4. CONSENT AGENDA

4.1 Consideration of Minutes for the January 24, 2008 Metro Council Regular Meeting.

4.2 **Resolution No. 08-3905**, For the Purpose of Confirming the Appointment of Seth Otto and Ben Dupree to the Metro Committee for Citizen Involvement.

5. ORDINANCES – FIRST READING

5.1 **Ordinance No. 08-1173**, Amending the FY 2007-08 Budget and Appropriations Schedule to Release Contingency Funds Earmarked For Various Planning Department Projects, Authorizing the Addition of 3.0 FTE, and Declaring an Emergency.

6. ORDINANCES – SECOND READING

6.1 **Ordinance No. 08-1171**, Amending the FY 2007-08 Budget and Appropriations schedule Recognizing Donations to the Oregon Zoo, Amending the FY 2007-08 Through FY 2011-12 Capital Improvement Plan, and Declaring an Emergency. Collette

6.2 **Ordinance No. 08-1172**, Amending the FY 2007-08 Budget and Appropriations Schedule Transferring Contingency in the Metro Capital Fund to the Oregon Zoo Capital Projects Account For Storm Water System Improvements, Amending the FY 2007-08 Through FY 2011-12 Capital Improvement Plan, and Declaring an Emergency. Collette

6.3 **Ordinance No. 08-1174**, Amending the FY 2007-08 Budget and Appropriations Schedule to Recognize New Grant and Intergovernmental Revenues For the Regional Parks, and Declaring an Emergency. Collette

6.4 **Ordinance No. 08-1175**, Amending the FY 2007-08 Budget and Appropriations Scheduled Moving Appropriation Authority From Contingency to Operating Expenses to Plan the Special Parks District Forum, and Declaring an Emergency. Collette

7. RESOLUTIONS

7.1 **Resolution No. 08-3904**, For the Purpose of the Metro Council Acceptance of the Independent Audit Report for Financial Activity During Fiscal Year 2006-2007. Park

7.2 **Resolution No. 08-3912**, For the Purpose of Amending the Capital Budget for Fiscal Years 2007-08 Through 2011-12 Adding the Stafford Field Station Expansion Project Collette

8. CONTRACT REVIEW BOARD

8.1 **Resolution No. 08-3896**, For the Purpose of Authorizing an Exemption From Competitive Bidding Procedures and Authorizing the Preparation and Release of Requests For Proposals For the Construction of the Predators of the Serengeti Exhibit at the Oregon Zoo. Collette

8.2 **Resolution No. 08-3897**, For the Purpose of Authorizing an Exemption From Competitive Bidding Procedures and Authorizing the Preparation and Release of Requests For Proposals For the Construction of the Red Ape Reserve Exhibit at the Oregon Zoo. Collette

9. CHIEF OPERATING OFFICER COMMUNICATION

10. COUNCILOR COMMUNICATION

ADJOURN

Television schedule for January 31, 2008 Metro Council meeting

<p>Clackamas, Multnomah and Washington counties, and Vancouver, Wash. Channel 11 -- Community Access Network www.tvctv.org -- (503) 629-8534 2 p.m. Thursday, Jan. 31 (Live)</p>	<p>Portland Channel 30 (CityNet 30) -- Portland Community Media www.pcmv.org -- (503) 288-1515 8:30 p.m. Sunday, Feb. 3 2 p.m. Monday, Feb. 4</p>
<p>Gresham Channel 30 -- MCTV www.mctv.org -- (503) 491-7636 2 p.m. Monday, Feb. 4</p>	<p>Washington County Channel 30 -- TVC-TV www.tvctv.org -- (503) 629-8534 11 p.m. Saturday, Feb. 2 11 p.m. Sunday, Feb. 3 6 a.m. Tuesday, Feb. 5 4 p.m. Wednesday, Feb. 6</p>
<p>Oregon City, Gladstone Channel 28 -- Willamette Falls Television www.wftvaccess.com -- (503) 650-0275 Call or visit website for program times.</p>	<p>West Linn Channel 30 -- Willamette Falls Television www.wftvaccess.com -- (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 and click on public comment opportunities. For assistance per the American Disabilities Act (ADA), dial TDD 797-1804 or 797-1540 (Council Office).

***INDEPENDENT AUDIT REPORT FINDINGS FINANCIAL
COMPLIANCE AUDIT FOR FY 2006-07***

Metro Council Meeting
Thursday, January 31, 2008
Metro Council Chamber

www.mossadams.com

December 19, 2007

To William Stringer, CFO
Metro
Portland, Oregon

Dear Mr. Stringer:

We have completed our audit of the financial statements of Metro for the year ended June 30, 2007 and have issued our report thereon dated December 19, 2007. In planning and performing our audit of the financial statements of Metro as of and for the year ended June 30, 2007, in accordance with auditing standards generally accepted in the United States of America, we considered Metro's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Metro's internal control. Accordingly, we do not express an opinion on the effectiveness of Metro's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

MATERIAL WEAKNESSES

The following material weaknesses were identified during our audit of the June 30, 2007 financial statements:

MERC previously reported incorrectly as a discretely presented component unit. When documenting our understanding of the reporting entity, it came to our attention that the Metropolitan Exposition Recreation Commission (MERC) might not be a separate legal entity as defined in GASB 14. Management reviewed the status of MERC and determined it was not a separate legal entity. As

management had been reporting MERC as a component unit, this resulted in a prior period adjustment in order to move MERC from the component unit column into the Business-type Activities column on the government-wide financial statements, and to create a fund financial statement in the Proprietary Fund Statements. Management had not reviewed MERC's status as a component unit since it became a part of Metro several years ago.

Recommendation: We recommend that Metro management review accounting policies annually to determine if those policies comply with generally accepted accounting policies (GAAP).

Proper revenue recognition for intergovernmental agreements. While testing unearned revenue, it came to our attention that Metro was recording proceeds from an intergovernmental agreement with TriMet initially as unearned revenue, and recognizing revenue over the period of time expenditures were incurred that were funded by this revenue source. When brought to its attention, management reviewed the intergovernmental agreement and determined that all eligibility requirements had been met at the time proceeds were received, and the revenue should have been recorded when received in accordance with GASB 33. This resulted in a prior period adjustment to recognize revenue received in prior periods.

Recommendation: We recommend that copies of all significant agreements and transactions of the various departments within Metro get circulated to and reviewed by someone in central finance with governmental accounting knowledge.

Opportunities to improve the accounting for capital assets. During our audit of capital assets, we noted several deficiencies in internal controls. As we were testing beginning balances, we noted that descriptions of assets were not detailed sufficiently to identify the specific asset. In addition, multiple assets were combined into one description, and multiple years of purchases were aggregated into one item. This method of aggregating assets and years led to some assets being over-depreciated. In addition, it appears that there are items on the capital asset list that Metro no longer owns. Incorrect listing of specific identifiable assets or components of assets can lead to errors in accounting for assets sold, retired, or otherwise no longer in service. Although this testing did not lead to a material adjustment, we believe the deficiencies could lead to a material misstatement if they are not corrected. In addition, we noted that there are fully-depreciated items on the capital asset listing that are still in use.

Recommendation: We recommend that Metro management implement capital asset accounting software. In addition, the list used for reporting capital assets should be reviewed to determine that items on the list are still in use and owned by Metro; that descriptions are adequate to identify the specific asset; and that dates are sufficient for each item to calculate depreciation on the individual item. Metro management should develop controls to make sure disposals of capital assets are being reported to the central finance staff. Metro management should also periodically reassess the depreciable lives on their capital assets.

SIGNIFICANT DEFICIENCIES

The following significant deficiencies were identified during our audit of the June 30, 2007 financial statements:

Incorrect reporting of long-term debt in the governmental fund statements. Metro finance staff identified an error in the prior financial statements. Long-term debt was recorded on the General Fund Balance Sheet. Although the amount was not material to the financial statements, it was corrected through a prior-period adjustment to remove the long-term debt from the Balance Sheet in compliance with GASB 34. Although Metro staff identified the error this year, it does not appear that controls are in place to prevent this from occurring again in the future.

Recommendation: We recommend that Metro implement a review process and incorporate checklists to make sure financial statements are prepared in accordance with GAAP.

Opportunities to improve collections of over-due accounts receivable. While testing various accounts receivable, it came to our attention that past-due notices were not being sent out on a timely basis. Past-due notices are a crucial part of an effective internal control process to identify potential theft of payments and to catch errors when payments are posted to the wrong accounts. In addition, timely past-due notices generally increase collectibility of outstanding receivables. Metro staff indicated past-due notices have decreased in frequency because of cutbacks in the accounting department.

Recommendation: We recommend that past due notices be sent out on a regular schedule.

Also with regard to Accounts Receivable, it came to our attention that in Metro's financial accounting software there are several dates associated with an invoice. These dates can be manually changed. Because of this, staff does not know the date that invoices are actually sent out. This can complicate the past-due and revenue cutoff process.

Recommendation: We recommend that invoice dates be tracked more closely to assist with past-due notices and determining revenue cutoff.

Opportunity to improve the accounting of transactions between Metro and MERC. It came to our attention during audit testing that the *due to/due from* accounts between Metro and MERC were not reconciled on a timely basis. Lack of timely reconciliations can cause errors to go undetected. In discussing this with Metro and MERC staff, it appears the failure to reconcile the accounts was due to the lack of effective communication.

Recommendation: We recommend that the *due to/due from* accounts be reconciled monthly and that both Metro and MERC review the reconciliations.

Need to improve governmental and Federal Grant accounting knowledge of department personnel. Accounting personnel in the Planning Department do not appear to be well-versed in accounting principles generally accepted in the United States for governmental entities, and some elements of the reporting of federal awards required to be audited under OMB circular A-133. Because the central accounting staff that prepare the financial statements rely on departmental information, there is the possibility that a more than insignificant error could go undetected.

Recommendation: We recommend that departmental accounting staff receive additional training in governmental accounting standards, and that staff responsible for federal awards receive additional training regarding OMB circular A-133 and related circulars.

MANAGEMENT ADVISORY COMMENTS

In addition to the material weaknesses and significant deficiencies noted above, during our audit we also became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. These matters are noted below as management advisory comments.

MERC Accounts Payable Vendors. During our documentation of accounts payable controls at MERC, it came to our attention that a significant number of employees can enter vendors into the Accounts Payable system. Although there appear to be compensating controls in place, this increases the chance that an invalid vendor could be entered into the system and paid fraudulently.

Recommendation: We recommend that MERC limit the number of employees who can enter vendors into the Accounts Payable system.

Opportunity to improve accounting for payroll. During our testing of payroll controls, it came to our attention that the human resources department was using an unconventional filing system, in which employee information was filed by date rather than by employee. This filing system made it difficult for human resources staff to provide information regarding payroll benefits and deductions in a timely manner.

In addition, during our testing of payroll controls, we found that several 401(k) deductions did not match the deduction authorization in the employee file, or the deduction authorization was missing from the employee file.

Recommendation: We recommend that Metro reorganize personnel files so that information is filed by employee. In addition, employee files should be reviewed to ensure that documentation is in place to support deduction and benefit elections.

Splitting of purchasing card transactions. While testing purchasing card transactions, we noted three instances in which purchases appeared to be split into two transactions in order to circumvent dollar limits on purchasing thresholds.

Recommendation: We recommend that Metro review policies concerning purchasing cards and provide additional training to employees that use them. In addition, purchasing limits should be reviewed and adjusted as necessary.

Opportunity to improve Zoo cash controls. While observing cash controls at the Zoo, a control weakness was identified regarding payments for educational classes. When classes are offered, there is one person who receives applications and payments. This person also signs people up for the classes. When the class is taken, there is no reconciliation between attendees and payments. Therefore, the person receiving the payment could pocket it, sign the person up for the class, and no one would know the payment was missing.

Recommendation: We recommend that a second person, separate from the employee taking the payment, be responsible for signing attendees up for classes. In addition, the list of attendees should be reconciled to the payments by someone other than the person receiving the payments.

Also while observing cash controls at the Zoo, a control weakness was identified regarding unexpected payments received. These unexpected payments are generally received through the mail. The accounting manager opens the mail and records the payments on a log, then delivers them to the cash office to be deposited. Because this is done in single custody, the money could be diverted and not reported.

Recommendation: We recommend that all mail be opened in dual custody.

Zoo Ivory Collection. While observing internal controls at the Zoo, it came to our attention that the Zoo's ivory collection has not been inventoried since 1996. Although only one person has the key to the collection, without a physical inventory items could disappear without management's knowledge.

Recommendation: We recommend that a physical inventory be conducted at least annually by someone other than the person with the key to the collection.

Opportunity to improve controls over purchases. While documenting internal controls over purchasing, it came to our attention that there are four employees at Metro who have the authority to both create and approve purchase orders. This could allow an improper purchase to be made and paid for without being caught.

Recommendation: We recommend that employees who are authorized to approve purchase orders not be allowed to create them.

Review needed for reporting of resources within the Cemetery Perpetual Care Fund. While testing net asset reservations, we reviewed the designation of the Cemetery Perpetual Care Fund as a “Permanent” Fund. GASB 34, paragraph 65 defines a Permanent Fund as follows:

Permanent funds should be used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs—that is, for the benefit of the government or its citizenry.

It is not clear from the documentation we observed that the principal in the Cemetery Perpetual Care Fund is legally restricted and may not be spent.

Recommendation: We recommend that Metro management review the designation of this fund as a Permanent Fund.

Opportunity to improve oversight and records retention on the Aramark Contract. Given the nature of the contract between MERC and Aramark, it is appropriate for MERC to record the gross revenues and expenses of the food and beverage operations for the venues managed by Aramark. As such, it is necessary for MERC to obtain, review, and retain documents necessary to adequately support the gross revenues and expenses of the operations managed by Aramark similar to any other operations managed directly by MERC. During our testing of the food and beverage operations, we found that MERC receives documents on at least a monthly basis from Aramark to determine the gross revenues and expenses as well as fees earned by Aramark under the contract. However, we noted that not all of the documentation is retained by MERC for its records. Further, we noted that the nature of the current review by MERC staff of the payroll documentation submitted by Aramark is not sufficient to ensure only legitimate charges for work performed within MERC's facilities are billed under the contract. And finally, we noted that the contract allows for an annual audit of the activity managed by Aramark, but an annual audit has not been requested by MERC.

Recommendation: We recommend that MERC conduct an audit of activity covered by the Aramark contract. We understand that an audit request has been sent out, and MERC is currently in the process of selecting a Firm to perform an audit. We further recommend that MERC work with Aramark to better understand Aramark's payroll records, and ways MERC can improve its ability to determine all payroll charges assessed under the contract are for services provided within MERC's facilities. Finally, we recommend that MERC retain all documents necessary to fully support all gross revenues and expenses of its food and beverage operations managed by Aramark and follow the same policies for activities directly managed by MERC.

This report is intended solely for the information and use of the management of Metro and is not intended to be and should not be used by anyone other than these specified parties. We would be happy to further discuss any of the items in this letter with you at your convenience.

Moss Adams, LLP

Eugene, Oregon
December 19, 2007

INDEPENDENT AUDITOR'S REPORT

Metro Council and Metro Auditor
Portland, Oregon

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major of Metro as of and for the year ended June 30, 2007, which collectively comprise Metro's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Metro's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Oregon Zoo Foundation, a discretely presented component unit, which represents 1.01% and 2.23% of total assets and total revenues, respectively, for the year then ended. Those statements were audited by other auditors, whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Oregon Zoo Foundation, is based solely on the report of other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of Metro, as of June 30, 2007, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in the section titled "Prior Period Adjustments" in the notes to the financial statements, Metro has recorded adjustments to correct errors in the reporting of unearned revenue, long term loans payable and the accounts of MERC as of July 1, 2006.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2007 on our consideration of Metro's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations,

contracts, and grant agreements and other matters. The purpose of the report describe the scope of our testing of internal control over financial reporting compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of the audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison on pages 39 through 39, and 92 through 98 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures to the management's discussion and analysis on pages 17 through 39 which consist principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it. The schedules of revenues, expenditures, and changes in fund balance - budget and actual, on pages 92 through 98 have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in relation to the basic financial statements taken as a whole.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements that collectively comprise Metro's, basic financial statements. The introductory section, other supplementary information, capital assets, other financial schedules, and statistical information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary information, capital assets, and other financial schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical information have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.



For Moss Adams LLP
Eugene, Oregon
December 19, 2007

**METRO**

January 18, 2008

Ms. Suzanne Flynn
Metro Auditor

The independent audit firm of Moss Adams LLP, certified public accountants, has completed the audit of the financial statements of Metro for the year ended June 30, 2007. As part of that audit Moss Adams reviewed accounting policies and procedures, evaluated the effectiveness of the existing system of internal control, and made findings, observations and recommendations relating to this review. Moss Adams also performed a separate review of federal grants for federal compliance reporting purposes. The firm's recommendations are contained in its report to you, the Audit Committee and the Metro Council.

This report presents management's response to the independent audit. For the reader's convenience, the findings, observations and recommendations of Moss Adams are reproduced in their entirety, modified only by the numbering of the recommendations. Metro's response follows each recommendation with the same numbering system.

As you know, the independent auditor's responsibility under the auditing standards generally accepted in the United States has become increasingly rigorous in both the private and public sectors. We wish to thank the audit staff of Moss Adams LLP for its careful and professional review. This has been the most valuable review in my tenure as Chief Financial Officer. In addition, we wish to thank the Audit Committee, an external professional review body organized by your office to assist both you and me in evaluating and improving our business and accounting processes.

Finally, we wish to thank you personally for your attention and support during the audit process. We look forward to working with you to assure both the Metro Council and the region's citizens that Metro operates with the highest standards of fiscal prudence, integrity, transparency and accountability.

Sincerely,

William L. Stringer
Chief Financial Officer

For the reader's convenience, the findings, observations and recommendations of Moss Adams are reproduced in their entirety, modified only by the numbering of the recommendations. Metro's response follows each recommendation with the same numbering system.

MATERIAL WEAKNESSES

The following material weaknesses were identified during our audit of the June 30, 2007 financial statements:

MERC previously reported incorrectly as a discretely presented component unit. When documenting our understanding of the reporting entity, it came to our attention that the Metropolitan Exposition Recreation Commission (MERC) might not be a separate legal entity as defined in GASB14. Management reviewed the status of MERC and determined it was not a separate legal entity. As management had been reporting MERC as a component unit, this resulted in a prior period adjustment in order to move MERC from the component unit column into the Business-type Activities column on the government-wide financial statements, and to create a fund financial statement in the Proprietary Fund Statements. Management had not reviewed MERC's status as a component unit since it became a part of Metro several years ago.

Recommendation #1: We recommend that Metro management review accounting policies annually to determine if those policies comply with generally accepted accounting policies (GAAP).

Metro Response # 1: The MERC component unit issue is an interpretation that has been in place for over fifteen years and has been reviewed annually by at least four separate auditing firms. This year's reinterpretation arose when Metro requested a separate component unit audit because of the separation of accounting systems.

Metro agrees that an annual review of significant accounting policies, a review and incorporation of any new GASB pronouncements and a review of the existing practices to make certain they are following the established policies is important. Progress has been made in documenting Metro's accounting policies and reviewing them against existing practice, a foundation to the recommendation. Implementing new GASB pronouncements in a timely manner may require that Metro prioritize its review to the most significant, rather than all, accounting policies on an annual basis.

Proper revenue recognition for intergovernmental agreements. While testing unearned revenue, it came to our attention that Metro was recording proceeds from an intergovernmental agreement with TriMet initially as unearned revenue, and recognizing revenue over the period of time expenditures were incurred that were funded by this revenue source. When brought to its attention, management reviewed the intergovernmental agreement and determined that all eligibility requirements had been met at the time proceeds were received, and the revenue should have been recorded when received in accordance with GASB 33. This resulted in a prior period adjustment to recognize revenue received in prior periods.

Recommendation #2: We recommend that copies of all significant agreements and transactions of the various departments within Metro get circulated to and reviewed by someone in central finance with governmental accounting knowledge.

Metro Response # 2: Metro agrees that we need to strengthen review of significant grant or special revenue documents. The Planning Department will be providing training opportunities to staff assigned to these functions and will regularly communicate with Accounting Services staff on issues and treatment of significant accounting transactions. Unusual or non-standard provisions may require further review by the Office of Metro Attorney, particularly as it relates to Transit-Oriented Design projects.

Opportunities to improve the accounting for capital assets. During our audit of capital assets, we noted several deficiencies in internal controls. As we were testing beginning balances, we noted that descriptions of assets were not detailed sufficiently to identify the specific asset. In addition, multiple assets were combined into one description, and multiple years of purchases were aggregated into one item. This method of aggregating assets and years led to some assets being over-depreciated. In addition, it appears that there are items on the capital asset list that Metro no longer owns. Incorrect listing of specific identifiable assets or components of assets can lead to errors in accounting for assets sold, retired, or otherwise no longer in service. Although this testing did not lead to a material adjustment, we believe the deficiencies could lead to a material misstatement if they are not corrected. In addition, we noted that there are fully-depreciated items on the capital asset listing that are still in use.

Recommendation #3: We recommend that Metro management implement capital asset accounting software. In addition, the list used for reporting capital assets should be reviewed to determine that items on the list are still in use and owned by Metro; that descriptions are adequate to identify the specific asset; and that dates are sufficient for each item to calculate depreciation on the individual item. Metro management should develop controls to make sure disposals of capital assets are being reported to the central finance staff. Metro management should also periodically reassess the depreciable lives on their capital assets.

Metro Response # 3: Metro has recognized the deficiency in its fixed asset accounting for some time. The policy foundation can be found in the Capital Asset Management Policies (CAMP) approved by Council in 2001. The organizational resources and commitment to execute these policies has foundered until this year. Metro has recently selected a capital asset accounting software and is working to bring it on line by July 1, 2008. During the summer of 2007 Metro invested considerable effort in performing a physical inventory of its major General Fund assets, serving both the needs of a capital asset inventory and a validation of the adequacy of its Renewal and Replacement funding. Pairing the results of the physical inventory with the current asset listing will be the next major step. Replicating this effort for assets held by Solid Waste and Recycling will follow and is expected to be somewhat easier because of the regular inventories and asset valuations required under the bond covenants. MERC will begin managing its assets through its separate accounting system. Improving the business processes for recording the acquisition, disposal and renewal and replacement of assets in all funds will be a multi-year project.

SIGNIFICANT DEFICIENCIES

The following significant deficiencies were identified during our audit of the June 30, 2007 financial statements:

Incorrect reporting of long-term debt in the governmental fund statements. Metro finance staff identified an error in the prior financial statements. Long-term debt was recorded on the General Fund Balance Sheet. Although the amount was not material to the financial statements, it was corrected through a prior-period adjustment to remove the long-term debt from the Balance Sheet in compliance with GASB 34. Although Metro staff identified the error this year, it does not appear that controls are in place to prevent this from occurring again in the future.

Recommendation #4: We recommend that Metro implement a review process and incorporate checklists to make sure financial statements are prepared in accordance with GAAP.

Metro Response # 4: Accounting staff follow a review process for GAAP compliance which allowed us to discover and report this error in the recording of a Transit Oriented Design (TOD) project loan. We agree that unusual or new types of transactions may not be fully addressed in the review process, and we will investigate additional methodologies to assure completeness and avoid a reoccurrence of such an error.

Opportunities to improve collections of over-due accounts receivable. While testing various accounts receivable, it came to our attention that past-due notices were not being sent out on a timely basis. Past-due notices are a crucial part of an effective internal control process to identify potential theft of payments and to catch errors when payments are posted to the wrong accounts. In addition, timely past-due notices generally increase collectibility of outstanding receivables. Metro staff indicated past-due notices have decreased in frequency because of cutbacks in the accounting department.

Recommendation #5: We recommend that past due notices be sent out on a regular schedule.

Metro Response #5: We agree that past due notices are an important collection activity. Solid Waste customers are the priority target of collection activity, and Parks, Zoo and Planning accounts fall behind in the summer. The past due procedure will be revisited and revised by the Accounts Receivable group. The revised past due procedure will require monthly past due calls and notices, which the Accounts Receivable Supervisor will monitor monthly. During the summer months part-time temporary help will be necessary to keep up with the past due notices and other billing/receivable task.

Also with regard to Accounts Receivable, it came to our attention that in Metro's financial accounting software there are several dates associated with an invoice. These dates can be manually changed. Because of this, staff does not know the date that invoices are actually sent out. This can complicate the past-due and revenue cutoff process.

Recommendation #6: We recommend that invoice dates be tracked more closely to assist with past-due notices and determining revenue cutoff.

Metro Response #6: Metro agrees that additional tracking will be helpful. In most instances the invoice date is the mailing date, although this does not apply uniformly to manual grant billings where the billing period date has been more significant to the grant staff. To remedy this and serve the needs of both grant staff and Accounts Receivable, a new "mailing date" column will be added to the manual invoice log. All manual invoices will be tracked not only with an invoice date but also a mailing date. This will help determine when the invoice becomes past due.

Opportunity to improve the accounting of transactions between Metro and MERC. It came to our attention during audit testing that the *due to/due from* accounts between Metro and MERC were not reconciled on a timely basis. Lack of timely reconciliations can cause errors to go undetected. In discussing this with Metro and MERC staff, it appears the failure to reconcile the accounts was due to the lack of effective communication.

Recommendation #7: We recommend that the *due to/due from* accounts be reconciled monthly and that both Metro and MERC review the reconciliations.

Metro Response # 7: Metro and MERC accounting staff will coordinate to reconcile the due to/due from accounts on a monthly basis. The consolidation of MERC's payroll activity into one fund on Metro's general ledger for fiscal year 2007-08 should simplify the reconciliation process. In addition, the experience gained by Metro and MERC staff in working with the due to/due from accounts for the first year in fiscal year 2006-07 will allow insight to improve the process around the exchange of data.

Need to improve governmental and Federal Grant accounting knowledge of department personnel. Accounting personnel in the Planning Department do not appear to be well-versed in accounting principles generally accepted in the United States for governmental entities, and some elements of the reporting of federal awards required to be audited under OMB circular A-133. Because the central accounting staff that prepare the financial statements rely on departmental information, there is the possibility that a more than insignificant error could go undetected.

Recommendation #8: We recommend that departmental accounting staff receive additional training in governmental accounting standards, and that staff responsible for federal awards receive additional training regarding OMB circular A-133 and related circulars.

Metro Response # 8: Metro places a high priority on training, particularly for new staff or staff assigned to new responsibilities. The Planning Department has had significant staff turnover in the grants management area in the last three years. The current Grants and Project Accountant has been at Metro for six months and two of the three Management Analysts for just over a year. Planning's grant management staff are scheduled for grant-related trainings in January, February and June 2008 (including OMB A-133 contract compliance, Cost Principals, Internal Controls, Contract Administration and Triennial Review). Opportunities for additional staff training and development will be reviewed

and implemented as necessary. Planning Department accounting staff will continue to work closely with central accounting staff to ensure proper reporting of grant revenues and expenditures.

MANAGEMENT ADVISORY COMMENTS

In addition to the material weaknesses and significant deficiencies noted above, during our audit we also became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. These matters are noted below as management advisory comments.

MERC Accounts Payable Vendors. During our documentation of accounts payable controls at MERC, it came to our attention that a significant number of employees can enter vendors into the Accounts Payable system. Although there appear to be compensating controls in place, this increases the chance that an invalid vendor could be entered into the system and paid fraudulently.

Recommendation #9: We recommend that MERC limit the number of employees who can enter vendors into the Accounts Payable system.

Metro Response # 9: Metro agrees that an additional control is warranted. MERC's accounting system, Event Business Management System (EBMS), reflects the unique nature of venue management. Several employees in sales and events departments need the ability to add new customers into EBMS which serves as MERC's primary Contact Management system. However, to settle events a 'customer' must also be entered into EBMS as a 'vendor'. In order to maintain proper internal control over adding new vendors to the system, MERC's Controller will review access privileges to verify only appropriate groups have rights to add vendors. [Rights are assigned at the group level in EBMS.] As a compensating control MERC's Controller will run a monthly report of new vendors to verify that only valid vendors have been created.

Opportunity to improve accounting for payroll. During our testing of payroll controls, it came to our attention that the human resources department was using an unconventional filing system, in which employee information was filed by date rather than by employee. This filing system made it difficult for human resources staff to provide information regarding payroll benefits and deductions in a timely manner.

In addition, during our testing of payroll controls, we found that several 401(k) deductions did not match the deduction authorization in the employee file, or the deduction authorization was missing from the employee file.

Recommendation # 10: We recommend that Metro reorganize personnel files so that information is filed by employee. In addition, employee files should be reviewed to ensure that documentation is in place to support deduction and benefit elections.

Metro Response #10: Metro agrees with the auditor's recommendation to reorganize the personnel files. Human Resources recently completed a reorganization of all active employee files, filing information by employee name

rather than by date. Human Resources recently began a system whereby employees are notified each time a change is made to their deferred compensation plan(s). This will help ensure that deferred compensation deductions match employee authorizations. Additionally, the Benefits and Payroll Manager will conduct periodic audits of the employee files to ensure that all authorizations are documented and deductions are accurate.

Splitting of purchasing card transactions. While testing purchasing card transactions, we noted three instances in which purchases appeared to be split into two transactions in order to circumvent dollar limits on purchasing thresholds.

Recommendation #11: We recommend that Metro review policies concerning purchasing cards and provide additional training to employees that use them. In addition, purchasing limits should be reviewed and adjusted as necessary.

Metro Response # 11: Based on the high volume of purchasing card transactions, we believe the number of split transactions to be very low, and the frequency has decreased significantly in recent years through training and enforcement of Metro policy. We agree that training should continue to be a requirement for all card users, both new users when the card is first issued and continuing users whenever a card expires and a new card is issued. Training will stress that split transactions are a violation of Metro policy. Additionally, Metro is currently reviewing p-card transaction limits and will make any necessary adjustments by June 2008.

Opportunity to improve Zoo cash controls. While observing cash controls at the Zoo, a control weakness was identified regarding payments for educational classes. When classes are offered, there is one person who receives applications and payments. This person also signs people up for the classes. When the class is taken, there is no reconciliation between attendees and payments. Therefore, the person receiving the payment could pocket it, sign the person up for the class, and no one would know the payment was missing.

Recommendation #12: We recommend that a second person, separate from the employee taking the payment, be responsible for signing attendees up for classes. In addition, the list of attendees should be reconciled to the payments by someone other than the person receiving the payments.

Metro Response #12: Metro agrees with this recommendation, and zoo management will implement appropriate actions to segregate duties and increase the internal controls for educational class payments.

Also while observing cash controls at the Zoo, a control weakness was identified regarding unexpected payments received. These unexpected payments are generally received through the mail. The accounting manager opens the mail and records the payments on a log, then delivers them to the cash office to be deposited. Because this is done in single custody, the money could be diverted and not reported.

Recommendation #13: We recommend that all mail be opened in dual custody.

Metro Response #13: Metro agrees with this recommendation. Zoo management is reviewing the scope of unexpected payments received and the corresponding financial exposure to the organization. Based on the results of this analysis, zoo management will implement adequate controls to safeguard payment receipts.

Zoo Ivory Collection. While observing internal controls at the Zoo, it came to our attention that the Zoo's ivory collection has not been inventoried since 1996. Although only one person has the key to the collection, without a physical inventory items could disappear without management's knowledge.

Recommendation #14: We recommend that a physical inventory be conducted at least annually by someone other than the person with the key to the collection.

Metro Response #14: Metro agrees that a more frequent physical inventory is appropriate for the ivory collection. Zoo management will assess the risks inherent in holding the collection and create policies and procedures adequate to safeguard the asset.

Opportunity to improve controls over purchases. While documenting internal controls over purchasing, it came to our attention that there are four employees at Metro who have the authority to both create and approve purchase orders. This could allow an improper purchase to be made and paid for without being caught.

Recommendation #15: We recommend that employees who are authorized to approve purchase orders not be allowed to create them.

Metro Response #15: Metro agrees that the ability for an employee to both create and approve purchase orders introduces a risk unless there is a compensating control. The four employees identified are all in the Procurement division where analysts use this dual authority to correct, adjust and create purchase orders when the originating department has made an entry error or the purchase order needs adjustment to allow for payment. In all instances there is written documentation approving the transaction, or electronic authorization through work-flow, prior to identifying and correcting the error. We agree that we can further mitigate any risk by implementing an additional compensating control. Effective January, 2008 we will produce a monthly report of all transactions where the creator and approver are the same employee. The report will be reviewed and signed by the Procurement Manager and/or the Deputy Chief Financial Officer and retained.

Review needed for reporting of resources within the Cemetery Perpetual Care Fund. While testing net asset reservations, we reviewed the designation of the Cemetery Perpetual Care Fund as a "Permanent" Fund. GASB 34, paragraph 65 defines a Permanent Fund as follows:

Permanent funds should be used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs—that is, for the benefit of the government or its citizenry.

It is not clear from the documentation we observed that the principal in the Cemetery Perpetual Care Fund is legally restricted and may not be spent.

Recommendation #16: We recommend that Metro management review the designation of this fund as a Permanent Fund.

Metro Response #16: We agree that it is necessary to clarify whether the Cemetery Perpetual Care Fund principal is legally restricted. Prior to the adoption of the next budget Regional Parks staff will bring legislation before the Metro Council to clarify the nature of the fund and make a clear determination that the principal is restricted and may not be spent.

Opportunity to improve oversight and records retention on the Aramark Contract. Given the nature of the contract between MERC and Aramark, it is appropriate for MERC to record the gross revenues and expenses of the food and beverage operations for the venues managed by Aramark. As such, it is necessary for MERC to obtain, review, and retain documents necessary to adequately support the gross revenues and expenses of the operations managed by Aramark similar to any other operations managed directly by MERC. During our testing of the food and beverage operations, we found that MERC receives documents on at least a monthly basis from Aramark to determine the gross revenues and expenses as well as fees earned by Aramark under the contract. However, we noted that not all of the documentation is retained by MERC for its records. Further, we noted that the nature of the current review by MERC staff of the payroll documentation submitted by Aramark is not sufficient to ensure only legitimate charges for work performed within MERC's facilities are billed under the contract. And finally, we noted that the contract allows for an annual audit of the activity managed by Aramark, but an annual audit has not been requested by MERC.

Recommendation #17: We recommend that MERC conduct an audit of activity covered by the Aramark contract. We understand that an audit request has been sent out, and MERC is currently in the process of selecting a Firm to perform an audit. We further recommend that MERC work with Aramark to better understand Aramark's payroll records, and ways MERC can improve its ability to determine all payroll charges assessed under the contract are for services provided within MERC's facilities. Finally, we recommend that MERC retain all documents necessary to fully support all gross revenues and expenses of its food and beverage operations managed by Aramark and follow the same policies for activities directly managed by MERC.

Metro Response # 17: Metro agrees that an audit should be performed as specified in the master contract. A Request for Proposals was issued in December for a performance audit of Aramark. The audit will include, but is not limited to, a review of Aramark policies/procedures, process and system overviews, and internal controls. This review will encompass various operational and accounting areas, as well as, the payroll functions. The scope of work will specifically address the comments above.

Single Audit

In addition to the audit of the financial statements, Moss Adams also performed a separate audit of federal grant funds and has issued a report on compliance with requirements applicable to each major program and internal control over compliance with OMB circular A-133, often referred to as the "Single Audit" for federal compliance.

The report provided an unqualified opinion in the financial reporting, identified no questioned costs, and disclosed three additional findings of "significant deficiency". These three findings are presented below, numbered as they appear in the report.

Finding 2007-08 – Preparation of the Schedule of Expenditures of Federal Awards (SEFA) – Significant Deficiency in Internal Control

Condition: Metro did not have procedures in place to ensure the completeness or accuracy of the SEFA. Moss Adams performed substantial inquiry to obtain accurate and complete data from different departments throughout the organization and determined the federal funds were materially correct on the SEFA. However, amounts received from pass-through entities were not readily determinable for the amount of Federal funds involved. Rather, Metro treated all funds received as Federal awards.

Recommendation: Moss Adams recommends that Metro develop and implement policies to ensure the preparation of the SEFA is complete and thorough. Such a policy should include mechanisms for the timely and accurate identification of federal funds received from all sources. Additionally, responsibility for preparation of the SEFA should be considered from an organization-wide perspective, rather than on a department basis.

Metro Response 2007-08: Metro agrees that the SEFA preparation should be uniform and consistent across the agency. Accounting services prepares SEFA reports for all recipients other than Planning. The Planning Department has the majority of reportable grants with the additional obligation of pass-through funds to subrecipients. This SEFA report is the first report prepared by the current Planning staff. The Planning Department will use the template provided by the auditor when developing future SEFA reports. This will help ensure accurate identification of federal funds received from all sources, including the breakdown for pass-through entities. The Planning Department will also ensure that future funding agreements provide the information needed for accurate SEFA reporting. Metro's central Accounting Services staff will work with Planning and other recipient departments to develop agency-wide guidelines and responsibilities for preparation of SEFA reports.

Finding 2007-09 – Reporting: Timeliness of Report Filing – Significant Deficiency in Internal Control and Instances of Noncompliance

Condition: Metro did not have procedures in place to ensure timely reporting of financial reports.

Recommendation: Moss Adams recommends Metro create a tickler system to ensure timely filing of required reports, with periodic review by grant and project managers.

Metro Response 2007-09: Moss Adams noted that two out of thirteen Financial Status Reports (FSRs) were filed within ten days after the due date and two out of two DBE reports were submitted late. The FSR filings were delayed because Metro identified errors in the previous quarter's FSRs and additional time was needed to reconcile the prior quarter reports and ensure correct reports were filed for the current quarter. The delay in the DBE reporting was unclear communication between Planning and Procurement. To insure timely reporting the Planning Department has implemented a reminder system to produce a current list of Federal grants by the 15th of the month in which the FSRs are due; this list will be used to develop the FSRs for the preceding quarter and will serve as an additional reminder that the FSRs are due. Electronic reminder messages have been placed in GroupWise through FY2010. In the future, when final numbers are not available, interim FSRs will be filed on or before the deadline, and amended FSRs will be submitted as soon as possible thereafter. A similar reminder system for DBE reporting has been established in both the Procurement and Planning to ensure adequate time to compile DBE information to allow Planning to submit the reports to FTA in a timely manner.

Finding 2007-10 – Subrecipient Monitoring: Review of Subcontractor Audit Reports– Significant Deficiency in Internal Control and Instances of Noncompliance

Condition: Metro receives the A-133 reports from entities that are required to provide them. There is no process to ensure that a responsible person is reviewing the results of the audit reports for any issues or deficiencies. As such, Metro is not aware of subrecipient audit findings and results of any required corrective action(s). Additionally, there are no compensating controls for the monitoring process.

Recommendation: Moss Adams recommends that Metro develop and adhere to policies/procedures with respect to subrecipient monitoring that specifically addresses review of A-133 reports, includes verification of corrective action for audit findings, and additional monitoring for subrecipients that have audit findings.

Metro Response 2007-10: Metro agrees that we need to strengthen subrecipient monitoring. Planning Department analysts thoroughly review subrecipient invoices to ensure compliance with grant provisions. However, due to turnover in the Planning Department's grants management staff, follow through on subrecipient monitoring has fallen behind. With the addition of the new Grants and Project Accountant, we will be able to improve monitoring and tracking of these reports. The Grants and Project

Accountant is scheduled to receive A-133 audit training and will review future subrecipient audit reports for any issues or deficiencies and follow up with subrecipients on any audit findings and subsequent corrective actions. The Grants and Project Account will document the review of each subrecipient A-133 report, including review of any findings and conclusions drawn from the review. The Planning Department will complete its update of a Subrecipient Monitoring and Reporting Policy by March 30, 2008.

Agenda Item Number 4.1

Consideration of Minutes of the January 24, 2008 Metro
Council Regular Meeting

Consent Agenda

Metro Council Meeting
Thursday, January 31, 2008
Metro Council Chamber

Agenda Item Number 4.2

Resolution No. 08-3905, For the Purpose of Confirming the Appointment of Seth Otto and Ben Dupree to the Metro Committee for Citizen Involvement.

Consent Agenda

Metro Council Meeting
Thursday, January 31, 2008
Metro Council Chamber

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF CONFIRMING THE	)	RESOLUTION NO. 08-3905
APPOINTMENTS OF SETH OTTO AND BEN)	
DUPREE TO THE METRO COMMITTEE FOR	)	Introduced by Council President David
CITIZEN INVOLVEMENT (MCCI)	)	Bragdon
)	

WHEREAS, the Metro Charter calls for the creation of an Office of Citizen Involvement, and the establishment of a citizens committee therein; and

WHEREAS, Section 28 (1) of the Metro Charter states that the Metro Office of Citizen Involvement (MCCI) is created to develop and maintain programs and procedures to aid communication between citizens and the Metro Council; and

WHEREAS, the Metro Council has created MCCI (Metro Code Section 2.19.100); and

WHEREAS, there are several vacancies in MCCI membership with appointments to be made in District 6 and at-large positions; and

WHEREAS, a recruitment and selection process has been initiated, resulting in the nomination by MCCI of citizens Seth Otto (Exhibit A) and Ben DuPree (Exhibit B) for two-year terms, beginning Jan. 31, 2008, and;

WHEREAS, the Council President has appointed citizens Seth Otto and Ben DuPree to serve on MCCI, representing District 6 and an at-large position respectively, subject to Metro Council confirmation; now therefore

BE IT RESOLVED that the Metro Council confirms the appointments of Seth Otto and Ben DuPree as members of MCCI.

ADOPTED by the Metro Council this _____ day of _____ 2008.

David L. Bragdon, Council President

Approved as to Form:

Daniel B. Cooper, Metro Attorney



METRO

Application for the Metro Committee for Citizen Involvement

About Us

The Metro Committee for Citizen Involvement (MCCI) was established under Metro's home-rule charter in 1992 to assist with the development, implementation and evaluation of Metro's citizen involvement program and advise how to best involve residents in regional planning activities. As such, MCCI is an advisory committee and does not participate in policy-setting.

Biographical Information

Name <u>Seth S. Otto</u>		Date <u>01/02/08</u>	
Address <u>3836 SE 42nd Ave</u>	City <u>Portland</u>	State <u>OR</u>	Zip Code <u>97206</u>
Email address <u>sethotto@gmail.com</u>		Phone number <u>(503) 758-4020</u>	
Occupation <u>Planner</u>		Place of Employment <u>WRG Design, Inc.</u>	
Council District/County of Residence <u>District 6 / Multnomah County</u>			

Education

Employment

Please check highest level completed: <input type="checkbox"/> Elementary School (Grades 1-5) <input type="checkbox"/> Middle School (Grades 6-8) <input type="checkbox"/> High School (Grades 9-12) <input type="checkbox"/> Some College <input type="checkbox"/> College <input checked="" type="checkbox"/> Post-Graduate	Additional employment and/or work experience <u>Please see attached resume</u>
---	---

Volunteering, Community Projects, Groups, Boards, Religious or Civic Organizations, etc.

REACH Community Development, Community Builders Program - Team leader

Urban Land Institute - Young Leaders Group Committee Member

Hood Canal Co-op - Building Land and Trees Committee Member

Please give two references who are familiar with your community and volunteer work. If you have never volunteered before, please list two personal references.

Anastasia Howard, REACH Community Development
ahoward@reachcdc.org ; Radcliffe Dacanay, Personal,
radcliffed@gmail.com

Subcommittees

Occasionally the MCCI breaks into subcommittees to work on special projects. Please check any topics that you are interested in, and describe why you think those issues are important.

- Community Planning (Land Use/Transportation) Parks and Greenspaces Solid Waste and Recycling

Land use and transportation planning at the regional level is an important tool for guiding the physical layout of our cities, determining the environmental impact of development, encouraging healthy neighborhoods, and fostering the overall livability of the region

Time Commitment

The MCCI meets the first Wednesday of the month from 6 to 8 p.m. In addition, MCCI members are strongly encouraged to be active in their communities, reporting back to MCCI about issues of mutual interest, and to keep abreast of current events. Will you commit to the time required to fulfill your duties if appointed to this advisory committee?


- Yes
 No

Potential Conflicts

Are you aware of any potential conflicts of interest that would prevent you from serving effectively on MCCI? If so, please explain.

No

Optional: Attach résumé


Signature

01/02/08
Date

For further general information, call the Metro Office of Citizen Involvement at (503) 797-1539. To receive assistance per the Americans with Disabilities Act, call the Metro Office of Citizen Involvement at (503) 797-1539 or Metro TDD at (503) 797-1804.

Membership on Metro advisory committees is open to all interested citizens subject to the qualifications determined by the appointing authority as necessary for the conduct of its business. Metro encourages participation in its affairs by all people, especially those who are under represented in public involvement.

Please return to:
Metro Office of Citizen Involvement
600 NE Grand Avenue
Portland, OR 97232
(503) 797-1639
fax: (503) 797-1799
email: mcci@metro.dst.or.us
www.metro-region.org

Seth S Otto, LEED AP

3836 SE 42nd Avenue
Portland, Oregon 97206

503.758.4020
sethotto@gmail.com

Summary of Qualifications	<ul style="list-style-type: none">• Excellent written, verbal, and visual communication skills• Effective organizational skills and strong project management orientation• Familiarity with land use regulations, local and regional planning practices, and real estate development process• Strong commitment to sustainable solutions for urban design and development.• LEED Accredited Professional with experience working on LEED certified projects• Computer skills: Word, Excel, Power Point, Project ArcView GIS, AutoCAD, and Adobe Creative Suite
Relevant Career Experience	<p>Planner 02/2006 to present WRG Design, Inc. Portland, Oregon</p> <ul style="list-style-type: none">• Responsible for effective project coordination to ensure timely and complete entitlement for development projects.• Coordinate with public jurisdictions on all aspects of land use application process.• Define project schedule and prepare scope of work for contract; assist in managing budget.• Present development proposals to neighborhood meetings and testify at public hearings. <p>Teaching Assistant 09/2005 to 12/2005 The University of Texas at Austin, School of Architecture Austin, Texas</p> <ul style="list-style-type: none">• Assistant to Professor Barbara Parmenter for the graduate level course, Theory and History of Urban Planning.• Aided and lead class discussion on a range of topics related to city and regional planning, with emphasis on areas of social, ecological, and urban theory.• Developed and reviewed coursework covering different periods of urban history and development. <p>Planning Intern 05/2005 to 09/2005 GrantWorks, Inc., Community Planning Department Austin, Texas</p> <ul style="list-style-type: none">• Researched and analyzed demographic and socioeconomic data for the writing of comprehensive plans for various Texas cities and colonia developments.• Focused on area-specific recommendations for economic development, affordable housing, and infrastructure development.• Worked collaboratively with planners, engineers, and representatives of city and county governments on planning, policy, and design projects. <p>Teaching Assistant 01/2005 to 05/2005 The University of Texas at Austin, School of Architecture Austin, Texas</p> <ul style="list-style-type: none">• Assistant to Professor Kent Butler for the Plans and Plan-Making graduate-level "core curriculum" course.• Developed and graded coursework designed to teach concepts and techniques of plan-making and physical land use planning for local and regional communities.• Assisted technical training in land use metrics, site analysis, and research with US Census data.
Education	<p>Master of Science, Community and Regional Planning The University of Texas at Austin, School of Architecture; December 2005 Excellence in Design Award, 2004-2005; Mebane Travel Scholarship 2004</p> <p>Universidad Mayor de San Andres, La Paz, Bolivia; December 2001 Academic year scholarly exchange through Fulbright Fellowship program.</p> <p>Bachelor of Arts Cum Laude, Sociology and Spanish Linfield College; June 2000 Study abroad in Guadalajara and Oaxaca, Mexico; Esteli, Nicaragua</p>
Professional Affiliations & Activities	<p>Member: <i>American Planning Association; Urban Land Institute, Young Leaders Group; US Green Building Council, City Club of Portland</i></p> <p>Volunteer: Project Leader, REACH Community Development – Community Builder Program</p>



METRO

Application for the Metro Committee for Citizen Involvement

About Us

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Biographical Information

Name Ben L. DuFree		Date 1-3-08	
Address 1300 NE 68th Ave, Unit 16		City Portland	State OR
		Zip Code 97213	
Email address bdupree@gmail.com		Phone number 310-709-3482	
Occupation Property Supervisor		Place of Employment Windermere Pacific NW	
Council District/County of Residence District 6 in Multnomah County			

Education

- Please check highest level completed:
- Elementary School (Grades 1-5)
 - Middle School (Grades 6-8)
 - High School (Grades 9-12)
 - Some College
 - College - **Reed College, BA English**
 - Post-Graduate

Employment

Additional employment and/or work experience
Please see attached resume.

Volunteering, Community Projects, Groups, Boards, Religious or Civic Organizations, etc.

- Elected Board Member/Outreach Director, West L.A. Neighborhood Council (Los Angeles)
- Volunteer Coordinator, Ted Lieu for Assembly 2006 (California)
- Member at-large, West L.A. Democratic Club executive board (Los Angeles)
- Staff Associate, Office of Portland City Commissioner Sam Adams (Portland)
- Student Body President, Reed College (Portland)
- See attached resume for greater details

Please give two references who are familiar with your community and volunteer work. If you have never volunteered before, please list two personal references.

- Tom Miller, Chief of staff, Portland City Commissioner Sam Adams - 503-823-3009 - tomm@ci.portland.or.us
- Charles Leone, former Constituent Advocate, Los Angeles City Councilman Bill Rosendahl

310-972-0871
Charlesleone2006@yahoo.com

Subcommittees

Occasionally the MCCI breaks into subcommittees to work on special projects. Please check any topics that you are interested in, and describe why you think those issues are important.

- Community Planning (Land Use/Transportation) Parks and Greenspaces Solid Waste and Recycling

Engaging the community in land-use planning and transportation is key. Without proper input from all residents and stakeholders, it is impossible to generate a truly comprehensive, fair plan. Accordingly, I have interest in ~~the~~ community planning, so we can work to aid Metro ~~in~~ in its attempts to best achieve public input on all aspects of planning.

Time Commitment

The MCCI meets the first Wednesday of the month from 6 to 8 p.m. In addition, MCCI members are strongly encouraged to be active in their communities, reporting back to MCCI about issues of mutual interest, and to keep abreast of current events. Will you commit to the time required to fulfill your duties if appointed to this advisory committee?

- Yes
 No

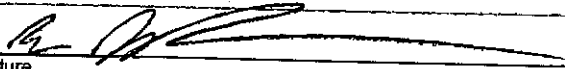
Potential Conflicts

Are you aware of any potential conflicts of interest that would prevent you from serving effectively on MCCI? If so, please explain.

No.

Optional: Attach résumé

Signature



1-3-08
Date

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www.metro-region.org

Ben Levine DuPree
1300 NE 68th Avenue, Unit 16, Portland, OR
503.922.3087 or 310.709.3482 (cell); bdupree@gmail.com

EDUCATION

2002-2006 BA in English, Reed College, Portland, Oregon.
1998-2002 Graduate with high honors, Pacific Palisades Charter High School, California

AWARDS

- Harold and Betty Gelman Scholarship (Received 2004-05 academic year)
- John H. Hauberg Scholarship for "outstanding achievement" and "vigorous extracurricular participation" (Received 2005-06 academic year)

RELEVANT EXPERIENCE

October 2007-Present: Property Supervisor, Windermere Pacific Northwest

My duties include supervising and marketing a 50-unit business center in Portland's Hollywood District.

February 2007-September 2007: Junior Account Executive/P.R. Assistant, Bedrock Strategies, Inc.

At Bedrock, I represented local long-term healthcare unions within the SEIU (Local 6434 and the California United Homecare Workers—over 150,000 total workers). Specifically, I helped devise media strategy, crafted press materials, planned media buys, designed political and membership mailers, and managed our office's involvement in several ongoing campaigns. In my role, I became intimately familiar with media strategy, campaign communications, political unions, and healthcare issues in politics.

January 2007-September 2007: Elected Board Member and Outreach Director, West Los Angeles Neighborhood Council (WLANC)

In this role, I managed the outreach and media relations for the WLANC, including community outreach, drafting of press materials, and branding. In general, the Council serves as an advisory board to City Councilmember Bill Rosendahl. Additionally, I served as the chair of the council's Web/Outreach/Education committee, and sat on the Planning and Land Use Management (PLUM) committee.

September 2006-November 2006: Volunteer Coordinator, Ted Lieu for Assembly 2006

I managed the campaign's volunteer operations, directing a team of nearly 100 volunteers and assisting senior campaign staff in phone banking, precinct walking, direct mail preparation, and get-out-the-vote operations. Additionally, I staffed the Assemblymember at local events and represented the campaign throughout the district. My efforts helped the campaign to a 22-percent re-election victory over our opponent.

May 2006-August 2006: Administrative Assistant/Office Manager, Law Offices of Douglas A. Bagby

I ran the administrative aspects of Mr. Bagby's law practice, which included maintaining client billing, organizing office files, managing correspondence, updating the office's court calendar, and other miscellaneous tasks. I also assisted the office's legal secretary in performing her paralegal duties and served as a personal assistant to Mr. Bagby.

August 2004-May 2006: Public Relations Intern, Reed College Department of Public Affairs

My responsibilities entailed writing press releases, media advisories, and features for Reed's magazine; interviewing subjects for feature stories; assisting in maintaining the college's online news center; and general media relations work. I worked closely and covered individuals in the field of higher education, including scholars and artists.

January 2006-April 2006: Fundraiser, Reed College Annual Fund

In this role, I contacted Reed alumni, parents, and supporters to raise funds and worked with the Assistant Director on authoring alumni fundraiser mailings.

December 2004-December 2005: Student Body President, Reed College

As Student Body President, I served as a liaison between Reed's students and administration; attended weekly meetings with Reed's President and Dean of Student Services; oversaw the Student Senate and its meetings; led multiple community-wide committees; assisted in the allocation of student finances and in the selection of student appointees; and advocated for members of the student body.

June 2005-August 2005: Public Policy Staff Associate, Office of Sam Adams, Portland, Oregon City Commissioner of Public Utilities

My duties in Commissioner Adams' office included: drafting weekly press releases detailing the Commissioner's activities; working with the staff of the Portland Bureaus of Transportation and Environmental Services; working with former Senior Policy Advisor Warren Jimenez to design and implement the Commissioner's "Economic Dashboard" survey to improve Portland's business climate; working with former Citizens' Advocate Gordon Johnston to assist and respond to Portland residents requests/concerns; representing the office at meetings within the Commissioner's portfolio; staffing the Commissioner at work-related events and meetings; and finally, a bit of light speechwriting.

May 2003-May 2004: Editor-in-Chief, The Reed College Quest Student Newspaper

In editing my school's newspaper, I acquired extensive skills in news-style writing, designing publications, working with and meeting frequent, tight deadlines, soliciting contributions, interviewing individuals for stories, and working as part of a large and diverse team to complete specific tasks.

STAFF REPORT

IN CONSIDERATION OF RESOLUTION NO. 08-3905, FOR THE PURPOSE OF CONFIRMING THE APPOINTMENTS OF SETH OTTO AND BEN DUPREE TO THE METRO COMMITTEE FOR CITIZEN INVOLVEMENT.

Date: January 4, 2008

Prepared by: Cheryl Grant

BACKGROUND

The Metro Committee for Citizen Involvement (MCCI) has continued to attempt to fill its vacancies. MCCI has actively recruited new members, including soliciting stakeholders and local leaders for nominees, notifying agency staff, and advertising on a weekly basis.

Seth Otto resides in District 6. The MCCI Membership Committee has recommended Mr. Otto for a District 6 position on the committee, citing his interest in community planning. Mr. Otto's application to the committee is attached to Resolution 08-3905 as Exhibit A.

Ben DuPree also resides in District 6. The MCCI Membership Committee has recommend Mr. DuPree for an At-large position on the committee, citing his community interests. Mr. DuPree's application to the committee is attached to Resolution 08-3905 as Exhibit B.

ANALYSIS/INFORMATION

1. Known Opposition

None.

2. Legal Antecedents

Section 28(1) of the Metro Charter and Metro Code Section 2.19.100, adopted on November 9, 2000, states that the Metro Office of Citizen Involvement (MCCI) is created to develop and maintain programs and procedures to aid communication between citizens and the Metro Council; and Ordinance No. 00-860A (For the Purpose of Adding a New Chapter 2.19 to the Metro Code Relating to Advisory Committees).

3. Anticipated Effects

That two new members will be appointed to MCCI.

4. Budget Impacts

None.

RECOMMENDED ACTION

Staff recommends the adoption of Resolution No. 08-3905

Agenda Item Number 5.1

Ordinance No. 08-1173, Amending the FY 2007-08 Budget and Appropriations Schedule to Release Contingency Funds Earmarked For Various Planning Department Projects, Authorizing the Addition of 3.0 FTE, and Declaring an Emergency.

First Reading

Metro Council Meeting
Thursday, January 31, 2008
Metro Council Chamber

BEFORE THE METRO COUNCIL

AMENDING THE FY 2007-08 BUDGET AND	)	ORDINANCE NO. 08-1173
APPROPRIATIONS SCHEDULE TO RELEASE)	
CONTINGENCY FUNDS EARMARKED FOR	)	Introduced by Michael Jordan, Chief
VARIOUS PLANNING DEPARTMENT	)	Operating Officer, with the concurrence of
PROJECTS, AUTHORIZING THE ADDITION OF	)	Council President David Bragdon
3.0 FTE AND DECLARING AN EMERGENCY)	

WHEREAS, the Metro Council has reviewed and considered the need to increase appropriations within the FY 2007-08 Budget; and

WHEREAS, Oregon Budget Law ORS 294.326 allows for the expenditure in the year of receipt of grants, gifts, bequests, and other devices received by a municipal corporation in trust for a specific purpose; 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 2007-08 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 releasing contingency funds earmarked for various planning department projects and authorizing the addition of three full time positions
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 _____ 2008.

David Bragdon, Council President

Attest:

Approved as to Form:

Christina Billington, Recording Secretary

Daniel B. Cooper, Metro Attorney

**Exhibit A
Ordinance No. 08-1173**

ACCT	DESCRIPTION	Current Budget		Revision		Amended Budget	
		FTE	Amount	FTE	Amount	FTE	Amount
General Fund							
Resources							
Resources							
<i>BEGBAL</i>	<i>Beginning Fund Balance</i>						
3500	Beginning Fund Balance						
	* Prior year ending balance		12,436,438		0		12,436,438
	* Project Carryover		2,097,336		0		2,097,336
	* Tourism Opportunity & Comp. Account		784,911		0		784,911
	* Recovery Rate Stabilization Reserve		1,742,751		0		1,742,751
	* Reserve for Future Debt Service		2,024,706		0		2,024,706
	* Tibbets Flower Account		491		0		491
	* Prior year PERS Reserve		5,592,114		0		5,592,114
<i>EXCISE</i>	<i>Excise Tax</i>						
4050	Excise Taxes		14,677,197		0		14,677,197
4055	Construction Excise Tax		3,000,000		0		3,000,000
<i>RPTAX</i>	<i>Real Property Taxes</i>						
4010	Real Property Taxes-Current Yr		9,971,141		0		9,971,141
4015	Real Property Taxes-Prior Yrs		299,134		0		299,134
<i>GRANTS</i>	<i>Grants</i>						
4100	Federal Grants - Direct		4,676,647		0		4,676,647
4105	Federal Grants - Indirect		4,987,165		0		4,987,165
4110	State Grants - Direct		1,299,475		0		1,299,475
4115	State Grants - Indirect		170,400		0		170,400
4120	Local Grants - Direct		8,659,420		50,000		8,709,420
<i>LGSHRE</i>	<i>Local Gov't Share Revenues</i>						
4135	Marine Board Fuel Tax		123,843		0		123,843
4139	Other Local Govt Shared Rev.		396,130		0		396,130
<i>GVCNTB</i>	<i>Contributions from Governments</i>						
4145	Government Contributions		20,157		0		20,157
<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		155,000		0		155,000
4180	Contract & Professional Service		444,060		0		444,060
4200	UGB Fees		50,000		0		50,000
4230	Product Sales		307,600		0		307,600
4280	Grave Openings		155,000		0		155,000
4285	Grave Sales		120,000		0		120,000
4500	Admission Fees		6,711,235		0		6,711,235
4501	Conservation Surcharge		136,500		0		136,500
4510	Rentals		763,933		0		763,933
4550	Food Service Revenue		4,487,674		0		4,487,674
4560	Retail Sales		1,927,541		0		1,927,541
4580	Utility Services		2,000		0		2,000
4610	Contract Revenue		864,191		0		864,191
4620	Parking Fees		629,186		0		629,186
4630	Tuition and Lectures		833,613		0		833,613
4635	Exhibit Shows		604,512		0		604,512
4640	Railroad Rides		586,047		0		586,047
4645	Reimbursed Services		232,558		0		232,558
4650	Miscellaneous Charges for Service		24,700		0		24,700
4760	Sponsorships		17,000		0		17,000

Exhibit A
Ordinance No. 08-1173

ACCT	DESCRIPTION	Current Budget		Revision		Amended Budget	
		FTE	Amount	FTE	Amount	FTE	Amount
General Fund							
Resources							
<i>INTRST</i>	<i>Interest Earnings</i>						
4700	Interest on Investments		842,690			0	842,690
<i>DONAT</i>	<i>Contributions from Private Sources</i>						
<i>INCGRV</i>	<i>Internal Charges for Service</i>						
4670	Charges for Service		58,100			0	58,100
<i>MISCRV</i>	<i>Miscellaneous Revenue</i>						
4170	Fines and Forfeits		20,000			0	20,000
4820	Program Income		38,513			0	38,513
4890	Miscellaneous Revenue		88,911			0	88,911
4891	Reimbursements		1,358,898			0	1,358,898
<i>INDTRV</i>	<i>Interfund Reimbursements</i>						
4975	Transfer for Indirect Costs						
	* from MERC Operating Fund		1,693,465			0	1,693,465
	* from Natural Areas Fund		766,350			0	766,350
	* from Solid Waste Revenue Fund		3,444,419			0	3,444,419
<i>INTSRV</i>	<i>Internal Service Transfers</i>						
4980	Transfer for Direct Costs						
	* from Natural Areas Fund		135,925			0	135,925
	* from Metro Capital Fund		29,750			0	29,750
	* from Smith & Bybee Lakes Fund		21,700			0	21,700
	* from Solid Waste Revenue Fund		714,646			0	714,646
TOTAL RESOURCES			\$102,667,273			\$50,000	\$102,717,273

**Exhibit A
Ordinance No. 08-1173**

ACCT	DESCRIPTION	Current Budget		Revision		Amended Budget	
		FTE	Amount	FTE	Amount	FTE	Amount
General Fund							
Council Office							
<i>Personal Services</i>							
<i>SALWGE</i>	<i>Salaries & Wages</i>						
5000	Elected Official Salaries						
	Council President	1.00	111,132	-	0	1.00	111,132
	Councilor	6.00	220,044	-	0	6.00	220,044
5010	Reg Employees-Full Time-Exempt						
	Assistant to the Council President	1.00	81,130	-	0	1.00	81,130
	Chief Operating Officer	1.00	168,664	-	0	1.00	168,664
	Confidential Secretary	2.00	92,589	-	0	2.00	92,589
	Council Support Specialist	3.00	145,108	-	0	3.00	145,108
	Manager II	1.00	74,881	-	0	1.00	74,881
	Principal Regional Planner	-	0	-	0	-	0
	Program Analyst I	1.00	43,347	-	0	1.00	43,347
	Program Analyst II	1.00	54,714	-	0	1.00	54,714
	Program Analyst III	1.00	50,957	-	0	1.00	50,957
	Program Analyst V	-	0	0.42	28,685	0.42	28,685
	Program Supervisor II	1.00	73,904	-	0	1.00	73,904
5015	Reg Empl-Full Time-Non-Exempt						
	Administrative Assistant II	1.00	33,874	-	0	1.00	33,874
5030	Temporary Employees		40,000		0		40,000
5080	Overtime		1,750		0		1,750
5089	Salary Adjustments						
	Merit Adjustment Pool (non-represented)		12,288		0		12,288
	Other Adjustments (non-represented)		12,329		0		12,329
<i>FRINGE</i>	<i>Fringe Benefits</i>						
5100	Fringe Benefits						
	Base Fringe (variable & fixed)		440,152		10,730		450,882
5190	PERS Bond Recovery		39,988		0		39,988
Total Personal Services		20.00	\$1,696,851	0.42	\$39,415	20.42	\$1,736,266
Total Materials & Services			\$155,085		\$0		\$155,085
Total Capital Outlay			\$30,000		\$0		\$30,000
TOTAL REQUIREMENTS		20.00	\$1,881,936	0.42	\$39,415	20.42	\$1,921,351

**Exhibit A
Ordinance No. 08-1173**

ACCT	DESCRIPTION	Current Budget		Revision		Amended Budget	
		FTE	Amount	FTE	Amount	FTE	Amount
General Fund							
Planning Department							
Total Personal Services		85.08	\$8,660,387	0.00	\$0	85.08	\$8,660,387
Materials & Services							
<i>GOODS</i>	<i>Goods</i>						
	5201 Office Supplies		397,232		0		397,232
	5205 Operating Supplies		70,550		0		70,550
	5210 Subscriptions and Dues		35,150		0		35,150
<i>SVCS</i>	<i>Services</i>						
	5240 Contracted Professional Svcs		5,169,360		200,545		5,369,905
	5251 Utility Services		8,386		0		8,386
	5260 Maintenance & Repair Services		79,101		0		79,101
	5265 Rentals		5,250		0		5,250
	5280 Other Purchased Services		435,785		0		435,785
<i>IGEXP</i>	<i>Intergov't Expenditures</i>						
	5300 Payments to Other Agencies		2,222,000		0		2,222,000
<i>INCGEX</i>	<i>Internal Charges for Service</i>						
	5400 Charges for Service		56,500		0		56,500
<i>OTHEXP</i>	<i>Other Expenditures</i>						
	5440 Program Purchases		4,355,368		0		4,355,368
	5450 Travel		112,015		0		112,015
	5455 Staff Development		16,700		0		16,700
Total Materials & Services			\$12,963,397		\$200,545		\$13,163,942
Total Debt Service			\$517,763		\$0		\$517,763
TOTAL REQUIREMENTS		85.08	\$22,191,547	0.00	\$200,545	85.08	\$22,392,092

**Exhibit A
Ordinance No. 08-1173**

ACCT	DESCRIPTION	Current Budget		Revision		Amended Budget	
		FTE	Amount	FTE	Amount	FTE	Amount
General Fund							
Public Affairs Department							
<i>Personal Services</i>							
<i>SALWGE</i>	<i>Salaries & Wages</i>						
5010	Reg Employees-Full Time-Exempt						
	Associate Public Affairs Specialist	2.00	115,696	-	0	2.00	115,696
	Director II	1.00	112,462	-	0	1.00	112,462
	Graphics/Exhibit Designer	1.00	55,033	-	0	1.00	55,033
	Manager I	1.00	91,210	-	0	1.00	91,210
	Manager II	2.00	175,068	-	0	2.00	175,068
	Program Supervisor I	1.00	72,627	-	0	1.00	72,627
	Senior Public Affairs Specialist	6.00	365,756	0.42	24,807	6.42	390,563
	Web Master	1.00	66,843	-	0	1.00	66,843
5015	Reg Empl-Full Time-Non-Exempt						
	Program Assistant 2	-	0	0.42	15,251	0.42	15,251
	Public Relations Support Specialist	1.00	49,795	-	0	1.00	49,795
5080	Overtime		1,000		0		1,000
5089	Salary Adjustments						
	Merit Adjustment Pool (non-represented)		4,252		0		4,252
	Step Increases (AFSCME)		16,015		0		16,015
	COLA (represented employees)		16,015		0		16,015
	Other Adjustments (non-represented)		4,252		0		4,252
	Other Adjustments (AFSCME)		2,669		0		2,669
<i>FRINGE</i>	<i>Fringe Benefits</i>						
5100	Fringe Benefits						
	Base Fringe (variable & fixed)		400,193		14,982		415,175
5190	PERS Bond Recovery		39,056		0		39,056
Total Personal Services		16.00	\$1,587,942	0.84	\$55,040	16.84	\$1,642,982
Total Materials & Services			\$249,608		\$0		\$249,608
TOTAL REQUIREMENTS		16.00	\$1,837,550	0.84	\$55,040	16.84	\$1,892,590

**Exhibit A
Ordinance No. 08-1173**

ACCT	DESCRIPTION	Current Budget		Revision		Amended Budget	
		FTE	Amount	FTE	Amount	FTE	Amount
General Fund							
General Expenses							
Total Interfund Transfers			\$11,320,221		\$0		\$11,320,221
<i>Contingency & Unappropriated Balance</i>							
<i>CONT</i>	<i>Contingency</i>						
5999	Contingency						
	* Contingency		3,259,705		0		3,259,705
	* Opportunity Account		3,135		0		3,135
	* Reserved for Future Planning Needs		1,690,000		(245,000)		1,445,000
	* Reserved for Future Election Costs		290,000		0		290,000
	* Reserved for Nature in Neighborhood Grants		250,000		0		250,000
	* Reserved for Reg. Afford. Housing Revolving Fund		1,000,000		0		1,000,000
	* Reserved for Metro Regional Center Remodel		300,000		0		300,000
	* Recovery Rate Stabilization reserve		916,588		0		916,588
	* PERS Reserve		13,058		0		13,058
<i>UNAPP</i>	<i>Unappropriated Fund Balance</i>						
5990	Unappropriated Fund Balance						
	* Stabilization Reserve		2,000,000		0		2,000,000
	* Reserve for Future Natural Areas Operations		764,453		0		764,453
	* Tourism Opportunity & Comp. Account		96,655		0		96,655
	* PERS Reserve		2,796,056		0		2,796,056
	* Computer Replacement Reserve (Planning)		90,000		0		90,000
	* Tibbets Flower Account		352		0		352
	* Reserve for Future Debt Service		2,151,706		0		2,151,706
Total Contingency & Unappropriated Balance			\$15,621,708		(\$245,000)		\$15,376,708
TOTAL REQUIREMENTS		412.39	\$102,667,273	1.26	\$50,000	413.65	\$102,717,273

Exhibit B
Ordinance 08-1173
Schedule of Appropriations

	<u>Current</u> <u>Appropriation</u>	Revision	<u>Revised</u> <u>Appropriation</u>
GENERAL FUND			
Council Office	1,881,936	39,415	1,921,351
Finance & Administrative Services	8,236,508	0	8,236,508
Human Resources	1,607,004	0	1,607,004
Metro Auditor	527,283	0	527,283
Office of Metro Attorney	1,866,238	0	1,866,238
Oregon Zoo	24,817,816	0	24,817,816
Planning	21,673,784	200,545	21,874,329
Public Affairs & Government Relations	1,837,550	55,040	1,892,590
Regional Parks & Greenspaces	6,300,682	0	6,300,682
Special Appropriations	5,099,882	0	5,099,882
Non-Departmental			
Debt Service	1,876,661	0	1,876,661
Interfund Transfers	11,320,221	0	11,320,221
Contingency	7,722,486	(245,000)	7,477,486
Unappropriated Balance	7,899,222	0	7,899,222
Total Fund Requirements	\$102,667,273	\$50,000	\$102,717,273

All Other Appropriations Remain As Previously Adopted

STAFF REPORT

IN CONSIDERATION OF ORDINANCE NO. 08-1173 FOR THE PURPOSE OF AMENDING THE FY 2007-08 BUDGET AND APPROPRIATIONS SCHEDULE TO RELEASE CONTINGENCY FUNDS EARMARKED FOR VARIOUS PLANNING DEPARTMENT PROJECTS, AUTHORIZING THE ADDITION OF 3.0 FTE, AND DECLARING AN EMERGENCY

Date: January 24, 2008

Prepared by: Andy Cotugno, Lisa Miles, and Janice Larson

BACKGROUND

In September 2007 the Council passed Ordinance 07-1160B, approving a three-year spending plan for various reserve funds. A majority of the spending proposals related to planning activities. Funding for many of these activities was placed in contingency pending further definition of the project. A summary of these proposals is shown below. The items that are shaded were placed in contingency and are the subject of this ordinance.

Ordinance 07-1160B
Council Decisions for Use of Undesignated Reserves

Department	Description	Expenditures by Year - Original Proposal			
		FY 07-08	FY 08-09	FY 09-10	TOTAL
Planning					
Planning 1	Regional Energy Use Mapping	8,000			8,000
Planning 2	Bike model refinement	50,000			50,000
Planning 3	Transportation Finance ballot measure	\$95,000			95,000
Planning 4	New Look Work Program	0			0
Planning 5	Transportation Implementation Scenarios	200,000			200,000
Planning 6	Set aside now for FY 2009-10 urban reserves planning				0
Planning 7	Regional Affordable Housing Revolving fund		1,000,000		1,000,000
Planning 8	Strategic Work Plan. <i>Components:</i>				
Planning 8.A	A. Opportunity Fund to catalyze development				
Planning 8.B	B. Staff position to lead reserves work	105,000	195,000	150,000	450,000
Planning 8.C	C. Analysis to designate urban/rural reserves	100,000	\$500,000		600,000
Planning 8.D	D. One limited duration public affairs staff	\$150,000	\$150,000	\$150,000	450,000
Planning 8.E	E. Writing/design support in Creative Services	Total funding for D. E. F. & G. is			
Planning 8.F	F. Printing, event costs, etc (M&S)	\$450,000 over the three year period			
Planning 8.G	G. 2040 Story (scenario development/analysis)				
Planning 8.H	H. Develop capital finance portfolio		\$150,000	\$150,000	300,000
Planning 8.I	I. Strategic Plan initiatives (placeholder)	?	?	?	0

These earmarked contingency funds relate to three current initiatives of the Planning Department:

1. Placemaking Initiative (Planning 8 D, E, F, G)
2. Urban and Rural Reserves (Planning 8 C)
3. Capital Finance Strategy (Planning 3 and Planning 8 H)

This ordinance provides further details on the activities planned for these funds, seeks Council approval of the proposals, and requests the release and appropriation of the FY 2007-08 portion of the allocated contingency funds. Expenditures planned for future years will be included in the budgets for each of those years.

1. Placemaking Initiative

As shown above, Ordinance 07-1160B placed \$450,000 in contingency for the Making the Greatest Place program, to be allocated at \$150,000 per year for FY 2007-08, FY 2008-09, and FY 2009-10. Under Ordinance

07-1160B, the contingency funding was intended to fund one limited duration public affairs FTE, as well as communications needs, printing, events, and communicating the 2040 story as part of Making the Greatest Place. This ordinance will release the funding from contingency to support staffing and activities defined in more detail below and in Attachment A.

1A. Appropriate \$150,000 in FY 2007-08 from general fund contingency for the Placemaking Initiative

This proposal is to release the \$150,000 earmarked contingency allocation for FY 2007-08 to fund implementation of the Placemaking Initiative. The Placemaking Initiative will bring a unified but multifaceted approach to Metro’s efforts to spur development within the UGB and revitalize centers and corridors throughout the region. The initiative will consist of three major activity areas – communication, tools and resources, and catalyst placemaking projects. The communications element will support all tracks outlined on the Making the Greatest Place Roadmap. The initiative's tools and catalyst placemaking elements are consistent with goals of the Planning Department’s new strategic plan. Once the communications strategy has been explored and developed, the initiative will be officially launched in late Spring of FY 2007-08, and the bulk of activities and events will take place in FY 2008-09.

This budget ordinance releases the \$150,000 from designated contingency in FY 2007-08 (Planning 8 D, E, F G in 07-1160B) to be spent as follows:

Event Coordinator Salary (Public Affairs Program Assistant II, Feb – June 2008)	\$15,251
Event Coordinator Fringe (Public Affairs Program Assistant II, Feb – June 2008)	\$5,704
Contracted Professional Services	\$129,045

Attachment A provides further detail regarding the proposed nature, schedule, and estimated budget for various elements of the Placemaking Initiative. The remaining \$300,000 held in contingency for Making the Greatest Place will provide the balance of funds needed to implement activities in FY 2008-09. As part of the FY 2008-09 budget process, the Planning Department will submit an add package requesting that the \$150,000 contingency allocation for FY 2009-10 be advanced to FY 2008-09. Given that information and materials issued in Spring 2008 will reference events to be held in FY 2008-09, it will be essential for the department to be able to count on this funding in order to follow through with the scheduled slate of activities.

Staffing for the Placemaking Initiative will be provided with existing staff across all divisions of the Planning Department, with the exception of the Public Affairs Program Assistant II position requested as part of this ordinance (see 1B below). In addition, the Planning Department and the Public Affairs and Government Relations are trying to identify resources for at least .5 FTE for marketing and creative support for this effort. The Planning Department’s budget for FY 2007-08 has already funded .25 FTE in PAGR to support Get Centered! and that support will now be redirected towards the Placemaking Initiative.

1B. Authorize One (1) Limited Duration FTE for a Public Affairs Program Assistant II to serve as Events Coordinator for Making the Greatest Place

Under Ordinance 07-1160B (Planning 8 D), the designated contingency funding was intended to fund one limited duration public affairs staff. This ordinance would create this position, with the salary funded through the end of FY 2008-09 through the designated contingency funds-. Given the emphasis on Placemaking in the Planning Department’s new strategic plan, it is anticipated that events coordination will be a long-term need of the department and the status of the position may need to be reconsidered in the future.

Position: This position will coordinate event planning and logistics to support the Placemaking and Infrastructure activities currently underway as part of Making the Greatest Place. This will include working with both Planning and Public Affairs staff to plan and implement events and activities that support Metro's Centers and Corridors Placemaking Initiative as well as the regional Infrastructure Analysis. This will include pre-event planning, securing locations and catering, scheduling councilors' and speaker attendance, compiling reports, presentations, and materials, handling event publicity and registrations, processing event payments, logistical coordination with external event sponsors and partners, maintaining event information and web site announcements, responding to inquiries, and event follow-up.

Justification: Neither the Planning nor the Public Affairs and Government Relations Departments have the staff available to support the level of events and activities that are planned as part of the Placemaking Initiative and the Infrastructure Analysis. The Placemaking Initiative is a new cross-departmental effort to strategically deliver technical assistance to local communities. To implement the proposed suite of placemaking tools, resources, and implementation activities, the Planning Department will be drawing upon the existing professional staff throughout the department as well as technical consultants. We have learned from Get Centered! that an event-based initiative of this nature requires close attention to a myriad of logistical details in order to be successful. Hiring a Program Assistant to handle logistical and administrative aspects of the Placemaking Initiative as well as the Infrastructure Analysis events will enable professional Planning and Public Affairs staff to maximize time spent on delivering technical assistance to local communities, analyzing the region's infrastructure needs, and executing communications strategies for both of these important efforts. With the Planning Department's new strategic emphasis on Placemaking, it is anticipated that this position will be essential to support activities and events on an ongoing basis.

Budget Impact: In Metro Council Ordinance 07-1160B, Council earmarked \$150,000 per year from the general fund contingency for FY 2007-08, FY 2008-09, and FY 2009-10 to support Making the Greatest Place. This position will be funded by the earmarked contingency funds through FY 2008-09. For FY 2009-10 and every year thereafter if the position is extended, there will be an additional impact of approximately \$51,000 (in FY 2007-08 dollars) to the budget to fund this position.

2. Urban and Rural Reserves - Authorize One (1) Limited Duration FTE (through FY 2009-10) for Senior Public Affairs Specialist for Urban and Rural Reserves Project

Position: This Senior Public Affairs Specialist position will provide public involvement support for the Urban and Rural Reserves Project, which is part of Making the Greatest Place. This will include working with public involvement partners in the three urban counties to design and implement events and processes that give the public opportunities for meaningful input in the designation process for urban and rural reserves. This will include planning and presenting in open houses, presentations to standing committees/ organizations, maintaining the web site, responding to email, phone and other questions and comments, maintaining a public comment record that meets legal requirements, preparing materials for presentation at the open houses and for other documentations. This person will be budgeted in Public Affairs and work under the supervision of the Reserves Manager.

Justification: Neither the Planning Department nor the Public Affairs and Government Relations departments have the staff available to support the level of public involvement and engagement that will be needed for the Urban and Rural Reserves Project over the next two years. Engagement activities associated with the New Look over the past two years (now Making the Greatest Place efforts) have focused on targeted outreach to key stakeholders. The need for major public involvement has not really existed since the last efforts to expand the Urban Growth Boundary and the resources to conduct such activities in a strategic and careful way are not available.

The process to designate urban and rural reserves will ultimately affect individual property owners and citizens throughout the region as the decisions affect future urbanization patterns. Broader public involvement assistance is now needed.

Budget Impact: In Ordinance 07-1160B, Council appropriated \$100,000 in FY 2007-08 and \$500,000 in FY 2008-09 to support the analysis of the Reserves areas (Planning 8C). A portion of the FY 2008-09 funding will be carried forward to FY 2009-10 to fund the last six months of this position.

3. Public Investment Strategy

3A. **Authorize One (1) Limited Duration FTE (through FY 2009-10) for an Infrastructure Financing Analyst (Program Analyst V)**

This ordinance will provide for a new position to provide support for infrastructure financing. Efforts are underway related to transportation funding specifically, as well as for the broader infrastructure.

Position: This position will provide support to regional financing and infrastructure implementation tasks being initiated through the Planning and Parks Departments of Metro. In addition, support may be provided for undertakings initiated by the Solid Waste and Recycling Department, the Oregon Zoo, and the Metropolitan Exposition and Recreation Commission. The Infrastructure Financing Analyst's initial activities will focus on state and regional transportation funding proposals and the assessment of general public infrastructure needs of local governments. Both of these projects are within the Planning Department. The Planning Department Strategic Plan identified the need to consolidate public investment initiatives across the agency.

Justification: Related to transportation, the first task of this position will be to focus on regional transportation funding. The work of the Regional Transportation Plan and the tremendous shortfall of funding for projects for both maintenance and modernization of the road and transit systems have initiated several efforts to fill the near-term funding gaps and long term shortfall. Work is progressing at local, state, and federal levels. Staff is coordinating with elected officials and staff from local governments regarding their own local funding initiatives. This currently includes the three counties and the City of Portland. Staff work is trying to ensure that their local initiatives dovetail with current thoughts about a regional initiative. The Governor recently announced that he will make transportation a key initiative at the '09 legislature. Staffing from Metro will be required to support the Council in this effort. The federal reauthorization of the transportation act is also starting now in Congress. This is an opportunity to change policies and funding formulas for years to come to better align with Council goals and policies. Staff and Council will be playing a key role in this process.

Related to infrastructure generally, an inventory of existing infrastructure plans and financing mechanisms is under development. This will be used to identify potential financing gaps to address.

Budget Impact: Council Ordinance 07-1160B earmarked \$95,000 in contingency for FY 2007-08 to support the Transportation Finance Ballot Measure (Planning 3), and \$150,000 for FY 2008-09 and \$150,000 for FY 2009-10 to support the development of a capital finance portfolio (Planning 8H). This position will be funded through these earmarked contingency allocations through FY 2009-10. After FY 2009-10, there will be additional impact to the budget of approximately \$95,000 (FY 2007-08 dollars) to continue funding of this position.

3B. Appropriate the \$95,000 of contingency funds earmarked for the Transportation Finance Ballot Measure to fund the salary of the Infrastructure Financing Analyst and other staff work and program expenses for this project in FY 2007-08.

In order to support the projects described in 3A above, it is necessary for this position to be filled as soon as possible in FY 2007-08. Appropriating funds from the FY 2007-08 Transportation Finance Ballot earmarked contingency will enable the department to bring the Infrastructure Financing Analyst on board and initiate work on this project.

Budget Impact: Council Ordinance 07-1160B earmarked \$95,000 in contingency for FY 2007-08 to support the Transportation Finance Ballot Measure (Planning 3). Release of these funds will provide funding for the new position for the current year.

ANALYSIS/INFORMATION

1. **Known Opposition:** No known opposition.
2. **Legal Antecedents:** ORS 294.450 provides for transfers of appropriations with a fund, including transfers from contingency, if such transfers are authorized by official resolution or ordinance of the governing body or the local jurisdiction.
3. **Anticipated Effects:** The purpose of this ordinance is to release contingency funds that were earmarked under Ordinance No. 07-1160B for projects selected by the Council so the Planning Department may initiate work on the projects. It also authorizes the addition of 3.0 FTE limited duration position.
4. **Budget Impacts:** This ordinance has multiple current and future year budget impacts. Attachment 2 to this staff report summarizes the financial impact of this ordinance.
 - a. For FY 2007-08, it requests the release of \$245,000 currently earmarked in contingency to support the projects described above and requests that a portion of the \$100,000 currently appropriated for urban/rural reserves analysis be used to fund a limited duration Senior Public Affairs Specialist.
 - b. The ordinance outlines a revised three-year spending plan for activities to be funded from various undesignated strategic reserves. Ordinance 07-1160B identified \$1,445,000 for activities described in this ordinance.
 - c. It authorizes the addition of 3.0 FTE limited duration positions. After FY 2009-10, there will be an additional budget impact to the General Fund of approximately \$95,500 (FY 2007-08 dollars) to continue funding of the Infrastructure Financing Analyst position and \$50,500 to continue the Public Affairs Program Assistant Event Coordinator position, should the Council choose to do so.

RECOMMENDED ACTION

In order to implement and begin work on the Council-approved Placemaking Initiative, Urban and Rural Reserves, and Capital Finance Strategy projects, staff recommends adoption of this Ordinance.

**Placemaking Initiative:
 Implementing the Region’s 2040 Growth Concept**

More than a decade has passed since the creation of the 2040 growth concept. Recent research confirms that residents today still strongly support the values and goals upon which 2040 was founded – but times have changed. The pace of growth has accelerated – over 200,000 new residents have entered the region since 2040 was adopted – technology has changed, social awareness of global environmental issues has risen dramatically, and the means to implement the 2040 growth concept continue to evolve.

The time is right to renew the region’s commitment to the 2040 plan, reframe regional goals within a broader global context, refine policies, and build support for catalyst placemaking projects that will help make the 2040 growth concept a reality. To galvanize support for implementation of the 2040 plan, neighborhood leaders, business leaders, and government officials throughout the region need a fresh understanding of regional goals and priorities, and a clear sense of how their actions can shape a better future for our region and the planet. Through the proposed Placemaking Initiative, Metro will:

- Support local officials and “change agents” by highlighting key choices and impacts, linking local efforts to urgent global issues and concerns, and presenting key policy and development initiatives in an integrated, approachable and highly visual framework
- Provide technical training and resources to local staff and policy makers to facilitate local implementation efforts
- Infuse resources, energy and focus into key projects throughout the region that will be a catalyst for development in centers and corridors

The Placemaking Initiative has three distinct elements – **communication, tools and resources, and placemaking projects**, each with targeted audiences and strategies. The two-year effort will be targeted and phased to coincide with and support the other tracks of the planning “road map”, with an estimated completion date at the end of 2009.

Element	Audience	Activity	Content
Communication	Elected officials, neighborhood leaders, the development community, chambers of commerce, landmark commissions and other community organizations.	Assist community leaders to build broad understanding and public support for implementing the 2040 plan. Help create fertile ground in the community for later stages of place making and development.	Fresh, visually engaging communication package will tell the 2040 story in an accessible, compelling way. Formats to include print, presentations, video, pod casts and web interface.
Tools and resources	Local elected officials, government staff, planning commissions and the development community	Bring practical tools and resources for community development out into local communities in a readily accessible and convenient format.	Workshops and resources will include community investment toolkits and cover topics such as real estate economics, finance mechanisms, parking strategies, street design, etc.
Placemaking Projects	Regional public and private sector leaders	Jumpstart, amplify and leverage catalyst projects to help local communities achieve their plans and advance regional 2040 goals.	A series of strategy workshops led by teams of experts will assist five selected catalyst projects implement on-the-ground results, which will be shared as examples to other communities.

Communication

Metro will harness the power of imagery and video to demonstrate how public investment and infill development combine to make great places locally, while producing global benefits. A fresh, visually engaging communications package will tell the 2040 story in an accessible and visually compelling way, highlighting local success stories and featuring voices of community leaders across the region that are working to implement the 2040 growth concept. A strategic alliance with other organizations will help sponsor and shape this effort.

A social marketing campaign that uses mass marketing techniques is not feasible given current allocated resources. Instead, Metro will offer a right-sized effort to support the transformative policies under development while invigorating key catalytic projects in communities throughout the region. The target audience for communication materials will be public and private sector decision makers and opinion leaders, including elected officials and staff, advocacy groups, planning commissions, neighborhood organizations, and the development community. Earned media will be a primary method by which to disseminate themes and messages of the Placemaking Initiative more broadly.

Themes and Tactics

Prior to launching this effort, staff will work with marketing consultants and with Council to develop a communications strategy, refine the tone and identity, and package activities and messages in a way that will best resonate with target audiences. The proposed primary themes of the Placemaking Initiative include:

- Climate Change and Energy -- Local transportation and land use choices have urgent global consequences as well as local air quality impacts.
- Lifestyle Choice and Quality of Life -- Implementation of the 2040 plan expands the array of lifestyle, transportation and housing choices for citizens of the region, and will accommodate future growth while retaining and enhancing the quality of life of the region.
- Changing times & Public Priorities – We must re-tool policies and investments to respond to the imperative of deficient infrastructure, the prospect of accelerated growth, and the need for wise stewardship.
- Community Action -- You can help shape a positive future for your community as the region continues to implement the 2040 growth concept.

New communications materials will help key audiences visualize the implementation of green, affordable and livable communities, protecting the region's environment and economy while creating a great metropolitan region for generations to come. Metro will utilize a wide range of available formats to communicate the goals of this initiative:

Print: A new booklet will replace the outdated "Nature of 2040" and describe current policy work. Simple brochures will enable Metro and its partners to effectively leverage existing outreach efforts, reaching target audiences with key messages.

Presentation: A presentation for use by councilors and staff would help to tell the 2040 story and explain key policy initiatives to a range of decision makers and stakeholders.

Video: A general video would tell the 2040 story and discuss the environmental and economic benefits of sound regional development. Ongoing video vignettes and interviews with community leaders and other 2040 implementers will continually update the story with highlights of local placemaking activities.

Podcast: Monthly podcasts will feature current aspects of policy and implementation work and will allow an opportunity to showcase community leader perspectives.

Web: The updated communications in many formats will bring fresh content and imagery to the new website and the web interface will allow us to continually feature new video vignettes, information and points of view.

Tools and Resources

The tools and resources element of the Placemaking Initiative will help local elected officials, planning commissions, design review boards and staff better understand how aspects of policy and real estate economics affect development in their community, and familiarize them with the range of federal, state, regional and local tools that can help implement their development aspirations.

A workshop series will be developed to share critical technical information and tools with local partners in a customized, locally responsive format. The Financial Incentives Toolkit and the Design and Development Code Toolkit currently under way will be a valuable component of this effort. Metro will develop additional content to supplement the toolkits as necessary. Content for the workshop series may include topics such as:

- Real estate economics: the up-front costs and long term benefits of mixed use development
- Urban living infrastructure: anchoring downtown redevelopment with the right mix of uses, attractions, and public amenities
- Financial tools and incentives: the public sector's role as a catalyst to mixed-use development in downtowns and main streets
- Innovative design and development codes: policy, planning and design guidelines necessary for successful implementation
- Public-private partnerships: case studies of innovative redevelopment partnerships
- Parking strategies: what to build, how much to build, alternatives, and why parking costs so much
- Transportation management associations
- Street design best practices
- Green building and nature friendly development
- Affordable housing strategies

Metro will hold initial workshops during the summer and fall of 2008. These sessions will be digitally recorded so that the content will ultimately be available to other individuals and groups to access this important resource. Metro will involve other partners in this effort, such as ULI, APA, PSU, CRE as well as technical consultants.

Placemaking Projects

Metro will engage regional leaders in testing and applying key policies and concepts for implementing 2040 through specific catalyst projects and placemaking efforts. Metro will help to jumpstart, amplify, and leverage these catalyst projects to help local communities implement on-the-ground results in their centers and corridors.

Catalyst Development Initiatives

Metro will convene a distinguished team of design, development and finance experts to advise local communities on catalyst projects that could help them to reach their long-term visions and plans while advancing the region's 2040 goals. Five project sites/study areas will be identified in 2008-09 based on selection criteria consistent with regional goals. Sites located in centers and corridors would be eligible. The technical assistance will (likely) consist of a series of focused strategy sessions, but ongoing funding and support will also enable the communities to follow up with the technical experts as they work further to implement projects.

Mayors' Institute for City Design

Metro will be collaborating with the University of Oregon and Portland State University to host a session of the Mayors' Institute for Community Design (MICD). This national program, a partnership of the National Endowment for the Arts, the U.S. Conference of Mayors, and the American Architectural Foundation, has awarded a \$50,000 grant to implement the MICD session during the spring of 2008. Four local mayors will be invited to participate in this intensive three-day program, along with four mayors from other cities throughout the Northwest. During the program the mayors will share specific community design and development challenges facing their communities, and an interdisciplinary panel of eight nationally recognized design and development professionals will respond with their advice and expertise. Each of the panelists will also make a presentation to the group on a relevant topic of interest. The overall theme of the MICD session will be targeted to complement and build upon the themes of the Placemaking Initiative.

Placemaking Initiative Schedule and Events – 2008

Launch (Spring-Summer '08): The Placemaking Initiative will be officially launched at an expanded Regional Roundtable type event. This event may also serve as a Planning Commissions Summit and chance to highlight the Design/Code Toolkit, so local staff and planning commissioners would be encouraged to participate. Metro will highlight the involvement of other partners, and keynote speakers will address relevant themes. Metro will issue a call to action to local communities to define long-term plans for their centers and corridors, revamp policies as necessary, and focus work on specific catalyst projects in preparation for a "Making the Greatest Place Summit" to be held in early 2009.

Mayors Institute for Community Design (May '08): Four mayors from the metro region will be selected along with four other mayors from the northwest to participate in the MICD program, hosted jointly by Metro, the University of Oregon, and Portland State University. This two to three day event will combine presentations and discussions by the mayors and a panel of national experts, along with local tours, receptions and exhibits.

Local Placemaking Events (Summer '08): Metro will join with partners and local stakeholders and governments to help highlight the importance of placemaking in a practical and locally appropriate context. Events would be timed and themed to add value to local catalyst projects. Local partners will play the key role in organizing and hosting these sessions. Metro's role in these local events will be to provide modest funding and appropriate content accessible to the target audience. Metro will seek to hold at least one placemaking-themed event in each Metro district during the spring and summer of 2008.

Catalyst Development Initiatives (Summer-Fall '08):

Metro will offer technical support and assistance to 5 communities through the Catalyst Development Initiatives and will provide staff support to other jurisdictions to help clarify and refine their centers/corridor strategies in advance of the 2009 summit. The Catalyst Development Initiatives will bring together local leaders, staff, developers and technical experts for strategy workshops as appropriate to the particular project.

Workshop Series (Summer-Fall '08): An initial series of workshops will be held in summer or fall. The topics and timing of the series will be coordinated to complement training activities of other partners, such as the APA Planning Commissioner Training series.

Making the Greatest Place Summit (Winter 2009): This roundtable event will be an opportunity to share the outcomes of the Placemaking Initiative and assess progress and results at the local level. The event will feature a trade-show or science-fair element that will enable all local jurisdictions to “show and tell” about the long term plans they have developed for their center(s) and corridors, as well as results and steps taken so far. During this event we will also discuss more broadly each community’s plans and capacity expectations and how public investment priorities and strategies can help to realize their ambitions. In this way, the spring and fall roundtable events will also tie directly to the “Road Map” investing track goals, prioritizing investments and recalibrating capacity expectations in preparation for the next Urban Growth Report.

Estimated Budget

FY 07-08

Expenses

Communications consultant	60,000
Printing	20,000
Placemaking Initiative Launch event	20,000
Launch speakers	7,500
Mayors Institute for City Design	50,000
Workshop series technical consultants	25,000
Workshop series materials	25,000
Local placemaking events	11,500
Catalyst Development Initiative consultants	60,000
Staff (Public Affairs Program Assistant II -- Events Coordinator)	21,000
TOTAL FY07-08 Placemaking Initiative Expenses	\$300,000

Revenue

Making the Greatest Place contingency allocation FY07-08	150,000
Get Centered! existing budget	75,000
Long Range Planning existing budget	25,000
Mayors Institute for City Design grant	50,000
TOTAL FY07-08 Placemaking Initiative Revenue	\$300,000

FY 08-09

Expenses

Ongoing communications design and printing	20,000
Catalyst Development Initiative consultants	175,000
Making the Greatest Place summit	25,000
Local placemaking events	9,500
Workshop series technical consultants	15,000
Workshop series event costs	5,000
Staff (Public Affairs Program Assistant II -- Events Coordinator)	50,500
TOTAL FY08-09 Placemaking Initiative Expenses	\$300,000

Revenue

Making the Greatest Place contingency allocation FY08-10	300,000
TOTAL FY08-09 Placemaking Initiative Revenue	\$300,000

Attachment 2
Staff Report to Ordinance 08-1173
Financial Impact by Fiscal Year

	FY 2007-08	FY 2008-09	FY 2009-10	3-Year Total	Notes	Potential Ongoing
<u>1. Placemaking Initiative</u>						
<i>Revenue</i>						
Allocated General Fund Reserves	\$150,000	\$300,000	\$0	\$450,000		\$0
<i>Expenditures</i>						
Event Coordinator	\$20,955	\$50,500	\$0	\$71,455	(1)	\$50,500
Contracted Services & other M&S	\$129,045	\$249,500	\$0	\$378,545	(3)	??
<i>Total</i>	<i>\$150,000</i>	<i>\$300,000</i>	<i>\$0</i>	<i>\$450,000</i>		<i>\$50,500</i>
<u>2. Urban & Rural Reserves</u>						
<i>Revenue</i>						
Allocated General Fund Reserves	\$100,000	\$459,000	\$41,000	\$600,000		\$0
<i>Expenditures</i>						
Senior Public Affairs Specialist	\$34,085	\$82,000	\$41,000	\$157,085	(1,2)	\$0
Contracted Services & other M&S	\$65,915	\$377,000	\$0	\$442,915		\$0
<i>Total</i>	<i>\$100,000</i>	<i>\$459,000</i>	<i>\$41,000</i>	<i>\$600,000</i>		<i>\$0</i>
<u>3. Public Investment Strategy</u>						
<i>Revenue</i>						
Allocated General Fund Reserves	\$95,000	\$150,000	\$150,000	\$395,000		\$0
<i>Expenditures</i>						
Program Analyst	\$39,415	\$95,000	\$95,000	\$229,415		\$95,000
Contracted Services & other M&S	\$55,585	\$55,000	\$55,000	\$165,585	(3)	??
<i>Total</i>	<i>\$95,000</i>	<i>\$150,000</i>	<i>\$150,000</i>	<i>\$395,000</i>		<i>\$95,000</i>
<u>Total Proposal</u>						
<i>Revenue</i>						
Allocated General Fund Reserves	\$345,000	\$909,000	\$191,000	\$1,445,000		\$0
<i>Expenditures</i>						
New Staff	\$94,455	\$227,500	\$136,000	\$457,955	(1)	\$145,500
Contracted Services & other M&S	\$250,545	\$681,500	\$55,000	\$987,045	(3)	??
<i>Total</i>	<i>\$345,000</i>	<i>\$909,000</i>	<i>\$191,000</i>	<i>\$1,445,000</i>		<i>\$145,500</i>
Potential Future Funding Needs	\$0	\$0	\$0	\$0		(\$145,500)

Notes:

1. All personal services costs are estimated in FY 2007-08 dollars and have not been inflated for cola, merit or step awards or fringe increases.
2. Assumes FTE is limited duration through December 2009.
3. Proposal does not identify ongoing M&S costs associated with new staff.

Ordinance No. 08-1171, Amending the FY 2007-08
Budget and Appropriations Schedule Recognizing
Donations to the Oregon Zoo, Amending the FY 2007-
08 Through FY 2011-12 Capital Improvement Plan, and
Declaring an Emergency.

Second Reading

Metro Council Meeting
Thursday, January 31, 2008
Metro Council Chamber

BEFORE THE METRO COUNCIL

AMENDING THE FY 2007-08 BUDGET AND) ORDINANCE NO. 08-1171
APPROPRIATIONS SCHEDULE RECOGNIZING)
DONATIONS TO THE OREGON ZOO,) Introduced by Michael Jordan, Chief
AMENDING THE FY 2007-08 THROUGH FY) Operating Officer, with the concurrence of
2011-12 CAPITAL IMPROVEMENT PLAN, AND) Council President David Bragdon
DECLARING AN EMERGENCY)

WHEREAS, the Metro Council has reviewed and considered the need to increase appropriations within the FY 2007-08 Budget; and

WHEREAS, Oregon Budget Law ORS 294.326 allows for the expenditure in the year of receipt of grants, gifts, bequests, and other devices received by a municipal corporation in trust for a specific purpose; 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 2007-08 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 recognizing donations to the Oregon Zoo.
- 2. That the FY 2007-08 through FY 2011-12 Capital Improvement Plan 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 _____ 2008.

David Bragdon, Council President

Attest:

Approved as to Form:

Christina Billington, Recording Secretary

Daniel B. Cooper, Metro Attorney

**Exhibit A
Ordinance No. 08-1171**

ACCT	DESCRIPTION	Current Budget		Revision		Amended Budget	
		FTE	Amount	FTE	Amount	FTE	Amount
General Fund							
Resources							
Resources							
<i>BEGBAL</i>	<i>Beginning Fund Balance</i>						
3500	Beginning Fund Balance						
	* Prior year ending balance		12,436,438		0		12,436,438
	* Project Carryover		2,097,336		0		2,097,336
	* Tourism Opportunity & Comp. Account		784,911		0		784,911
	* Recovery Rate Stabilization Reserve		1,742,751		0		1,742,751
	* Reserve for Future Debt Service		2,024,706		0		2,024,706
	* Tibbets Flower Account		491		0		491
	* Prior year PERS Reserve		5,592,114		0		5,592,114
<i>EXCISE</i>	<i>Excise Tax</i>						
4050	Excise Taxes		14,677,197		0		14,677,197
4055	Construction Excise Tax		3,000,000		0		3,000,000
<i>RPTAX</i>	<i>Real Property Taxes</i>						
4010	Real Property Taxes-Current Yr		9,971,141		0		9,971,141
4015	Real Property Taxes-Prior Yrs		299,134		0		299,134
<i>GRANTS</i>	<i>Grants</i>						
4100	Federal Grants - Direct		4,676,647		0		4,676,647
4105	Federal Grants - Indirect		4,987,165		0		4,987,165
4110	State Grants - Direct		1,299,475		0		1,299,475
4115	State Grants - Indirect		170,400		0		170,400
4120	Local Grants - Direct		8,659,420		0		8,659,420
<i>LGSHRE</i>	<i>Local Gov't Share Revenues</i>						
4135	Marine Board Fuel Tax		123,843		0		123,843
4139	Other Local Govt Shared Rev.		396,130		0		396,130
<i>GVCNTB</i>	<i>Contributions from Governments</i>						
4145	Government Contributions		20,157		0		20,157
<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		155,000		0		155,000
4180	Contract & Professional Service		444,060		0		444,060
4200	UGB Fees		50,000		0		50,000
4230	Product Sales		307,600		0		307,600
4280	Grave Openings		155,000		0		155,000
4285	Grave Sales		120,000		0		120,000
4500	Admission Fees		6,711,235		0		6,711,235
4501	Conservation Surcharge		136,500		0		136,500
4510	Rentals		763,933		0		763,933
4550	Food Service Revenue		4,487,674		0		4,487,674
4560	Retail Sales		1,927,541		0		1,927,541
4580	Utility Services		2,000		0		2,000
4610	Contract Revenue		864,191		0		864,191
4620	Parking Fees		629,186		0		629,186
4630	Tuition and Lectures		833,613		0		833,613
4635	Exhibit Shows		604,512		0		604,512
4640	Railroad Rides		586,047		0		586,047
4645	Reimbursed Services		232,558		0		232,558
4650	Miscellaneous Charges for Service		24,700		0		24,700
4760	Sponsorships		17,000		0		17,000

Exhibit A
Ordinance No. 08-1171

ACCT	DESCRIPTION	Current Budget		Revision		Amended Budget	
		FTE	Amount	FTE	Amount	FTE	Amount
General Fund							
Resources							
<i>INTRST</i>	<i>Interest Earnings</i>						
4700	Interest on Investments		842,690		0		842,690
<i>DONAT</i>	<i>Contributions from Private Sources</i>						
4750	Donations and Bequests		1,036,600		106,369		1,142,969
<i>INCGRV</i>	<i>Internal Charges for Service</i>						
4670	Charges for Service		58,100		0		58,100
<i>MISCRV</i>	<i>Miscellaneous Revenue</i>						
4170	Fines and Forfeits		20,000		0		20,000
4820	Program Income		38,513		0		38,513
4890	Miscellaneous Revenue		88,911		0		88,911
4891	Reimbursements		1,358,898		0		1,358,898
<i>INDTRV</i>	<i>Interfund Reimbursements</i>						
4975	Transfer for Indirect Costs						
	* from MERC Operating Fund		1,693,465		0		1,693,465
	* from Natural Areas Fund		766,350		0		766,350
	* from Solid Waste Revenue Fund		3,444,419		0		3,444,419
<i>INTSRV</i>	<i>Internal Service Transfers</i>						
4980	Transfer for Direct Costs						
	* from Natural Areas Fund		135,925		0		135,925
	* from Metro Capital Fund		29,750		0		29,750
	* from Smith & Bybee Lakes Fund		21,700		0		21,700
	* from Solid Waste Revenue Fund		714,646		0		714,646
TOTAL RESOURCES			\$102,667,273		\$106,369		\$102,773,642

Exhibit A
Ordinance No. 08-1171

ACCT	DESCRIPTION	Current Budget		Revision		Amended Budget	
		FTE	Amount	FTE	Amount	FTE	Amount
General Fund							
Oregon Zoo Department							
Total Personal Services		149.96	\$14,109,732	0.00	\$0	149.96	\$14,109,732
<i>Materials & Services</i>							
<i>GOODS</i>	<i>Goods</i>						
	5201 Office Supplies		114,240		0		114,240
	5205 Operating Supplies		1,266,594		0		1,266,594
	5210 Subscriptions and Dues		45,515		0		45,515
	5214 Fuels and Lubricants		65,000		0		65,000
	5215 Maintenance & Repairs Supplies		341,050		0		341,050
	5220 Food		1,102,160		0		1,102,160
<i>SVCS</i>	<i>Services</i>						
	5245 Marketing		5,000		0		5,000
	5240 Contracted Professional Svcs		1,027,994		0		1,027,994
	5251 Utility Services		2,227,230		0		2,227,230
	5255 Cleaning Services		37,600		0		37,600
	5260 Maintenance & Repair Services		151,625		0		151,625
	5265 Rentals		161,570		0		161,570
	5280 Other Purchased Services		845,186		30,000		875,186
	5290 Operations Contracts		1,860,000		0		1,860,000
<i>CAPMNT</i>	<i>Capital Maintenance</i>						
	5262 Capital Maintenance - Non-CIP		333,300		0		333,300
<i>IGEXP</i>	<i>Intergov't Expenditures</i>						
	5300 Payments to Other Agencies		388,540		0		388,540
	5315 Grants to Other Governments		10,000		0		10,000
<i>OTHEXP</i>	<i>Other Expenditures</i>						
	5445 Grants		396,500		0		396,500
	5450 Travel		86,395		0		86,395
	5455 Staff Development		41,905		0		41,905
	5475 Claims Paid		0		0		0
	5490 Miscellaneous Expenditures		35,680		0		35,680
Total Materials & Services			\$10,543,084		\$30,000		\$10,573,084
<i>Capital Outlay</i>							
<i>CAPNON</i>	<i>Capital Outlay (Non-CIP Projects)</i>						
	5710 Improve-Oth thn Bldg (non-CIP)		80,000		0		80,000
	5730 Exhibits and Related (non-CIP)		0		48,500		48,500
	5740 Equipment & Vehicles (non-CIP)		25,000		27,869		52,869
	5750 Office Furn & Equip (non-CIP)		10,000		0		10,000
<i>CAPCIP</i>	<i>Capital Outlay (CIP Projects)</i>						
	5725 Buildings & Related (CIP)		50,000		0		50,000
Total Capital Outlay			\$165,000		\$76,369		\$241,369
TOTAL REQUIREMENTS		149.96	\$24,817,816	0.00	\$106,369	149.96	\$24,924,185

Exhibit A
Ordinance No. 08-1171

ACCT	DESCRIPTION	Current		Revision		Amended	
		FTE	Amount	FTE	Amount	FTE	Amount
Metro Capital Fund							
Metro Capital Fund Total							
<i>Resources</i>							
<i>BEGBAL</i>	<i>Beginning Fund Balance</i>						
3500	* Prior year ending balance		7,330,871		0		7,330,871
3500	* Prior year PERS Reserve		13,105		0		13,105
4100	Federal Grants-Direct		300,000		0		300,000
4105	Federal Grants-Indirect		820,000		0		820,000
4110	State Grants-Direct		200,000		0		200,000
<i>INTRST</i>	<i>Interest Earnings</i>						
4700	Interest on Investments		191,826		0		191,826
<i>DONAT</i>	<i>Contributions from Private Sources</i>						
4750	Donations and Bequests		2,003,000		100,000		2,103,000
<i>EQTREV</i>	<i>Fund Equity Transfers</i>						
	* from General Fund (1% on SW revenues)		200,000		0		200,000
	* from General Fund (per ton on SW)		130,000		0		130,000
	* from General Fund-IT R&R		240,000		0		240,000
	* from General Fund-MRC R&R		253,000		0		253,000
	* from General Fund-Gen'l R&R		6,213,500		0		6,213,500
	* from General Fund-Zoo R&R		0		0		0
	* from General Fund (Zoo)		100,000		0		100,000
	* from Gen'l Revenue Bond Fund-MRC R&R		8,000		0		8,000
TOTAL RESOURCES			\$18,067,066		\$100,000		\$18,167,066
Total Personal Services		2.00	\$119,572	-	\$0	2.00	\$119,572
Total Materials & Services			\$746,499		\$0		\$746,499
<i>Capital Outlay</i>							
<i>CAPNON</i>	<i>Capital Outlay (non-CIP Projects)</i>						
5710	Improve-Oth thn Bldg (non-CIP)		192,000		0		192,000
5730	Exhibits and Related (non-CIP)		115,000		0		115,000
<i>CAPCIP</i>	<i>Capital Outlay (CIP Projects)</i>						
5715	Improve-Oth thn Bldg (CIP)		1,828,000		0		1,828,000
5725	Buildings & Related (CIP)		4,717,000		0		4,717,000
5745	Equipment & Vehicles (CIP)		100,959		100,000		200,959
5755	Office Furniture & Equip (CIP)		483,000		0		483,000
Total Capital Outlay			\$7,435,959		\$100,000		\$7,535,959
<i>Interfund Transfers</i>							
<i>INTCHG</i>	<i>Internal Service Transfers</i>						
5820	Transfer for Direct Costs						
	* to General Fund (Regional Parks)		29,750		0		29,750
Total Interfund Transfers			\$29,750		\$0		\$29,750

**Exhibit A
Ordinance No. 08-1171**

ACCT	DESCRIPTION	Current Budget		Revision		Amended Budget	
		FTE	Amount	FTE	Amount	FTE	Amount
Metro Capital Fund							
Metro Capital Fund Total							
<i>Contingency & Unappropriated Balance</i>							
CONT	<i>Contingency</i>						
5999	Contingency						
	* General contingency		2,735,977		0		2,735,977
	* Prior Year PERS Reserve		6,552		0		6,552
UNAPP	<i>Unappropriated Fund Balance</i>						
5990	Unappropriated Fund Balance						
	* Prior Year PERS Reserve		6,553		0		6,553
	* Renewal & Replacement - Gen'l		5,700,000		0		5,700,000
	* Parks Capital Projects Account		597,735		0		597,735
	* Parks Renewal & Replacement		363,810		0		363,810
	* Oxbow Park Nature Center Account		324,659		0		324,659
Total Contingency & Unappropriated Balance			\$9,735,286		\$0		\$9,735,286
TOTAL REQUIREMENTS		2.00	\$18,067,066	-	\$100,000	2.00	\$18,167,066

**Exhibit A
Ordinance No. 08-1171**

ACCT	DESCRIPTION	Current Budget		Revision		Amended Budget		
		FTE	Amount	FTE	Amount	FTE	Amount	
Metro Capital Fund								
Metro Capital Fund - Oregon Zoo Capital Projects								
<u>Resources</u>								
BEGBAL	<i>Beginning Fund Balance</i>							
3500	* Prior year ending balance		1,647,046		0		1,647,046	
3500	* Prior year PERS Reserve		13,105		0		13,105	
INTRST	<i>Interest Earnings</i>							
4700	Interest on Investments		70,556		0		70,556	
DONAT	<i>Contributions from Private Sources</i>							
4750	Donations and Bequests		2,000,000		100,000		2,100,000	
EQTREV	<i>Fund Equity Transfers</i>							
4970	Transfer of Resources							
	* from General Fund (Zoo)		100,000		0		100,000	
TOTAL RESOURCES			\$3,830,707		\$100,000		\$3,930,707	
Total Personal Services			2.00	\$119,572	-	\$0	2.00	\$119,572
<u>Capital Outlay</u>								
CAPCIP	<i>Capital Outlay (CIP Projects)</i>							
5725	Buildings & Related (CIP)		4,020,000		0		4,020,000	
5745	Equipment & Vehicles (CIP)		0		100,000		100,000	
Total Capital Outlay			\$4,020,000		\$100,000		\$4,120,000	
<u>Contingency & Unappropriated Balance</u>								
CONT	<i>Contingency</i>							
5999	Contingency							
	* General contingency		1,598,030		0		1,598,030	
	* Prior Year PERS Reserve		6,552		0		6,552	
UNAPP	<i>Unappropriated Fund Balance</i>							
5990	Unappropriated Fund Balance							
	* Prior Year PERS Reserve		6,553		0		6,553	
Total Contingency & Unappropriated Balance			\$1,611,135		\$0		\$1,611,135	
TOTAL REQUIREMENTS			2.00	\$5,750,707	-	\$100,000	2.00	\$5,850,707

Exhibit B
Ordinance 08-1171
Schedule of Appropriations

	<u>Current Appropriation</u>	<u>Revision</u>	<u>Revised Appropriation</u>
GENERAL FUND			
Council Office	1,881,936	0	1,881,936
Finance & Administrative Services	8,236,508	0	8,236,508
Human Resources	1,607,004	0	1,607,004
Metro Auditor	527,283	0	527,283
Office of Metro Attorney	1,866,238	0	1,866,238
Oregon Zoo	24,817,816	106,369	24,924,185
Planning	21,673,784	0	21,673,784
Public Affairs & Government Relations	1,837,550	0	1,837,550
Regional Parks & Greenspaces	6,300,682	0	6,300,682
Special Appropriations	5,099,882	0	5,099,882
Non-Departmental			
Debt Service	1,876,661	0	1,876,661
Interfund Transfers	11,320,221	0	11,320,221
Contingency	7,722,486	0	7,722,486
Unappropriated Balance	7,899,222	0	7,899,222
Total Fund Requirements	\$102,667,273	\$106,369	\$102,773,642
METRO CAPITAL FUND			
Oregon Zoo	4,139,572	100,000	4,239,572
Regional Parks	2,152,124	0	2,152,124
Special Appropriation	2,010,334	0	2,010,334
Non-Departmental			
Interfund Transfers	29,750	0	29,750
Contingency	2,742,529	0	2,742,529
Unappropriated Balance	6,992,757	0	6,992,757
Total Fund Requirements	\$18,067,066	\$100,000	\$18,167,066

All Other Appropriations Remain as Previously Adopted

EXHIBIT C
Ordinance 08-1171

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	2007-2008	Years	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013		Total
Equipment/Furnishings	\$0	\$100,000	\$100,000	\$0	\$0	\$0	\$0	\$0	\$0	\$100,000
Total:	\$0	\$100,000	\$100,000	\$0	\$0	\$0	\$0	\$0	\$0	\$100,000

Funding Source:

Donations	\$0	\$100,000	\$100,000	\$0	\$0	\$0	\$0	\$0	\$0	\$100,000
Total:	\$0	\$100,000	\$100,000	\$0	\$0	\$0	\$0	\$0	\$0	\$100,000

Annual Operating Budget Impact:

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

This project is to replace the outdated animal hospital x-ray machine with a modern digital machine.

The Zoo had expected to complete acquisition of an X-Ray machine by fiscal year-end 2007 but was unable to do so, there will be a budget and CIP amendment to add this project to FY 2007-08.

STAFF REPORT

IN CONSIDERATION OF ORDINANCE NO. 08-1171, AMENDING THE FY 2007-08 BUDGET AND APPROPRIATIONS SCHEDULE RECOGNIZING DONATIONS TO THE OREGON ZOO, AMENDING THE FY 2007-08 THROUGH FY 2011-12 CAPITAL IMPROVEMENT PLAN, AND DECLARING AN EMERGENCY

Date: December 18, 2007

Prepared by: Craig M. Stroud

BACKGROUND

The Oregon Zoo received two donations for fiscal year 2007-08 not forecast when the budget was adopted. The intent of this ordinance is to recognize the donated revenues and increase expenditure authority to fulfill the restrictions on the donations.

The zoo received a generous capital donation of \$100,000 from Banfield, The Pet Hospital restricted to the purchase of a digital radiography system (x-ray). To the extent funds remain after obtaining and installing the system, the funds are restricted to acquiring other veterinary hospital equipment.

<i>Metro Capital Fund – Oregon Zoo Capital Projects</i>	
<i>Revenues</i>	
Donations and Bequests	\$100,000
<i>Expenditures</i>	
Equipment and Vehicles (CIP)	\$100,000

The zoo also received a generous donation totaling \$106,369 from The Oregon Zoo Foundation. The foundation restricted the donation to the following animal and exhibit purposes: relocating the zoo's wolves and grizzly bear due to repurpose of the Alaska Tundra exhibit, and a walk-in cooler for the California Condor off-site breeding facility.

<i>General Fund – Oregon Zoo</i>	
<i>Revenues</i>	
Donations and Bequests	\$106,369
<i>Expenditures</i>	
Exhibits and Related (Non-CIP)	\$48,500
Other Purchased Services	\$30,000
Equipment and Vehicles (Non-CIP)	\$27,869

ANALYSIS/INFORMATION

- 1. Known Opposition:** None known.
- 2. Legal Antecedents:** ORS 294.326(3) provides an exemption to Oregon Budget Law allowing for the expenditure in the year of receipt of grants, gifts and bequests received by a municipal corporation in trust for a specific purpose.

3. **Anticipated Effects:** This action allows the department to recognize the donations dedicated to the purposes described in this report and make expenditures to fulfill the terms of the donations.
4. **Budget Impacts:** This action requests the recognition of \$206,369 in private contributions, according to Exhibit A. This action also increases appropriation authority in the General Fund and the Metro Capital Fund as described in Exhibit B, Schedule of Appropriations.

RECOMMENDED ACTION

The Chief Operating Officer recommends adoption of this Ordinance.

Ordinance No. 08-1172, Amending the FY 2007-08 Budget and Appropriations Schedule Transferring Contingency in the Metro Capital Fund to the Oregon Zoo Capital Projects Account for Storm Water System Improvements, Amending the FY 2007-08 Through FY 2011-12 Capital Improvement Plan, and Declaring an Emergency.

Second Reading

Metro Council Meeting
Thursday, January 31, 2008
Metro Council Chamber

BEFORE THE METRO COUNCIL

AMENDING THE FY 2007-08 BUDGET AND) ORDINANCE NO. 08-1172
 APPROPRIATIONS SCHEDULE)
 TRANSFERRING CONTINGENCY IN THE) Introduced by Michael Jordan, Chief
 METRO CAPITAL FUND TO THE OREGON ZOO) Operating Officer, with the concurrence of
 CAPITAL PROJECTS ACCOUNT FOR STORM) Council President David Bragdon
 WATER SYSTEM IMPROVEMENTS,)
 AMENDING THE FY 2007-08 THROUGH FY)
 2011-12 CAPITAL IMPROVEMENT PLAN, AND)
 DECLARING AN EMERGENCY)

WHEREAS, the Metro Council has reviewed and considered the need to increase appropriations within the FY 2007-08 Budget; and

WHEREAS, Oregon Budget Law ORS 294.326 allows for the expenditure in the year of receipt of grants, gifts, bequests, and other devices received by a municipal corporation in trust for a specific purpose; 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 2007-08 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 transferring contingency in the Metro Capital Fund to the Oregon Zoo Capital Projects Account for storm water system improvements.
2. That the FY 2007-08 through FY 2011-12 Capital Improvement Plan 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 _____ 2008.

David Bragdon, Council President

Attest:

Approved as to Form:

Christina Billington, Recording Secretary

Daniel B. Cooper, Metro Attorney

Exhibit A
Ordinance No. 08-1172

ACCT	DESCRIPTION	Current Budget		Revision		Amended Budget	
		FTE	Amount	FTE	Amount	FTE	Amount
Metro Capital Fund							
Metro Capital Fund Total							
Total Personal Services		2.00	\$119,572	-	\$0	2.00	\$119,572
Total Materials & Services			\$746,499		\$0		\$746,499
Capital Outlay							
<i>CAPNON</i>	<i>Capital Outlay (non-CIP Projects)</i>						
5710	Improve-Oth thn Bldg (non-CIP)		192,000		0		192,000
5730	Exhibits and Related (non-CIP)		115,000		0		115,000
<i>CAPCIP</i>	<i>Capital Outlay (CIP Projects)</i>						
5715	Improve-Oth thn Bldg (CIP)		1,828,000		250,000		2,078,000
5725	Buildings & Related (CIP)		4,717,000		0		4,717,000
5745	Equipment & Vehicles (CIP)		200,959		0		200,959
5755	Office Furniture & Equip (CIP)		483,000		0		483,000
Total Capital Outlay			\$7,535,959		\$250,000		\$7,785,959
Total Interfund Transfers			\$29,750		\$0		\$29,750
Contingency & Unappropriated Balance							
<i>CONT</i>	<i>Contingency</i>						
5999	Contingency						
	* General contingency		2,735,977		(250,000)		2,485,977
	* Prior Year PERS Reserve		6,552		0		6,552
<i>UNAPP</i>	<i>Unappropriated Fund Balance</i>						
5990	Unappropriated Fund Balance						
	* Prior Year PERS Reserve		6,553		0		6,553
	* Renewal & Replacement - Gen'l		5,700,000		0		5,700,000
	* Parks Capital Projects Account		597,735		0		597,735
	* Parks Renewal & Replacement		363,810		0		363,810
	* Oxbow Park Nature Center Account		324,659		0		324,659
Total Contingency & Unappropriated Balance			\$9,735,286		(\$250,000)		\$9,485,286
TOTAL REQUIREMENTS		2.00	\$18,167,066	-	\$0	2.00	\$18,167,066

Exhibit A
Ordinance No. 08-1172

ACCT	DESCRIPTION	Current		Revision		Amended	
		FTE	Amount	FTE	Amount	FTE	Amount
Metro Capital Fund							
Metro Capital Fund - Oregon Zoo Capital Projects							
Total Personal Services		2.00	\$119,572	-	\$0	2.00	\$119,572
<u>Capital Outlay</u>							
<i>CAPCIP</i>	<i>Capital Outlay (CIP Projects)</i>						
5715	Improve-Oth thn Bldg (CIP)		0		250,000		250,000
5725	Buildings & Related (CIP)		4,020,000		0		4,020,000
5745	Equipment & Vehicles (CIP)		100,000		0		100,000
Total Capital Outlay			\$4,120,000		\$250,000		\$4,370,000
<u>Contingency & Unappropriated Balance</u>							
<i>CONT</i>	<i>Contingency</i>						
5999	Contingency						
	* General contingency		1,598,030		(250,000)		1,348,030
	* Prior Year PERS Reserve		6,552		0		6,552
<i>UNAPP</i>	<i>Unappropriated Fund Balance</i>						
5990	Unappropriated Fund Balance						
	* Prior Year PERS Reserve		6,553		0		6,553
Total Contingency & Unappropriated Balance			\$1,611,135		(\$250,000)		\$1,361,135
TOTAL REQUIREMENTS		2.00	\$5,850,707	-	\$0	2.00	\$5,850,707

Exhibit B
Ordinance 08-1172
Schedule of Appropriations

	<u>Current Appropriation</u>	<u>Revision</u>	<u>Revised Appropriation</u>
METRO CAPITAL FUND			
Oregon Zoo	4,239,572	250,000	4,489,572
Regional Parks	2,152,124	0	2,152,124
Special Appropriation	2,010,334	0	2,010,334
Non-Departmental			
Interfund Transfers	29,750	0	29,750
Contingency	2,742,529	(250,000)	2,492,529
Unappropriated Balance	6,992,757	0	6,992,757
Total Fund Requirements	\$18,167,066	\$0	\$18,167,066

All Other Appropriations Remain as Previously Adopted

Note: The current appropriation column assumes adoption of ordinance 08-1171

**EXHIBIT C
Ordinance 08-1172**

Capital Project Request - Project Detail

Project Title: Storm Water Connection to Big Pipe **Fund:** Zoo Capital Projects Fund

Project Status: Incomplete **Funding Status:** Funded **FY First Authorized:** 2007-08 **Department:** Oregon Zoo

Project Number: TEMP334 **Active:** **Dept. Priority:** 0 **Facility:** Oregon Zoo **Division:** Construction Maintenance

Source Of Estimate: Preliminary **Source:** **Start Date:** 1/07 **Date:** 12/21/2007 **Cost Type:** Facilities

Type of Project: New **Request Type:** Initial **Completion Date:** **Prepared By:** Craig Stroud

Project Estimates	Actual	Budget/Est	Prior						
Capital Cost:	Expend	2007-2008	Years	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	Total
Construction	\$0	\$250,000	\$250,000	\$0	\$0	\$0	\$0	\$0	\$250,000
Total:	\$0	\$250,000	\$250,000	\$0	\$0	\$0	\$0	\$0	\$250,000

Funding Source:

Fund Balance - Capital Reserve	\$0	\$250,000	\$250,000	\$0	\$0	\$0	\$0	\$0	\$250,000
Total:	\$0	\$250,000	\$250,000	\$0	\$0	\$0	\$0	\$0	\$250,000

Annual Operating Budget Impact:

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

The zoo has been working diligently on the Predators of the Serengeti and Red Ape Reserve projects by obtaining architectural, survey, and design element plans, and working with the City of Portland, Bureau of Environmental Services (city) on approvals and construction permits. During this process, the city stipulated that the two construction projects require incorporation of storm water separation and diversion to the combined sewer overflow pipe that runs along Highway 26 as a condition of approval and permitting.

Zoo staff obtained preliminary plans and drawings for diverting storm water for the two major projects. Both projects require connecting arterial storm water lines to a 30-inch main that runs down a ravine on the south edge of the zoo property to connect to the city's combined sewer overflow system on Highway 26. The cost to install these lines and connect to the system was estimated by the zoo's engineering firm at \$250,000. This cost was not anticipated in the zoo's budget requests for the two major projects, and existing project appropriation is insufficient to cover these costs.

STAFF REPORT

IN CONSIDERATION OF ORDINANCE NO. 08-1172, AMENDING THE FY 2007-08 BUDGET AND APPROPRIATIONS SCHEDULE TRANSFERRING CONTINGENCY IN THE METRO CAPITAL FUND TO THE OREGON ZOO CAPITAL PROJECTS ACCOUNT FOR STORM WATER SYSTEM IMPROVEMENTS, AMENDING THE FY 2007-08 THROUGH FY 2011-12 CAPITAL IMPROVEMENT PLAN, AND DECLARING AN EMERGENCY.

Date: December 18, 2007

Prepared by: Craig M. Stroud

BACKGROUND

The Oregon Zoo's Capital Improvement Plan (CIP) includes two major exhibit construction projects in fiscal year 2007-08. The *Predators of the Serengeti* is a \$4 million exhibit for African lions, cheetahs, wild dogs, and other African predators. Based on the theme "It's Hard to Be a Hunter," the interpretive elements make learning an integral part of the zoo experience, enlightening visitors about why African predators are key to the entire system of the Serengeti...and the wider world. *Predators of the Serengeti* has a two-year construction schedule and will open to the public by June 2009.

The *Red Ape Reserve* is a \$1.8 million renovation of the Orangutan exhibit, which is attached to the primates building. The primates building, constructed in 1959, has undergone significant renovations in the past five years. Following the theme "Forests of the World", the zoo has been transforming the building, in phases, from a mid-century relic to a state-of-the-art, naturalistic experience for visitors and animals. The *Red Ape Reserve* continues the transformation, becoming the cornerstone exhibit for the Asian forest wing of the building and housing the zoo's orangutans and gibbons. The exhibit is scheduled to open to the public during the 2008 summer.

The zoo has been working diligently on these two projects by obtaining architectural, survey, and design element plans, and working with the City of Portland, Bureau of Environmental Services (city) on approvals and construction permits. During this process, the city stipulated that the two construction projects require incorporation of storm water separation and diversion to the combined sewer overflow pipe that runs along Highway 26 as a condition of approval and permitting. The city has taken the position that these zoo projects, and all future major zoo construction projects, require storm water diversion from the sewer system to the city's combined sewer overflow system to eliminate sewage discharges to the Willamette River during heavy storm water periods. The city is currently completing a \$1.4 billion Big Pipe project to upgrade the combined sewer and storm system.

Zoo staff obtained preliminary plans and drawings for diverting storm water for the two major projects. Both projects require connecting arterial storm water lines to a 30-inch main that runs down a ravine on the south edge of the zoo property to connect to the city's combined sewer overflow system on Highway 26. The cost to install these lines and connect to the system was estimated by the zoo's engineering firm at \$250,000. This cost was not anticipated in the zoo's budget requests for the two major projects, and existing project appropriation is insufficient to cover these costs.

Revenues	
Zoo Capital Fund Contingency	\$250,000
Expenditures	
Improvements Other than Buildings (CIP)	\$250,000

This ordinance amends the Oregon Zoo's fiscal year 2007-08 through FY 2011-12 CIP by recognizing the storm water project and funds the project from contingency in the Metro Capital Fund, Oregon Zoo Capital Projects Account.

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 action amends the zoo's fiscal year 2007-08 CIP by recognizing the storm water project and provides the zoo budget limitation to complete the project.
- 4. Budget Impacts:** This action increases the Improvements Other than Buildings (CIP) appropriation in the Metro Capital Fund, Zoo Capital Projects Account by transferring \$250,000 from Contingency in the fiscal year 2007-08 adopted budget.

RECOMMENDED ACTION

The Chief Operating Officer recommends adoption of this Ordinance.

Ordinance No. 08-1174, Amending the FY 2007-08 Budget and Appropriations Schedule to Recognize New Grant and Intergovernmental Revenues for the Regional Parks; and Declaring an Emergency.

Second Reading

Metro Council Meeting
Thursday, January 31, 2008
Metro Council Chamber

BEFORE THE METRO COUNCIL

AMENDING THE FY 2007-08 BUDGET AND	)	ORDINANCE NO. 08-1174
APPROPRIATIONS SCHEDULE TO RECOGNIZE)	
NEW GRANT AND INTERGOVERNMENTAL	)	Introduced by Michael Jordan, Chief
REVENUES FOR THE REGIONAL PARKS	)	Operating Officer, with the concurrence of
DEPARTMENT, ESTABLISH APPROPRIATION	)	Council President David Bragdon
FOR NEW PARKS PROJECTS, AND)	
DECLARING AN EMERGENCY)	

WHEREAS, the Metro Council has reviewed and considered the need to increase appropriations within the FY 2007-08 Budget; and

WHEREAS, Oregon Budget Law ORS 294.326 allows for the expenditure in the year of receipt of grants, gifts, bequests, and other devices received by a municipal corporation in trust for a specific purpose; 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 2007-08 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 recognizing new grant and intergovernmental revenues and establishing appropriation for new Regional Parks projects.
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 _____ 2008.

David Bragdon, Council President

Attest:

Approved as to Form:

Christina Billington, Recording Secretary

Daniel B. Cooper, Metro Attorney

**Exhibit A
Ordinance No. 08-1174**

ACCT	DESCRIPTION	Current Budget		Revision		Amended Budget	
		FTE	Amount	FTE	Amount	FTE	Amount
General Fund							
Resources							
Resources							
<i>BEGBAL</i>	<i>Beginning Fund Balance</i>						
3500	Beginning Fund Balance						
	* Prior year ending balance		12,436,438		0		12,436,438
	* Project Carryover		2,097,336		0		2,097,336
	* Tourism Opportunity & Comp. Account		784,911		0		784,911
	* Recovery Rate Stabilization Reserve		1,742,751		0		1,742,751
	* Reserve for Future Debt Service		2,024,706		0		2,024,706
	* Tibbets Flower Account		491		0		491
	* Prior year PERS Reserve		5,592,114		0		5,592,114
<i>EXCISE</i>	<i>Excise Tax</i>						
4050	Excise Taxes		14,677,197		0		14,677,197
4055	Construction Excise Tax		3,000,000		0		3,000,000
<i>RPTAX</i>	<i>Real Property Taxes</i>						
4010	Real Property Taxes-Current Yr		9,971,141		0		9,971,141
4015	Real Property Taxes-Prior Yrs		299,134		0		299,134
<i>GRANTS</i>	<i>Grants</i>						
4100	Federal Grants - Direct		4,676,647		42,400		4,719,047
4105	Federal Grants - Indirect		4,987,165		0		4,987,165
4110	State Grants - Direct		1,299,475		142,000		1,441,475
4115	State Grants - Indirect		170,400		0		170,400
4120	Local Grants - Direct		8,659,420		210,000		8,869,420
<i>LGSHRE</i>	<i>Local Gov't Share Revenues</i>						
4135	Marine Board Fuel Tax		123,843		0		123,843
4139	Other Local Govt Shared Rev.		396,130		0		396,130
<i>GVCNTB</i>	<i>Contributions from Governments</i>						
4145	Government Contributions		20,157		225,000		245,157
<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		155,000		0		155,000
4180	Contract & Professional Service		444,060		0		444,060
4200	UGB Fees		50,000		0		50,000
4230	Product Sales		307,600		0		307,600
4280	Grave Openings		155,000		0		155,000
4285	Grave Sales		120,000		0		120,000
4500	Admission Fees		6,711,235		0		6,711,235
4501	Conservation Surcharge		136,500		0		136,500
4510	Rentals		763,933		0		763,933
4550	Food Service Revenue		4,487,674		0		4,487,674
4560	Retail Sales		1,927,541		0		1,927,541
4580	Utility Services		2,000		0		2,000
4610	Contract Revenue		864,191		0		864,191
4620	Parking Fees		629,186		0		629,186
4630	Tuition and Lectures		833,613		0		833,613
4635	Exhibit Shows		604,512		0		604,512
4640	Railroad Rides		586,047		0		586,047
4645	Reimbursed Services		232,558		0		232,558
4650	Miscellaneous Charges for Service		24,700		0		24,700
4760	Sponsorships		17,000		0		17,000

Exhibit A
Ordinance No. 08-1174

ACCT	DESCRIPTION	Current Budget		Revision		Amended Budget	
		FTE	Amount	FTE	Amount	FTE	Amount
General Fund							
Resources							
<i>INTRST</i>	<i>Interest Earnings</i>						
4700	Interest on Investments		842,690			0	842,690
<i>DONAT</i>	<i>Contributions from Private Sources</i>						
4750	Donations and Bequests		1,036,600			0	1,036,600
<i>INCGRV</i>	<i>Internal Charges for Service</i>						
4670	Charges for Service		58,100			0	58,100
<i>MISCRV</i>	<i>Miscellaneous Revenue</i>						
4170	Fines and Forfeits		20,000			0	20,000
4820	Program Income		38,513			0	38,513
4890	Miscellaneous Revenue		88,911			0	88,911
4891	Reimbursements		1,358,898			0	1,358,898
<i>INDTRV</i>	<i>Interfund Reimbursements</i>						
4975	Transfer for Indirect Costs						
	* from MERC Operating Fund		1,693,465			0	1,693,465
	* from Natural Areas Fund		766,350			0	766,350
	* from Solid Waste Revenue Fund		3,444,419			0	3,444,419
<i>INTSRV</i>	<i>Internal Service Transfers</i>						
4980	Transfer for Direct Costs						
	* from Natural Areas Fund		135,925			0	135,925
	* from Metro Capital Fund		29,750			0	29,750
	* from Smith & Bybee Lakes Fund		21,700			0	21,700
	* from Solid Waste Revenue Fund		714,646			0	714,646
TOTAL RESOURCES			\$102,667,273		\$619,400		\$103,286,673

Exhibit A
Ordinance No. 08-1174

ACCT	DESCRIPTION	Current Budget		Revision		Amended Budget	
		FTE	Amount	FTE	Amount	FTE	Amount
General Fund							
Regional Parks & Greenspaces Department							
Total Personal Services		40.70	\$3,674,130	0.00	\$0	40.70	\$3,674,130
<i>Materials & Services</i>							
<i>GOODS</i>	<i>Goods</i>						
	5201 Office Supplies		53,338		0		53,338
	5205 Operating Supplies		66,951		0		66,951
	5210 Subscriptions and Dues		2,497		0		2,497
	5215 Maintenance & Repairs Supplies		83,621		0		83,621
	5225 Retail		11,357		0		11,357
<i>SVCS</i>	<i>Services</i>						
	5240 Contracted Professional Svcs		1,012,713		225,000		1,237,713
	5250 Contracted Property Services		608,633		94,400		703,033
	5251 Utility Services		113,282		0		113,282
	5255 Cleaning Services		262		0		262
	5260 Maintenance & Repair Services		55,037		0		55,037
	5265 Rentals		29,262		0		29,262
	5270 Insurance		26,780		0		26,780
	5280 Other Purchased Services		49,462		0		49,462
	5290 Operations Contracts		5,399		0		5,399
<i>IGEXP</i>	<i>Intergov't Expenditures</i>						
	5300 Payments to Other Agencies		270,169		210,000		480,169
	5310 Taxes (Non-Payroll)		205,645		0		205,645
<i>OTHEXP</i>	<i>Other Expenditures</i>						
	5450 Travel		2,701		0		2,701
	5455 Staff Development		21,220		0		21,220
	5475 Claims Paid		0		0		0
	5490 Miscellaneous Expenditures		8,223		0		8,223
Total Materials & Services			\$2,626,552		\$529,400		\$3,155,952
TOTAL REQUIREMENTS		40.70	\$6,300,682	0.00	\$529,400	40.70	\$6,830,082

Exhibit A
Ordinance No. 08-1174

ACCT	DESCRIPTION	Current Budget		Revision		Amended Budget	
		FTE	Amount	FTE	Amount	FTE	Amount
General Fund							
Non-Departmental							
<i>Personal Services</i>							
<i>SALWGE</i>	<i>Salaries & Wages</i>						
5010	Reg Employees-Full Time-Exempt						
	Manager I	1.00	85,000	-	0	1.00	85,000
	Senior Regional Planner	1.75	122,824	-	0	1.75	122,824
5015	Reg Empl-Full Time-Non-Exempt						
	Program Assistant 1	0.75	21,970	-	0	0.75	21,970
5020	Reg Emp-Part Time-Exempt						
	Senior Regional Planner	1.00	70,186	-	0	1.00	70,186
5025	Reg Employees-Part Time-Non-Exempt						
5030	Temporary Employees		19,300		4,063		23,363
5089	Salary Adjustments						
	Merit Adjustment Pool (non-represented)		1,275		0		1,275
	Step Increases (AFSCME)		6,449		0		6,449
	COLA (represented employees)		6,449		0		6,449
	Other Adjustments (non-represented)		1,275		0		1,275
	Other Adjustments (AFSCME)		1,075		0		1,075
<i>FRINGE</i>	<i>Fringe Benefits</i>						
5100	Fringe Benefits						
	Base Fringe (variable & fixed)		110,496		337		110,833
5190	PERS Bond Recovery		10,761		0		10,761
Total Personal Services		4.50	\$457,060	0.00	\$4,400	4.50	\$461,460
<i>Materials & Services</i>							
<i>GOODS</i>	<i>Goods</i>						
5201	Office Supplies		29,103		0		29,103
5205	Operating Supplies		4,501		0		4,501
5210	Subscriptions and Dues		36,090		0		36,090
5215	Maintenance & Repairs Supplies		7,725		0		7,725
<i>SVCS</i>	<i>Services</i>						
5240	Contracted Professional Svcs		243,450		85,600		329,050
5246	Sponsorships		70,000		0		70,000
5251	Utility Services		1,030		0		1,030
5280	Other Purchased Services		115,280		0		115,280
5290	Operations Contracts		258		0		258
<i>IGEXP</i>	<i>Intergov't Expenditures</i>						
5300	Payments to Other Agencies		3,025,000		0		3,025,000
5305	Election Expenses		165,750		0		165,750
<i>OTHEXP</i>	<i>Other Expenditures</i>						
5445	Grants		900,000		0		900,000
5450	Travel		10,575		0		10,575
5455	Staff Development		2,060		0		2,060
5490	Miscellaneous Expenditures		32,000		0		32,000
Total Materials & Services			\$4,642,822		\$85,600		\$4,728,422
Total Debt Service			\$1,358,898		\$0		\$1,358,898
TOTAL REQUIREMENTS		4.50	\$6,458,780	0.00	\$90,000	4.50	\$6,548,780

Exhibit B
Ordinance 08-1174
Schedule of Appropriations

	<u>Current</u> <u>Appropriation</u>	Revision	<u>Revised</u> <u>Appropriation</u>
GENERAL FUND			
Council Office	1,881,936	0	1,881,936
Finance & Administrative Services	8,236,508	0	8,236,508
Human Resources	1,607,004	0	1,607,004
Metro Auditor	527,283	0	527,283
Office of Metro Attorney	1,866,238	0	1,866,238
Oregon Zoo	24,817,816	0	24,817,816
Planning	21,673,784	0	21,673,784
Public Affairs & Government Relations	1,837,550	0	1,837,550
Regional Parks & Greenspaces	6,300,682	529,400	6,830,082
Special Appropriations	5,099,882	90,000	5,189,882
Non-Departmental			
Debt Service	1,876,661	0	1,876,661
Interfund Transfers	11,320,221	0	11,320,221
Contingency	7,722,486	0	7,722,486
Unappropriated Balance	7,899,222	0	7,899,222
Total Fund Requirements	\$102,667,273	\$619,400	\$103,286,673

All Other Appropriations Remain as Previously Adopted

STAFF REPORT

IN CONSIDERATION OF ORDINANCE NO. 08-1174, AMENDING THE FY 2007-08 BUDGET AND APPROPRIATIONS SCHEDULE TO RECOGNIZE NEW GRANT AND INTERGOVERNMENTAL REVENUES, ESTABLISH APPROPRIATION FOR NEW PARKS PROJECTS, AND DECLARING AN EMERGENCY

Date: December 28, 2007

Prepared by: Jeff Tucker

BACKGROUND

This budget amendment provides budget authority for expenditures incurred by Metro in fulfillment of several grants and Intergovernmental Agreements received during the FY 2007-08 fiscal year.

Springwater Gap Trail Development – Railroad Track Realignment

Metro has entered into an Intergovernmental Agreement with the City of Portland Bureau of Environmental Services (“BES”) for this project. Under this IGA, BES will complete a Combined Sewer Overflow (“CSO”) project on land owned by Metro at SE Grand Avenue between Tacoma and Marion streets. This land represents a key missing link in the Springwater Trail. Metro will grant an easement to BES for construction and maintenance of the CSO project. As part of the project, a segment of rail line owned by Oregon Pacific Railroad (OPR) must be moved westward. Metro has experience negotiating and implementing railroad realignments and will complete that task. BES will pay for all realignment costs as well as Metro staff time and expenses. After completion of the CSO project, BES will build and maintain a gravel service road, passable by bikes and pedestrians. At some point in the future, it is anticipated that this road will be paved and become part of the Springwater Trail.

The expected expenditure total for this project is \$225,000. BES will reimburse all costs incurred by Metro. The trail realignment project is anticipated to take six months to complete, starting in January 2008.

Springwater Gap Trail Development – Community Benefit Opportunity Grant

Metro was awarded a grant from the City of Portland's Bureau of Environmental Services to contribute toward closing the Sellwood Gap of the Springwater Trail. Funding for Community Benefit projects were available as mitigation to neighborhoods heavily impacted by re-construction of the Combined Sewer Overflow (CSO) lines. The \$210,000 grant will go toward the project, to be managed by Portland Parks & Recreation. Other funds for the project have already been secured from other sources. Funds must be expended by 2009.

Oregon DEQ Grant to Nature in Neighborhoods

Metro has been awarded a grant by the State of Oregon Department of Environmental Quality (DEQ). Grant projects include conducting six seminars for developers and builders about habitat friendly development practices, restoring at least one mile of critical stream area, hosting at least three field trips to Low Impact Development (LID) demonstration sites, helping at least three local jurisdictions develop codes that implement LID practices, and developing and distributing 250 restoration fact sheets to landowners and commercial interests.

Funding for the project will be provided by a grant from DEQ. The expected expenditure total is \$90,000. Expenditures include \$30,000 in third party contracts for consultants; \$4,400 in personal services (a temp at Metro); and \$55,600 in materials and services to include staff time for project partners—the Clackamas

River Basin Council and the Clackamas SWCD, printing and postage, bus rental, refreshments for seminars, plant materials, and mileage.

USDA / WRP Grant for Gotter Prairie Phase II Project

The US Department of Agriculture has awarded Metro a Wetland Reserve Program grant for \$42,400 to complete Phase II of the restoration at Gotter Prairie, a 120-acre natural area site on the Tualatin River. Phase II is a joint project with Tualatin Riverkeepers to enhance native plant diversity, control weeds, improve water quality of Bakers and McFee Creeks Creeks and Tualatin River, and continue public involvement in the restoration of Gotter Prairie Wetland. Phase II planting and seeding will continue the process of restoration at the site by adding more species and cover to the site, including shading along salmon-bearing streams. This grant will leverage funding from partners including National Fish and Wildlife Foundation (\$40,658) and Oregon Division of State Lands (\$92,898).

OWEB Grant for Canemah Bluffs Oak Release Project

The Oregon Wetland Enhancement Board has awarded Metro a grant for \$52,000 to enhance the Canemah Bluffs property near Oregon City, to “release” the oak woodlands from encroaching Douglas Fir and preserve the rare oak woodland habitat on this site. Oregon white oak communities are rated as highest priority for protection and enhancement in the State of Oregon Conservation Strategy. Project objectives are to (1) promote and enhance existing Oregon white oak communities, (2) enhance wet and upland prairie habitat, (3) reduce fuels across the site to reduce potential wildfire severity as well and providing fuels breaks near neighboring homes, and (4) monitor vegetation changes over time with permanent sampling plots.

ANALYSIS/INFORMATION

- 1. Known Opposition:** None known.
- 2. Legal Antecedents:** ORS 294.326(3) provides an exemption to Oregon Budget Law allowing for the expenditure in the year of receipt of grants, gifts and bequests received by a municipal corporation in trust for a specific purpose.
- 3. Anticipated Effects:** This ordinance will increase appropriation authority for Metro to fulfill the IGA and grant requirements with the City of Portland BES and promote the future trail development of the “missing gap” in the Springwater Trail. BES will reimburse Metro for its incurred costs related to this project. This ordinance will also increase appropriation authority for the Nature in Neighborhoods program to accept and complete work under the DEQ grant, and for Metro to complete two restoration projects funded by OWEB and the USDA.
- 4. Budget Impacts:** This action increases revenue in the General Fund by \$619,400 (Parks Department-\$529,400; Nature in Neighborhoods-\$90,000) and increases appropriation authority in the General Fund by the same amount.

RECOMMENDED ACTION

The Chief Operating Officer recommends approval of Ordinance 08-1174.

Ordinance No. 08-1175, Amending the FY 2007-08 Budget and Appropriations Scheduled Moving Appropriation Authority from Contingency to Operating Expenses to Plan the Special Parks District Forum, and Declaring an Emergency

Second Reading

Metro Council Meeting
Thursday, January 31, 2008
Metro Council Chamber

BEFORE THE METRO COUNCIL

AMENDING THE FY 2007-08 BUDGET AND) ORDINANCE NO. 08-1175
APPROPRIATIONS SCHEDULE MOVING)
APPROPRIATION AUTHORITY FROM) Introduced by Michael Jordan, Chief
CONTINGENCY TO OPERATING EXPENSES TO) Operating Officer, with the concurrence of
PLAN THE SPECIAL PARKS DISTRICT FORUM,) Council President David Bragdon
AND DECLARING AN EMERGENCY)

WHEREAS, the Metro Council has reviewed and considered the need to increase appropriations within the FY 2007-08 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 2007-08 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 moving appropriation authority from contingency to operating expenses in the General Fund to plan the special parks district forum.
- 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 _____ 2008.

David Bragdon, Council President

Attest:

Approved as to Form:

Christina Billington, Recording Secretary

Daniel B. Cooper, Metro Attorney

Exhibit A
Ordinance No. 08-1175

ACCT	DESCRIPTION	Current Budget		Revision		Amended Budget	
		FTE	Amount	FTE	Amount	FTE	Amount
General Fund							
Regional Parks & Greenspaces Department							
Total Personal Services		40.70	\$3,674,130	0.00	\$0	40.70	\$3,674,130
<i>Materials & Services</i>							
<i>GOODS</i>	<i>Goods</i>						
	5201 Office Supplies		53,338		0		53,338
	5205 Operating Supplies		66,951		0		66,951
	5210 Subscriptions and Dues		2,497		0		2,497
	5215 Maintenance & Repairs Supplies		83,621		0		83,621
	5225 Retail		11,357		0		11,357
<i>SVCS</i>	<i>Services</i>						
	5240 Contracted Professional Svcs		1,237,713		20,000		1,257,713
	5250 Contracted Property Services		703,033		0		703,033
	5251 Utility Services		113,282		0		113,282
	5255 Cleaning Services		262		0		262
	5260 Maintenance & Repair Services		55,037		0		55,037
	5265 Rentals		29,262		0		29,262
	5270 Insurance		26,780		0		26,780
	5280 Other Purchased Services		49,462		0		49,462
	5290 Operations Contracts		5,399		0		5,399
<i>IGEXP</i>	<i>Intergov't Expenditures</i>						
	5300 Payments to Other Agencies		480,169		0		480,169
	5310 Taxes (Non-Payroll)		205,645		0		205,645
<i>OTHEXP</i>	<i>Other Expenditures</i>						
	5450 Travel		2,701		0		2,701
	5455 Staff Development		21,220		0		21,220
	5475 Claims Paid		0		0		0
	5490 Miscellaneous Expenditures		8,223		0		8,223
Total Materials & Services			\$3,155,952		\$20,000		\$3,175,952
TOTAL REQUIREMENTS		40.70	\$6,830,082	0.00	\$20,000	40.70	\$6,850,082

Exhibit A
Ordinance No. 08-1175

ACCT	DESCRIPTION	Current Budget		Revision		Amended Budget	
		FTE	Amount	FTE	Amount	FTE	Amount
General Fund							
General Expenses							
Total Interfund Transfers			\$11,320,221		\$0		\$11,320,221
<i>Contingency & Unappropriated Balance</i>							
<i>CONT</i>	<i>Contingency</i>						
5999	Contingency						
	* Contingency		3,259,705		(20,000)		3,239,705
	* Opportunity Account		3,135		0		3,135
	* Reserved for Future Planning Needs		1,690,000		0		1,690,000
	* Reserved for Future Election Costs		290,000		0		290,000
	* Reserved for Nature in Neighborhood Grants		250,000		0		250,000
	* Reserved for Reg. Afford. Housing Revolving Fund		1,000,000		0		1,000,000
	* Reserved for Metro Regional Center Remodel		300,000		0		300,000
	* Recovery Rate Stabilization reserve		916,588		0		916,588
	* PERS Reserve		13,058		0		13,058
<i>UNAPP</i>	<i>Unappropriated Fund Balance</i>						
5990	Unappropriated Fund Balance						
	* Stabilization Reserve		2,000,000		0		2,000,000
	* Reserve for Future Natural Areas Operations		764,453		0		764,453
	* Tourism Opportunity & Comp. Account		96,655		0		96,655
	* PERS Reserve		2,796,056		0		2,796,056
	* Computer Replacement Reserve (Planning)		90,000		0		90,000
	* Tibbets Flower Account		352		0		352
	* Reserve for Future Debt Service		2,151,706		0		2,151,706
Total Contingency & Unappropriated Balance			\$15,621,708		(\$20,000)		\$15,601,708
TOTAL REQUIREMENTS		412.39	\$103,286,673	0.00	\$0	412.39	\$103,286,673

Exhibit B
Ordinance 08-1175
Schedule of Appropriations

	<u>Current Appropriation</u>	Revision	Revised <u>Appropriation</u>
GENERAL FUND			
Council Office	1,881,936	0	1,881,936
Finance & Administrative Services	8,236,508	0	8,236,508
Human Resources	1,607,004	0	1,607,004
Metro Auditor	527,283	0	527,283
Office of Metro Attorney	1,866,238	0	1,866,238
Oregon Zoo	24,817,816	0	24,817,816
Planning	21,673,784	0	21,673,784
Public Affairs & Government Relations	1,837,550	0	1,837,550
Regional Parks & Greenspaces	6,830,082	20,000	6,850,082
Special Appropriations	5,189,882	0	5,189,882
Non-Departmental			
Debt Service	1,876,661	0	1,876,661
Interfund Transfers	11,320,221	0	11,320,221
Contingency	7,722,486	(20,000)	7,702,486
Unappropriated Balance	7,899,222	0	7,899,222
Total Fund Requirements	\$103,286,673	\$0	\$103,286,673

All Other Appropriations Remain as Previously Adopted

Note: The Current year appropriation column assumes adoption of ordinance 08-1174

STAFF REPORT

IN CONSIDERATION OF ORDINANCE NO. 08-1175, AMENDING THE FY 2007-08 BUDGET AND APPROPRIATIONS SCHEDULE MOVING APPROPRIATION AUTHORITY FROM CONTINGENCY TO OPERATING EXPENSES TO PLAN THE SPECIAL PARKS DISTRICT FORUM, AND DECLARING AN EMERGENCY

Date: December 28, 2007

Prepared by: Jeff Tucker and
Mary Anne Cassin

BACKGROUND

This budget amendment provides budget authority for expenditures incurred by Metro in its role as host of the 2008 Special Parks District Forum, to be held September 8–10, 2008. This annual forum provides a venue for staff from Special Parks Districts throughout the United States to gather for education and networking related to regional management of parks, trails, and natural areas. Metro will host for the first time in the Forum's 35-year history. An estimated 200 to 250 people will attend, bringing tourism dollars and press coverage that will enhance the visibility of Metro.

Participants will tour numerous Metro park facilities during the three-day Forum. The expected expenditure total is \$100,000, consisting primarily of bus rental, food, supplies and some temporary staffing assistance. The Forum is expected to be self-supporting, with \$30,000-\$35,000 in sponsorships and a registration fee of \$300-\$375 per attendee generating the additional \$70,000. Most expenditures will occur in FY 2008-09, but some expenditures will be necessary in FY 2007-08. If this amendment is approved, the proposed FY 2008-09 budget will include the anticipated revenue and expenditures expected for this project in Fall 2008.

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 will provide for expenditures occurred by Metro in FY 2007-08 in its role as host of the 2008 Special Parks District Forum.
- 4. Budget Impacts:** This action transfers \$20,000 from General Fund contingency to Operating Expenditures. The revenue to offset this expenditure will come in FY 2008-09.

RECOMMENDED ACTION

The Chief Operating Officer recommends approval of Ordinance 08-1175.

Resolution No. 08-3904, For the Purpose of the Metro Council Acceptance of the Independent Audit Report for Financial Activity During Fiscal Year 2006-2007.

Metro Council Meeting
Thursday, January 31, 2008
Metro Council Chamber

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF METRO COUNCIL’S)
ACCEPTANCE OF THE RESULTS OF THE)
INDEPENDENT AUDIT REPORT FOR)
FINANCIAL ACTIVITY DURING FISCAL)
YEAR 2006-2007)
)

RESOLUTION NO. 08-3904

Introduced by: Suzanne Flynn, Metro Auditor
in concurrence with Council President
Bragdon

WHEREAS, State ORS provision 297.465 requires an annual independent audit of Metro’s financial statements; and

WHEREAS, Metro Code Section 2.15.80 requires the Metro Auditor to appoint the external certified public accountant to conduct certified financial statement audits as specified in state and local laws; and

WHEREAS, Metro engaged in Contract No. 927943 with Moss Adams LLP, independent Certified Public Accountants to provide the following audit services:

1. Audit of Metro’s financial statements (including all costs associated with the Comprehensive Annual Financial Report and applicable management recommendations and comments);
2. MERC (a component unit of Metro) financial statements and applicable management recommendations and comments;
3. Single Audit and applicable management recommendations and comments; and
4. Metro Natural Areas Bond Measure Expenditures and applicable management recommendations and comments

WHEREAS, the annual independent audit has been completed and an unqualified opinion received from Moss Adams LLP; and

WHEREAS, a separate letter was delivered to management and a management plan of action completed; now, therefore,

BE IT RESOLVED that the Metro Council hereby acknowledges and accepts the results of the independent audit report.

ADOPTED by the Metro Council this ____ day of _____, 2008.

David Bragdon, Council President

Approved as to Form:

Daniel B. Cooper, Metro Attorney

Metro **CAFER**

Comprehensive Annual Financial Report

For the year ended June 30, 2007

Finance and Administrative Services
Department

Chief Financial Officer
William Stringer

Prepared by
Accounting Services Division

Accounting Compliance Officer
Donald R. Cox Jr., CPA

Financial Reporting Supervisor
Karla J. Lenox, CPA



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OPEN SPACES

Oregon

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Comprehensive Annual Financial Report
For the Year Ended June 30, 2007

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METRO

December 19, 2007

To the Council and Citizens of the Metro Region:

In accordance with ORS 297.425, Metro's Finance and Administrative Services Department, Accounting Services Division is pleased to submit the Comprehensive Annual Financial Report of Metro, for the year ended June 30, 2007, together with the report thereon of Metro's independent auditors, Moss Adams, LLP.

The Comprehensive Annual Financial Report (CAFR) presents the financial position of Metro as of June 30, 2007, and the results of its operations as well as cash flows for its proprietary fund types for the year then ended. The financial statements and supporting schedules have been prepared by management in accordance with accounting principles generally accepted in the United States of America (GAAP) and meet the requirements of the standards as prescribed by the Secretary of State, State of Oregon.

The CAFR is prepared to provide meaningful financial information to legislative bodies, creditors, investors and the public. There are four main sections in this report as noted in the table of contents, including a section with additional reports of our independent certified public accountants required by Oregon Administrative Rules. These rules are incorporated in the Minimum Standards for Audits of Municipal Corporations, as prescribed by the Secretary of State.

Internal Controls. The CAFR consists of management's representations concerning the finances of Metro. Metro management is responsible for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, Metro's management has established a comprehensive internal control framework. This framework is designed to provide reasonable assurance that assets are safeguarded against loss from unauthorized use or disposition, and that accounting transactions are executed in accordance with management's authorization and properly recorded, so that the financial statements can be prepared in conformity with GAAP. The design and operation of internal controls also ensures that federal and state financial assistance funds are expended in compliance with applicable laws and regulations related to those programs. Because the cost of internal controls should not outweigh their benefits, Metro's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Independent Audit. In accordance with Oregon law, Metro's financial statements have been audited by Moss Adams, LLP. The objective of the audit is to provide reasonable assurance that the financial statements of Metro, for the year ended June 30, 2007, are free of material

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misstatement. The auditor issued an unqualified (“clean”) opinion on Metro’s financial statements for the year ended June 30, 2007 and their report on these financial statements is located in the Financial Section of the CAFR on pages 15 -16. The independent audit of the financial statements was part of a broader, federally mandated “Single Audit.” The “Single Audit” standards require the independent auditor to express an opinion on whether the entity complied with laws, regulations, and with the provisions of contracts or grant agreements that could have a direct and material effect on each major program. These reports are available in Metro’s separately issued *Schedule of Expenditures of Federal Awards and Reports of Independent Certified Public Accountants*.

Management’s Discussion and Analysis (MD&A) immediately follows the independent auditor’s report and provides a narrative introduction, overview and analysis of the basic financial statements. This letter of transmittal is designed to complement MD&A and should be read in conjunction with it.

Profile of Metro

Metro covers approximately 463 square miles of the urban portions of Clackamas, Multnomah and Washington counties in northwestern Oregon and serves more than 1.4 million residents. There are 25 cities in the Metro region; Portland, Gresham, Hillsboro, Beaverton, Tigard, Lake Oswego and Oregon City are the largest.

Metro, the nation’s only directly elected regional government, is responsible for a broad range of public services. According to a home-rule charter first approved by voters in 1992, Metro has primary responsibility for regional land-use and transportation planning, and is further empowered to address any other issue of “metropolitan concern.” This grant of authority underscores the Portland metropolitan region’s commitment to maintain and enhance the livability of the region. Metro oversees world-class facilities such as the Oregon Zoo, the Oregon Convention Center (OCC) and a system of regional parks, open spaces and natural areas, as well as managing solid waste disposal and increasing recycling.

History. In 1979, voters approved the merger of a council of governments (Columbia Region Association of Governments) that had land-use and transportation planning responsibilities, with the Metropolitan Service District, which had been created to provide regional services that included the solid waste management plan and operation of a metropolitan zoo (now named the Oregon Zoo). The expanded Metropolitan Service District (the District) had the combined authority of the two predecessor agencies and other potential additional powers. The District was organized under a grant of authority by the Oregon Legislature and the Oregon Revised Statutes. The District’s powers were limited to those expressly granted by the Legislature, and any extension of those powers had to first be approved by the Legislature.

In the early 1980’s, the District was assigned the responsibility for regional solid waste disposal, took over operation of the one existing publicly owned regional landfill (since closed) and began construction of a transfer station. In November 1986, voters approved general obligation bond funding for the OCC, which was financed, built and is now operated by Metro. In January 1990, under terms of an intergovernmental agreement with the City of Portland, the District assumed management responsibility for the Portland Center for the Performing Arts (PCPA).

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Also in 1990, the Legislature referred a constitutional amendment to the voters to allow the creation of a home-rule regional government in the Portland metropolitan area. Voters approved the amendment and subsequently approved the Metro Charter in 1992. Metro thereby achieved the distinction of not only being the nation's only elected regional government, but also the only one organized under a home-rule charter approved by voters. In 1994, Metro assumed management responsibility for the Multnomah County parks system and the Portland Exposition Center (Expo). Ownership of these facilities was transferred to Metro on July 1, 1996.

Metro has long had an important coordination role in regional transportation planning. Metro is the region's designated metropolitan planning organization, responsible for allocation of federal transportation funds to projects. The region's success in attracting federal funding for highway and transit projects is due, in large part, to Metro's role in building and maintaining regional consensus on projects to be funded and ensuring that funding is allocated to high-priority projects. In connection with this effort, Metro has developed a regional Data Resource Center to forecast transportation and land-use needs and to maintain geographic based data for decision-making.

State land-use planning laws require local governments to prepare comprehensive land-use plans. Metro is the agency responsible for establishing and maintaining an urban growth boundary (UGB) for the Portland region. Through the maintenance of the UGB pursuant to Oregon's land-use laws, the region has maintained its unique character and is now a national model for urban growth management planning.

Budget. The annual adopted budget serves as the foundation for Metro's financial planning and control. Metro prepares a budget for each fund in accordance with the legal requirements set forth in Oregon Local Budget Law. The Council adopts the original budget for all funds by ordinance prior to the beginning of Metro's fiscal year (July 1). The ordinance authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations. Appropriations that have not been expended at year-end lapse and subsequent actual expenditures are charged against ensuing year appropriations. Unexpected additional resources and budget revisions may be added to the budget by use of a supplemental budget or by an ordinance passed by the Council amending the budget. The original and any supplemental budget requires hearings before the public, publication in newspapers and approval by the Council. Management may amend the budget *within* the appropriated levels of control without Council approval.

Reporting Entity

For financial reporting purposes, Metro is a primary government under the provisions of *Governmental Accounting Standards Board Statement No. 14*. This report includes all organizations and activities for which the elected officials exercise financial control. Information regarding a change from prior years in the reporting of MERC activities, now reported as part of the primary government, can be found in the MD & A. In addition, in accordance with the provisions of *Governmental Accounting Standards Board Statement No. 39, The Oregon Zoo Foundation (OZF)* warrants inclusion in the report because of the nature and significance of its relationship with Metro, including its on-going financial support of Metro's Oregon Zoo. The OZF is a legally separate tax-exempt organization, organized to encourage and aid the

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development of the Oregon Zoo. The financial statements of OZF are included in this report as a discretely presented component unit.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which Metro operates.

Local economy. Metro serves more than 1.4 million residents in the Portland metropolitan area. The area is the financial, trade, transportation and service center for Oregon, southwest Washington state and the Columbia River basin. Portland has, over the last several years, experienced economic growth.

The Portland economy continues to lose steam from the pace seen over the last couple of years. The labor force for the Portland-Vancouver PMSA grew 4.8% from 2002 through 2006, with non-agricultural wage and salary employment up 6.0% over the same period. Employment growth decelerated in March 2007 to 2.1% year-over-year from the peak 3.7% seen in May 2006. However, this is still better than the 1.4% growth for the nation. The slowdown is broad based, with growth moderating in every sector of the economy except government. Higher paying industries such as professional/business services and financial services have slowed markedly. The population for the Metro area increased 5.7% since 2002. Net migration improved in 2005 and 2006 as domestic migration rebounded, thanks in part to increased flows from California as residents there sold their homes and moved to enjoy Portland's relatively cheaper housing market. This improvement in migration trends, as well as job growth over the past couple of years, helped home price growth outpace the national trend. Indeed, Oregon recorded the nation's highest home price growth of the 50 states between 1990 and 2006, and only Washington D.C. showed a higher increase. The number of building permits for new single-family construction rose 9.8% from 2004 to 2006.

Outlook. Portland's economic growth is expected to slow as the housing market slump permeates throughout the economy. Employment growth will slip in 2007 to about 1.9% as financial services and construction cool amid the housing slump, professional business services moderate, and trade and transportation see weaker activity amid a general national slowdown. The area's unemployment rate is expected to increase as income growth slows. Home prices are expected to rise moderately as migration trends remain strong.

Long-term financial planning. Metro prepares a five-year Capital Budget with annual updates as part of its financial planning responsibilities. For purposes of the Capital Budget, capital projects are defined as any physical asset acquired or constructed by Metro with a total capital cost of \$50,000 or more and a useful life of at least five years. This definition includes significant capital maintenance activities. In fiscal year 2006, MERC expanded their separate operating procedures to include a capital budget policy independent of Metro. MERC's Capital Budget is presented to their Commission for approval and funds are then appropriated for those projects approved by MERC through Metro's budgetary process.

The adopted Capital Budget for Metro for fiscal year 2008 through fiscal year 2012 includes 80 capital projects at an estimated total cost of \$208.8 million. This amount is an increase of ten

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projects and \$75 million over the prior year Capital Budget and comes primarily from the addition of new projects funded by the Natural Areas bond measure passed in November 2006. The largest share of planned capital project expenditures among Metro departments in the current Capital Budget are in Regional Parks and Greenspaces at 87.7%, Solid Waste and Recycling at 6.7%, and the Oregon Zoo at 3.6%.

The financing sources for these capital projects vary by project and by department. The Solid Waste and Recycling Department generally relies on fund balance or capital reserve accounts and funding is included in the solid waste disposal rate-setting process. Zoo projects have typically been funded from fund balance and donations. The Zoo has active fundraising support in OZF and is relying on their efforts for almost 67% of their capital project funding needs. An additional 29% of funding for Zoo projects in fiscal year 2008 comes from excise taxes for renewal and replacement. Regional Parks and Greenspaces non-land expenditures are predominately funded by general obligation bonds (93%), donations, and a portion of the excise tax. Land purchases and some major improvements are funded by general obligation bonds.

The Capital Budget also contains a projection from each department of the net impact on operating costs (reflected in 2006 dollars) resulting from each capital project, for the first full year of operation after project completion. Metro, overall, will have an additional cost of \$277,275 to \$965,202 per year from these projects. The projects adding the most to operating costs are the Regional Parks Cooper Mountain Natural Area, the Graham Oaks Nature Area Development, the Mt. Talbert Development Open Spaces - Phase II, and the California Condor Captive Breeding Facility. Seven projects are expected to produce positive cash flows, three in Regional Parks, three at the Oregon Zoo, and one in the Financial Services division.

Financial policies. Comprehensive financial policies were adopted by Metro on June 17, 2004 and provide the basic framework for the overall fiscal management of the agency. The policies are designed to operate independently of changing circumstances and conditions and help safeguard Metro's assets, promote effective and efficient operations, and support the achievement of Metro's strategic goals. The policies are reviewed annually by the Metro Council and are published in the adopted budget.

In addition to policies on accounting, auditing and financial reporting that mirror statements made earlier in this letter of transmittal, there are policies regarding budgeting and financial planning, capital asset management, cash management and investments, debt management and revenue policies.

Oregon Local Budget Law requires that total resources shall equal total requirements in each fund. In addition to this legal requirement, Metro considers a budget to be balanced whenever budgeted revenues equal or exceed budgeted expenditures. Metro policy provides that it will maintain fund balance reserves that are appropriate to the needs of each fund and that targeted reserve levels shall be established and reviewed annually as part of the budget review process. The policy requires that a new program or service be evaluated before it is implemented to determine its affordability and that Metro will prepare annually a five-year forecast of revenues, expenditures, other financing sources and uses and staffing needs for each of its major funds, identifying major anticipated changes and trends, and highlighting significant items which require the attention of the Metro Council.

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In fiscal year 2008, Metro established fund balance reserves within the General Fund for Recovery Rate Stabilization, PERS reserves for potential additional pension liabilities, and a reserve for future debt service on the full faith and credit bonds issued to refinance Metro Regional Center. This fund balance also includes reserves for cash flow and fund stabilization. Based upon an historical analysis, Metro's revised policies call for a minimum of 7.0% of operating revenues be set aside in either a contingency or stabilization reserve to guard against unexpected downturns in revenues and stabilize resulting budget actions. The target provides a 90% confidence level that revenues would only dip below this amount once every ten years.

Metro plans to carry forward \$127.7 million of fund balance into fiscal year 2009. Primary among the planned funds to be carried forward are bond proceeds received in fiscal year 2007 for the Natural Areas acquisition program and reserves for specific purposes (solid waste activities and debt reserves), which are generally required by law or formal operating agreement. In addition, planned ending fund balances include funds to provide cash flow for specific operations so that they can operate early in the following fiscal year as their primary revenues may not be received until later in the year.

Cash management policies provide that Metro maintain an investment policy in the Metro Code, which shall be subject to annual review and re-adoption. This policy must in turn conform to the requirements of Oregon Revised Statutes. The Council readopted the policy in June 2007. Metro pools most funds for investment purposes to obtain maximum return on investments while minimizing the risk of loss of principal due to credit and market risk. The Investment Policy regulates Metro's investment objectives, diversification, limitations and reporting requirements. Metro uses an independent Investment Advisory Board to review and advise Metro on its investment plan and investment performance. Quarterly investment reports are presented to the Investment Advisory Board and forwarded to the Metro Council.

Cash not required for current operations was invested in the State of Oregon Local Government Investment Pool, U.S. Treasury securities, federal agency securities, commercial paper and bankers' acceptances. The average yield earned on Metro's pooled cash investments varied with the market in fiscal year 2007, from a low of 5.04% in July 2006 to a high of 5.19% in June 2007. The average yield for the fiscal year was 5.16% compared to 4.05% in the prior year. The pooled cash portfolio does not include bond related investments, which are restricted in terms of maturity and yield.

Debt management policies provide that Metro shall issue long-term debt only to finance capital improvements (including land acquisition) that cannot be readily financed from current revenues, or to reduce the cost of long-term financial obligations. Metro will not use short-term borrowing to finance operating needs unless specifically authorized by Council. Further, Metro will repay all debt issued within a period not to exceed the expected useful life of the improvements financed by the debt. Metro conformed to these policies during the year ended June 30, 2007. This is discussed further in MD&A later in this report.

Metro's revenue policies provide that the agency will strive to maintain a diversified and balanced revenue system to protect it from short-term fluctuations in any one revenue source. One-time revenues shall be used to support one-time expenditures or to increase fund balance.

A further detailed discussion of Metro's financial policies and plans for the future can be found in *Metro's 2007-07 Adopted Budget*.

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Major initiatives. Future budgets face the typical problems of constrained revenues. Finding the means within the budget to maintain and operate the areas purchased by the Open Spaces and Natural Areas bond funds is an immediate challenge. Identifying resources to promote the regional economic development objectives of the OCC is another challenge. Metro looks to ensure that sufficient resources are available to deliver on the Council's *Making the Greatest Places* expectation. The Oregon Zoo is also challenged to increase operating revenues to meet increasing costs without compromising the visitor experience.

Metro remains challenged by workforce issues that influence the agency's labor costs. Metro is optimistic, but not certain, that the volatility of the PERS system is behind us. In light of this, the fiscal year 2008 budget releases one-half of the accumulated PERS reserves for general spending, but retains half to protect against this possibility. Metro is not as optimistic about health care costs, which are shared between Metro and its employees. Designing effective and affordable health care programs will remain a challenge for both management and labor.

Looking ahead to fiscal year 2008, specific strategic initiatives include: addressing the maintenance backlog at the Oregon Zoo; laying the foundation for the great metropolitan region by building on the planning framework established by the Region 2040 Growth Concept and developing tools and resources to create more vibrant town centers, transit station areas, corridors and employment centers through the *Making the Greatest Places* effort; building towards a regional system of parks and greenspaces; negotiating a new long-term contract for solid waste transport for the next decade; evaluating the feasibility of a headquarters hotel for the OCC; and continuing to make progress towards responsive and innovative government.

Awards

The Government Finance Officer's Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Metro for its comprehensive annual financial report for the fiscal year ended June 30, 2006. This was the fifteenth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

In addition, the government also received the GFOA's Distinguished Budget Presentation Award for its annual budget document for the fiscal year beginning July 1, 2006. In order to qualify for the Distinguished Budget Presentation Award, the government's budget document was judged to be proficient in several categories, including as a policy document, a financial plan, an operations guide, and as a communications device. This was the tenth consecutive year that Metro received this award.

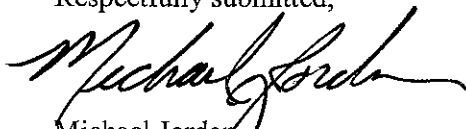
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Comprehensive Annual Financial Report
Metro – Letter of Transmittal

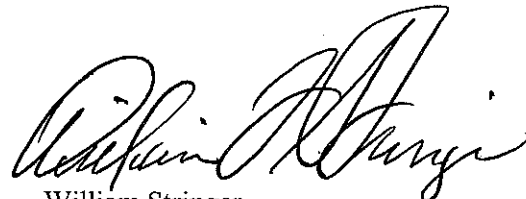
Acknowledgements

The preparation of this report would not have been possible without the dedicated efforts of the employees in the Accounting Services Division of the Finance and Administrative Services Department. We especially acknowledge Karla J. Lenox, CPA, Financial Reporting and Control Supervisor, and Donald R. Cox, Jr., CPA, CGFM, Accounting Compliance Officer for their efforts in the preparation of this report. We wish to acknowledge the professional and technical assistance of the audit staff of Moss Adams LLP. Finally, we acknowledge the cooperation received from other Metro staff in providing information required to fairly present Metro's financial information. Appreciation is also extended to the Metro Auditor and Metro Council for their support.

Respectfully submitted,



Michael Jordan
Chief Operating Officer



William Stringer
Chief Financial Officer

Certificate of Achievement for Excellence in Financial Reporting

Presented to

**Metro
Oregon**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2006

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Oliver S. Cox

President

Jeffrey R. Emery

Executive Director

GFOA award

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Metro for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2006. This was the fifteenth consecutive year that the government has achieved this prestigious award.

In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

June 30, 2007

Elected Officials

Council President

David Bragdon
Term expires December 2010

Auditor

Suzanne Flynn, CIA
Term expires December 2010

Councilors

Rod Park
District 1
Term expires December 2010

Carlotta Collette
District 2
Term expires December 2010

Carl Hosticka
District 3
Term expires December 2008

Kathryn Harrington
District 4
Term expires December 2010

Rex Burkholder
District 5
Term expires December 2008

Deputy Council President
Robert Liberty
District 6
Term expires December 2008

Appointed Officials

Michael Jordan
Chief Operating Officer

William Stringer
Chief Financial Officer

Daniel B. Cooper
Metro Attorney

Andrew Cotugno
Planning Department Director

Tony Vecchio
Oregon Zoo Director

Michael Hoglund
Solid Waste and Recycling
Department Director

James Desmond
Regional Parks and Greenspaces
Department Director

Kate Marx
Public Affairs and Government
Relations Director

Ruth Scott
Human Resources Director

David Woolson
Metropolitan Exposition Recreation
Commission
Chief Executive Officer

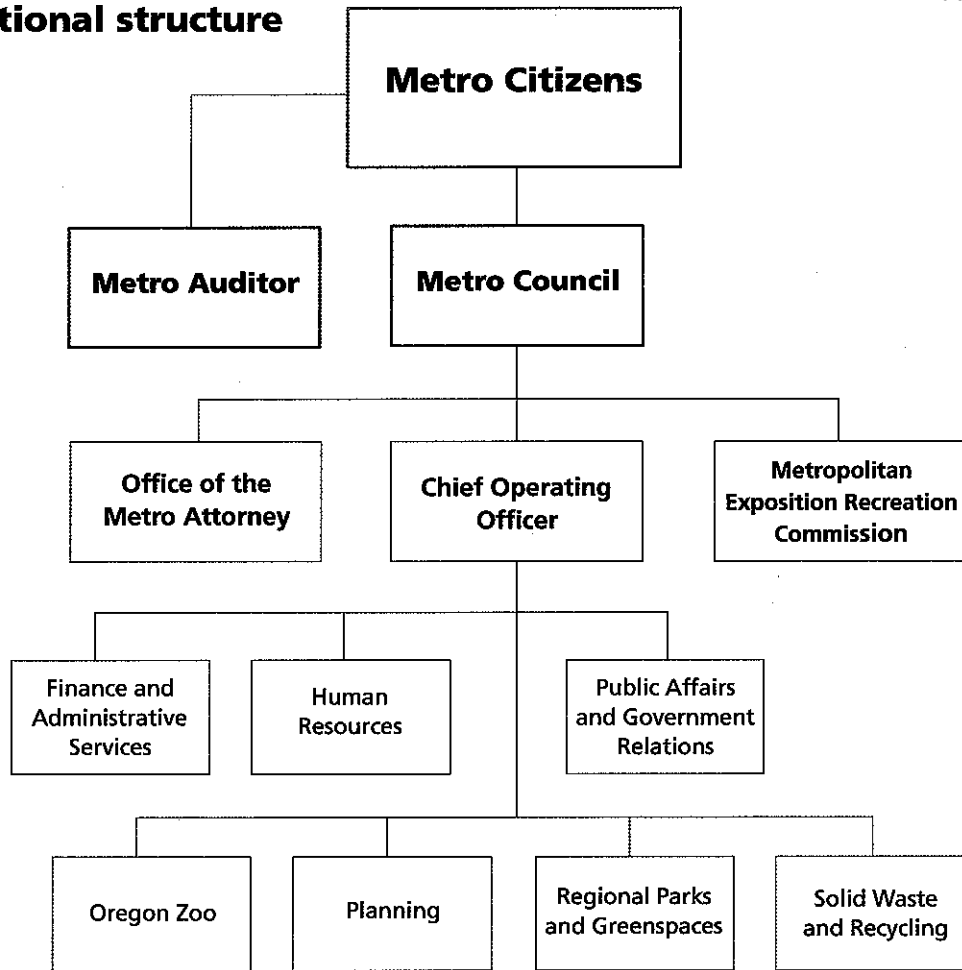
Registered Agent

Christina Billington

Address of Registered and Administrative Office

600 NE Grand Ave.
Portland, OR 97232-2736

Organizational structure



METRO ELECTED OFFICIALS

Council President, David Bragdon; District 1– Rod Park, District 2– Carlotta Colletta ; District 3– Carl Hosticka; District 4– Kathryn Harrington; District 5– Rex Burkholder; District 6– Robert Liberty, Deputy Council President; Metro Auditor– Suzanne Flynn

ADMINISTRATIVE AND SUPPORT SERVICES

Council Office and Chief Operating Officer: Staff supports the councilors, Chief Operating Officer and Metro Policy Advisory Committee.

Finance and Administrative Services: Office of the Chief Financial Officer, Financial planning, budget management, accounting services, procurement of goods and services, property services and information technology.

Human Resources: Labor relations, benefits and compensation, and recruitment and retention.

Metro Attorney: Provides agency legal services, research, evaluation, analysis, and advice, contract review and negotiations and assistance on legislative matters.

Public Affairs and Government Relations: Manages public and government affairs, office of citizen involvement, communication and web design.

PLANNING AND ENTERPRISE DEPARTMENTS

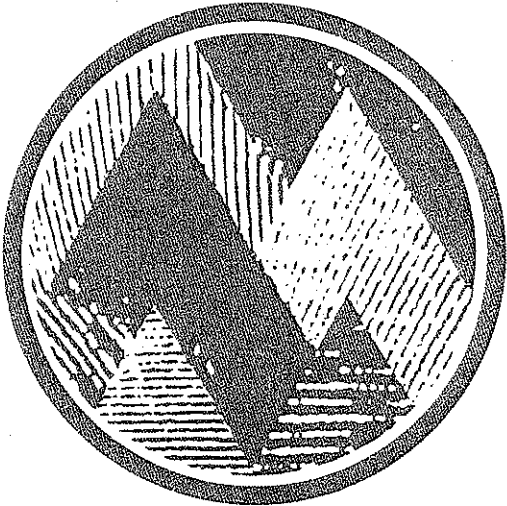
Oregon Zoo: Conservation and education, visitor services, animal and facility management.

Planning: Land-use and transportation planning, data and map services.

Regional Parks and Greenspaces: Parks and natural resources planning, parks management, education, open spaces and natural areas acquisition.

Solid Waste and Recycling: Garbage disposal system planning and management, recycling and hazardous waste services and education programs.

Metropolitan Exposition Recreation Commission (MERC): MERC general manager reports directly to Metro Council. MERC operates the Oregon Convention Center, Portland Center for the Performing Arts and the Portland Expo Center.





METRO

Suzanne Flynn
Metro Auditor

600 NE Grand Ave
Portland, OR
97232-2736
TEL 503 797 1540
FAX 503 797 1793

December 19, 2007

To the Metro Council and Citizens of the Metro Region:

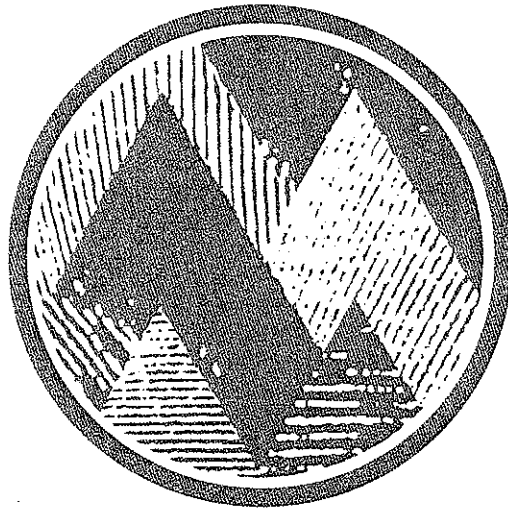
Oregon State law requires an annual audit of Metro's financial records and transactions by independent certified public accountants. The Metro Auditor is required by Metro Code to appoint certified public accountants to conduct this audit. After completing a competitive process, I appointed Moss Adams to conduct the audit of Metro. My office coordinated and monitored this audit.

Following this letter is the independent auditor's report on Metro's financial statements as of June 30, 2007. In addition to the above report, Metro is required to have an audit of its expenditures of federal awards in accordance with the U.S. Office of Management and Budget Circular A-133, and the provisions of *Government Auditing Standards* issued by the Comptroller General of the United States. The necessary reports pertaining to Metro's internal control, compliance with applicable laws, regulations, grants and contracts, and the Schedule of Expenditures of Federal Awards for the year ended June 30, 2007, have been issued under separate cover.

Respectfully submitted,

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

Suzanne Flynn, CIA
Metro Auditor



INDEPENDENT AUDITOR'S REPORT

Metro Council and Metro Auditor
Portland, Oregon

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major of Metro as of and for the year ended June 30, 2007, which collectively comprise Metro's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Metro's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Oregon Zoo Foundation, a discretely presented component unit, which represents 1.01% and 2.23% of total assets and total revenues, respectively, for the year then ended. Those statements were audited by other auditors, whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Oregon Zoo Foundation, is based solely on the report of other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of Metro, as of June 30, 2007, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in the section titled "Prior Period Adjustments" in the notes to the financial statements, Metro has recorded adjustments to correct errors in the reporting of unearned revenue, long term loans payable and the accounts of MERC as of July 1, 2006.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2007 on our consideration of Metro's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations,

contracts, and grant agreements and other matters. The purpose of the report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison on pages 17 through 39, and 92 through 98 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures to the management's discussion and analysis on pages 17 through 39 which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it. The schedules of revenues, expenditures, and changes in fund balance – budget and actual, on pages 92 through 98 have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in relation to the basic financial statements taken as a whole.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Metro's, basic financial statements. The introductory section, other supplementary information, capital assets, other financial schedules, and statistical information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary information, capital assets, and other financial schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical information have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.



For Moss Adams LLP
Eugene, Oregon
December 19, 2007

**METRO**

Management's Discussion and Analysis

The management of Metro provides readers of Metro's financial statements this narrative overview and analysis of the financial activities of Metro for the year ended June 30, 2007. We encourage readers to consider the information presented here in conjunction with the additional information that we have furnished in our letter of transmittal, which can be found on pages 1 - 8 of this report. This information is based upon currently known facts, decisions or conditions.

FINANCIAL HIGHLIGHTS

- In November 2006, voters in region granted Metro the authority to issue a total of \$227.4 million in general obligation bonds to fund activities to acquire and preserve natural areas and stream frontages, maintain and improve water quality, and protect fish and wildlife habitat. On April 3, 2007, Metro issued \$124,295,000 of 2007 Series Natural Areas General Obligation Bonds (additional bonds are expected to be issued in a future period). The bonds bear an interest rate ranging from 4.0% to 5.0%. During fiscal year 2007, Metro acquired approximately 304 acres from willing sellers in six different target areas and seven separate land transactions from the proceeds of the Natural Areas general obligation bonds. The total capitalized cost for the property acquired in the current fiscal year under this program was \$8,987,674.
- Beginning July 1, 2006, Metro began collection of a new Construction Excise Tax (CET) which provided \$1,806,012 in revenue during the fiscal year ended June 30, 2007. This tax is imposed on new construction within the region, with limited exceptions, and is intended to raise \$6.2 million over three years to fund concept planning in the new areas recently brought into the Urban Growth Boundary. Of the amount collected, \$1,201,466 was provided by agreement to other local governments during the fiscal year for specified planning activities.
- During fiscal year 2007, Metro reassessed the legal status of the Metropolitan Exposition-Recreation Commission (MERC) in relation to the requirements of GASB Statement 14, *The Financial Reporting Entity*, and determined that MERC is not legally separate from Metro. This determination results in MERC operations being reported as a business-type activity and enterprise fund of Metro, rather than a component unit. A prior period adjustment has been made to incorporate MERC's results of those activities into the primary government, rather than a separate component unit column as reported in prior years. This prior period adjustment is reflected as \$193,441,156 for government-wide reporting and \$197,054,173 for proprietary fund reporting, the difference resulting from required allocations of internal service fund charges at the government-wide level.
- Metro reassessed the terms of an intergovernmental agreement with TriMet for funding of the Transit-Oriented Development (TOD) program during fiscal year 2007, and determined that the

METRO

Management's Discussion and Analysis, Continued

revenue recognition event for these funds had occurred in prior years. Accordingly, a prior period adjustment is reflected to reduce unearned revenue and increase net assets at July 1, 2006 by \$6,554,744. Additionally, a \$450,000 long-term loan payable in the TOD program for the General Fund should not have been reported in the governmental funds (modified accrual basis) financial statements and a prior period adjustment has been made in this amount to remove this liability and increase fund balance at July 1, 2006.

- Metro's total net assets increased 13.3% over the prior year. Governmental activities' net assets increased by \$17,133,286, while business-type activities' net assets decreased \$639,022 due to operations as described later in this analysis.
- Revenues of Metro's business-type activities (Solid Waste and MERC operations) totaled \$96,945,795, up 5.3% (\$4,919,323). Total expenses increased 4.8%, or \$4,509,283, to a total of \$97,874,234. As a result, operations of business-type activities reflected a decrease in net assets of \$639,022 for the fiscal year ended June 30, 2007.
- Fund balance in Metro's General Fund grew to \$43,082,401 at June 30, 2007. Metro completed the fiscal year reporting combined fund balances in the governmental funds of \$192,490,979, with the primary increase over the prior year reflected in the new Natural Areas Capital Project Fund that reflected a fund balance of \$122,299,467 at June 30, 2007.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to Metro's comprehensive annual financial report, which consists of the following parts: *management's discussion and analysis* (this section), the *basic financial statements*, and *required supplementary information*. The basic financial statements include two kinds of statements that present different financial views of Metro. *Government-wide financial statements* provide both long-term and short-term information about Metro's overall financial status. The remaining statements are *fund financial statements* that focus on individual parts of Metro and report Metro's operations in more detail, and on a different basis of accounting, than the government-wide statements.

The financial statements also include *notes to the financial statements* that provide more detailed information and explain the nature of many of the amounts contained in the financial statements. The notes are considered integral to the understanding of the financial statements. Following the notes is a section of *required supplementary information* that further supports the information contained in the financial statements.

The table provided below summarizes the major features of Metro's financial statements and what they contain. This summary is intended to be a tool for the reader in the analysis of the financial statements that follow this management discussion and analysis.

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Management's Discussion and Analysis, Continued

Statement Element	Government-Wide Financial Statements	Fund Financial Statements	
		Governmental Funds	Proprietary Funds
<i>Scope</i>	Entire Metro government	The activities of Metro that are not proprietary, such as regional planning, parks, zoo and policy development	Activities Metro operates similar to businesses - <ul style="list-style-type: none"> ▪ Solid Waste ▪ MERC
<i>Required financial statements</i>	<ul style="list-style-type: none"> ▪ Statement of net assets ▪ Statement of activities 	<ul style="list-style-type: none"> ▪ Balance sheet ▪ Statement of revenues, expenditures and changes in fund balances 	<ul style="list-style-type: none"> ▪ Statement of net assets ▪ Statement of revenues, expenses, changes in fund net assets ▪ Statement of cash flows
<i>Accounting basis and measurement focus</i>	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
<i>Type of asset/liability information</i>	All assets and liabilities, both financial and capital, short-term and long-term	Assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities are included	All assets and liabilities, both financial and capital, and short-term and long-term
<i>Type of inflow/outflow information</i>	All revenues and expenses during the fiscal year, regardless of when cash is received or paid	Revenues for which cash is received during, or generally within 60 days of year end; expenditures when goods or services have been received and the related liability is due and payable	All revenues and expenses during the fiscal year, regardless of when cash is received or paid

Government-wide financial statements. Metro's government-wide financial statements report information about Metro as a whole using accounting methods similar to those used by private-sector companies. The *statement of net assets* includes all of Metro's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in Metro's net assets may serve as a useful indicator of whether the financial position of Metro is improving or deteriorating. This is only one measure, however, and the reader should consider other indicators such as general economic conditions in the region, changes in property taxes and assessed value, and the age and condition of capital assets used by Metro.

All of the current fiscal year's revenue and expenses are accounted for in the *statement of activities*. The statement presents information showing how Metro's net assets changed during the fiscal year. Such changes are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods. Because it separates program revenue (revenue generated by specific programs through charges for services, grants, and contributions) from general revenue (revenue provided by taxes and other sources not tied to a particular program), it shows to what extent each program has to rely on taxes for funding.

METRO

Management's Discussion and Analysis, Continued

Both of the government-wide financial statements are divided into three categories:

Governmental activities - Activities supported principally by general revenue sources such as taxes and intergovernmental revenues that provide Metro's basic governmental services. These services include the general government functions of the Council/Public Affairs office, regional transportation and growth management planning, regional parks and open spaces, operation of the Oregon Zoo, rehabilitation and enhancement activities near Metro area solid waste facilities, and administrative functions.

Business-type activities - Metro charges fees to customers to help cover the costs of certain services. In fiscal year 2007 these activities consisted of the operation of the solid waste system and MERC operations.

Component unit - Metro includes *The Oregon Zoo Foundation* (OZF) as a discretely presented component unit. OZF is considered a component unit in accordance with GASB Statement 39, as the sole purpose of this legally separate non-profit organization is to provide support and significant additional funding for Metro's Oregon Zoo.

Fund financial statements. The fund financial statements provide more detailed information about Metro's funds, not Metro as a whole. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Metro, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements - including bond covenants and Oregon local budget law requirements. All of the funds of Metro can be classified into two categories:

- **Governmental funds** are used to account for essentially the same functions as reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, these statements focus on how cash, and other financial assets that can be readily converted to cash, flow in and out and on the balances left at year-end that are available for spending. Thus, the governmental funds statements provide a detailed short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance Metro's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, the reader may better understand the long-term impact of Metro's near-term financing decisions. A reconciliation that follows the governmental funds statements explains the relationship (differences) between the two statements.

Metro maintains eight individual governmental funds (the General, Smith and Bybee Lakes, Rehabilitation and Enhancement, General Obligation Bond Debt Service, Open Spaces, Natural Areas, Metro Capital and Cemetery Perpetual Care). Each of these is presented by Metro as a

METRO

Management's Discussion and Analysis, Continued

"major fund" in accordance with professional standards, as Metro management believes reporting each of these funds provides consistency and is in the public interest. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for each major fund, as required by GASB Statement No. 34.

Metro maintains budgetary controls over its funds. The objective of budgetary controls is to ensure compliance with legal provisions contained in the annually appropriated budget. Budgetary comparison schedules for all appropriated funds are provided following the notes to the financial statements. Of special note, a portion of one budgetary fund (the General Revenue Bond Fund) is allocated to the General Fund and combined with those operating activities for reporting in conformance with generally accepted accounting principles, in the governmental fund financial statements.

The governmental fund financial statements can be found on pages 46 - 52 of this report.

- **Proprietary funds** for Metro include two different types.

Enterprise funds are used to report the same functions as *business-type activities* in the government-wide financial statements. Metro uses enterprise funds to account for its Solid Waste and MERC operations.

Internal service funds are an accounting device used to accumulate and allocate costs internally among Metro's various functions. Metro uses an internal service fund to account for its risk management operations. The revenues and expenses of the internal service fund that are duplicated in other funds through cost allocations are eliminated in the government-wide statements, with the remaining balances included in the governmental activities column.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail (such as cash flows). The proprietary fund financial statements provide separate information for the Solid Waste Fund, the MERC Fund, and Risk Management Fund, which are considered major funds of Metro.

The proprietary fund financial statements can be found on pages 53 - 58 of this report.

Notes to the financial statements. The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 59 - 90 of this report.

METRO

Management's Discussion and Analysis, Continued

FINANCIAL ANALYSIS OF METRO AS A WHOLE

The financial analysis provided below has incorporated the change noted earlier in the reporting of MERC as part of the primary government's activities in the business-type activity columns for both the current and prior year columns.

Net assets. As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. Metro's net assets total \$408,250,708 at June 30, 2007, which reflects an increase of 4.3% (\$16,494,264) over the prior year. The following table reflects the condensed Government-wide Statement of Net Assets.

Metro's Net Assets

	Governmental Activities		Business-Type Activities		Total - Primary Government	
	2006		2006		2006	
	2007	(as restated)	2007	(as restated)	2007	(as restated)
Current and other assets	\$ 235,359,486	106,932,544	73,081,677	64,944,020	308,441,163	171,876,564
Capital assets	233,213,363	223,406,695	218,597,005	226,193,915	451,810,368	449,600,610
Total assets	468,572,849	330,339,239	291,678,682	291,137,935	760,251,531	621,477,174
Long-term debt outstanding	296,057,014	177,934,753	19,566,442	21,657,021	315,623,456	199,591,774
Other liabilities	20,127,623	17,149,560	16,249,744	12,979,396	36,377,367	30,128,956
Total liabilities	\$ 316,184,637	195,084,313	35,816,186	34,636,417	352,000,823	229,720,730
Net assets						
Invested in capital assets, net of related debt	70,472,572	72,055,226	199,184,754	204,536,894	269,657,326	276,592,120
Restricted	24,458,851	21,244,741	12,688,488	12,415,936	37,147,339	33,660,677
Unrestricted	57,456,789	41,954,959	43,989,254	39,548,688	101,446,043	81,503,647
Total net assets	\$ 152,388,212	135,254,926	255,862,496	256,501,518	408,250,708	391,756,444

Metro's business-type activities account for the most significant portion of total net assets – totaling \$255,862,496 (62.7%), whereas governmental activities account for \$152,388,212 (37.3%). Of Metro's total net assets, 66.1% of the total reflects its investment in capital assets, net of related debt, down from 71.8% of net assets in the prior year. Metro uses these capital assets to provide services to its citizens and therefore this amount is not available for future spending. Although Metro's investment in its capital assets is reported net of the related debt, it should be noted that the resources needed to repay this debt must come from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The amount invested in capital assets (net of related debt) for governmental activities, \$70,472,572, includes the result of Metro financing capital assets for the MERC enterprise, specifically the Oregon Convention Center (OCC), through the issuance of general obligation bonds. The amount of long-term debt outstanding on these bonds is reflected as a liability of the governmental activities in which repayment of the bonds occurs, whereas the associated capital assets financed by this debt are reflected

METRO

Management's Discussion and Analysis, Continued

with the business-type activities related to MERC's operations as these assets are used to provide services to citizens. In addition, Metro's investment in its headquarters offices, zoo exhibits, open spaces property and other significant assets is reflected here. Overall, the decrease in the amount invested in capital assets (net of related debt) for governmental activities reflects a net increase in capital assets of \$9,806,668 and an increase in capital related long-term debt outstanding of \$11,389,322 associated with Open Spaces and Natural Areas acquisitions. Amounts invested in capital assets net of related debt for business-type activities changed primarily due to the amount of increase in accumulated depreciation exceeding capital asset additions by \$7,596,911, while related long-term debt declined \$2,090,579.

In addition, 9.1% of net assets are restricted for specific purposes, including capital projects, capital asset renewal and replacement, landfill closure, debt service, cemetery perpetual care and other purposes. This represents an increase in restricted net assets of \$3,486,662 (10.4%) from the amount at June 30, 2006. The increased amounts restricted for capital projects are due primarily to unspent amounts related to the Natural Areas bonds within the governmental activities and resulted in \$6,361,475 of the increase from the prior year. The remaining \$101,446,043 is unrestricted, with 56.6% (\$57,456,789) of this amount attributable to Metro's governmental activities. Unrestricted net assets increased \$15,501,830 (36.9%) in governmental activities and increased \$4,440,566 (11.2%) in business-type activities. Unrestricted net assets may be used to meet Metro's ongoing obligations to citizens and creditors.

Current and other assets (composed of cash and investments, receivables, inventories, prepaid items and other assets) increased 79.5% (\$136,564,599) on a government-wide basis. The increase is primarily attributed to the additional equity in pooled cash and investments from issuance of the Natural Areas bonds in April 2007, which accounted for \$122,639,615 of this increase and is reflected in governmental-activities restricted assets. Unrestricted cash and investments decreased \$3,904,635 or 3.6%, mostly due to purchases in the Open Spaces program. Unrestricted cash and investments increased \$5,823,721 over the prior year in business-type activities with \$3,834,010 of this amount attributable to MERC operations. This increase was offset by a decline of \$525,573 in prepaid items primarily resulting from the continued amortization of an advance contractual payment made in a prior year to the solid waste transport contractor.

Other liabilities (consisting of accounts payable, accrued compensation, accrued interest payable, and other current liabilities) of Metro's business-type activities increased 25.2% (\$3,270,348) from June 30, 2007. Other liabilities in the governmental activities increased \$2,978,063, after restating the prior year for a prior period adjustment. This increase was primarily due to the increase in accrued interest payable of \$1,294,164 related to the aforementioned Natural Areas bonds. The restatement in the prior year for the prior period adjustment was made to recognize revenue on the Tri-Met TOD program intergovernmental agreement in the Planning Department previously, reflected as unearned revenue (noted earlier). Metro should have recognized an additional \$5,570,696 in fiscal years 2005 and prior, while an additional \$984,048 should have been recognized as revenue and net income in fiscal year 2006.

METRO

Management's Discussion and Analysis, Continued

Long-term debt outstanding increased 58.1% (\$116,031,682). Exclusive of the amounts related to the issuance of the Natural Areas bonds, the remainder of governmental activity long-term debt decreased \$12,703,945 or 6.4%, and business-type activity long-term debt decreased \$2,090,579 or 9.7% from June 30, 2006 as a result of scheduled debt payments. A further discussion of the financing activities undertaken during the year is presented later in this analysis.

Changes in net assets. As noted earlier, Metro's total net assets increased 13.3% over the prior year. Governmental activities' net assets increased by \$17,133,286, while business-type activities' net assets decreased \$639,022. The components of this change in net assets are reflected in the condensed information from Metro's Statement of Activities below (fiscal year 2006 restated for the prior period adjustments noted earlier).

Changes in Metro's Net Assets

	Governmental Activities		Business-Type Activities		Total - Primary Government	
	2007	2006 (as restated)	2007	2006 (as restated)	2007	2006 (as restated)
Revenues:						
Program revenues						
Charges for services	\$ 20,603,231	19,911,033	83,172,102	80,111,273	103,775,333	100,022,306
Operating grants and contributions	9,674,387	12,999,646	692,146	984,284	10,366,533	13,983,930
Capital grants and contributions	1,378,075	959,676	-	-	1,378,075	959,676
General revenues						
Property taxes	28,686,523	27,804,374	-	-	28,686,523	27,804,374
Excise taxes	16,640,733	14,243,252	-	-	16,640,733	14,243,252
Local government shared revenues	519,463	547,512	9,976,554	8,852,246	10,496,017	9,399,758
Other	4,978,208	2,337,305	3,104,993	2,078,669	8,083,201	4,415,974
Total revenues	\$ 82,480,620	78,802,798	96,945,795	92,026,472	179,426,415	170,829,270
Expenses:						
General government operations	11,724,680	10,128,233	-	-	11,724,680	10,128,233
Regional planning and development	11,633,709	10,580,855	-	-	11,633,709	10,580,855
Culture and recreation	6,906,903	6,515,693	-	-	6,906,903	6,515,693
Zoo	25,165,745	23,159,685	-	-	25,165,745	23,159,685
Interest on long-term debt	9,626,880	8,421,370	-	-	9,626,880	8,421,370
Solid Waste	-	-	52,805,117	50,565,165	52,805,117	50,565,165
Metro Exposition-Recreation	-	-	45,069,117	42,799,786	45,069,117	42,799,786
Total expenses	\$ 65,057,917	58,805,836	97,874,234	93,364,951	162,932,151	152,170,787
Increase in net assets before transfers and special items	\$ 17,422,703	19,996,962	(928,439)	(1,338,479)	16,494,264	18,658,483
Transfers	(289,417)	533,324	289,417	(533,324)	-	-
Special Item	-	357,921	-	(357,921)	-	-
Increase (decrease) in net assets	\$ 17,133,286	20,888,207	(639,022)	(2,229,724)	16,494,264	18,658,483
Net Assets, July 1, 2006	135,254,926	114,366,719	256,501,518	258,731,242	391,756,444	373,097,961
Net Assets, June 30, 2007	\$ 152,388,212	135,254,926	255,862,496	256,501,518	408,250,708	391,756,444

Program revenues generated directly from Metro's operations, which includes charges for services, increased \$554,029 or 0.5% from the prior year, while the share of total revenues derived from these sources decreased slightly from the prior year, from 67.3% to 64.4%. A significant portion (57.8%) of Metro's revenues come from, or are based upon, its charges for services and as a percent of revenues is down slightly from the prior year (58.6%). This amount includes charges to customers for use of Metro

METRO

Management's Discussion and Analysis, Continued

facilities and services, such as solid waste fees and admission fees. Program revenues from business-type activities increased 3.4%, or \$2,768,691. Governmental activities program revenue decreased 7.0% (\$2,214,662), with the Zoo accounting for an increase of \$1,281,865, whereas planning activities charges for services revenues declined \$522,992. Charges for services revenues increased 3.5% (\$692,198) in governmental activities and grew 3.8% (\$3,060,829) in business-type activities. Operating grants and contributions decreased 25.9% (\$3,617,397) from the prior year, with decreases in zoo (\$287,710) and planning (\$3,007,395) programs.

General revenues are used by Metro to fund expenses not covered by program revenues. The most significant general revenue, property taxes, accounts for 34.8% of all revenues, down from 35.7% in the prior fiscal year, and is dedicated to repayment of general obligation bond debt or designated by the Council for support for operations of the Oregon Zoo (\$18,812,500 and \$9,874,023, respectively). The bonds were originally issued to finance construction of the OCC, construction of the Great Northwest project at the Oregon Zoo, and for acquisition of open spaces and natural areas in the region.

The excise tax – a tax Metro assessed on users of its goods and services at a flat rate per ton on solid waste activities (\$8.35, which is up from \$8.34 in the prior year) and as a percentage (7.5%) of revenues on all other authorized revenues to fund primarily general government and planning functions - provided \$14,834,721 in general revenue, up \$591,469 or 4.2%. This increase is reflective of higher revenues upon which the tax is assessed and a 3.7% increase in solid waste tonnage. An additional \$3.14 per ton portion of the excise tax on solid waste tonnage is dedicated in support of the operations of the Regional Parks and Greenspaces Department, a renewal and replacement account for the Oregon Zoo, and for the support of OCC. The amount dedicated to Regional Parks is used for development and operations of four sites purchased under the Open Spaces bond measure, operations of existing sites, and renewal and replacement reserves for all Regional Parks facilities. The amount dedicated to the OCC is used to fund the Tourism Opportunity and Competitiveness Account designed to enhance the OCC's pursuit of conventions from outside the region, bringing new dollars into the region.

Beginning July 1, 2006, Metro began collection of a new CET which provided \$1,806,012 in revenue during the fiscal year ended June 30, 2007. This tax is imposed on new construction within the region, with limited exceptions, and is intended to raise \$6.2 million over three years to fund concept planning in the new areas recently brought into the Urban Growth Boundary. Of the amount collected, \$1,201,466 was provided to other local governments during the fiscal year and resulted in additional expenses in that amount over the prior year in general government operations expenses.

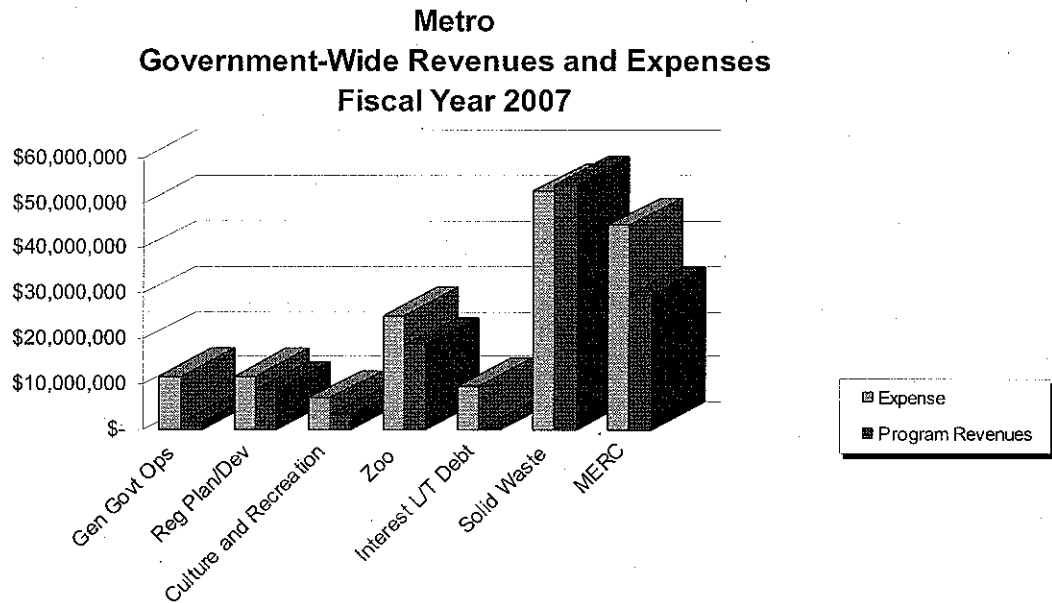
Most of the remaining revenue for Metro comes from federal, state and local grants or other contributions (\$9,674,387 or 11.7%) that fund various programs such as regional transportation and growth management planning activities. These revenues were down 28.2% or \$3,007,395 from the prior year due in large part to change in grant funded project work in the Planning Department and the decrease in revenues recognized for the TOD program as TriMet was unable to provide additional funding in fiscal year 2007 for budgetary reasons.

METRO

Management's Discussion and Analysis, Continued

The total cost of all programs and services increased 7.1% (\$10,761,364) from the prior year to a total of \$162,932,151. Business-type activities, consisting of Solid Waste and MERC programs, represent 60.1% of this total, compared to 61.4% in the prior year. General government operations reflected 7.2% of total costs, compared to 6.7% in the prior year. Regional planning and development, and culture and recreation (primarily regional parks programs), accounted for 7.1% and 4.2% of total costs, respectively. The remainder was primarily interest on long-term debt, which increased by \$1,205,510 or 14.3% from the prior year and totaled \$9,626,880 or 5.9% of total costs, up from 5.5% in the prior year.

As reflected in the chart below, program revenues in each of the functional and program areas, other than Solid Waste operations, did not cover costs during the fiscal year. General revenues are called upon to cover this difference to the extent possible. Each of these areas is described separately in the narrative that follows.



Governmental activities. Revenues for Metro's governmental activities increased \$4,661,870 (6.0%) to a total of \$82,480,620 with 34.8% of this revenue (\$28,686,523) coming from property taxes. Property taxes funded interest expense totaling \$9,626,880 and the remainder was used to pay bond principal and reduce outstanding bond liabilities and support zoo operations, as noted earlier. Investment performance showed increased revenues, up \$2,629,298 or 114%, due to a more favorable interest rate environment and three months of additional cash for investment from the Natural Areas bond proceeds, the latter of which accounted for \$1,301,230 of this increase.

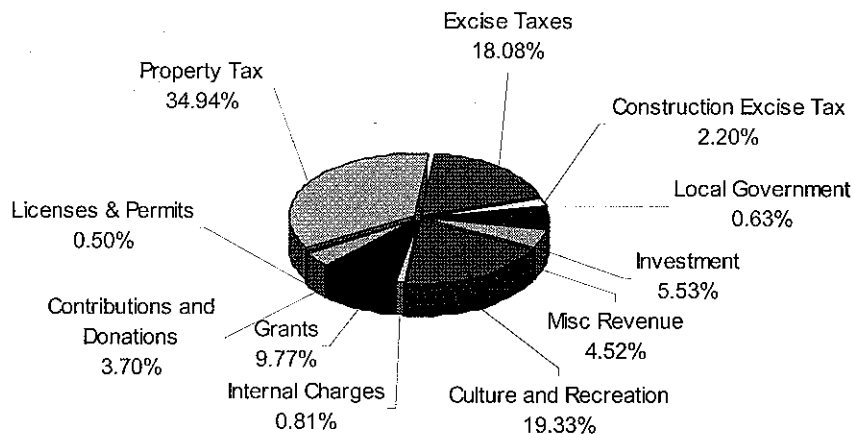
METRO

Management's Discussion and Analysis, Continued

Metro's general government operations accounted for 18.0% (\$11,724,680) of Metro's total expenses for governmental activities, which was an increase of \$1,596,447 over that reported in the prior year. Reported expenses increased primarily due to the first year of payments to other governments of CET funding for their concept planning work, totaling \$1,201,466. General government operations rely significantly on general revenues, primarily excise taxes and transfers, to offset its net expense of \$10,238,054.

Metro's regional planning and development activities had total costs of \$11,633,709 for the fiscal year ending June 30, 2007, up \$1,052,854 (10.0%) from the prior year. Revenues that fund these activities are primarily from operating grants and contributions (\$7,656,031), which decreased 28.2% or \$3,007,395 from the prior year, again, due primarily to the effects on revenue for TOD funding received from TriMet noted earlier. Overall, regional planning and development is project driven, relying heavily on grant awards; the level of grants received also affects the level of work and expenditures incurred. In addition to the effects on revenue recognition for TOD funding, both the Portland Streetcar and Willamette Shoreline projects ended in the prior year. Additional revenues were received for work on the Earmark funded Streetcar project due to new funding availability, as well as increased work on the Regional Travel Options over the prior year and a new grant for the Milwaukie Light Rail Transit project. The net expense of \$2,953,066 (an increase of \$4,583,241) is covered by general revenues, such as excise taxes. The total amount expended for program purchases of TOD assets held for resale in the current fiscal year totaled \$2,771,316, bringing the amount of property assets held for resale to \$8,518,324 (consisting of eight properties) at June 30, 2007.

**Metro
Governmental Activities
Sources of Revenue, Fiscal Year 2007**

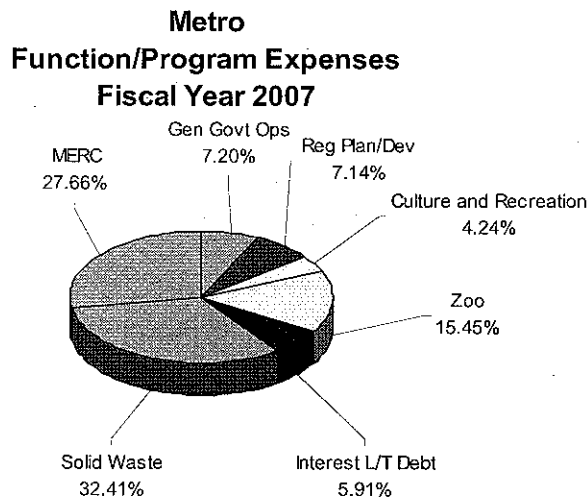


METRO

Management's Discussion and Analysis, Continued

Culture and recreation activities, which includes operation of Metro's regional parks and management of open spaces, accounted for total expenses of \$6,906,903, up \$391,210 or 6.0% from the prior year. This increase is primarily attributable to reclassification of expenses related to Rehabilitation and Enhancement programs reported in regional planning and development in the prior year. Program revenues from charges for services (e.g., admission fees, rentals, etc.) totaled \$2,519,340, down 1.9% or \$49,078 from the prior year. Additional support was provided from operating grants and contributions in the amount of \$434,659, a decrease of \$149,041 or 25.5% from the prior year. The decrease in this later category was due to a number of grant funded projects on Gales Creek and Multnomah Channel being delayed to fiscal year 2008. The remaining net expense of this function, \$3,952,904, was funded from general revenues, including local government shared revenues (e.g., marine fuel taxes from the State of Oregon) of \$487,736, excise taxes and interest.

Operations of the Oregon Zoo reflected program revenues of \$18,534,425 an increase of \$1,602,554 or 9.5% from the prior year, with a \$287,710 decrease reflected in operating grants and contributions as in the prior year the zoo had received a one-time grant for storm water management for the zoo parking lot. An increase of \$608,399 in capital grants was experienced during fiscal year 2007 due primarily to capital grants received from OZF for the Predators of the Serengeti exhibit. Charges for services revenues (e.g., admission fees, food and retail sales) accounted for 84.7% of program revenues, which increased \$1,281,865 or 8.7% due to the highest attendance year in the zoo's history (up 10.5% over the prior year) and higher revenues from spending by zoo visitors. Contributing to the zoo's record attendance was the opening of the babirusa pigs and completion of the Cascade Canyon exhibit. Total expenses for Zoo operations totaled \$25,165,745, an increase of \$2,006,060 or 8.7% from the prior year.



Expenses were higher for costs associated with the higher attendance and sales activities, certain deferred maintenance projects that were undertaken during the year, higher utility costs (up \$197,368)

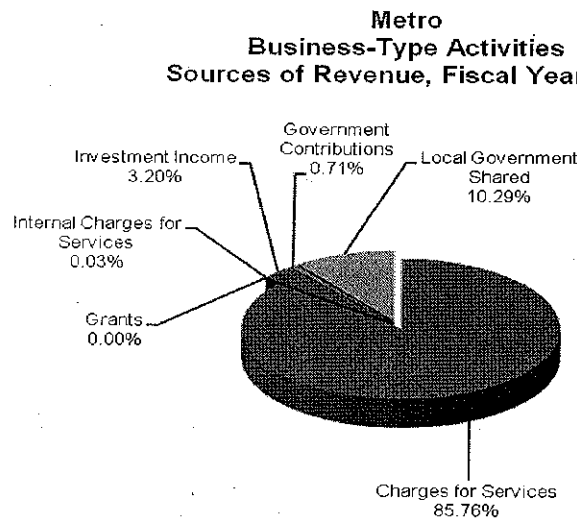
METRO

Management's Discussion and Analysis, Continued

and \$211,882 in expenses for contracted professional services related to zoo master planning for the Zoo Future Vision committee. The resulting net expense of \$6,631,620 (an increase of \$413,506 or 6.5% over the prior year) is financed from general revenues, such as property taxes and investment earnings.

Business-type activities. Revenues of Metro's business-type activities (Solid Waste and MERC operations) totaled \$93,840,802, up 2.0% (\$1,814,330). Total expenses increased 4.8%, or \$4,509,283, to a total of \$97,874,234. As a result, operations of business-type activities reflected a decrease in net assets of \$639,022 for the fiscal year ended June 30, 2007.

Solid waste tonnage brought to Metro facilities was up slightly (3.7%). The increase in tonnage was offset by a decrease in rates charged (tonnage charge was \$46.20 per ton, compared to \$46.80 per ton in the prior year) resulting in an overall increase of \$810,630 in disposal fee revenues. In fiscal year 2007, the Metro Council adopted a split transaction fee based upon two customer classes: users of staffed scalehouses and users of the automated scale system, with fees of \$8.50 and \$3.00 per transaction, respectively. The growth of 3.3% in the number of transactions was offset by an expected shift in fees received from these customer classes and resulted in an overall reduction of \$69,348. This decrease was in addition to a decrease in revenue generated from the Regional System Fee, which declined \$822,686 as regional disposal tons increased about 4.4% from the prior year, while the fee was lowered from \$14.54 per ton to \$13.57 per ton. Compost bin sales and latex paint facility sales were up \$57,000 and \$54,000, respectively. Expenses were up \$2,239,952, or 4.4%, due to higher costs of handling the increased waste tonnage at Metro transfer stations, higher transport and disposal fees, and higher expenses in Waste Reduction and Outreach programs. Net revenue for the Solid Waste activity was \$1,306,030 for the fiscal year, down \$2,010,865 from the prior year.



METRO

Management's Discussion and Analysis, Continued

MERC operates the Metro-owned OCC and Portland Exposition Center (Expo). In addition, under terms of an intergovernmental agreement with the City of Portland, MERC operates the city-owned Portland Center for the Performing Arts (PCPA). Net assets for MERC totaled \$190,159,258, with 90.6% of this amount invested in capital assets, net of related debt. Unrestricted net assets total \$17,887,043 at June 30, 2007.

Net assets decreased \$3,281,898 during the fiscal year, or 1.7%. Unrestricted net assets increased \$3,706,220 from the prior year. Program revenue includes charges for services of \$29,064,019 and operating grants and contributions of \$689,082. Charges for services revenue rose \$2,767,703 or 10.5% from the prior year. This revenue growth is due primarily to a successful year for the OCC which reflected increased operating revenues totaling \$6,789,473, up \$518,593 or 8.5% as well as increases in food and beverage sales which were up \$1,885,399 or 26.1%. Two large events in June 2007 for Tektronix and the Unitarian Universalists contributed to these increases.

Total expenses for MERC were \$45,069,117, up \$2,269,331, or 5.3%. These increased expenses were primarily attributable to costs directly associated with the increase in operating revenues, such as food and beverage costs, which at OCC were up \$1,174,206 over the prior year. Payroll and fringe benefit costs increased \$759,368 or 5.5%, and contributions to other governments (primarily for capital improvements to PCPA which is owned by the City of Portland) declined \$1,094,936 or 73.5%.

The resulting net expense of MERC operations was \$15,316,016 for the fiscal year ended June 30, 2007, compared to \$15,586,289 in the prior year, an improvement of \$270,273 or 1.7%. General revenues used to support this net expense include local government shared revenues (transient lodging taxes) and investment income of \$9,976,554 and \$3,104,993, respectively.

FINANCIAL ANALYSIS OF METRO'S FUNDS

As noted earlier, Metro uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of Metro's governmental funds financial statements is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing Metro's financing requirements. In particular, unreserved fund balances may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The beginning fund balance of the General Fund increased by a prior period adjustment of \$7,004,744 which was the result of two TOD related balances - the removal of a \$450,000 loan payable that is not reportable on the modified accrual basis of accounting and, upon review of a TOD intergovernmental agreement with TriMet, the determination that unearned revenue reported in the prior year totaling \$6,554,744 should have been recognized as earned during the prior fiscal year. Fund balance grew to \$43,082,401 at June 30, 2007. Metro completed the fiscal year with its governmental funds reporting

METRO

Management's Discussion and Analysis, Continued

combined fund balances of \$192,490,979, with the primary increase over the prior year reflected in the new Natural Areas Capital Project Fund that reflected a fund balance of \$122,299,467 at June 30, 2007.

The General Fund's Planning Department generated charges for services revenues as described earlier. The work of this department is primarily funded by federal grants. In fiscal year 2007, the Federal Transit Administration (FTA) Willamette Shoreline Alternatives Analysis (now known as the Lake Oswego to Portland Alternatives Analysis) work continued as well as work on the Portland Streetcar, other Earmark-funded projects, and the Regional Travel Options and the Milwaukie Light Rail projects. Additional work was performed on the New Look project. As a result of these work efforts, operating expenses were up \$760,100 due to an increase in personal services costs of \$661,350 and an increase of \$723,666 in contracted professional services, which were offset by a decrease of \$773,878 in TOD program purchases due to a deferral of receipt of \$2 million in TOD funds from TriMet due to TriMet's budget restrictions.

The General Fund's Regional Parks and Greenspaces Department incurred expenditures of \$5,299,519 during the fiscal year ending June 30, 2007. This was \$454,268 lower than the prior year, as personal services expenditures declined \$129,189 or 3.5% due to a number of partial and full-year vacancies. Materials and services expenditures were down \$289,879 or 14.7% from the prior year as the current year did not have the contracted professional services expenditures for the Lovejoy Restoration (almost \$330,000) or Killin Wetland Restoration (\$60,000) projects. Increases were experienced in repair and maintenance and property taxes paid on parks properties.

The General Fund's Oregon Zoo Department had its highest attendance in its 120-year history – with 1,508,564 people passing through the gates, up 10.5% from the prior year. This improvement in attendance, combined with increased visitor spending enabled the department to reflect positive growth in revenues as noted earlier. Facility operating expenditures totaled \$22,889,967. Zoo administrative expenditures increased \$324,877 from the prior year, to a total of \$661,546 primarily due to contractual costs of \$187,864 for zoo master planning and \$60,393 of new payments to OZF for conservation programs funded by the zoo's conservation surcharge on admission fees. Construction maintenance division expenditures were up \$503,566 or 12.3%, to a total of \$4,591,571, with utilities costs up \$183,926 or 11.2% and the zoo addressed deferred maintenance projects, up \$280,483 or 39.8%. Guest services expenditures increased in relation to the growth in revenues, up \$236,960 or 2.6%, to a total of \$9,466,121. Of this amount, payments to Aramark for retail operations increased \$227,658 or 19.2% over the prior year, whereas retail sales revenues rose \$192,736 or 11.1%.

In summary, the General Fund generated an increase of \$3,113,931 in fund balance from its operations, to a total of \$43,082,401 at June 30, 2007. Of this amount, \$8,518,324 is reserved for assets held for resale in the TOD program. Unreserved fund balance of \$34,564,077 represents 64.9% of the expenditures incurred during the fiscal year.

The Rehabilitation and Enhancement Fund received an additional \$396,216 transferred from the Solid Waste Fund for fees collected and earned \$106,013 in investment income. During the year, Metro

METRO

Management's Discussion and Analysis, Continued

provided funding to the City of Forest Grove (\$81,211) and City of Oregon City (\$144,975) in accordance with intergovernmental agreements for projects in their jurisdictions. Metro expended an additional \$58,291 in North Portland and \$120,409 in Northwest Portland for projects approved by the local area's rehabilitation and enhancement committees, including signage, painting, community festival support, and various children's programs. Fund balance stood at \$2,021,856 at June 30, 2007, up \$67,329 from the prior year.

The General Obligation Bond Debt Service Fund accounts for the debt service requirements of Metro's general obligation bonds. During the fiscal year, property tax revenues used to pay debt service totaled \$18,783,637, up \$332,359 over the prior year. Required interest payments on the bonds totaled \$6,471,656, which was \$214,668 lower than the prior year reflecting the reduction in outstanding principal. An additional \$11,563,945 was expended on principal payments, leaving \$12,082,430 in fund balance reserved for debt service at fiscal year end.

The Open Spaces Fund expended an additional \$1,661,145 on acquisitions as it acquired approximately 12 acres from willing sellers in two different target areas and expended \$121,689 to stabilize properties acquired. At June 30, 2007, \$400,389 remains in fund balance, with management estimating that this amount will be expended in the next fiscal year.

The Metro Capital Fund is used for capital accounts for the zoo, parks and general support functions. The fund received \$1,252,310 in contributions and donations for zoo purposes as part of the total of \$1,534,850 in total contributions and donations for the year. Of the \$2,525,304 in total expenditures, \$1,630,337 was expended for zoo capital projects and \$562,807 for parks projects. The more significant projects are described in more detail in the Capital Assets and Debt Administration section later in this analysis. The Metro Capital Fund ended the fiscal year with an unreserved fund balance of \$8,473,161.

Proprietary funds. Metro's proprietary fund statements provide the same type of information found in the government-wide financial statements, but in more detail.

Net assets in the Solid Waste Fund totaled \$66,622,634 at year-end, up 4.2% or \$2,655,547. Of this amount, \$27,021,607 is unrestricted, up 2.8%, and represents 52.6% of annual operating expenses. Additional net assets are restricted for renewal and replacement (\$7,269,712), landfill closure (\$4,101,487) and debt service (\$1,317,289). In addition to the information already provided in the narrative above on business-type activities, the following additional detailed analysis of solid waste expenses is provided:

Total operating expenses increased \$2,512,960 or 5.1% from the prior year. Payroll and fringe benefits increased 2.0% (\$174,548) due to higher fringe benefit costs and scheduled wage increases. Facility operating expenses for Metro's two solid waste transfer stations increased \$582,464 or 6.7% and disposal fees paid for waste disposal at the Gilliam County landfill increased 3.0% (\$375,238), with these increases attributable to the net effect of higher tonnage and cost of living increases. Waste transport costs increased 5.7% (\$375,238), with higher fuel costs and increased tonnage accounting for

METRO

Management's Discussion and Analysis, Continued

this increase. Waste reduction grants, a non-operating expense, totaled \$1,067,132 in the current fiscal year, down \$182,648 or 14.6% from the prior year.

Net assets for MERC totaled \$193,816,310 at June 30, 2007, up \$375,154 or 0.2% over the prior year. Of this amount, \$21,544,095 is unrestricted and represents 49.1% of annual operating expenses. Analysis of the fiscal year 2007 changes in net assets for MERC was noted earlier.

The Risk Management Fund, an internal service fund that is incorporated in governmental activities for government-wide reporting, had net assets of \$1,101,136 at June 30, 2007. Total assets were \$8,529,007, primarily in equity in Metro's internal cash and investment pool (\$8,099,461). Significant liabilities included the actuarially determined accrued self-insurance claims (\$1,046,248, up \$102,488 from the prior year), an environmental impairment liability (\$5,225,000, which is unchanged from the prior year) and an increase in the liability for amounts collected by the fund and unearned on health benefit related items, which totaled \$392,500 at June 30, 2007 (reflected in an unearned revenue liability of \$258,672 and a \$133,828 portion of payroll liabilities).

GENERAL FUND BUDGETARY HIGHLIGHTS

As noted earlier, Metro's General Fund is used to account for general government operations, the programs of planning, regional parks and greenspaces, and the Oregon Zoo.

Of the fourteen total budget amendments made during the fiscal year, ten budget amendments were applicable to the General Fund, which resulted in an addition of \$735,280 to appropriations between the original and amended budget. The most significant were three amendments related to the sale of Natural Areas bonds. Two significant amendments provided for a total of \$8.1 million in temporary interim appropriation authority to meet the possible obligations related to the bonds during the time period between approval of the bonds in November and the sale of the bonds in April 2007. Once the bonds were sold, expenditures incurred were reallocated to the Natural Areas Fund and the temporary interim appropriation authority was reversed with the third significant amendment.

Another amendment, Ordinance 07-1156, authorized \$500,000 of additional expenditure authority for operating expenses of the zoo due to the increased attendance noted earlier. Other less significant amendments included: additional expenditure authority for the Council Office of \$17,500 for Metro's Diversity Action Plan, assisted by a reduction in spending authority of \$5,000 for other sponsorship expenditures (Ordinance 06-1126); an additional \$200,150 in capital outlay and \$21,500 in operating expenditure authority in the Finance and Administrative Services department for reconfiguration of office space for movement of Human Resources, Office of the Metro Auditor, Procurement and Natural Areas staff, as well as funding of the Council's portable sound system (Ordinance 06-1131); increases in the staff of the Office of Metro Attorney for Natural Areas bond work program (Ordinance 06-1133); additional appropriation authority of \$108,394 for a zoo animal transport vehicle funded by donations from OZF (Ordinance 07-1142); releasing restrictions on spending authority as a part of the transition

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Management's Discussion and Analysis, Continued

of incoming elected officials in the Metro Auditor (\$237,175) and Council (\$1,500), (Ordinance 06-1132); and additional expenditure authority of \$20,000 for the Regional Parks and Greenspaces Department to conduct public opinion research for a regional parks summit that was held in June 2007 (Ordinance 07-1145).

The General Fund is appropriated by the object categories of operating expenses and capital outlay in the following departmental categories: Council Office, Finance and Administrative Services, Human Resources, Metro Auditor, Office of Metro Attorney, Oregon Zoo, Planning, Public Affairs and Government Relations, Regional Parks and Greenspaces, and non-departmental expenditures (which includes a debt service category of expenditure.) There were no expenditures in excess of appropriations in the General fund for the fiscal year ended June 30, 2007 and many of departments expended 90.0% or more of their appropriation.

The departments which spent under 90.0% of their appropriations included the Metro Auditor (76.8%), Regional Parks and Greenspaces (74.8%), Planning (55.4%), Office of Metro Attorney (87.9%) and Finance and Administrative Services (88.4%). Planning had several large projects that either had a very late start in fiscal year 2007 or were deferred until fiscal year 2008, such as \$895,000 for Streetcar Methods, \$667,000 for Next Corridor, \$248,000 for Regional Transportation Plan Finance and additional TOD projects.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. Metro's investment in capital assets for its governmental and business type activities amounts to \$451,810,368 (net of accumulated depreciation) as of June 30, 2007. This investment in capital assets includes land, buildings and exhibits, improvements, and various types of equipment. The total increase (including additions and deductions) in Metro's investment in capital assets for the current fiscal year grew \$2,209,758 or 0.5%, net of accumulated depreciation. Metro reflects an increase of \$9,806,668 or 4.4% in capital assets attributable to governmental activities and a decrease of \$7,596,911 (\$1,698,294 in additional capital assets, less a \$10,446,323 increase in accumulated depreciation), or 3.4%, in business-type activity capital assets.

Metro's Capital Assets
(Net of accumulated depreciation)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2007	2006	2007	2006 (as restated)	2007	2006 (as restated)
Land	\$ 154,446,228	\$ 143,979,130	19,329,786	19,329,786	173,776,014	163,308,916
Buildings and Exhibits	67,524,460	69,237,330	191,179,939	200,157,072	258,704,399	269,394,402
Improvements	7,510,090	7,864,949	3,440,051	3,524,349	10,950,141	11,389,298
Equipment	1,542,967	1,283,187	2,799,995	2,324,453	4,342,962	3,607,640
Office furniture/equip	588,838	795,559	689,657	850,622	1,278,495	1,646,181
Railroad equip/facilities	406,340	246,540	-	-	406,340	246,540
Leasehold Improvements	-	-	6,459	7,634	6,459	7,634
Construction in Progress	1,194,440	-	1,151,118	-	2,345,558	-
Total	\$ 233,213,363	223,406,695	218,597,005	226,193,916	451,810,368	449,600,611

METRO

Management's Discussion and Analysis, Continued

Major capital asset events during the current fiscal year included the following:

- Acquisition of approximately 12 acres of open spaces property from willing sellers in two different target areas, involving three separate land transactions during the fiscal year. This brought the total acquired acreage to 8,185 (including 62 miles of stream and river frontage) under the open spaces program funded by the Open Spaces Program general obligation bonds. The total capitalized cost for the property acquired in the current fiscal year was \$1,794,860 and is reflected in governmental-activities capital assets.
- Acquisition of approximately 304 acres from willing sellers in six different target areas and seven separate land transactions from the proceeds of the Natural Areas general obligation bonds. The total capitalized cost for the property acquired in the current fiscal year under this program was \$8,987,674 and is also reflected in governmental activities capital assets.
- The Oregon Zoo completed several capital projects, the largest being the completion of the Great Northwest exhibit and its "Introduction to the Forest" component, which added \$961,217 to governmental activities capital assets. The Zoo also installed a new ticketing system with a capitalized cost of \$122,420.
- Regional Parks and Greenspaces capitalized additional construction of the Blue Lake Park water play structure (\$42,547), Blue Lake Golf Course Design (\$130,922), a donation of land from Multnomah County and other capital costs for Morrison Street property, and capital expenditures for the Cooper Mountain open spaces (\$10,798).
- Solid Waste capitalized the rebuild on Metro Central Station's compactor #2 (\$247,802) and the woodline conveyor (\$460,846), as well as other smaller projects at its facilities.
- MERC's largest capitalized project in fiscal year 2007 was for the OCC's Audio Visual Head Room Equipment project, with capitalized costs of \$1,007,414. Other *Leadership in Energy and Environmental Design* (LEED) improvements to OCC to support Green Building LEED certification added \$114,294.

Additional information on Metro's capital assets can be found in Note 4 to the financial statements.

Long-term debt. At the end of the current fiscal year, Metro had total bonded debt outstanding of \$314,397,026 (net of unamortized costs, discounts, deferred amounts on refunding and unamortized accretion). Of this amount, \$252,287,497 comprises debt backed by the full faith and credit of Metro and the remainder (\$62,109,529) represents bonds secured solely by specified revenue sources (i.e., revenue bonds).

In addition, Metro had other long-term debt outstanding in the form of loans. The following table provides a summary of Metro's debt activity for the primary government (bonds are reflected net of

METRO

Management's Discussion and Analysis, Continued

issuance costs, premiums, discounts, deferred amounts on refunding, and accretion as disclosed in the notes to the financial statements):

Metro's Outstanding Debt

	Governmental Activities		Business-type activities		Total - Primary Government	
	2007	2006	2007	2006 (as restated)	2007	2006 (as restated)
Gen. obligation bonds	\$ 252,287,497	\$ 133,778,271	-	-	252,287,497	133,778,271
Revenue bonds	42,697,278	43,649,331	19,412,251	21,492,551	62,109,529	65,141,882
Loans	1,072,239	507,151	154,191	164,470	1,226,430	671,621
Total	<u>\$ 296,057,014</u>	<u>177,934,753</u>	<u>19,566,442</u>	<u>21,657,021</u>	<u>315,623,456</u>	<u>199,591,774</u>

Metro's total debt increased \$116,0313,742 (58.1%) during the current fiscal year. The key factors in this increase were:

- On April 3, 2007, Metro issued \$124,295,000 of 2007 Series Natural Areas General Obligation Bonds. The bonds bear an interest rate ranging from 4.0% to 5.0%. The Natural Areas bonds were issued by Metro under the authority granted by the voters in November 2006 for a total of \$227.4 million in general obligation bonds to fund activities to acquire and preserve natural areas and stream frontages, maintain and improve water quality, and protect fish and wildlife habitat. The remaining portion of the bonds will be issued in approximately 2010.
- During the fiscal year, Metro's TOD program entered into a loan arrangement with a private party to acquire property assets held for resale. The \$592,500 loan bears an interest rate of 6.5%, with annual interest-only payments in fiscal year 2008 and 2009. The loan will be paid in full on January 26, 2010.

Metro's newest General Obligation Bonds, Natural Areas, 2007 series are rated "AAA" and "Aaa" by Standard & Poor's and Moody's, respectively. Metro maintains an "AA+" rating from Standard & Poor's and an "Aa1" rating from Moody's for other general obligation debt. Metro's General Obligation Refunding Bonds, 2005 Series are rated "AAA" and "Aa1" by Standard & Poor's and Moody's, respectively. Metro's Limited Tax Pension Obligation Bonds, 2005 Series have an underlying rating of "A3" and the issue was insured to receive an "Aaa" rating from Moody's. The Waste Disposal System Refunding Bonds, 2003 Series have been rated "AAA" as they are insured, with the underlying ratings of "A" by Standard & Poor's and "A2" by Moody's. The Metro Full Faith and Credit Refunding Bonds have been rated "AA+" and "Aa2" by Standard & Poor's and Moody's, respectively.

State statutes limit the amount of general obligation debt a governmental entity may issue to 10 percent of its total assessed valuation. The current debt limitation for Metro is \$18,178,724,753, which is significantly in excess of Metro's outstanding general obligation debt.

METRO

Management's Discussion and Analysis, Continued

Additional information on Metro's long-term debt can be found in Notes 8 through 11 in the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Oregon's economy has experienced positive trends since the mid-1980s, with the strongest growth occurring during the early to mid-1990s. The exodus of Californians to the less populated and more affordable Portland area stimulated the local economy. Between 1990 and 2006 Oregon recorded the second highest increase in home prices in the nation, in large part because of continued in-migration. Substantial Pacific Rim investment in the Pacific Northwest also stimulated the economy of the Portland area.

The Portland area has one of the most diversified economies of any major metropolitan area on the West Coast. High-tech companies such as Tektronix, Inc., Intel Corporation, LSI Logic, and Sequent Computers are located in the area. In addition, several large sports-oriented companies such as Nike, Adidas, Jantzen, and Columbia Sportswear have headquarters in the Portland area.

As of this writing, markets are still recovering from two financial shocks. First, according to certain industry analysts, loose underwriting standards allowed loans to be made that, in retrospect, should never have been completed because of collateral of questionable value. Second, the Non-Farm Payroll report for August fell by 4,000 jobs, contrary to the previously predicted increase of 110,000 jobs. As a result of both these and other events, the Federal Reserve Board reduced the overnight Fed funds rate by 25 basis points on September 19, 2007, with a further decrease in the Fed funds rate expected by the end of calendar year 2007.

The Metro fiscal year 2008 budget continues a focus on controlling overhead costs and creating efficiencies in order to protect core public services and investments. The following paragraphs provide a summary of the significant initiatives planned and budgeted for in the coming fiscal year.

The November 2006 approval by citizens of the region to invest \$227.4 million to acquire some of the most precious natural areas remaining in the region and preserve the region's legacy for clean water and thriving natural environment led to the initial issuance of the Natural Areas bonds described earlier in this analysis. These proceeds are the most significant reason for the increase in Metro's budget from \$316 million in fiscal year 2007 to \$465 million in fiscal year 2008 as Metro acquires additional natural areas in the coming year.

The coming fiscal year will provide for formalizing Metro's short term appropriated contingency, setting aside an unappropriated stabilization reserve to safeguard against any significant economic disruption, and catch up on renewal and replacement reserves for its governmental activities as noted earlier in the letter of transmittal.

The fiscal year 2008 budget calls for addressing the maintenance backlog at the Oregon Zoo, including funds for modernizing and updating the primate facility and committing \$100,000 for the design and

METRO

Management's Discussion and Analysis, Continued

architectural drawings for a new veterinary hospital. In addition, Metro's regional planning efforts will focus on *Making the Greatest Places* and develop tools and resources to create more vibrant town centers, transit station areas, corridors, and employment centers. This work includes aligning the region's transportation plan and project selection to support shared community and regional goals, addressing infrastructure needs, and using public investments to foster private sector investment.

In fiscal year 2008, the Metro Council will evaluate and negotiate a new long-term contract for transport of waste to the Columbia Ridge Landfill in Gilliam County. The contract will be worth approximately \$150 million over ten years and provides opportunities for a regional freight system. A competitive procurement process will be undertaken to minimize cost and risk, as well as maximizing sustainability and operating efficiencies.

Metro will also be considering the feasibility of a convention center headquarters hotel and the fiscal year 2008 budget includes funding to perform the due diligence required before any decision can be made.

The fiscal year 2008 budget includes an excise tax rate of 7.5% on all non-solid waste generated revenues and a flat fee that will decrease from \$8.35 in fiscal year 2007 to \$8.23 per ton in fiscal year 2008 on all solid waste tonnage, including the additional \$3.22 (up from \$3.14 in the prior year) per ton dedicated to Regional Parks and to the Tourism Opportunity and Competitiveness Account to provide assistance to MERC in marketing the OCC. The excise tax is projected to raise \$14.7 million from all sources during fiscal year 2008. Metro expects to collect 94% of property taxes levied and approximately \$282,000 in delinquent taxes, consistent with historical experience.

As noted earlier, the Metro Council established a Construction Excise Tax (CET), effective July 1, 2006 to provide funding for regional and local planning that is required to make land ready for development after its inclusion in the Urban Growth Boundary. The tax will sunset when a total of \$6.3 million has been collected. The CET is expected to generate about \$2 million in fiscal year 2008.

The General Fund will include enterprise revenues such as admission fees, parking fees, food and beverage sales, and other sales and contracted services generated from income producing activities such as the Oregon Zoo and Regional Parks. No fee increases are anticipated for fiscal year 2008. Annual attendance and admission rates determine the per capita estimate used to budget admissions revenue. The fiscal year 2008 budget assumes attendance of 1.4 million visitors at the Oregon Zoo, slightly below that experienced in fiscal year 2007. Projections for food, beverage and catering sales revenue is based upon per capita spending of \$2.48 multiplied by the anticipated attendance. Using these and other factors, Metro estimates enterprise revenues brought into the General Fund from zoo operations at \$15,220,206 for fiscal year 2008, or 0.33% higher than budgeted in the prior year.

Metro's solid waste system is funded largely through three types of user fees: the regional system fee, the Metro tip fee, and a flat fee charged for each transaction at Metro transfer stations. The regional system fee is imposed on all waste generated in the Metro region and ultimately disposed of for a fee.

METRO

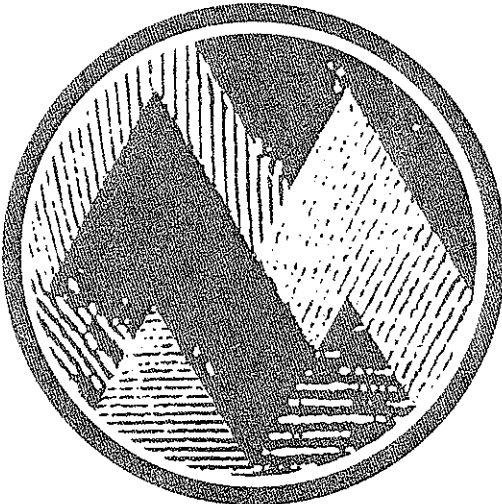
Management's Discussion and Analysis, Continued

The Metro tip fee is a user charge collected only at Metro transfer stations. The fiscal year 2008 budget includes a scheduled increase in the rate of \$0.89 per ton in the Metro tip fee and a \$0.51 increase in the regional system fee, both effective September 1, 2007. The transaction fee will remain a split rate, with customers using the automated scales being charged \$3.00 per transaction and customers using the staffed scalehouse being charged \$8.50 per transaction. Total enterprise revenues are expected to grow 0.83% with these changes in rates and a predicted 5.9% decrease in tonnage.

For fiscal year 2008, MERC has budgeted operating revenues of \$27.4 million with a 5.8% increase in general operating revenues and 3.6% increase in food and beverage revenues. Rental rates are increased by 10% for OCC as of July 2007, up 3% for Expo and an increase of \$0.25 per ticket for resident tenant user fees at the PCPA.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of Metro's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Chief Financial Officer, Metro, 600 NE Grand Avenue, Portland, Oregon, 97232-2736.



METRO

Statement of Net Assets

June 30, 2007

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Oregon Zoo Foundation
<u>Assets</u>				
Equity in internal cash and investment pool	\$ 55,978,475	47,163,306	103,141,781	1,750,668
Investments	-	-	-	3,340,945
Receivables (net of allowance for uncollectibles):				
Property taxes	1,140,509	-	1,140,509	-
Trade	1,653,370	5,238,117	6,891,487	423,029
Other	1,049,511	5,766,905	6,816,416	339,330
Interest	1,352,198	363,755	1,715,953	84,508
Grants	3,530,204	-	3,530,204	-
Internal balances	4,576,448	(4,576,448)	-	-
Inventories	104,370	309,291	413,661	-
Assets held for resale	8,518,324	-	8,518,324	-
Prepaid items	355,152	1,209,935	1,565,087	-
Loan receivable (net of discount)	402,179	-	402,179	-
Net pension asset	22,167,701	-	22,167,701	-
Other assets	97,599	1,454,594	1,552,193	54,595
Restricted assets:				
Equity in internal cash and investment pool	10,809,160	14,840,583	25,649,743	-
Investments	123,624,286	1,311,639	124,935,925	1,766,263
Capital assets:				
Land, improvements and construction in progress	155,640,668	20,480,904	176,121,572	-
Other capital assets (net of accumulated depreciation)	77,572,695	198,116,101	275,688,796	34,418
Total assets	\$ 468,572,849	291,678,682	760,251,531	7,793,756
<u>Liabilities</u>				
Accounts payable	\$ 3,902,767	5,445,633	9,348,400	278,596
Salaries, withholdings and payroll taxes payable	2,451,955	1,034,376	3,486,331	-
Contracts payable	66,822	21,508	88,330	1,202,972
Accrued interest payable	4,354,935	113,627	4,468,562	-
Accrued self-insurance claims	1,046,248	-	1,046,248	-

(Continued)

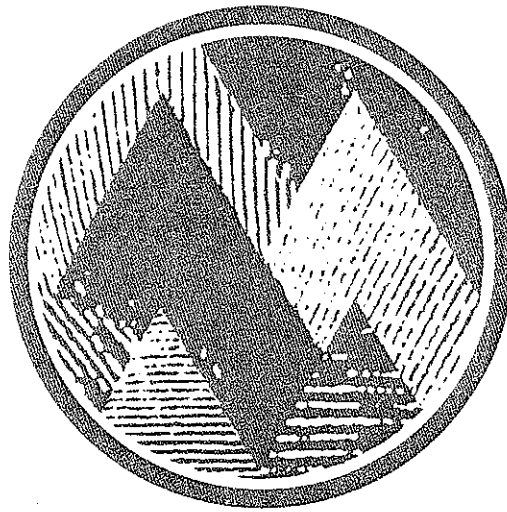
METRO

Statement of Net Assets

June 30, 2007

	Primary Government			Component
	Governmental	Business-type	Total	Unit
	<u>Activities</u>	<u>Activities</u>		<u>Oregon Zoo Foundation</u>
<u>Liabilities, Continued</u>				
Unearned revenue	\$ 822,436	2,365,098	3,187,534	1,967,025
Deposits payable	143,033	2,177,407	2,320,440	6,646
Other liabilities	2,089	546,137	548,226	-
Payable from restricted assets:				
Contracts payable	-	252,852	252,852	61,661
Post-closure costs payable	-	3,214,100	3,214,100	-
Non-current liabilities:				
Due within one year:				
Bonds payable	23,731,585	1,780,000	25,511,585	-
Loans payable	479,739	10,279	490,018	-
Compensated absences	1,427,970	869,116	2,297,086	-
Due in more than one year:				
Environmental impairment liability	5,225,000	-	5,225,000	-
Bonds payable (net of unamortized premium or discount and deferred amount on refunding)	271,253,190	17,632,251	288,885,441	-
Loans payable	592,500	143,912	736,412	-
Compensated absences	684,368	209,890	894,258	-
Total liabilities	\$ 316,184,637	35,816,186	352,000,823	3,516,900
<u>Net Assets</u>				
Invested in capital assets, net of related debt	70,472,572	199,184,754	269,657,326	34,418
Restricted for:				
Renewal and replacement	-	7,269,712	7,269,712	-
Landfill closure	-	4,101,487	4,101,487	-
Debt service	8,813,935	1,317,289	10,131,224	-
Rehabilitation and enhancement	2,021,856	-	2,021,856	-
Capital projects	13,400,608	-	13,400,608	-
Perpetual care-non-expendable	222,452	-	222,452	-
Zoo purposes:				
Expendable	-	-	-	567,172
Non-expendable	-	-	-	170,001
Unrestricted	57,456,789	43,989,254	101,446,043	3,505,265
Total net assets	\$ 152,388,212	255,862,496	408,250,708	4,276,856

The notes to the financial statements are an integral part of this statement.



METRO

Statement of Activities

For the year ended June 30, 2007

	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Functions/Programs				
Primary Government:				
Governmental activities:				
General government operations	\$ 11,724,680	1,359,684	126,942	-
Regional planning and development	11,633,709	1,024,612	7,656,031	-
Culture and recreation	6,906,903	2,519,340	434,659	-
Zoo	25,165,745	15,699,595	1,456,755	1,378,075
Interest on long-term debt	9,626,880	-	-	-
Total governmental activities	<u>65,057,917</u>	<u>20,603,231</u>	<u>9,674,387</u>	<u>1,378,075</u>
Business-type activities:				
Solid Waste	52,805,117	54,108,083	3,064	-
MERC	<u>45,069,117</u>	<u>29,064,019</u>	<u>689,082</u>	<u>-</u>
Total business-type activities	<u>97,874,234</u>	<u>83,172,102</u>	<u>692,146</u>	<u>-</u>
Total primary government	<u>\$ 162,932,151</u>	<u>103,775,333</u>	<u>10,366,533</u>	<u>1,378,075</u>
Component Unit:				
Oregon Zoo Foundation	<u>\$ 5,275,150</u>	<u>3,825,404</u>	<u>1,552,162</u>	<u>-</u>

General revenues:
Property taxes
Excise taxes
Construction excise tax
Cemetery revenue surcharge
Unrestricted local government shared revenues
Unrestricted investment earnings
Transfers
Total general revenues and transfers
Change in net assets
Net assets-July 1, 2006, as previously stated
Prior period adjustments
Net assets-July 1, 2006, as restated
Net assets-June 30, 2007

The notes to the financial statements are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	Oregon Zoo Foundation
(10,238,054)	-	(10,238,054)	
(2,953,066)	-	(2,953,066)	
(3,952,904)	-	(3,952,904)	
(6,631,320)	-	(6,631,320)	
(9,626,880)	-	(9,626,880)	
<u>(33,402,224)</u>	<u>-</u>	<u>(33,402,224)</u>	
-	1,306,030	1,306,030	
-	(15,316,016)	(15,316,016)	
-	(14,009,986)	(14,009,986)	
<u>(33,402,224)</u>	<u>(14,009,986)</u>	<u>(47,412,210)</u>	
			<u>102,416</u>
\$ 28,686,523	-	28,686,523	-
14,834,721	-	14,834,721	-
1,806,012	-	1,806,012	-
33,000	-	33,000	-
519,463	9,976,554	10,496,017	-
4,945,208	3,104,993	8,050,201	427,609
(289,417)	289,417	-	-
<u>50,535,510</u>	<u>13,370,964</u>	<u>63,906,474</u>	<u>427,609</u>
<u>17,133,286</u>	<u>(639,022)</u>	<u>16,494,264</u>	<u>530,025</u>
128,700,182	63,060,362	191,760,544	3,746,831
6,554,744	193,441,156	199,995,900	-
<u>135,254,926</u>	<u>256,501,518</u>	<u>391,756,444</u>	<u>3,746,831</u>
<u>\$ 152,388,212</u>	<u>255,862,496</u>	<u>408,250,708</u>	<u>4,276,856</u>

Fund Financial Statements

Major Governmental Funds

General Fund

The *General Fund* accounts for all activities not required to be accounted for in another fund. This fund accounts for Metro's primary governmental programs and support services including Council Office, Finance and Administrative Services, Human Resources, Metro Auditor, Office of Metro Attorney, Oregon Zoo, Planning (land use, urban growth management, and environmental and transportation planning), Public Affairs and Government Relations, Regional Parks and Greenspaces (parks, marine facilities, pioneer cemeteries, and a golf course) and non-departmental special appropriations. The principal resources of the fund are charges for services, grants, property taxes, construction excise tax, investment income and excise taxes on Metro's facilities and services levied in accordance with the Metro Code.

The budgetary General Fund is combined with another budgetary fund, the General Revenue Bond Fund – General, to become one fund in accordance with accounting principles generally accepted in the United States of America.

Special Revenue Funds

Smith and Bybee Lakes Fund

This fund accounts for development and management of the Smith and Bybee Lakes Natural Resource Management plan, which calls for Smith and Bybee Lakes to be managed as environmental and recreational resources for the region. The principal source of revenue is investment income.

Rehabilitation and Enhancement Fund

This fund accounts for special fees collected on solid waste disposal. The funds are used for community enhancement projects in the areas around various solid waste disposal facilities and for administration of the enhancement program.

Debt Service Fund

The *General Obligation Bond Debt Service Fund* accounts for payments of general obligation bond principal and interest to bondholders. The principal resources are property taxes and investment income.

(Continued)

Major Governmental Funds, continued

Capital Projects Funds

Open Spaces Fund

This fund accounts for the activities to acquire and protect regional open spaces, parks, trails, and streams. The principal resource is investment income.

Natural Areas Fund

This fund was established to account for proceeds of voter-approved general obligation bonds to fund activities to acquire and preserve natural areas and stream frontages, maintain and improve water quality, and protect fish and wildlife habitat. The principal resources are bond proceeds and investment income.

Metro Capital Fund

This fund accounts for all major capital development projects and renewal and replacement reserves of Metro. The principal sources of revenue are investment income and capital contributions and donations.

Permanent Fund

The *Cemetery Perpetual Care Fund* accounts for amounts provided to build a permanent investment of principal from which the earnings will be used to provide long-term maintenance of pioneer cemeteries under Metro's management. The principal resource is a cemetery revenue surcharge on grave sales.

METRO

Balance Sheet
Governmental Funds

June 30, 2007

	General	Special Revenue	
		Smith and Bybee Lakes	Rehabilitation and Enhancement
<u>Assets</u>			
Equity in internal cash and investment pool	\$ 32,995,103	3,879,620	2,091,823
Investments	-	-	-
Receivables:			
Property taxes	389,190	-	-
Trade	1,636,046	-	-
Other	1,049,511	-	-
Interest	256,963	29,283	15,366
Grants	3,511,372	-	-
Inventories	104,370	-	-
Assets held for resale	8,518,324	-	-
Prepaid items	355,152	-	-
Other assets	97,249	-	-
Restricted assets:			
Equity in internal cash and investment pool	1,456	-	-
Total assets	\$ 48,914,736	3,908,903	2,107,189
<u>Liabilities and Fund Balances</u>			
Liabilities:			
Accounts payable	\$ 3,132,474	80	85,333
Salaries, withholdings and payroll taxes payable	1,663,068	-	-
Contracts payable	-	-	-
Deferred revenue	327,907	-	-
Unearned revenue	563,764	-	-
Deposits payable	143,033	-	-
Other liabilities	2,089	-	-
Total liabilities	5,832,335	80	85,333
Fund balances:			
Reserved for:			
Assets held for resale	8,518,324	-	-
Debt service	-	-	-
Unreserved	34,564,077	3,908,823	2,021,856
Total fund balances	43,082,401	3,908,823	2,021,856
Total liabilities and fund balances	\$ 48,914,736	3,908,903	2,107,189

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.

Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.

Deferred revenue reported in the funds is eliminated (recognized).

An internal service fund is used by management to charge the costs of insurance and risk management to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets.

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.

Net assets of governmental activities

The notes to the financial statements are an integral part of this statement.

Debt Service	Capital Projects			Permanent Cemetery Perpetual Care	Total Governmental Funds
	Open Spaces	Natural Areas	Metro Capital		
2,302,274	399,205	7,751,786	8,691,701	220,767	58,332,279
9,532,035	-	114,092,251	-	-	123,624,286
751,319	-	-	-	-	1,140,509
-	-	-	-	50	1,636,096
-	-	-	-	-	1,049,511
129,588	2,871	795,228	63,431	1,635	1,294,365
-	-	-	18,832	-	3,530,204
-	-	-	-	-	104,370
-	-	-	-	-	8,518,324
-	-	-	-	-	355,152
-	-	350	-	-	97,599
-	-	-	-	-	1,456
<u>12,715,216</u>	<u>402,076</u>	<u>122,639,615</u>	<u>8,773,964</u>	<u>222,452</u>	<u>199,684,151</u>
-	879	302,986	232,751	-	3,754,503
-	808	34,442	3,950	-	1,702,268
-	-	2,720	64,102	-	66,822
632,786	-	-	-	-	960,693
-	-	-	-	-	563,764
-	-	-	-	-	143,033
-	-	-	-	-	2,089
<u>632,786</u>	<u>1,687</u>	<u>340,148</u>	<u>300,803</u>	<u>-</u>	<u>7,193,172</u>
-	-	-	-	-	8,518,324
12,082,430	-	-	-	-	12,082,430
-	400,389	122,299,467	8,473,161	222,452	171,890,225
<u>12,082,430</u>	<u>400,389</u>	<u>122,299,467</u>	<u>8,473,161</u>	<u>222,452</u>	<u>192,490,979</u>
<u>12,715,216</u>	<u>402,076</u>	<u>122,639,615</u>	<u>8,773,964</u>	<u>222,452</u>	
					233,213,363
					22,569,880
					960,693
					5,677,584
					(302,524,287)
					<u>\$ 152,388,212</u>

METRO

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds

For the year ended June 30, 2007

	General	Special Revenue	
		Smith and Bybee Lakes	Rehabilitation and Enhancement
Revenues:			
Property taxes	\$ 9,885,888	-	-
Excise taxes	14,834,721	-	-
Construction excise tax	1,806,012	-	-
Cemetery revenue surcharge	-	-	-
Local government shared revenues	519,463	-	-
Investment income	1,785,310	202,838	106,013
Government fees	441,531	-	-
Culture and recreation fees	15,860,633	-	-
Other fees	3,008,317	1,041	-
Internal charges for services	661,007	-	-
Licenses and permits	409,332	-	-
Miscellaneous revenue	211,369	-	-
Grants	7,997,004	-	-
Government contributions	60,000	-	-
Contributions and donations	1,316,011	-	-
Capital contributions and donations	125,765	-	-
Total revenues	58,922,363	203,879	106,013
Expenditures:			
Current:			
General government operations	9,634,211	-	-
Regional planning and development	11,896,946	-	-
Culture and recreation	5,299,519	20,000	434,900
Zoo	22,889,967	-	-
Debt service:			
Principal	1,140,000	-	-
Interest	1,997,376	-	-
Capital outlay	395,763	-	-
Total expenditures	53,253,782	20,000	434,900
Revenues over (under) expenditures	5,668,581	183,879	(328,887)
Other financing sources (uses):			
Loan proceeds	592,500	-	-
Bonds issued	-	-	-
Premium on bonds issued	-	-	-
Transfers in	537,599	-	396,216
Transfers out	(3,684,749)	-	-
Total other financing sources (uses)	(2,554,650)	-	396,216
Net change in fund balances	3,113,931	183,879	67,329
Fund balances - July 1, 2006, as previously stated	32,963,726	3,724,944	1,954,527
Prior period adjustment	7,004,744	-	-
Fund balances - July 1, 2006, as restated	39,968,470	3,724,944	1,954,527
Fund balances - June 30, 2007	\$ 43,082,401	3,908,823	2,021,856

The notes to the financial statements are an integral part of this statement.

<u>Debt Service</u>	<u>Capital Projects</u>			<u>Permanent Cemetery Perpetual Care</u>	<u>Total Governmental Funds</u>
	<u>Open Spaces</u>	<u>Natural Areas</u>	<u>Metro Capital</u>		
18,783,637	-	-	-	-	28,669,525
-	-	-	-	-	14,834,721
-	-	-	-	-	1,806,012
-	-	-	-	33,000	33,000
-	-	-	-	-	519,463
653,989	69,003	1,301,230	407,637	10,509	4,536,529
-	-	-	-	-	441,531
-	-	-	-	-	15,860,633
-	3,476	-	-	-	3,012,834
-	-	-	-	-	661,007
-	-	-	-	-	409,332
-	-	10,000	-	-	221,369
-	-	-	18,832	-	8,015,836
-	-	-	282,540	-	342,540
-	-	-	-	-	1,316,011
-	-	-	1,252,310	-	1,378,075
<u>19,437,626</u>	<u>72,479</u>	<u>1,311,230</u>	<u>1,961,319</u>	<u>43,509</u>	<u>82,058,418</u>
-	-	-	-	-	9,634,211
-	-	-	-	-	11,896,946
-	121,689	1,579,136	282,059	-	7,737,303
-	-	-	84,294	-	22,974,261
11,563,945	-	-	-	-	12,703,945
6,471,656	-	-	-	-	8,469,032
-	1,661,145	8,104,426	2,158,951	-	12,320,285
<u>18,035,601</u>	<u>1,782,834</u>	<u>9,683,562</u>	<u>2,525,304</u>	<u>-</u>	<u>85,735,983</u>
<u>1,402,025</u>	<u>(1,710,355)</u>	<u>(8,372,332)</u>	<u>(563,985)</u>	<u>43,509</u>	<u>(3,677,565)</u>
-	-	-	-	-	592,500
-	-	124,295,000	-	-	124,295,000
-	-	6,383,369	-	-	6,383,369
-	-	-	1,999,927	-	2,933,742
-	(1,794)	(6,570)	(1,914)	-	(3,695,027)
-	(1,794)	130,671,799	1,998,013	-	130,509,584
<u>1,402,025</u>	<u>(1,712,149)</u>	<u>122,299,467</u>	<u>1,434,028</u>	<u>43,509</u>	<u>126,832,019</u>
10,680,405	2,112,538	-	7,039,133	178,943	58,654,216
-	-	-	-	-	7,004,744
10,680,405	2,112,538	-	7,039,133	178,943	65,658,960
<u>12,082,430</u>	<u>400,389</u>	<u>122,299,467</u>	<u>8,473,161</u>	<u>222,452</u>	<u>192,490,979</u>

METRO

Reconciliation of the Statement of Revenues,
Expenditures and Changes in Fund Balances of Governmental Funds
To the Statement of Activities

For the year ended June 30, 2007

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances-total governmental funds		\$ 126,832,019
<p>Governmental funds report capital outlays as expenditures, while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. This is the amount by which capital outlays exceeded depreciation in the current period.</p>		
Expenditures for capital assets	\$ 13,703,602	
Less current year depreciation	<u>(3,896,934)</u>	9,806,668
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
Change in deferred property taxes	16,999	
Amortization of discount on loan receivable	<u>18,105</u>	35,104
<p>An internal service fund is used by management to charge the costs of insurance and risk management to individual funds. The net revenue of certain activities of the internal service fund is included in governmental activities in the statement of activities.</p>		
		815,291
<p>The issuance of long-term debt provides current financial resources to governmental funds, but issuance of debt increases long-term liabilities in the statement of net assets. The repayment of principal on long-term debt uses current financial resources of governmental funds, but repayment of debt reduces long-term liabilities in the statement of net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. These are the effects of these differences in the treatment of long-term debt and related items.</p>		
Bond proceeds	(124,295,000)	
Principal payments on bonds	12,703,945	
Deferred amount on issuance-premium and costs	(6,087,480)	
Settlement of arbitrage payable liability	17,724	
Loan proceeds	(592,500)	
Principal payments on loans	<u>27,412</u>	(118,225,899)
<p>The issuance of loans uses current financial resources of governmental funds, but creates long-term assets in the statement of net assets.</p>		
Issuance of loans (net of discount)		320,254
<p>Expenses in the statement of activities that do not require the use of current financial resources are not reported as expenditures in the funds.</p>		
Compensated absences	(217,539)	
Amortization of deferred amounts on refunding	121,362	
Amortization of net pension asset	(1,059,810)	
Accrued interest on long-term debt	<u>(1,294,164)</u>	(2,450,151)
Change in net assets of governmental activities		<u>\$ 17,133,286</u>

The notes to the financial statements are an integral part of this statement.

Fund Financial Statements

Proprietary Funds

Enterprise Funds

Solid Waste Fund

This fund accounts for revenues, primarily from charges for services for the disposal of solid waste, and expenses for the implementation, administration and enforcement of Metro's Solid Waste Management Plan. This fund also accounts for Metro South Station and Metro Central Station solid waste transfer and recycling facilities, and the closed St. Johns Landfill.

MERC Fund

This fund accounts for revenues and expenses related to the management and operation of facilities managed by MERC, including the OCC, Expo Center, and PCPA. The principal sources of revenue are local government shared revenue and charges for services. Expenses consist primarily of management, marketing and operation costs. This fund consists of three budgetary funds (MERC Operating Fund, MERC Pooled Capital Fund, and General Revenue Bond Fund-Expo) that are combined as one Enterprise Fund to be in accordance with accounting principles generally accepted in the United States of America.

Internal Service Fund

Risk Management Fund

This fund accounts for risk management and self-insurance programs performed for other organizational units within Metro. Primary revenues are charges for services to user funds and investment income. Primary expenses are insurance premiums, claims costs, and studies related to insurance issues.

METRO

Statement of Net Assets
Proprietary Funds

June 30, 2007

<u>Assets</u>	<u>Business-type Activities- Enterprise Funds</u>		<u>Total</u>	<u>Governmental Activities- Internal Service Fund Risk Management</u>
	<u>Solid Waste</u>	<u>MERC</u>		
Current assets:				
Equity in internal cash and investment pool	\$ 24,019,277	23,144,029	47,163,306	8,099,461
Receivables:				
Trade	4,416,564	821,553	5,238,117	17,274
Other	1,175,087	4,591,818	5,766,905	-
Interest	287,950	75,805	363,755	57,833
Inventories	309,291	-	309,291	-
Prepaid items	1,184,205	25,730	1,209,935	-
Other assets	27,300	1,427,294	1,454,594	-
Total current assets	<u>31,419,674</u>	<u>30,086,229</u>	<u>61,505,903</u>	<u>8,174,568</u>
Noncurrent assets:				
Restricted equity in internal cash and investment pool	14,839,892	691	14,840,583	354,439
Restricted investments	1,311,639	-	1,311,639	-
Capital assets, net	<u>32,387,633</u>	<u>186,209,372</u>	<u>218,597,005</u>	<u>-</u>
Total noncurrent assets	<u>48,539,164</u>	<u>186,210,063</u>	<u>234,749,227</u>	<u>354,439</u>
Total assets	<u>79,958,838</u>	<u>216,296,292</u>	<u>296,255,130</u>	<u>8,529,007</u>
<u>Liabilities</u>				
Current liabilities:				
Accounts payable	3,446,469	1,999,164	5,445,633	148,264
Salaries, withholdings and payroll taxes payable	395,116	639,260	1,034,376	749,687
Contracts payable	21,508	-	21,508	-
Accrued interest payable	56,031	57,596	113,627	-
Accrued self-insurance claims	-	-	-	1,046,248
Unearned revenue	-	2,365,098	2,365,098	258,672
Deposits payable	-	2,177,407	2,177,407	-
Other liabilities	191	545,946	546,137	-
Bonds payable-current	1,225,000	555,000	1,780,000	-
Loans payable-current	-	10,279	10,279	-
Compensated absences-current	422,692	446,424	869,116	-
Total current liabilities	<u>5,567,007</u>	<u>8,796,174</u>	<u>14,363,181</u>	<u>2,202,871</u>

(Continued)

METRO

Statement of Net Assets, Continued
Proprietary Funds

June 30, 2007

<u>Liabilities, continued</u>	<u>Business-type Activities- Enterprise Funds</u>		<u>Total</u>	<u>Governmental Activities- Internal Service Fund Risk Management</u>
	<u>Solid Waste</u>	<u>MERC</u>		
Noncurrent liabilities:				
Payable from restricted assets:				
Contracts payable	\$ 252,852	-	252,852	-
Post-closure costs payable	3,214,100	-	3,214,100	-
Environmental impairment liability	-	-	-	5,225,000
Bonds payable (net of unamortized discount and deferred amount on refunding)	4,250,094	13,382,157	17,632,251	-
Loans payable	-	143,912	143,912	-
Compensated absences	52,151	157,739	209,890	-
Total non-current liabilities	<u>7,769,197</u>	<u>13,683,808</u>	<u>21,453,005</u>	<u>5,225,000</u>
Total liabilities	<u>13,336,204</u>	<u>22,479,982</u>	<u>35,816,186</u>	<u>7,427,871</u>
<u>Net Assets</u>				
Invested in capital assets, net of related debt	26,912,539	172,272,215	199,184,754	-
Restricted for:				
Renewal and replacement	7,269,712	-	7,269,712	-
Landfill closure	4,101,487	-	4,101,487	-
Debt service	1,317,289	-	1,317,289	-
Unrestricted	<u>27,021,607</u>	<u>21,544,095</u>	<u>48,565,702</u>	<u>1,101,136</u>
Total net assets	\$ <u>66,622,634</u>	<u>193,816,310</u>	260,438,944	<u>1,101,136</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			(4,576,448)	
Net assets of business-type activities			\$ <u>255,862,496</u>	

The notes to the financial statements are an integral part of this statement.

METRO

Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds

For the year ended June 30, 2007

	Business-type Activities- Enterprise Funds			Governmental Activities- Internal Service Fund Risk Management
	Solid Waste	MERC	Total	
Operating revenues:				
Charges for services	\$ 54,078,068	29,064,019	83,142,087	51,480
Internal charges for services	30,015	-	30,015	7,189,419
Government contributions	-	689,082	689,082	-
Total operating revenues	<u>54,108,083</u>	<u>29,753,101</u>	<u>83,861,184</u>	<u>7,240,899</u>
Operating expenses:				
Payroll and fringe benefits	8,745,451	14,495,420	23,240,871	137,295
Depreciation and amortization	1,817,501	8,628,822	10,446,323	-
Administrative expenses	3,445,982	2,159,528	5,605,510	-
Facility operating expenses	9,356,632	6,482,994	15,839,626	-
Marketing expense	-	2,409,615	2,409,615	-
Concessions expense	-	9,630,534	9,630,534	-
Disposal fees	12,894,883	-	12,894,883	-
Waste transport costs	8,073,223	-	8,073,223	-
Special waste disposal fees	737,143	-	737,143	-
Recycling credits	419,555	-	419,555	-
Consulting services	2,176,455	-	2,176,455	-
Charges for services	498,218	68,594	566,812	-
Payments to other governments	545,698	-	545,698	-
Insurance expense	-	-	-	6,204,995
Claims expense	-	-	-	846,767
Actuarial claims expense	-	-	-	102,488
Other materials and services	2,654,145	-	2,654,145	104,592
Total operating expenses	<u>51,364,886</u>	<u>43,875,507</u>	<u>95,240,393</u>	<u>7,396,137</u>
Operating income (loss)	<u>2,743,197</u>	<u>(14,122,406)</u>	<u>(11,379,209)</u>	<u>(155,238)</u>
Non-operating revenues (expenses):				
Local government shared revenue	-	9,976,554	9,976,554	-
Investment income	2,074,614	1,030,379	3,104,993	390,574
Grants	3,064	-	3,064	51,381
Waste reduction grants	(1,067,132)	-	(1,067,132)	-
Contributions to other governments	-	(394,872)	(394,872)	-
Interest expense	(360,428)	(754,703)	(1,115,131)	-
Total non-operating revenues (expenses)	<u>650,118</u>	<u>9,857,358</u>	<u>10,507,476</u>	<u>441,955</u>
Income (loss) before transfers	<u>3,393,315</u>	<u>(4,265,048)</u>	<u>(871,733)</u>	<u>286,717</u>
Transfers in	-	1,324,462	1,324,462	475,000
Transfers out	(737,768)	(297,277)	(1,035,045)	(3,132)
Change in net assets	<u>2,655,547</u>	<u>(3,237,863)</u>	<u>(582,316)</u>	<u>758,585</u>
Total net assets - July 1, 2006, as previously stated	63,967,087	-	-	342,551
Prior period adjustment	-	197,054,173	-	-
Total net assets - July 1, 2006, as restated	<u>63,967,087</u>	<u>197,054,173</u>	-	<u>342,551</u>
Total net assets - June 30, 2007	<u>\$ 66,622,634</u>	<u>193,816,310</u>	-	<u>1,101,136</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			(56,706)	
Change in net assets of business-type activities			<u>\$ (639,022)</u>	

The notes to the financial statements are an integral part of this statement.

METRO

Statement of Cash Flows
Proprietary Funds

For the year ended June 30, 2007

	Business-type Activities- Enterprise Funds			Governmental Activities- Internal Service Fund Risk Management
	Solid Waste	MERC	Total	
Cash flows from operating activities:				
Receipts from customers	\$ 54,418,390	29,570,298	83,988,688	6,120,090
Receipts from other governments	-	689,082	689,082	-
Receipts from interfund services provided	-	-	-	1,328,001
Other operating receipts	109,448	19,890	129,338	51,480
Payments to suppliers for goods and services	(36,079,278)	(18,845,696)	(54,924,974)	(5,878,748)
Payments for claims	-	-	-	(846,767)
Payments to other governments	(545,698)	-	(545,698)	-
Payments to employees for services	(8,709,266)	(14,360,989)	(23,070,255)	(136,660)
Payments for interfund services used	(3,445,982)	(2,228,122)	(5,674,104)	-
Net cash provided by (used in) operating activities	<u>5,747,614</u>	<u>(5,155,537)</u>	<u>592,077</u>	<u>637,396</u>
Cash flows from noncapital financing activities:				
Local government shared revenues	-	9,976,554	9,976,554	-
Grants received	25,175	-	25,175	34,107
Grants to others	(1,067,132)	-	(1,067,132)	-
Transfers from other funds	-	1,324,462	1,324,462	475,000
Transfers to other funds	(737,768)	(297,277)	(1,035,045)	(3,132)
Net cash provided by (used in) noncapital financing activities	<u>(1,779,725)</u>	<u>11,003,739</u>	<u>9,224,014</u>	<u>505,975</u>
Cash flows from capital and related financing activities:				
Principal payment on bonds	(2,235,000)	(130,000)	(2,365,000)	-
Interest payments	(113,013)	(731,413)	(844,426)	-
Acquisition and construction of capital assets	(1,091,843)	(2,152,441)	(3,244,284)	-
Principal payments on loans	-	(10,279)	(10,279)	-
Net cash used in capital and related financing activities	<u>(3,439,856)</u>	<u>(3,024,133)</u>	<u>(6,463,989)</u>	<u>-</u>
Cash flows from investing activities:				
Investment income	1,954,512	1,010,632	2,965,144	362,687
Proceeds from sale of investments	2,617,832	-	2,617,832	353,201
Purchase of investments	(2,682,793)	-	(2,682,793)	-
Net cash provided by investing activities	<u>1,889,551</u>	<u>1,010,632</u>	<u>2,900,183</u>	<u>715,888</u>
Net increase in cash including restricted amounts	2,417,584	3,834,701	6,252,285	1,859,259
Cash at beginning of year including restricted amounts	<u>36,441,585</u>	<u>19,310,019</u>	<u>55,751,604</u>	<u>6,594,641</u>
Cash at end of year including restricted amounts	<u>\$ 38,859,169</u>	<u>23,144,720</u>	<u>62,003,889</u>	<u>8,453,900</u>
Equity in internal cash and investment pool	\$ 24,019,277	23,144,029	47,163,306	8,099,461
Restricted equity in internal cash and investment pool	14,839,892	691	14,840,583	354,439
	<u>\$ 38,859,169</u>	<u>23,144,720</u>	<u>62,003,889</u>	<u>8,453,900</u>

(Continued)

METRO

Statement of Cash Flows, Continued
Proprietary Funds

For the year ended June 30, 2007

	<u>Business-type Activities-</u> <u>Enterprise Funds</u>			<u>Governmental</u> <u>Activities-</u> <u>Internal</u> <u>Service Fund</u> <u>Risk</u> <u>Management</u>
	<u>Solid Waste</u>	<u>MERC</u>	<u>Total</u>	
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ 2,743,197	(14,122,406)	(11,379,209)	(155,238)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation and amortization	1,817,501	8,628,822	10,446,323	-
Change in assets and liabilities:				
Trade/other accounts receivable	419,756	(1,340,805)	(921,049)	-
Inventory	66,732	-	66,732	-
Other assets	526,388	(1,431,452)	(905,064)	-
Accounts payable	271,768	983,679	1,255,447	3,470
Salaries, withholdings and payroll taxes payable/compensated absences	36,185	134,431	170,616	428,004
Accrued self-insurance claims	-	-	-	102,488
Contracts payable	169,360	-	169,360	-
Unearned revenue	-	468,568	468,568	-
Deposits payable	-	1,398,406	1,398,406	-
Other liabilities	389	125,220	125,609	258,672
Post-closure costs payable	(303,662)	-	(303,662)	-
Total adjustments	<u>3,004,417</u>	<u>8,966,869</u>	<u>11,971,286</u>	<u>792,634</u>
Net cash provided by (used in) operating activities	\$ <u>5,747,614</u>	<u>(5,155,537)</u>	<u>592,077</u>	<u>637,396</u>
Noncash investing, capital, and financing activities:				
Investment income relating to the change in the fair value of investments	\$ 106,267	29,095	135,362	20,836

Acquisition and construction of capital assets includes \$394,872 that became capital assets of the City of Portland under terms of an intergovernmental agreement.

The notes to the financial statements are an integral part of this statement.

METRO

Notes to the Financial Statements

For the Year Ended June 30, 2007

HISTORICAL INTRODUCTION

Metro, the nation's only directly elected regional government, was organized under the provisions of Oregon Revised Statutes (ORS) Chapter 268 to make available, in the Portland, Oregon metropolitan area, public services not adequately available through previously authorized governmental agencies. Under the 1992 Metro Charter, Metro's primary function is regional planning services. Metro is also authorized to exercise the following functions and is permitted by Charter to assume additional functions if approved by ordinance:

- Acquisition, development, maintenance and operation of:
 - a metropolitan zoo,
 - public cultural, trade, convention, exhibition, sports, entertainment, and spectator facilities,
 - facilities for disposal of solid and liquid wastes, and
 - a system of parks, open spaces and recreational facilities of metropolitan concern
- Metropolitan aspects of natural disaster planning and response coordination
- Development and marketing of data
- Performance of any other function required by state law or assigned to Metro by voters.

The Metro Council is the governing body and consists of six part-time councilors; each elected on a nonpartisan basis from a single district within the Metro area. The Council President, who both administers the agency and presides over the policy-making of the Council, is elected from the Metro area at large. A Chief Operating Officer, appointed by the Council President and confirmed by the Council, is responsible for day-to-day administration of Metro, under the guidance of the Council President and the full Council. The Metro Auditor is elected at large, and that office performs financial and performance audits and makes reports to the Council and Chief Operating Officer.

The Metropolitan Exposition-Recreation Commission (MERC) was established by Metro ordinance to operate, maintain and renovate metropolitan convention, trade and spectator facilities pursuant to appropriate state statutes. The Commission consists of seven members appointed by the Council President and confirmed by the Council.

METRO

Notes to the Financial Statements, Continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Metro have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The following summary of Metro's significant accounting policies is presented to assist the reader in interpreting the financial statements and other data in this report. These policies, as presented, should be viewed as an integral part of the accompanying financial statements.

1. THE REPORTING ENTITY

Metro is a municipal corporation governed by a Council President and six Councilors. As required by GAAP, Metro's financial statements present Metro (the primary government) and its component unit –the Oregon Zoo Foundation (OZF), a legally separate non-profit organization whose sole purpose is to provide support and significant additional funding for Metro's Oregon Zoo. This discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from Metro. For materiality reasons, disclosures accompanying Metro's financial statements have generally been limited to those of the primary government.

Discretely Presented Component Unit

OZF - The legally separate OZF exists exclusively for the support and benefit of the Zoo. It is a public benefit corporation organized and operated under Section 501(c)(3) of the Internal Revenue Code. The OZF conducts fundraising efforts on behalf of the Zoo, receiving donations from both individuals and corporations that are provided as financial support to the Zoo. The OZF is included in Metro's report under provisions of GASB Statement No. 39. Complete financial statements for OZF can be obtained from the Finance Manager at 4001 SW Canyon Road, Portland, OR 97221-2799.

MERC – In prior years, MERC had been reflected in Metro's financial statements as a component unit. In fiscal year 2007, Metro re-evaluated this position, determined that MERC is not legally separate from Metro as defined in GASB Statement 14, *The Financial Reporting Entity*, and reports the activities of MERC as an enterprise fund type of the reporting entity, Metro. While this change results in no effect on previous MERC-specific financial statement elements nor in reported amounts for activities on those previous MERC-specific financial statements, a prior period adjustment is necessary in the current year to present those balances in the proprietary fund statements, as well as in the business-type activities columns of the government-wide statements. Unless noted otherwise in these policies, the accounting policies of MERC are consistent with those described for Metro. Metro is responsible for the operation and management of MERC and appoints each of the seven members of the MERC Commission.

METRO

Notes to the Financial Statements, Continued

Metro holds all of MERC's corporate powers, as MERC does not have the right to sue or be sued in its own name without recourse to Metro, nor the right to buy, sell, lease, or mortgage property in its own name.

MERC operates the Metro-owned Oregon Convention Center (OCC) and Portland Metropolitan Exposition Center (Expo). In addition, under the provisions of an intergovernmental agreement with the City of Portland, MERC is responsible for operation and management of the City-owned Portland Center for the Performing Arts (PCPA). Because the City retains title to this facility and all capital assets purchased, and because the City remains obligated to pay certain bonded debt remaining on this facility, the capital assets, bonded debt and related interest and depreciation expenses are not included in the accompanying financial statements.

2. BASIC FINANCIAL STATEMENTS

Government-wide financial statements (the statement of net assets and the statement of activities) report information on all of the activities of the primary government and its component unit. For the most part, the effect of interfund activity has been eliminated from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. The primary government is reported separately from its legally separate component unit.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment and 3) capital grants and contributions. Taxes and other items not properly included among program revenues are reported instead as *general revenues*, as are internally dedicated resources.

Fund financial statements are presented for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported in separate columns in the fund financial statements.

3. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

The government-wide financial statements are reported using *an economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. All transactions affecting increases (revenues) and decreases (expenses) in total net assets during the period are reported. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of

METRO

Notes to the Financial Statements, Continued

the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants are recognized as revenue when all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using a *current financial resources measurement focus* and the *modified accrual basis of accounting*. Only current assets and current liabilities are generally reported on the balance sheet. Governmental funds' operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) of net current assets during a period. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they are both "measurable and available"). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. Metro considers all revenues available if they are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred, except for unmatured principal and interest on long-term debt that is recorded when due and certain compensated absences which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Property taxes, excise taxes, construction excise tax, cemetery revenue surcharges, grants, local government shared revenues, government contributions, charges for services, and investment income are susceptible to accrual. Contributions and donations and other receipts become measurable and available when cash is received and are recognized as revenue at that time.

The accounts of Metro are organized on the basis of funds, each of which is a separate accounting entity with self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. The segregation by fund is for the purpose of carrying on specific activities or attaining certain objectives in accordance with ordinances, special regulations, restrictions or limitations. The various funds are grouped by fund type and classified into two broad fund categories: governmental and proprietary. For consistency purposes and in the public interest, Metro chooses to report all of its funds as "major funds" under governmental financial reporting requirements.

Metro reports the following major governmental funds:

General Fund – This fund accounts for all activities not required to be accounted for in another fund: Metro's primary governmental programs and support services including Council Office, Finance and Administrative Services, Human Resources, Metro Auditor, Office of Metro Attorney, Oregon Zoo, Planning (land use, urban growth management, and environmental and transportation planning), Public Affairs and Government Relations, Regional Parks and Greenspaces (parks, marine facilities, pioneer cemeteries, and a golf course) and non-departmental special appropriations. The budgetary General Fund is combined with another budgetary fund, the General Revenue Bond Fund – General, to

METRO

Notes to the Financial Statements, Continued

become one fund in accordance with accounting principles generally accepted in the United States of America.

Special Revenue Funds – Special revenue funds account for revenues (other than fiduciary resources or major capital projects) that are legally restricted to expenditures for specific purposes. Metro's special revenue funds include:

Smith and Bybee Lakes Fund - This fund accounts for development and management of the Smith and Bybee Lakes Natural Resource Management Plan, which calls for Smith and Bybee Lakes to be managed as environmental and recreational resources for the region.

Rehabilitation and Enhancement Fund - This fund accounts for special fees collected on solid waste disposal. The funds are used for community enhancement projects in the areas around various solid waste disposal facilities and for administration of the enhancement program.

Debt Service Fund – The *General Obligation Bond Debt Service Fund* accounts for payments of general obligation bond principal and interest to bondholders.

Capital Projects Funds - This fund type is used to account for resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds). Metro's capital projects funds are:

Open Spaces Fund – This fund accounts for the activities to acquire and protect regional open spaces, parks, trails, and streams.

Natural Areas Fund – This fund was established to account for proceeds of voter-approved general obligation bonds to fund activities to acquire and preserve natural areas and stream frontages, maintain and improve water quality, and protect fish and wildlife habitat.

Metro Capital Fund – This fund accounts for all major capital development projects and renewal and replacement reserves of Metro.

Permanent Fund - This fund type is used to account for resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs. Metro's permanent fund is:

Cemetery Perpetual Care Fund – This fund accounts for amounts provided to build a permanent investment of principal from which the earnings will be used to provide care for Pioneer Cemeteries under Metro's management.

METRO

Notes to the Financial Statements, Continued

Metro reports the following major proprietary funds:

Enterprise Funds - These funds account for the financing of predominantly self-supporting activities that are funded through service charges and user fees to customers. Metro's enterprise funds are:

Solid Waste Fund - This fund accounts for revenues, primarily from charges for services for the disposal of solid waste, and expenses for the implementation, administration and enforcement of Metro's Solid Waste Management Plan. This fund also accounts for Metro South Station and Metro Central Station solid waste transfer and recycling facilities, and the closed St. Johns Landfill.

MERC Fund - This fund accounts for revenues and expenses related to the management and operation of facilities managed by MERC, including the OCC, Expo Center, and PCPA. This fund consists of three budgetary funds (MERC Operating Fund, MERC Pooled Capital Fund, and General Revenue Bond Fund-Expo) that are combined as one Enterprise Fund to be in accordance with accounting principles generally accepted in the United States of America.

Internal Service Fund - Internal service funds are used to account for activities or services furnished by designated departments to other organizational units. Charges are made to the user departments to support these activities. Metro's internal service fund is:

Risk Management Fund - This fund accounts for risk management and self-insurance programs performed for other organizational units within Metro.

Private-sector standards of accounting and financial reporting issued on or before November 30, 1989 have been applied to the government-wide financial statements and enterprise fund financial statements, unless those pronouncements conflict with or contradict GASB pronouncements. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. Metro has elected not to follow subsequent private-sector guidance.

Generally, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions are direct charges for services between various funds that represent services provided and used. Elimination of these charges would distort the measurement of the cost of individual functional activities. Certain indirect costs for central administration and support have been included as part of program expenses reported for the various functions in the government-wide financial statements.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The

METRO

Notes to the Financial Statements, Continued

principal operating revenues of the Solid Waste Fund, MERC Fund, and of the internal service fund are charges to customers for sales and services. Operating expenses for enterprise funds and the internal service fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

It is Metro's policy to use restricted resources first, then unrestricted resources as needed when both restricted and unrestricted resources are available for use.

4. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY

Cash and Investments

Cash and investments consist of each fund's portion of pooled cash balances, time certificates of deposit, money market investments, U.S. Government securities, banker's acceptances, commercial paper and investments in the State Treasurer's investment pool. For purposes of the statement of cash flows, cash is considered to be cash on hand, demand deposits, cash in restricted accounts and equity in the internal cash and investment pool. Metro pools virtually all funds for investment purposes. Interest earned on pooled investments is allocated monthly based upon each fund's average monthly cash balance. Investments are carried at fair value. The fair value of investments is determined annually and is based on current market prices. The fair value of Metro's position in the State Treasurer's investment pool is materially the same as the value of the pool shares.

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at fiscal year-end are referred to as "due to/from other funds." The residual balances outstanding between governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Uncollected property taxes receivable collected and remitted to Metro by county treasurers within approximately 60 days of fiscal year-end are recognized as revenue. The remaining balance is recorded as deferred revenue because it is not deemed available to finance operations of the current period. Under state law, county governments are responsible for extending authorized property tax levies, computing tax rates, billing and collecting all property taxes, and making periodic remittances of collections to entities levying taxes. Property taxes are assessed and become a lien against the property as of July 1 each year. Since property taxes may be collected by foreclosure, no allowance for doubtful accounts is deemed necessary. Property taxes are levied on November 15 and are payable in three installments that are due on November 15, February 15 and May 15. Taxes unpaid and outstanding after May 16 are considered delinquent.

METRO

Notes to the Financial Statements, Continued

Receivables are stated net of an allowance for uncollectibles when required.

Metro allocates indirect costs, primarily of an administrative nature, to grants in compliance with cost allocation plans that are subject to the approval of Metro's oversight agency. The plan in effect for fiscal year 2007 allocated indirect costs to grants at a rate of approximately 27% of the related direct personnel costs.

Inventories and Prepaid Items

Inventories, consisting of consumable food and items held for resale, are valued at cost (first-in, first-out method), and are charged as expenses upon sale. Payments to vendors for services that will benefit future periods are recorded as prepaid items.

Animal Collections

In accordance with industry practice, animal collections of the Zoo are recorded at the nominal amount of \$1, as there is no objective basis for establishing value. Differences in attributes such as species, age, sex, endangered status, and breeding potential make it impracticable to assign value. Acquisitions are recorded as expenses of the operating activity.

Restricted Assets and Liabilities

Resources for future payment of revenue bonds and certain long-term liabilities have been classified as restricted assets (a portion of the equity in the internal cash and investment pool and a portion of investments) on the statement of net assets because their use is limited by applicable bond covenants or other agreements. Such restrictions include amounts for renewal and replacement, debt service, and the payment of the post-closure liability in the Solid Waste Enterprise Fund.

Transit-Oriented Development (TOD) Program Easements

Metro purchases easements on various TOD projects from developers. These easements contain property use conditions for periods up to 30 years to accomplish the goals of the TOD program. Metro does not consider the substance of such easements as assets, but rather project funding and amounts paid are reflected as a period cost. This policy is based on the concept that assets are resources that Metro controls and that have a present capacity to provide services, directly or indirectly. TOD easements, while a contractual or property right controlled by Metro, are entered into for the purposes of developing properties that increase transit ridership. The transit system is a service function of a wholly separate government entity. In the broadest sense, success of the program through TOD easements can enable the region and its individual government entities to maximize future resources. As such, there is no increase in Metro's present capacity to provide service and TOD easements are effectively contributions to the programs and service capacity of other governments.

METRO

Notes to the Financial Statements, Continued

Capital Assets

Capital assets, which include land, buildings and exhibits, improvements, equipment, and office furniture and equipment, are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by Metro as assets with an initial cost of \$5,000 or more (\$10,000 or more for MERC) and an estimated useful life in excess of one year. Capital assets are recorded at cost, and donated capital assets are stated at estimated fair market value when received. Normal maintenance and repairs are charged to operations as incurred. For Metro, replacements exceeding \$5,000 that improve or extend the lives of property are capitalized; for MERC the amount is \$10,000.

Capital assets are recorded as capital outlay expenditures in the governmental funds statements when purchased. Capital assets in the enterprise and internal service funds are capitalized when purchased. Interest expense (net of interest earned on the invested proceeds over the period of construction) incurred during construction of capital assets of business-type activities is capitalized as part of the cost of the constructed asset.

Depreciation is computed using the straight-line method over the following estimated useful lives:

<u>Asset</u>	<u>Years</u>
Buildings and improvements	15-40
Equipment	5-10
Office furniture	5-7

Pursuant to an intergovernmental agreement with the City of Portland, Metro (through MERC) operates and manages activities for the PCPA, but capital assets purchased from funds derived from these operations become property of the City. As such, these expenses are reflected as contributions to other governments and are not capitalized.

Long-term Obligations

Long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets in the government-wide financial statements or proprietary fund types fund financial statements. Bond premiums, discounts, issuance costs and deferred amounts are amortized over the life of the bonds using straight-line or the effective interest method. Bonds payable are reported on the statement of net assets net of the unamortized portion of those costs.

For governmental fund types in the fund financial statements, bond premiums, discounts and issuance costs are recognized in the period incurred. The face amount of debt issued plus any premium received on issuance is reported as other financing sources. Discounts on issuance are reported as other financing uses. Issuance costs are reported as materials and services expenditures.

METRO

Notes to the Financial Statements, Continued

Liability for Compensated Absences

Accumulated unpaid vacation benefits are accrued as earned in government-wide and proprietary fund financial statements. Accumulated unpaid vacation benefits are recorded as liabilities in the governmental fund types only if they have matured as the result of employee resignations or retirements. Calculated amounts of vacation leave payable include salary-related payments associated with the leave, such as Metro's share of Social Security and Medicare taxes. Accumulated sick leave does not vest and is, therefore, recorded in all funds when leave is taken.

Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Assets

The governmental fund balance sheet includes a reconciliation between fund balance-total governmental funds and net assets-governmental activities as reported in the government-wide statement of net assets. Elements of that reconciliation explain that capital assets, other long-term assets and long-term liabilities are either not reported or are deferred in the funds. The details of these differences are:

	<u>Capital assets</u>	<u>Other long-term assets</u>	<u>Long-term liabilities</u>
Capital assets	\$ 280,701,946	-	-
Accumulated depreciation	(47,488,583)	-	-
Net pension asset	-	22,167,701	-
Loan receivable (net of discount)	-	402,179	-
Accrued interest payable	-	-	(4,354,935)
Bonds payable (net of unamortized premium and deferred amount on refunding)	-	-	(294,984,775)
Loans payable	-	-	(1,072,239)
Compensated absences	-	-	(2,112,338)
Net adjustment to fund balance-total governmental funds to arrive at net assets-governmental activities	<u>\$ 233,213,363</u>	<u>22,569,880</u>	<u>(302,524,287)</u>

METRO

Notes to the Financial Statements, Continued

STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

PRIOR PERIOD ADJUSTMENTS

Certain payments received in prior years from TriMet were recorded as unearned revenue. Upon further review of the contracts in fiscal year 2007, Metro determined that revenue should have been recognized instead. Accordingly, a prior period adjustment of \$6,554,744 was made to increase net assets of governmental activities at July 1, 2006 as shown in the statement of activities. Additionally, a \$450,000 long-term loan payable for the General Fund was incorrectly reported at June 30, 2006, resulting in a total prior period adjustment of \$7,004,744 (increase in net assets) in the governmental funds. The effect on net income is an increase of \$984,048 (governmental activities) and \$1,434,048 (governmental funds) for fiscal year 2006.

In prior years, MERC had been reflected in Metro's financial statements as a component unit. In fiscal year 2007, Metro re-evaluated this position, determined that MERC is not legally separate from Metro as defined in GASB Statement 14, *The Financial Reporting Entity*, and reports the activities of MERC as an enterprise fund type of the reporting entity, Metro. A prior period adjustment of \$193,441,156 is necessary in the current year to present the MERC net assets in the proprietary fund statements, as well as in the business-type activities columns of the government-wide statements, instead of in a component unit column (resulting in an increase in primary government net assets).

DETAILED NOTES ON ALL FUNDS

1. CASH AND INVESTMENTS

Oregon statutes require each depository institution to maintain on deposit (on balances above federal deposit insurance) securities valued at not less than 25% of the certificates of participation issued by its pool manager.

Policies adopted by Metro's Investment Advisory Board and the Metro Council authorize Metro to invest in obligations of U.S. government agencies, U.S. Government Sponsored Enterprises (USGSE), the U.S. Treasury, time certificates of deposit, repurchase agreements, money market investments, bankers' acceptances, commercial paper, State of Oregon and local government securities, and the State Treasurer's investment pool. The State Treasurer's investment policies are governed by Oregon Revised Statutes and the Oregon Short Term Fund Board (OSTFB).

There were no known violations of legal or contractual provisions for deposits and investments during the fiscal year. Equity in internal cash and investment pool on the Statement of Net Assets includes the internal pool reported below. The OZF component unit does not participate in the internal investment pool of Metro. As of June 30, 2007, Metro had the following investments and maturities:

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Notes to the Financial Statements, Continued

Investment Type	Held by		Fair Value	Investment Maturities (in months)		
	Individual funds	Internal pool		Less than 3	3-17	18-59
Bankers' Acceptances	\$ 6,333,999	-	6,333,999	4,300,249	2,033,750	-
U.S. Government securities - USGSE	108,786,394	82,293,133	191,079,527	33,421,124	157,658,403	-
Commercial paper	3,979,998	7,958,349	11,938,347	11,938,347	-	-
State Treasurer's investment pool	5,835,534	7,644,749	13,480,283	13,480,283	-	-
Total	\$ 124,935,925	97,896,231	222,832,156	63,140,003	159,692,153	-

Interest Rate Risk - As a means of limiting its exposure to fair value losses resulting from rising interest rates, Metro's investment policy allows only the purchase of investments that can be held to maturity. Investments cannot be made predicated upon selling the security prior to maturity. Metro avoids purchasing callable investments unless liquidity needs can be met without relying on the call being exercised.

Oregon Revised Statutes require investments to not exceed a maturity of 18 months, except when the local government has adopted an investment policy that was submitted to and reviewed by the OSTFB. Metro's investment policy has been reviewed by the OSTFB. Metro limits investment maturities as follows:

<u>Maturity</u>	<u>Minimum to mature</u>
Under 3 months	25% minimum
Under 18 months	75% minimum
Under 60 months	100% minimum

Credit Risk - Neither Oregon Revised Statutes nor Metro investment policy limits investments as to credit rating for securities purchased from U.S. Government Agencies or from USGSE. Metro's Investments in USGSE were rated AAA by Standard & Poor's and Aaa by Moody's Investors Service. The State Investment Pool is unrated.

Oregon Revised Statutes require bankers' acceptances to be guaranteed by and carried on the books of, a qualified financial institution, eligible for discount by Federal Reserve System, and issued by a qualified financial institution whose short-term letter of credit rating is rated in the highest category by one or more nationally recognized statistical rating organizations.

Custodial Credit Risk - Metro monitors custodial credit risk on deposits (the risk that if a bank failed, Metro's deposits would not be returned) in accordance with Oregon statutes and Metro investment policy. Oregon statutes require each depository institution to maintain on deposit (on balances above federal deposit insurance) securities valued at not less than 25% of the certificates of participation issued by its pool manager, resulting in 75% of deposits not being collateralized. Metro monitors its depository institutions for indications that could potentially cause loss of Metro funds. At June 30, 2007, Metro had \$15,062,541 that was not collateralized.

METRO

Notes to the Financial Statements, Continued

Concentration of Credit Risk - To avoid incurring unreasonable risks inherent in over-investing in specific instruments or in individual financial institutions, Metro's investment policy sets maximum limits on the percentage of the portfolio that can be invested in any one type of security. In addition, Oregon Revised Statutes require no more than 25 percent of the moneys of a local government to be invested in bankers' acceptances of any qualified financial institution. At June 30, 2007 Metro was in compliance with all percentage restrictions. More than 5 percent of Metro's total investments are in securities by the following issuers:

Issuer	Percentage of Total Investments (Total Entity Concentration)	Policy Allowed Maximum	Fund Concentrations Exceeding Total Entity Concentration	
			Debt Service Fund	Natural Areas Fund
Federal Home Loan Bank (FHLB) Federal Home Loan Mortgage Corporation (FHLMC)	28.6%	40.0%	-	-
Federal Farm Credit Bank (FFCB)	20.7%	40.0%	45.9%	26.0%
Federal National Mortgage Association (FNMA)	9.8%	40.0%	-	-
Commercial paper	20.1%	40.0%	-	-
Bankers' Acceptances	4.9%	35.0%	-	-
	2.6%	100.0%	-	5.5%

2. ASSETS HELD FOR RESALE

Acquisition and improvements to real property that is purchased with the intent to sell to private-sector purchasers meeting certain criteria under Metro's TOD program are reported in governmental activities in the statement of net assets as Assets Held for Resale. Such assets are reported at the lower of cost or net realizable value. The carrying value at June 30 is:

Property Name	Address	Amount
CenterCal	NW Civic Drive & NW 15 th , Gresham, OR	\$1,185,000
Westgate	3950 SW Cedar Hills Boulevard, Beaverton, OR	2,000,000
Hillsboro	350 East Main Street, Hillsboro, OR	584,774
Main Street Village, Phase II	10700 SE McLoughlin Boulevard, Milwaukie, OR	719,617
Gresham Civic SE	Section 4, Township 1, South Range 3 East (Parcel 2), Gresham, OR	350,000
Civic Drive NW	Adjusted Parcel, Gresham Station North, Gresham, OR	2,228,979
Gresham Civic SW	Parcel II, South of Light Rail, Gresham, OR	1,444,104
The Crossings	TriMet right of way, Gresham, OR	<u>5,850</u>
		<u>\$8,518,324</u>

3. LOANS RECEIVABLE

Loans receivable are loans to developers who agree to develop projects in accordance with TOD program criteria. The loans are secured by the underlying property, which is subject to TOD

METRO

Notes to the Financial Statements, Continued

use restrictions for a period of 30 years. Metro's security interest in the property is subordinate to other security interests on the property. Net loans receivable at June 30 are as follows:

Maximum Term	Interest Rate	Gross Loan Receivable	Discounted at 6.78%	Net Loan Receivable
50 years	0 to 1%	\$555,000	\$452,821	\$102,179
2 years	1%	300,000	-	300,000
			Total	<u>\$402,179</u>

The 50-year loan agreement calls for annual payments beginning March 15, 2028 and continuing through March 15, 2056. The 2-year loan agreement bears simple interest, and the outstanding principal balance and accrued interest are due and payable no later than July 5, 2008. Upon future agreement between the parties, the repayment period on the 2-year loan may be extended 18 months to January 5, 2010.

4. CAPITAL ASSETS

Capital asset balances and activity for fiscal year 2007 were as follows:

	Balance July 1, 2006	Increases	Decreases	Transfers	Balance June 30, 2007
Governmental activities:					
Capital assets, non-depreciable:					
Land	\$ 143,979,130	10,467,098	-	-	154,446,228
Construction in progress	-	1,194,440	-	-	1,194,440
Total non-depreciable	<u>143,979,130</u>	<u>11,661,538</u>	<u>-</u>	<u>-</u>	<u>155,640,668</u>
Capital assets, depreciable:					
Buildings and exhibits	100,899,620	1,097,502	-	-	101,997,122
Improvements	11,525,150	306,487	-	-	11,831,637
Equipment	4,094,133	533,463	-	-	4,627,596
Office furniture/equipment	4,162,691	104,612	-	-	4,267,303
Railroad equipment/facilities	2,337,620	-	-	-	2,337,620
Total depreciable	<u>123,019,214</u>	<u>2,042,064</u>	<u>-</u>	<u>-</u>	<u>125,061,278</u>
Accumulated depreciation:					
Buildings and exhibits	(31,662,289)	(2,810,373)	-	-	(34,472,662)
Improvements	(3,660,201)	(632,571)	-	(28,775)	(4,321,547)
Equipment	(2,810,946)	(302,458)	-	28,775	(3,084,629)
Office furniture/equipment	(3,367,132)	(311,333)	-	-	(3,678,465)
Railroad equipment/facilities	(2,091,081)	(18,530)	178,331	-	(1,931,280)
Total accumulated depreciation	<u>(43,591,649)</u>	<u>(4,075,265)</u>	<u>178,331</u>	<u>-</u>	<u>(47,488,583)</u>
Total capital assets, depreciable, net	<u>79,427,565</u>	<u>(2,033,201)</u>	<u>178,331</u>	<u>-</u>	<u>77,572,695</u>
Governmental activities capital assets, net	\$ <u>223,406,695</u>	<u>9,628,337</u>	<u>178,331</u>	<u>-</u>	<u>233,213,363</u>

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Notes to the Financial Statements, Continued

	Balance July 1, 2006 (as restated)	Increases	Decreases	Transfers	Balance June 30, 2007
Business-type activities:					
Capital assets, non-depreciable:					
Land	\$ 19,329,786	-	-	-	19,329,786
Construction in progress	-	1,151,118	-	-	1,151,118
Total non-depreciable	<u>19,329,786</u>	<u>1,151,118</u>	<u>-</u>	<u>-</u>	<u>20,480,904</u>
Capital assets, depreciable:					
Buildings	276,523,045	592,894	-	-	277,115,939
Improvements	6,079,067	130,142	-	-	6,209,209
Equipment	6,396,528	970,218	-	-	7,366,746
Office furniture/equipment	5,251,912	5,040	-	-	5,256,952
Leasehold improvements	9,086,791	-	-	-	9,086,791
Total depreciable	<u>303,337,343</u>	<u>1,698,294</u>	<u>-</u>	<u>-</u>	<u>305,035,637</u>
Accumulated depreciation:					
Buildings	(76,365,973)	(9,570,027)	-	-	(85,936,000)
Improvements	(2,554,718)	(214,440)	-	-	(2,769,158)
Equipment	(4,072,075)	(494,676)	-	-	(4,566,751)
Office furniture/equipment	(4,401,290)	(166,005)	-	-	(4,567,295)
Leasehold improvements	(9,079,157)	(1,175)	-	-	(9,080,332)
Total accumulated depreciation	<u>(96,473,213)</u>	<u>(10,446,323)</u>	<u>-</u>	<u>-</u>	<u>(106,919,536)</u>
Total capital assets, depreciable, net	<u>206,864,130</u>	<u>(8,748,029)</u>	<u>-</u>	<u>-</u>	<u>198,116,101</u>
Business-type activities capital assets, net	<u>\$ 226,193,916</u>	<u>(7,596,911)</u>	<u>-</u>	<u>-</u>	<u>218,597,005</u>

Due to the previously described change in reporting for MERC, \$193,080,625 of capital assets (net) of MERC that were presented as component unit capital assets in fiscal year 2006 became capital assets (net) of business-type activities at July 1, 2006.

An agreement between the City of Portland and Metro regarding the real property at the Zoo provides that the property must be used for zoo or zoo-related purposes and, if such property ceases to be used for such purposes or is used for other purposes, title reverts to the City. Metro was in compliance with this agreement for the year ended June 30, 2007.

Capital assets for MERC are those of Metro owned facilities. Capital assets used in operating the PCPA are not included in the statement of net assets of Metro as title to the assets remains with the City in accordance with an intergovernmental consolidation agreement. These capital assets will be included in the Comprehensive Annual Financial Report of the City of Portland.

METRO

Notes to the Financial Statements, Continued

Depreciation expense was charged to functions/programs as follows:

Governmental Activities:	
General government operations	\$ 889,839
Regional planning and development	56,367
Culture and recreation	790,271
Zoo	<u>2,160,457</u>
Total depreciation expense - governmental activities	<u>\$ 3,896,934</u>
Business-type activities:	
Solid Waste	\$ 1,817,501
MERC	<u>8,628,822</u>
Total depreciation expense - business-type activities	<u>\$ 10,446,323</u>

5. DEFERRED AND UNEARNED REVENUE

Deferred revenue is reported in governmental funds for taxes receivable not collected within 60 days after year-end and other receivables not susceptible to accrual under the modified accrual basis of accounting. Governmental funds also defer revenue recognition for resources that have been received, but not yet earned. The details of these amounts at June 30, 2007 were:

	<u>Deferred</u>	<u>Unearned</u>
Delinquent property taxes-General Fund	\$327,907	-
Delinquent property taxes-Debt Service Fund	632,786	-
Grant and contract drawdowns prior to meeting all eligibility requirements-General Fund	-	429,349
Advance ticket sales/misc.-General Fund	<u>-</u>	<u>134,415</u>
	<u>\$960,693</u>	<u>563,764</u>

6. DEFERRED COMPENSATION PLAN

Metro offers its employees a 401(k) deferred compensation plan in accordance with Internal Revenue Code provisions. The plan is available to all Metro employees and permits employees to contribute a portion of their salary to the plan to obtain favorable tax treatment for amounts contributed. Moneys accumulated under the plan are deposited with a trustee for the exclusive benefit of the participants and are invested in mutual funds that are self-directed by participants. The deferred compensation is not available to participants until termination, retirement, death, or certain hardship conditions. In accordance with authoritative guidance, the plan is not included in Metro's financial statements.

METRO

Notes to the Financial Statements, Continued

7. PENSION PLAN

Defined Benefit Plan Description

Substantially all full-time employees, and other employees who meet certain eligibility requirements, are participants in the Oregon Public Employees Retirement System (PERS), a cost-sharing multiple-employer defined benefit pension plan that acts as a common investment and administrative agent for political subdivisions in the State of Oregon. Benefits vest after five years of continuous service. Retirement benefits are based on salary and length of service, are calculated using a formula and are payable in a lump sum or monthly using several payment options. PERS also provides death and disability benefits. These benefit provisions and other requirements are established by state statutes.

PERS is administered by the Oregon Public Employees Retirement Board (OPERB), which issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Oregon Public Employees Retirement System, P.O. Box 23700, Portland, Oregon 97281-3700, by calling 1-888-320-7377, or by accessing the PERS web site at <http://oregon.gov/PERS/>.

Funding Policy

Employer contributions are required by state statute and are made at actuarially determined rates as adopted by the OPERB. Actuarial valuations are performed at least every two years. Metro participates in the PERS state and local government rate pool as created by the Legislature. Under the provisions of state statutes, all covered employees, except elected officials, are required to contribute 6% of their gross earnings to PERS. The required employee contribution is paid by Metro for most employees in conformance with its personnel policies; however, some union employees are required to pay the 6% contribution in accordance with the collective bargaining agreements covering those employees. Metro's current required employer contribution rate, based on the 2005 valuation, is 7.76% of covered employees' salaries. Metro also charges an internal rate of 3.1% of payroll to departments to fund the repayment of pension obligation bonds issued in fiscal year 2006. It is Metro's policy to recognize pension expenditures or expenses as currently funded.

Annual Pension Cost/Pension Asset

For fiscal year 2007, Metro's annual pension cost was \$4,120,627. This amount consisted of Metro's actual required contribution of \$3,060,817, as well as \$1,059,810 in amortization of pension assets. In addition, Metro paid \$2,048,727 for the 6% employee contribution as described above. The pension asset is the result of issuance in prior years of limited tax pension obligation bonds to finance Metro's unfunded actuarial accrued liability. Metro's pension asset equaled \$22,167,701 at June 30, 2007.

METRO

Notes to the Financial Statements, Continued

Metro's required employer contribution was determined as part of an actuarial valuation at December 31, 2005, the most recent valuation available, using the projected unit credit actuarial cost method. Significant actuarial assumptions used in the valuation include:

- Consumer price inflation of 2.75% per year,
- A rate of return on the investment of present and future assets of 8.0% per year and 8.5% on variable programs,
- Projected salary increases of 3.75% per year attributable to general wage adjustments, with additional increases for promotion and longevity that may vary by age and service,
- Health cost inflation graded from 9.0% in 2007 to 5.0% in 2013.

The actuarial value of assets are reported at fair market value and are determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The unfunded actuarial accrued liability is amortized as a level percentage of combined valuation payroll over a period of twenty-two years.

Three-year historical trend information:

Fiscal year ended June 30:	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2005	\$2,764,971	100%	0
2006	4,110,699	100%	0
2007	4,120,627	100%	0

8. COMMITMENTS

Columbia Ridge Landfill

Metro has a waste disposal services contract expiring December 31, 2019 with the owner and operator of the Columbia Ridge Landfill in Arlington, Oregon for disposal of solid waste from the Metro region. For fiscal year 2007, the contract required a per ton unit price of \$24.77 for the first 550,000 tons and a declining incremental price scale for each ton of waste in excess of 550,000 tons. The per ton rate is adjusted annually on July 1 to reflect changes in the Consumer Price Index (CPI).

METRO

Notes to the Financial Statements, Continued

Waste Transport

Solid waste transport from Metro facilities to the Columbia Ridge Landfill and other disposal sites is privately contracted through December 31, 2009. The contract specifies a per load unit price that equates to an approximate per ton rate of \$13. The unit price is adjusted annually on January 1 in an amount equivalent to 75% of the CPI. In fiscal year 1999, Metro prepaid future fixed costs under the contract in the amount of approximately \$6.6 million. \$1,184,205 of this payment is unamortized at June 30, 2007 and is recorded on the statement of net assets as a prepaid item.

Metro South Station and Metro Central Station

Operations of the Metro South Station, a solid waste transfer facility, and Metro Central Station, a solid waste materials recovery and transfer station that emphasizes recovery of waste materials, are privately contracted through March 31, 2010. The agreement sets an annual payment for a fixed number of tons and a per ton price above the fixed tonnage for each facility. For Metro South for fiscal year 2007, the fixed amount is \$1,859,174 per year based on 17,000 tons of waste received each month and a price of \$8.66 per ton in excess of 17,000 tons per month. For Metro Central these figures for fiscal year 2007 are \$2,079,130 per year for 18,000 tons per month and \$9.14 per ton. The contractor also receives incentives for materials recovered from the waste stream and not sent to the Columbia Ridge Landfill. The unit price is adjusted annually on July 1 in accordance with the CPI.

The following table presents approximate annual commitments based on forecasted refuse tons and a 4.0% annual inflation factor for all of the previously described contracts:

Fiscal year ending June 30:	<u>Columbia Ridge Landfill</u> Variable payment based on tons	<u>Waste Transport</u> Variable payment based on loads	<u>Metro South</u> Variable payment based on tons	<u>Metro Central</u> Variable payment based on tons
2008	\$10,092,168	7,199,627	3,235,095	3,819,602
2009	11,140,246	8,253,949	3,537,700	4,411,297
2010	11,463,718	4,313,073	2,749,004	3,392,569
2011	10,961,208	-	-	-
2012	11,363,870	-	-	-
Thereafter	<u>100,411,842</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$155,433,052</u>	<u>19,766,649</u>	<u>9,521,799</u>	<u>11,623,468</u>

METRO

Notes to the Financial Statements, Continued

Construction Projects

Metro is committed under a number of contracts for construction services. The amount of uncompleted contracts totals \$1,109,011 at June 30, 2007.

9. LEASE OBLIGATIONS

Operating Lease

The Portland Center for the Performing Arts Theater Complex leases the grounds for the Complex under an operating lease expiring in 2083. The term of the original agreement may be extended in ten-year increments for a total of 50 additional years. Rent adjustments may be negotiated every five years commencing on November 1, 1994. The scheduled lease payments are \$11,184 per month.

The future minimum lease payments are as follows:

<u>Fiscal year</u> <u>ending June 30:</u>		<u>Fiscal year</u> <u>ending June 30:</u>		<u>Fiscal year</u> <u>ending June 30:</u>	
2008	\$134,214	2023-27	\$671,070	2058-62	\$ 671,070
2009	134,214	2028-32	671,070	2063-67	671,070
2010	134,214	2033-37	671,070	2068-72	671,070
2011	134,214	2038-42	671,070	2073-77	671,070
2012	134,214	2043-47	671,070	2078-82	671,070
2013-17	671,070	2048-52	671,070	2083-84	<u>178,952</u>
2018-22	671,070	2053-57	671,070		
				Total	<u>\$10,245,002</u>

10. BONDS PAYABLE

Governmental Activities

Open Spaces Program 1995 Series B General Obligation Bonds

In prior years, Metro issued Open Spaces Program General Obligation Bonds, of which the Series A and C bonds have been refunded. The 1995 Series B (Capital Appreciation) bonds, originally issued in the amount \$5,219,923, remain on their original redemption schedule. The Open Spaces Bonds were issued by Metro under authority granted by voters for \$135.6 million in general obligation bonds to finance land acquisition and capital improvements pursuant to

METRO

Notes to the Financial Statements, Continued

Metro's Open Spaces Program. The program establishes a cooperative regional system of parks, natural areas, open spaces, trails and greenways for wildlife and people.

The bonds are to be repaid with proceeds of Metro's *ad valorem* property tax levied each year. Interest rates on the remaining Series B bonds range from 5.2% to 5.5%.

Bond principal and interest outstanding at June 30 and the corresponding maturities are:

<u>Fiscal year ending June 30:</u>	<u>Principal</u>	<u>Interest</u>
2008	\$271,585	228,415
2009	254,775	245,225
2010	238,540	261,460
2011	<u>223,356</u>	<u>277,644</u>
	<u>\$988,256</u>	<u>1,012,744</u>

2002 Series General Obligation Refunding Bonds

In prior years, Metro issued \$92,045,000 of General Obligation Refunding Bonds, 2002 Series to refund all callable outstanding maturities of Open Spaces Program 1995 Series A and C General Obligation Bonds. The defeased bonds have been called and paid and the escrow account for the defeasance is closed.

The 2002 bonds are to be repaid with proceeds of Metro's *ad valorem* property tax levied each year. The bonds have interest rates ranging from 5.0% to 5.25%.

Bond principal and interest outstanding at June 30 and the corresponding maturities on the 2002 Series are as follows:

<u>Fiscal year ending June 30:</u>	<u>Principal</u>	<u>Interest</u>
2008	\$ 6,350,000	3,580,562
2009	6,685,000	3,254,688
2010	7,030,000	2,911,812
2011	7,395,000	2,551,188
2012	8,265,000	2,159,687
2013-16	<u>37,615,000</u>	<u>4,066,944</u>
	73,340,000	18,524,881
Unamortized costs/premium	5,264,672	
Deferred amount on refunding	<u>(3,527,234)</u>	
Per statement of net assets	<u>\$75,077,438</u>	

METRO

Notes to the Financial Statements, Continued

2001 Series A General Obligation Refunding Bonds

In prior years, Metro issued \$47,095,000 of General Obligation Refunding Bonds, 2001 Series A to refund all outstanding Convention Center 1992 Series A General Obligation Refunding Bonds.

The 2001 bonds are to be repaid with proceeds of Metro's *ad valorem* property tax levied each year. The bonds have interest rates ranging from 4.25% to 5.0%.

Bond principal and interest outstanding at June 30 and the corresponding maturities on 2001 Series A are as follows:

<u>Fiscal year ending June 30:</u>	<u>Principal</u>	<u>Interest</u>
2008	\$ 4,065,000	1,309,389
2009	4,270,000	1,131,545
2010	4,525,000	918,045
2011	4,785,000	691,795
2012	5,035,000	486,040
2013	<u>5,290,000</u>	<u>264,500</u>
	<u>\$27,970,000</u>	<u>4,801,314</u>

2005 Series General Obligation Refunding Bonds

In prior years, Metro issued \$18,085,000 of General Obligation Refunding Bonds, 2005 Series to refund all callable outstanding Metro Washington Park Zoo Oregon Project 1996 Series A General Obligation Bonds. The net proceeds were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent until the bonds' optional redemption date of January 15, 2007. The defeased bonds were called and paid in fiscal year 2007 and the escrow account for the defeasance is closed.

The 2005 Series Refunding bonds are to be repaid with proceeds of Metro's *ad valorem* property tax levied each year. The bonds mature serially each January 15 through 2017. Interest is payable semiannually on January 15 and July 15. The bonds have interest rates ranging from 3.0% to 5.0%.

Bond principal and interest outstanding at June 30 and the corresponding maturities on the 2005 Series are as follows:

METRO

Notes to the Financial Statements, Continued

<u>Fiscal year ending June 30:</u>	<u>Principal</u>	<u>Interest</u>
2008	\$ 1,435,000	815,125
2009	1,480,000	772,075
2010	1,555,000	698,075
2011	1,620,000	643,650
2012	1,710,000	562,650
2013-17	<u>9,985,000</u>	<u>1,439,000</u>
	17,785,000	<u>4,930,575</u>
Unamortized costs/premium	856,533	
Deferred amount on refunding	<u>(692,808)</u>	
Per statement of net assets	<u>\$17,948,725</u>	

2007 Series Natural Areas General Obligation Bonds

On April 3, 2007, Metro issued \$124,295,000 of 2007 Series Natural Areas General Obligation Bonds. The Natural Areas Bonds were issued by Metro under authority granted by voters in November 2006 for a total of \$227.4 million in general obligation bonds to fund activities to acquire and preserve natural areas and stream frontages, maintain and improve water quality, and protect fish and wildlife habitat. The remaining portion of the bond authorization will be issued in approximately 2010.

The bonds are to be repaid with proceeds of Metro's *ad valorem* property tax levied each year. Interest rates on the bonds range from 4.0% to 5.0%.

Bond principal and interest outstanding at June 30 and the corresponding maturities are:

<u>Fiscal year ending June 30:</u>	<u>Principal</u>	<u>Interest</u>
2008	\$ 10,280,000	6,904,721
2009	11,750,000	5,432,650
2010	12,340,000	4,845,150
2011	3,910,000	4,228,150
2012	4,070,000	4,071,750
2013-17	23,195,000	17,503,450
2018-22	29,550,000	11,146,250
2023-26	<u>29,200,000</u>	<u>3,357,450</u>
	124,295,000	<u>57,489,571</u>
Unamortized costs/premium	6,008,078	
Per statement of net assets	<u>\$130,303,078</u>	

METRO

Notes to the Financial Statements, Continued

Full Faith and Credit Refunding Bonds 2003 Series

In prior years, Metro issued \$24,435,000 of Full Faith and Credit Refunding Bonds, 2003 Series to refund all outstanding maturities of Metro Regional Center Project 1993 Series A General Revenue Refunding Bonds and to prepay the callable portions of the outstanding 1995 and 1996 Oregon Economic and Community Development Department's (OECD) Special Public Works Fund loans.

The bonds are payable from all legally available taxes and other revenues of Metro. Interest rates on the bonds range from 2.625% to 4.4%.

Bond principal and interest outstanding at June 30 and the corresponding maturities are:

<u>Fiscal year ending June 30:</u>	<u>Principal</u>	<u>Interest</u>
2008	\$ 1,170,000	742,472
2009	1,195,000	711,431
2010	1,225,000	679,668
2011	1,265,000	644,615
2012	1,300,000	605,327
2013-17	6,975,000	2,319,230
2018-22	6,550,000	1,032,452
2023	<u>1,475,000</u>	<u>32,450</u>
	21,155,000	<u>6,767,645</u>
Unamortized costs/discount	(144,519)	
Deferred amount on refunding	<u>(2,357,842)</u>	
Per statement of net assets	<u>\$18,652,639</u>	

Pension Obligation Bonds Metro Limited Tax Series 2005

In prior years, Metro, along with certain other Oregon cities, counties and special districts issued Limited Tax Pension Bonds Series 2005 to finance Metro's PERS unfunded actuarial liability. The proceeds of Metro's \$24,290,000 in bonds were paid to PERS and resulted in a new, lower employer contribution rate.

The bonds are to be repaid through assessments on Metro departments in exchange for the lower pension cost. The bonds have interest rates ranging from 4.328% to 5.5%.

Bond principal and interest outstanding at June 30 and the corresponding maturities are as follows:

METRO

Notes to the Financial Statements, Continued

<u>Fiscal year ending June 30:</u>	<u>Principal</u>	<u>Interest</u>
2008	\$ 160,000	1,198,898
2009	220,000	1,191,973
2010	290,000	1,182,339
2011	360,000	1,169,472
2012	435,000	1,153,214
2013-17	3,600,000	5,354,662
2018-22	6,690,000	4,203,638
2023-27	11,130,000	2,127,451
2028	<u>1,405,000</u>	<u>70,306</u>
	24,290,000	<u>17,651,953</u>
Unamortized costs/premium	<u>(245,361)</u>	
Per statement of net assets	<u>\$24,044,639</u>	

Business-type Activities

Solid Waste Disposal System Revenue and Refunding Revenue Bonds

These bonds are subject to covenants which specify the order of application of gross revenues to requirements and which require Metro to: maintain its existing solid waste disposal system; establish rates to produce net revenues each year which at least equal 110% of annual debt service; maintain and enforce regulations governing the disposal of solid waste in the service area; and comply with the Internal Revenue Code to maintain the tax exempt status of the bonds. Other covenants also apply. Metro is in compliance with all covenants as of and for the year ended June 30, 2007.

Metro Central Transfer Station Project and Waste Disposal System Refunding Revenue Bonds

Certain maturities of outstanding Waste Disposal System Revenue Bonds 1990 Series A were advance refunded in prior years by Waste Disposal System Refunding Revenue Bonds 1993 Series A. Also in prior years, Metro used a combination of available funds and the issuance of \$4,990,000 of Waste Disposal System Refunding Revenue Bonds, 2003 Series to defease certain additional maturities of the 1990 and 1993 bonds and to refund all callable maturities of the 1993 bonds. The defeased bonds have been called and paid and the escrow account for the defeasance is closed.

Both the remaining maturities of the Waste Disposal System Revenue Bonds 1990 Series A (zero-coupon bonds) which were not defeased and the 2003 Series Refunding Revenue Bonds mature serially each January 1 and July 1 (through 2008 and 2010 respectively). Interest is payable semiannually on July 1 and January 1. Interest rates are 7.1% on the remaining 1990 Series A bonds and range from 2.0% to 2.5% on the 2003 Series Refunding Revenue bonds.

Bond principal and interest outstanding at June 30 and the corresponding maturities are:

METRO

Notes to the Financial Statements, Continued

<u>Fiscal year ending June 30:</u>	<u>1990 Series A</u>		<u>2003 Series Refunding</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2008	\$1,070,000	-	155,000	110,513
2009	-	-	2,265,000	83,481
2010	-	-	<u>2,320,000</u>	<u>29,000</u>
	1,070,000	-	4,740,000	<u>222,994</u>
Unamortized costs/discount			(58,867)	
Deferred amount on refunding	-		<u>(276,039)</u>	
Per statement of net assets	<u>\$1,070,000</u>		<u>4,405,094</u>	

Full Faith and Credit Oregon Local Governments 2006 Series

In prior years, Metro sold \$14,700,000 of Full Faith and Credit Oregon Local Governments 2006 Series Bonds to refund the outstanding Oregon Economic and Community Development Department's (OECDD) Special Public Works Fund loan that in fiscal year 2000 funded the construction of a new building to replace the existing Hall D at the Expo Center. The net proceeds of the issue were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to pay in full on December 1, 2007 the amount due on the refunded loan. At June 30, 2007, \$13,586,698 of the refunded loan was outstanding.

As a result of these actions, the 2000 loan is considered defeased and the liability for the loan has been removed from the government-wide statement of net assets.

The bonds are payable from all legally available taxes and other revenues of Metro. Interest rates on the bonds range from 4.0% to 5.0%.

Bond principal and interest outstanding at June 30 and the corresponding maturities are:

<u>Fiscal year ending June 30:</u>	<u>Principal</u>	<u>Interest</u>
2008	\$ 555,000	634,931
2009	580,000	612,231
2010	600,000	588,631
2011	625,000	564,131
2012	650,000	538,631
2012-16	3,675,000	2,257,534
2017-21	4,585,000	1,303,851
2022-25	<u>3,300,000</u>	<u>226,732</u>
	14,570,000	<u>6,726,672</u>
Unamortized costs/discount	116,826	
Deferred amount on refunding	<u>(749,669)</u>	
Per statement of net assets	<u>\$13,937,157</u>	

METRO

Notes to the Financial Statements, Continued

11. OTHER LONG-TERM DEBT

Energy Loan

The Building Management Fund entered into an energy services agreement with Pacific Power and Light Company in fiscal year 1993 in which \$293,672 was provided to Metro to finance various conservation measures in the new headquarters building. The loan agreement calls for monthly payments of \$2,515 at 6.23% interest for 15 years. The outstanding balance at June 30, 2007 was \$29,739.

TOD Property Loans

In a prior year, Metro entered into a loan arrangement with a private party to purchase a TOD property (asset held for resale). The loan bears an interest rate of 6.5% and will be repaid in full on October 7, 2007. The outstanding balance at June 30, 2007 was \$450,000.

In fiscal year 2007, Metro entered into a loan arrangement with a private party to purchase a TOD property (asset held for resale). The loan bears an interest rate of 6.5%, with annual interest-only payments in fiscal year 2008 and 2009. The loan will be repaid in full on January 26, 2010. The outstanding balance at June 30, 2007 was \$592,500.

Local Improvement District Assessment Loan

In prior years, the City of Portland made a Local Improvement District (LID) assessment on MERC facilities for the construction of a pedestrian walkway across the Willamette River. The installment loan bears an interest rate of 5.32% and will be repaid in semi-annual installments through January 13, 2022. The outstanding balance at June 30, 2007 was \$154,191.

Debt service requirements to maturity for other long-term debt are as follows:

Fiscal year ending	Governmental Activities						Business-type Activities	
	Energy Loan Payable		TOD Property Loans Payable				LID Payable	
	Principal	Interest	2005 Loan Principal	2005 Loan Interest	2007 Loan Principal	2007 Loan Interest	Principal	Interest
June 30:								
2008	\$ 29,739	1,015	450,000	29,250	-	38,513	10,279	8,072
2009	-	-	-	-	-	38,513	10,279	7,525
2010	-	-	-	-	592,500	38,513	10,279	6,979
2011	-	-	-	-	-	-	10,279	6,432
2012	-	-	-	-	-	-	10,279	5,885
2013-17	-	-	-	-	-	-	51,398	21,221
2018-22	-	-	-	-	-	-	51,398	7,549
	<u>\$ 29,739</u>	<u>1,015</u>	<u>450,000</u>	<u>29,250</u>	<u>592,500</u>	<u>115,539</u>	<u>154,191</u>	<u>63,663</u>

METRO

Notes to the Financial Statements, Continued

12. CHANGES IN LONG-TERM LIABILITIES

The following changes occurred during fiscal year 2007 in long-term liabilities:

	Balance <u>July 1, 2006</u>	Additions	Reductions	Balance <u>June 30, 2007</u>	Due Within <u>One Year</u>
Governmental activities:					
Bonds payable:					
General obligation bonds	\$ 131,647,201	124,295,000	(11,563,945)	244,378,256	22,401,585
Full faith and credit bonds	22,295,000	-	(1,140,000)	21,155,000	1,330,000
Pension obligation bonds	24,290,000	-	-	24,290,000	-
Less deferred amounts:					
For issuance costs and premium or discount	6,443,326	6,087,480	(791,403)	11,739,403	-
On refunding	<u>(7,247,925)</u>	-	<u>670,041</u>	<u>(6,577,884)</u>	-
Total bonds payable	<u>177,427,602</u>	<u>130,382,480</u>	<u>(12,825,307)</u>	<u>294,984,775</u>	<u>23,731,585</u>
Environmental impairment liability	5,225,000	-	-	5,225,000	-
Loans payable	507,151	592,500	(27,412)	1,072,239	479,739
Compensated absences	<u>1,894,799</u>	<u>2,112,338</u>	<u>(1,894,799)</u>	<u>2,112,338</u>	<u>1,427,970</u>
 Governmental activity Long-term liabilities	 <u>\$ 185,054,552</u>	 <u>133,087,318</u>	 <u>(14,747,518)</u>	 <u>303,394,352</u>	 <u>25,639,294</u>
Business-type activities:					
Bonds payable:					
Revenue bonds	\$ 8,045,000	-	(2,235,000)	5,810,000	1,225,000
Full faith and credit bonds	14,700,000	-	(130,000)	14,570,000	555,000
Less deferred amounts:					
For accretion	(80,912)	-	80,912	-	-
For issuance costs and premium or discount	35,232	-	22,727	57,959	-
On refunding	<u>(1,206,769)</u>	-	<u>181,061</u>	<u>(1,025,708)</u>	-
Total bonds payable	<u>21,492,551</u>	<u>-</u>	<u>(2,080,300)</u>	<u>19,412,251</u>	<u>1,780,000</u>
Post-closure costs payable	3,517,762	-	(303,662)	3,214,100	838,000
Loans payable	164,470	-	(10,279)	154,191	10,279
Compensated absences	<u>1,019,503</u>	<u>1,079,006</u>	<u>(1,019,503)</u>	<u>1,079,006</u>	<u>869,116</u>
 Business-type activity Long-term liabilities	 <u>\$ 26,194,286</u>	 <u>1,079,006</u>	 <u>(3,413,744)</u>	 <u>23,859,548</u>	 <u>3,497,395</u>

The internal service fund predominantly serves the governmental funds. Accordingly, long-term liabilities for it are included as part of the above totals for governmental activities. For governmental activities, compensated absences are generally liquidated by the specific fund to which the wages of the employee earning the leave are charged.

METRO

Notes to the Financial Statements, Continued

13. ENVIRONMENTAL IMPAIRMENT LIABILITY

Metro has environmental impairment exposure arising from its operations in four areas. Of greatest significance is the ownership of the St. Johns Landfill, now in post closure status. Other liabilities arise from Solid Waste operations; ownership of open spaces and natural areas acquired through bond proceeds; and ownership and operations of other buildings and facilities associated with primary functions. In August 2004, industry experts in environmental risk assessment performed a review to provide an analysis of the probability that Metro will incur future costs to resolve actual and potential environmental liabilities. As a result of this study, Metro recognized a liability of \$5,225,000. The environmental impairment liability is scheduled to be reviewed next in 2009.

14. POST-CLOSURE COST PAYABLE

The St. Johns Landfill was closed for operations in a prior year. Closure and post-closure care costs were recognized while the St. Johns Landfill was still in operation based on the then current estimate of total costs to complete such efforts, regardless of when cash disbursements were to be made. Such costs include methane gas and leachate collection systems, final cover, seeding, roads, drainage, ground water monitoring wells, liner systems, storm water management and operations and maintenance costs.

The post-closure cost of the St. Johns Landfill as of June 30, 2007 is estimated to be \$41,393,901 under current Federal and state regulations. Actual cost may vary due to inflation or deflation, changes in technology, or changes in regulations. During the fiscal year, Metro paid \$303,662 in closure costs as the closure process continued (\$38,179,801 cumulative to date), reducing the remaining estimated liability to \$3,214,100 at June 30, 2007. Metro has accumulated \$7,315,587 in restricted cash for future payment of post-closure liabilities and will establish disposal charges at other Metro facilities to accumulate additional resources if necessary. This closure plan is in compliance with the plan filed with the Oregon Department of Environmental Quality.

15. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Interfund balances at June 30, 2007 were due to the consolidation of internal service fund activities for the government-wide statements:

<u>Receivable Entity</u>	<u>Payable Entity</u>	<u>Amount</u>
Governmental activities	Business-type activities	<u>\$4,576,448</u>

METRO

Notes to the Financial Statements, Continued

Interfund transfers for the fiscal year by fund were:

<u>Transfers out</u>	<u>Transfers in</u>					<u>Total</u>
	<u>General</u>	<u>Rehab./ Enhance.</u>	<u>Metro Capital</u>	<u>MERC</u>	<u>Risk Mgmt</u>	
General	\$ -	-	1,999,927	1,324,462	360,360	3,684,749
Open Spaces	1,109	-	-	-	685	1,794
Natural Areas	6,570	-	-	-	-	6,570
Metro Capital	1,914	-	-	-	-	1,914
Solid Waste	227,597	396,216	-	-	113,955	737,768
MERC	297,277	-	-	-	-	297,277
Risk Mgmt	3,132	-	-	-	-	3,132
Total	\$537,599	396,216	1,999,927	1,324,462	475,000	4,733,204

The transfers detailed above are transfers of resources from one fund to another that are not based upon a cost allocation plan or any expectation of a payment for services provided, but rather to provide resources for other uses.

16. INSURED RISKS

Metro is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Metro has established a Risk Management Fund (an internal service fund) to account for risk management activities, including payment of insurance policy premiums, payment of claims, and to finance its uninsured risks of loss. Under this program, the Risk Management Fund provides risk of loss coverage as follows:

- General liability, bodily injury to or property damage of third parties resulting from the negligence of Metro or its employees and errors and omissions risks: these risks are fully covered by the Risk Management Fund. Metro is protected by ORS Chapter 30, the Oregon Tort Claims Act, which limits public entities' liability to \$100,000 per person and \$500,000 per occurrence for the acts of Metro, its employees and agents. Possible liability outside the Oregon Tort Claims Act is covered by an excess liability policy with a \$1,000,000 deductible.
- Property damage to Metro-owned facilities: this risk is covered with a commercial property insurance policy. The property coverage is in the amount of \$504,531,000 with a \$500,000 deductible.

METRO

Notes to the Financial Statements, Continued

- Workers' compensation, bodily injury or illness to an employee while in the course of employment: this risk is covered through a retrospectively rated program from SAIF Corporation, a commercial carrier, in amounts that meet statutory requirements.

Metro has not experienced settlements in excess of insurance coverage in any of the last three fiscal years. An independent actuary prepared an actuarial valuation and estimates of liabilities for unpaid claims in September 2006. Claims liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of payouts, and other economic and social factors. Metro also monitors risk activity to ensure that proper reserves are maintained. All operating funds of Metro participate in the program and make payments to the Risk Management Fund based upon actuarial estimates of the amounts needed to pay prior and current year claims and to establish sufficient reserves.

The estimated claims liability of \$1,046,248 reported as accrued self-insurance claims in the Risk Management Fund at June 30, 2007 was established in accordance with the requirements of GASB Statement No. 30, *Risk Financing Omnibus*, which requires that a liability for total estimated claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. A portion of the loss reserves have been discounted, using a discount factor of .933 for liability, .977 for property and .962 for workers' compensation and an assumed investment rate of 4.0% in preparing the estimates. Metro does not purchase annuity contracts from commercial insurers to pay any aggregate amount of outstanding claims liabilities.

Changes in Risk Management Fund claims liability for the previous and current fiscal year were:

	Beginning of Fiscal Year <u>Liability</u>	Current Year Claims and Changes in Estimates	Claim Payments	End of Fiscal Year <u>Liability</u>
2005-2006	\$987,535	1,050,529	1,094,304	943,760
2006-2007	\$943,760	949,255	846,767	1,046,248

METRO

Notes to the Financial Statements, Continued

17. CONTINGENT LIABILITIES

Reviews by Grantor Agencies

Grant costs are subject to review by the grantor agencies. Any costs disallowed as the result of the review would be borne by Metro and may require the return of such amount to the grantor agency. Should costs be disallowed on a grant for which Metro acts in a pass-through capacity, Metro should be able to require repayment of amounts disallowed from the subgrantees.

Legal Matters

Metro is involved as a defendant in several claims and disputes that are normal to Metro's activities. Management intends to vigorously contest these matters and does not believe their ultimate resolution will have a material effect upon its financial position or operations.

Required Supplementary Information

General Fund and Major Special Revenue Funds

Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual

General Fund

Special Revenue Funds

Smith and Bybee Lakes Fund

Rehabilitation and Enhancement Fund

METRO

General Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances-
Budget and Actual (Non-GAAP Basis of Budgeting)

For the year ended June 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with final budget positive (negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Program revenues:				
Charges for services:				
Government fees	\$ 275,600	275,600	441,531	165,931
Culture and recreation fees	14,740,870	14,740,870	15,860,633	1,119,763
Other fees	2,750,511	2,750,511	3,008,317	257,806
Internal charges for services	48,100	48,100	13,224	(34,876)
Licenses and permits	405,000	405,000	409,332	4,332
Pension debt service assessment	-	-	1,217,035	1,217,035
Miscellaneous revenue	1,428,905	1,428,905	211,369	(1,217,536)
Operating grants and contributions:				
Grants	22,731,548	22,731,548	7,997,004	(14,734,544)
Government contributions	165,300	165,300	60,000	(105,300)
Contributions and donations	1,259,990	1,259,990	1,316,011	56,021
Capital grants and contributions:				
Capital contributions and donations	-	108,394	125,765	17,371
General revenues:				
Taxes:				
Property taxes	9,679,131	9,679,131	9,885,888	206,757
Excise taxes	14,588,507	14,588,507	14,834,721	246,214
Construction excise tax	2,000,000	2,000,000	1,806,012	(193,988)
Local government shared revenue	508,047	508,047	519,463	11,416
Investment income	692,412	692,412	1,774,940	1,082,528
Total revenues	<u>71,273,921</u>	<u>71,382,315</u>	<u>59,481,245</u>	<u>(11,901,070)</u>
Expenditures:				
Council office:				
Operating expenses	<u>1,756,095</u>	<u>1,775,095</u>	<u>1,643,207</u>	<u>131,888</u>
Finance and administrative services:				
Operating expenses	<u>7,352,501</u>	<u>7,374,001</u>	<u>6,502,880</u>	<u>871,121</u>
Capital outlay	<u>5,000</u>	<u>205,150</u>	<u>198,915</u>	<u>6,235</u>
Total finance and administrative services	<u>7,357,501</u>	<u>7,579,151</u>	<u>6,701,795</u>	<u>877,356</u>

METRO

General Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances-
Budget and Actual (Non-GAAP Basis of Budgeting), Continued

For the year ended June 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with final budget positive (negative)
	<u>Original</u>	<u>Final</u>		
Expenditures, continued:				
Human resources:				
Operating expenses	<u>1,527,312</u>	<u>1,527,312</u>	<u>1,482,818</u>	<u>44,494</u>
Metro auditor:				
Operating expenses	<u>342,280</u>	<u>579,455</u>	<u>444,825</u>	<u>134,630</u>
Office of Metro attorney:				
Operating expenses	<u>1,448,414</u>	<u>1,582,475</u>	<u>1,390,776</u>	<u>191,699</u>
Oregon Zoo:				
Operating expenses	<u>22,508,631</u>	<u>23,008,631</u>	<u>22,824,817</u>	<u>183,814</u>
Capital outlay	<u>200,000</u>	<u>308,394</u>	<u>196,848</u>	<u>111,546</u>
Total Oregon Zoo	<u>22,708,631</u>	<u>23,317,025</u>	<u>23,021,665</u>	<u>295,360</u>
Planning:				
Operating expenses	<u>23,852,076</u>	<u>23,822,826</u>	<u>13,185,766</u>	<u>10,637,060</u>
Debt service	<u>-</u>	<u>29,250</u>	<u>29,250</u>	<u>-</u>
Total planning	<u>23,852,076</u>	<u>23,852,076</u>	<u>13,215,016</u>	<u>10,637,060</u>
Public affairs and government relations:				
Operating expenses	<u>1,390,721</u>	<u>1,390,721</u>	<u>1,246,801</u>	<u>143,920</u>
Regional parks and greenspaces:				
Operating expenses	<u>6,914,866</u>	<u>6,934,866</u>	<u>5,258,751</u>	<u>1,676,115</u>
Capital outlay	<u>100,000</u>	<u>100,000</u>	<u>-</u>	<u>100,000</u>
Total regional parks and greenspaces	<u>7,014,866</u>	<u>7,034,866</u>	<u>5,258,751</u>	<u>1,776,115</u>
Non-departmental:				
Operating expenses	<u>14,008,594</u>	<u>13,503,594</u>	<u>2,221,603</u>	<u>11,281,991</u>
Debt service	<u>1,198,898</u>	<u>1,198,898</u>	<u>1,198,898</u>	<u>-</u>
Total non-departmental	<u>15,207,492</u>	<u>14,702,492</u>	<u>3,420,501</u>	<u>11,281,991</u>
Contingency	<u>7,689,075</u>	<u>6,582,189</u>	<u>-</u>	<u>6,582,189</u>

METRO

General Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances-
Budget and Actual (Non-GAAP Basis of Budgeting), Continued

For the year ended June 30, 2007

	Budgeted Amounts		Actual Amounts	Variance with final budget positive (negative)
	Original	Final		
Expenditures, continued:				
Total expenditures	<u>90,294,463</u>	<u>89,922,857</u>	<u>57,826,155</u>	<u>32,096,702</u>
Revenues over (under) expenditures	<u>(19,020,542)</u>	<u>(18,540,542)</u>	<u>1,655,090</u>	<u>20,195,632</u>
Other financing sources (uses):				
Loan proceeds	-	-	592,500	592,500
Transfers in	10,486,907	10,034,052	5,863,863	(4,170,189)
Sale of capital assets	2,000	2,000	-	(2,000)
Repayment of interfund loan	(1,550,000)	(1,550,000)	-	1,550,000
Transfers out	<u>(6,273,692)</u>	<u>(6,253,692)</u>	<u>(6,192,892)</u>	<u>60,800</u>
Total other financing sources (uses)	<u>2,665,215</u>	<u>2,232,360</u>	<u>263,471</u>	<u>(1,968,889)</u>
Revenues and other sources over (under) expenditures and other uses	<u>(16,355,327)</u>	<u>(16,308,182)</u>	<u>1,918,561</u>	<u>18,226,743</u>
Beginning fund balance available for appropriation - July 1, 2006 as previously stated	<u>20,290,724</u>	<u>20,290,724</u>	<u>25,882,188</u>	<u>5,591,464</u>
Prior period adjustment	<u>-</u>	<u>-</u>	<u>6,554,744</u>	<u>6,554,744</u>
Beginning fund balance available for appropriation - July 1, 2006 as restated	<u>20,290,724</u>	<u>20,290,724</u>	<u>32,436,932</u>	<u>12,146,208</u>
Unappropriated ending fund balance - June 30, 2007	<u>\$ 3,935,397</u>	<u>3,982,542</u>	<u>34,355,493</u>	<u>30,372,951</u>
Reconciliation to Governmental GAAP basis:				
Excess of revenues and other financing sources over expenditures and other financing uses on the basis of budgeting:				
General Fund, as presented above			1,918,561	
General Revenue Bond Fund-General, from page 117			10,370	
Budget requirements not qualifying as expenses under Governmental GAAP:				
Purchase of assets held for resale			<u>1,185,000</u>	
General Fund net change in fund balance as reported on the statement of revenues, expenditures and changes in fund balances-governmental funds			<u>\$ 3,113,931</u>	

METRO

Smith and Bybee Lakes Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances-
Budget and Actual (Non-GAAP Basis of Budgeting)

For the year ended June 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with final budget positive (negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Program revenues:				
Charges for services:				
Culture and recreation fees	\$ 1,700	1,700	-	(1,700)
Other fees	-	-	1,041	1,041
General revenues:				
Investment income	138,009	138,009	202,838	64,829
Total revenues	<u>139,709</u>	<u>139,709</u>	<u>203,879</u>	<u>64,170</u>
Expenditures:				
Operating expenses	45,000	45,000	-	45,000
Contingency	200,000	200,000	-	200,000
Total expenditures	<u>245,000</u>	<u>245,000</u>	<u>-</u>	<u>245,000</u>
Revenues over (under) expenditures	<u>(105,291)</u>	<u>(105,291)</u>	<u>203,879</u>	<u>309,170</u>
Other financing uses:				
Transfers out	<u>(20,000)</u>	<u>(20,000)</u>	<u>(20,000)</u>	<u>-</u>
Revenues over (under) expenditures and other uses	<u>(125,291)</u>	<u>(125,291)</u>	<u>183,879</u>	<u>309,170</u>
Beginning fund balance available for appropriation - July 1, 2006	<u>3,680,250</u>	<u>3,680,250</u>	<u>3,724,944</u>	<u>44,694</u>
Unappropriated ending fund balance - June 30, 2007	\$ <u><u>3,554,959</u></u>	<u><u>3,554,959</u></u>	<u><u>3,908,823</u></u>	<u><u>353,864</u></u>

METRO

Rehabilitation and Enhancement Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances-
Budget and Actual (Non-GAAP Basis of Budgeting)

For the year ended June 30, 2007

	Budgeted Amounts		Actual Amounts	Variance with final budget positive (negative)
	Original	Final		
Revenues:				
General revenues:				
Investment income	\$ 68,734	68,734	106,013	37,279
Total revenues	68,734	68,734	106,013	37,279
Expenditures:				
Operating expenses	533,873	533,873	404,885	128,988
Contingency	300,000	300,000	-	300,000
Total expenditures	833,873	833,873	404,885	428,988
Revenues under expenditures	(765,139)	(765,139)	(298,872)	466,267
Other financing sources (uses):				
Transfers in	438,707	438,707	396,216	(42,491)
Transfers out	(30,015)	(30,015)	(30,015)	-
Total other financing sources (uses)	408,692	408,692	366,201	(42,491)
Revenues and other sources over (under) expenditures and other uses	(356,447)	(356,447)	67,329	423,776
Beginning fund balance available for appropriation - July 1, 2006	1,832,900	1,832,900	1,954,527	121,627
Unappropriated ending fund balance - June 30, 2007	\$ 1,476,453	1,476,453	2,021,856	545,403

METRO

Notes to Required Supplementary Information

For the Year Ended June 30, 2007

BUDGETARY INFORMATION

1. BUDGETS

A budget is prepared for each fund in accordance with the modified accrual basis of accounting and legal requirements set forth in the Oregon Local Budget Law. This basis differs from GAAP. The Council adopts the original budget for all funds by ordinance prior to the beginning of Metro's fiscal year. The ordinance authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations. The functional categories of operating expenses (personal services and materials and services combined), capital outlay, debt service, interfund transfers and contingency are the established legal level of control in these funds:

- Smith and Bybee Lakes Fund
- Rehabilitation and Enhancement Fund
- General Obligation Bond Debt Service Fund
- Open Spaces Fund
- Metro Capital Fund
- Cemetery Perpetual Care Fund
- MERC Operating Fund
- MERC Pooled Capital Fund
- Risk Management Fund

The legal level of control is set by department in the categories named above for these funds:

- General Fund
- Solid Waste Revenue Fund
- General Revenue Bond Fund

The General Revenue Bond Fund is a budgetary fund comprised of two components that are separated and combined with other budgetary funds for reporting under GAAP.

The detail budget document is required to contain more specific, detailed information about the aforementioned expenditure categories. Appropriations that have not been expended at year end lapse and subsequent actual expenditures are charged against ensuing year appropriations. Encumbrances are recorded in Metro's internal accounting records for management reporting and control. Encumbrances are closed at June 30 and re-established in the ensuing fiscal year against appropriations for that year.

METRO

Notes to Required Supplementary Information, Continued

Unexpected additional resources and budget revisions may be added to the budget through the use of a supplemental budget or by an ordinance passed by the Council amending the budget. A supplemental budget requires hearings before the public, publication in newspapers and approval by the Council. Original, amended and supplemental budgets may be modified by the use of appropriation transfers between the levels of control, with approval of the Council. Management may amend the budget within the appropriated levels of control without Council approval.

Metro adopted 14 budget amendments during the year ended June 30, 2007. Three of the amendments were significant and related to the sale of Natural Areas bonds, further described below in item 2. Two significant amendments provided for a total of slightly over \$8.1 million in temporary interim appropriation authority to meet the possible obligations related to the bonds during the time period between the approval of the bonds in November and the sale of the bonds in April. Once the bonds were sold, expenditures incurred were reallocated to the Natural Areas Fund and the temporary interim appropriation authority was reversed with the third significant amendment.

2. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

For the year ended June 30, 2007, expenditures of the Natural Areas Fund were not appropriated, as allowed by Oregon Local Budget Law. ORS 294.483(2)(B) exempts from Oregon Local Budget Law expenditures from the sale of bond proceeds for bonds that were approved by the voters in the year in which they were approved. With the approval of the Natural Areas Bonds in November 2006, Metro was exempt from all aspects of Oregon Local Budget Law for the expenditures related to those bonds during fiscal year 2007.

3. RECONCILIATION OF BASIS OF BUDGETING TO GAAP BASIS

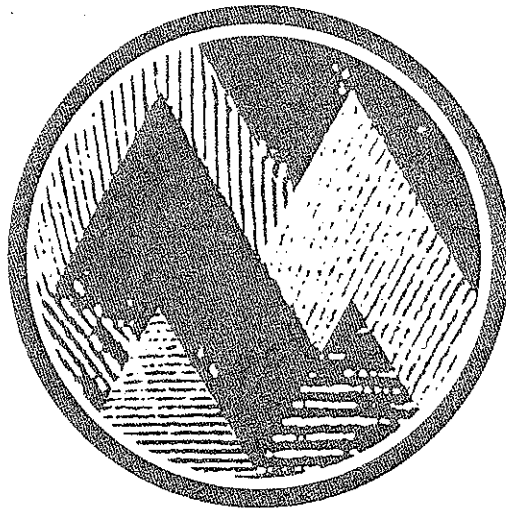
Oregon Local Budget Law, as adopted by Metro, requires accounting for certain transactions to be on a basis other than GAAP. The Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Non-GAAP Basis of Budgeting) for each fund as presented in supplementary information is presented on the basis of budgeting and is adjusted to the GAAP basis for presentation in the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds. The accounting for the reclassification of interfund transfers as operating transactions cause no difference between the excess of revenues and other sources over expenditures and other uses on the basis of budgeting and such amounts on a GAAP basis. Other reconciliations as necessary are presented on the face of the budgetary schedules.

Other Supplementary Information

Budgetary Comparison Schedules

Oregon Administrative Rules 162-10-0050 through 162-10-0330 incorporated in the Minimum Standards for Audits of Oregon Municipal Corporations, as prescribed by the Secretary of State in cooperation with the Oregon State Board of Accountancy, requires an individual schedule of revenues, expenditures, and changes in fund balance, budget and actual be presented for each fund for which a legally adopted budget is required.

In accordance with GASB Statement No. 34, Metro's General Fund and all major special revenue funds are presented as required supplementary information. Budgetary comparisons for all other funds are displayed in the following pages.



Other Major Governmental Funds

Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual

Debt Service Fund

General Obligation Bond Debt Service Fund.

Capital Projects Funds

Open Spaces Fund

Natural Areas Fund

Metro Capital Fund

Permanent Fund

Cemetery Perpetual Care Fund

METRO

General Obligation Bond Debt Service Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances-
Budget and Actual (Non-GAAP Basis of Budgeting)

For the year ended June 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with final budget positive (negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
General revenues:				
Taxes:				
Property taxes	\$ 18,510,603	18,510,603	18,783,637	273,034
Investment income	100,000	100,000	653,989	553,989
Total revenues	<u>18,610,603</u>	<u>18,610,603</u>	<u>19,437,626</u>	<u>827,023</u>
Expenditures:				
Debt service:				
Principal	11,563,945	11,563,945	11,563,945	-
Interest	6,471,658	6,471,658	6,471,656	2
Total expenditures	<u>18,035,603</u>	<u>18,035,603</u>	<u>18,035,601</u>	<u>2</u>
Revenues over expenditures	575,000	575,000	1,402,025	827,025
Beginning fund balance available for appropriation - July 1, 2006	<u>10,374,854</u>	<u>10,374,854</u>	<u>10,680,405</u>	<u>305,551</u>
Unappropriated ending fund balance - June 30, 2007	<u>\$ 10,949,854</u>	<u>10,949,854</u>	<u>12,082,430</u>	<u>1,132,576</u>

METRO

Open Spaces Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances-
Budget and Actual (Non-GAAP Basis of Budgeting)

For the year ended June 30, 2007

	Budgeted Amounts		Actual Amounts	Variance with final budget positive (negative)
	Original	Final		
Revenues:				
Program revenues:				
Charges for services:				
Culture and recreation fees	\$ 25,000	25,000	-	(25,000)
Other fees	-	-	3,476	3,476
Operating grants and contributions:				
Grants	200,000	200,000	-	(200,000)
General revenues:				
Investment income	112,470	112,470	69,003	(43,467)
Total revenues	<u>337,470</u>	<u>337,470</u>	<u>72,479</u>	<u>(264,991)</u>
Expenditures:				
Operating expenses	1,387,461	337,461	122,798	214,663
Capital outlay	475,000	1,525,000	1,360,114	164,886
Contingency	112,158	112,158	-	112,158
Total expenditures	<u>1,974,619</u>	<u>1,974,619</u>	<u>1,482,912</u>	<u>491,707</u>
Revenues under expenditures	(1,637,149)	(1,637,149)	(1,410,433)	226,716
Other financing uses:				
Transfers out	<u>(464,797)</u>	<u>(464,797)</u>	<u>(301,716)</u>	<u>163,081</u>
Revenues under expenditures and other uses	(2,101,946)	(2,101,946)	(1,712,149)	389,797
Beginning fund balance available for appropriation - July 1, 2006	<u>2,101,946</u>	<u>2,101,946</u>	<u>2,112,538</u>	<u>10,592</u>
Unappropriated ending fund balance - June 30, 2007	\$ <u>-</u>	<u>-</u>	<u>400,389</u>	<u>400,389</u>

METRO

Natural Areas Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances-
Budget and Actual (Non-GAAP Basis of Budgeting)

For the year ended June 30, 2007

	Budgeted Amounts		Actual Amounts	Variance with final budget positive (negative)
	Original	Final		
Revenues:				
Program revenues:				
Charges for services:				
Miscellaneous revenue	\$ -	-	10,000	10,000
General revenues:				
Investment income	-	-	1,301,230	1,301,230
Total revenues	-	-	1,311,230	1,311,230
Expenditures:				
Operating expenses	-	-	1,585,706	(1,585,706)
Capital outlay	-	-	8,043,455	(8,043,455)
Total expenditures	-	-	9,629,161	(9,629,161)
Revenues under expenditures	-	-	(8,317,931)	(8,317,931)
Other financing uses:				
Bonds issued	-	-	124,295,000	124,295,000
Premium on bonds issued	-	-	6,383,369	6,383,369
Transfers out	-	-	(60,971)	(60,971)
Total other financing sources (uses)	-	-	130,617,398	130,617,398
Revenues and other sources over expenditures and other uses	-	-	122,299,467	122,299,467
Beginning fund balance available for appropriation - July 1, 2006	-	-	-	-
Unappropriated ending fund balance - June 30, 2007	\$ -	-	122,299,467	122,299,467

METRO

Metro Capital Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances-
Budget and Actual (Non-GAAP Basis of Budgeting)

For the year ended June 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with final budget positive (negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Program revenues:				
Operating grants and contributions:				
Grants	\$ 4,209,233	4,209,233	18,832	(4,190,401)
Government contributions	631,767	631,767	282,540	(349,227)
Contributions and donations	1,149,274	1,149,274	-	(1,149,274)
Capital grants and contributions:				
Capital contributions and donations	220,000	220,000	1,252,310	1,032,310
General revenues:				
Investment income	131,084	131,084	407,637	276,553
Total revenues	<u>6,341,358</u>	<u>6,341,358</u>	<u>1,961,319</u>	<u>(4,380,039)</u>
Expenditures:				
Operating expenses	697,561	697,561	368,267	329,294
Capital outlay	10,992,000	11,121,274	2,158,951	8,962,323
Contingency	2,617,030	2,617,030	-	2,617,030
Total expenditures	<u>14,306,591</u>	<u>14,435,865</u>	<u>2,527,218</u>	<u>11,908,647</u>
Revenues under expenditures	<u>(7,965,233)</u>	<u>(8,094,507)</u>	<u>(565,899)</u>	<u>7,528,608</u>
Other financing sources (uses):				
Transfers in	2,003,556	2,132,830	1,999,927	(132,903)
Transfers out	<u>(11,955)</u>	<u>(11,955)</u>	<u>-</u>	<u>11,955</u>
Total other financing sources (uses)	<u>1,991,601</u>	<u>2,120,875</u>	<u>1,999,927</u>	<u>(120,948)</u>
Revenues and other sources over (under) expenditures and other uses	<u>(5,973,632)</u>	<u>(5,973,632)</u>	<u>1,434,028</u>	<u>7,407,660</u>
Beginning fund balance available for appropriation - July 1, 2006	<u>6,851,970</u>	<u>6,851,970</u>	<u>7,039,133</u>	<u>187,163</u>
Unappropriated ending fund balance - June 30, 2007	\$ <u>878,338</u>	<u>878,338</u>	<u>8,473,161</u>	<u>7,594,823</u>

METRO

Cemetery Perpetual Care Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances-
Budget and Actual (Non-GAAP Basis of Budgeting)

For the year ended June 30, 2007

	Budgeted Amounts		Actual Amounts	Variance with final budget positive (negative)
	Original	Final		
Revenues:				
General revenues:				
Taxes:				
Cemetery revenue surcharge	\$ 19,000	19,000	33,000	14,000
Investment income	4,340	4,340	10,509	6,169
Total revenues	23,340	23,340	43,509	20,169
Beginning fund balance available for appropriation - July 1, 2006	173,588	173,588	178,943	5,355
Unappropriated ending fund balance - June 30, 2007	\$ 196,928	196,928	222,452	25,524

Proprietary Funds

Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual

Enterprise Funds

Solid Waste Revenue Fund

MERC Fund

*Reconciliation of Enterprise Fund Revenues and Expenditures (Basis of Budgeting) to
Statement of Revenues, Expenses and Changes in Fund Net Assets-Proprietary Funds
(GAAP Basis)*

Internal Service Fund

Risk Management Fund

METRO

Solid Waste Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances-
Budget and Actual (Non-GAAP Basis of Budgeting)

For the year ended June 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with final budget positive (negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Program revenues:				
Charges for services:				
Government fees	\$ 933,550	933,550	797,903	(135,647)
Culture and recreation fees	3,800	3,800	31,458	27,658
Solid waste fees	52,632,999	52,632,999	53,118,225	485,226
Other fees	77,300	77,300	58,371	(18,929)
Miscellaneous revenue	15,000	15,000	109,448	94,448
Operating grants and contributions:				
Grants	-	-	3,064	3,064
General revenues:				
Investment income	1,391,749	1,391,749	2,074,614	682,865
Total revenues	<u>55,054,398</u>	<u>55,054,398</u>	<u>56,193,083</u>	<u>1,138,685</u>
Expenditures:				
Operating Account:				
Operating expenses	<u>47,685,894</u>	<u>47,685,894</u>	<u>46,326,495</u>	<u>1,359,399</u>
Landfill Closure Account:				
Operating expenses	318,600	318,600	277,763	40,837
Capital outlay	<u>545,000</u>	<u>545,000</u>	<u>25,899</u>	<u>519,101</u>
Total Landfill Closure Account	<u>863,600</u>	<u>863,600</u>	<u>303,662</u>	<u>559,938</u>
Renewal and Replacement Account:				
Capital outlay	<u>1,264,000</u>	<u>1,264,000</u>	<u>905,820</u>	<u>358,180</u>
General Account:				
Capital outlay	<u>1,210,000</u>	<u>1,210,000</u>	<u>186,023</u>	<u>1,023,977</u>
Debt Service Account:				
Debt service	<u>2,348,013</u>	<u>2,348,013</u>	<u>2,348,013</u>	<u>-</u>

(Continued)

METRO

Solid Waste Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances-
Budget and Actual (Non-GAAP Basis of Budgeting), Continued

For the year ended June 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with final budget positive (negative)
	<u>Original</u>	<u>Final</u>		
Expenditures, continued:				
Contingency	\$ 15,950,078	15,908,078	-	15,908,078
Total expenditures	<u>69,321,585</u>	<u>69,279,585</u>	<u>50,070,013</u>	<u>19,209,572</u>
Revenues over (under) expenditures	<u>(14,267,187)</u>	<u>(14,225,187)</u>	<u>6,123,070</u>	<u>20,348,257</u>
Other financing sources (uses):				
Transfers in	30,015	30,015	30,015	-
Interfund loan	1,550,000	1,550,000	-	(1,550,000)
Transfers out	<u>(6,423,869)</u>	<u>(6,465,869)</u>	<u>(4,492,996)</u>	<u>1,972,873</u>
Total other financing sources (uses)	<u>(4,843,854)</u>	<u>(4,885,854)</u>	<u>(4,462,981)</u>	<u>422,873</u>
Revenues and other sources over (under) expenditures and other uses	(19,111,041)	(19,111,041)	1,660,089	20,771,130
Beginning fund balance available for appropriation - July 1, 2006	<u>37,603,884</u>	<u>37,603,884</u>	<u>40,492,488</u>	<u>2,888,604</u>
Unappropriated ending fund balance - June 30, 2007	<u>\$ 18,492,843</u>	<u>18,492,843</u>	<u>42,152,577</u>	<u>23,659,734</u>

METRO

MERC Operating Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances-
Budget and Actual (Non-GAAP Basis of Budgeting)

For the year ended June 30, 2007

	Budgeted Amounts		Actual Amounts	Variance with final budget positive (negative)
	Original	Final		
Revenues:				
Program revenues:				
Charges for services:				
Culture and recreation fees	\$ 24,446,066	25,971,958	27,385,327	1,413,369
Other fees	1,462,000	1,462,000	1,658,802	196,802
Miscellaneous revenue	75,000	75,000	(2,142)	(77,142)
Operating grants and contributions:				
Government contributions	687,200	687,200	689,082	1,882
Contributions and donations	181,270	181,270	-	(181,270)
General revenues:				
Local government shared revenue	8,838,283	8,838,283	9,360,038	521,755
Investment income	355,642	355,642	794,172	438,530
Total revenues	<u>36,045,461</u>	<u>37,571,353</u>	<u>39,885,279</u>	<u>2,313,926</u>
Expenditures:				
Operating expenses	31,962,288	33,428,210	32,994,752	433,458
Debt service	18,899	18,899	18,895	4
Capital outlay	-	40,000	-	40,000
Contingency	1,270,104	259,037	-	259,037
Total expenditures	<u>33,251,291</u>	<u>33,746,146</u>	<u>33,013,647</u>	<u>732,499</u>
Revenues over expenditures	2,794,170	3,825,207	6,871,632	3,046,425
Other financing uses:				
Transfers out	<u>(6,083,731)</u>	<u>(5,588,876)</u>	<u>(3,404,922)</u>	<u>2,183,954</u>
Revenues over (under) expenditures and other uses	(3,289,561)	(1,763,669)	3,466,710	5,230,379
Beginning fund balance available for appropriation - July 1, 2006	<u>13,194,318</u>	<u>13,194,318</u>	<u>15,120,074</u>	<u>1,925,756</u>
Unappropriated ending fund balance - June 30, 2007	<u>\$ 9,904,757</u>	<u>11,430,649</u>	<u>18,586,784</u>	<u>7,156,135</u>

METRO

MERC Pooled Capital Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances-
Budget and Actual (Non-GAAP Basis of Budgeting)

For the year ended June 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with final budget positive <u>(negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Program revenues:				
Charges for services:				
Miscellaneous revenue	\$ -	-	22,032	22,032
General revenues:				
Local government shared revenue	-	-	616,516	616,516
Investment income	<u>75,003</u>	<u>75,003</u>	<u>226,628</u>	<u>151,625</u>
Total revenues	<u>75,003</u>	<u>75,003</u>	<u>865,176</u>	<u>790,173</u>
Expenditures:				
Operating expenses	232,306	368,796	268,800	99,996
Capital outlay	3,277,475	3,140,985	2,152,441	988,544
Contingency	<u>742,926</u>	<u>742,926</u>	<u>-</u>	<u>742,926</u>
Total expenditures	<u>4,252,707</u>	<u>4,252,707</u>	<u>2,421,241</u>	<u>1,831,466</u>
Revenues under expenditures	<u>(4,177,704)</u>	<u>(4,177,704)</u>	<u>(1,556,065)</u>	<u>2,621,639</u>
Other financing sources (uses):				
Transfers in	1,748,367	1,748,367	1,648,462	(99,905)
Transfers out	<u>(76,196)</u>	<u>(76,196)</u>	<u>-</u>	<u>76,196</u>
Total other financing sources (uses)	<u>1,672,171</u>	<u>1,672,171</u>	<u>1,648,462</u>	<u>(23,709)</u>
Revenues and other sources over (under) expenditures and other uses	<u>(2,505,533)</u>	<u>(2,505,533)</u>	92,397	2,597,930
Beginning fund balance available for appropriation - July 1, 2006	<u>3,711,004</u>	<u>3,711,004</u>	<u>3,671,286</u>	<u>(39,718)</u>
Unappropriated ending fund balance - June 30, 2007	<u>\$ 1,205,471</u>	<u>1,205,471</u>	<u>3,763,683</u>	<u>2,558,212</u>

METRO

Reconciliation of Enterprise Fund Revenues
and Expenditures (Basis of Budgeting) to
Statement of Revenues, Expenses and Changes
in Fund Net Assets-Proprietary Funds (GAAP Basis)

For the year ended June 30, 2007

	<u>Solid Waste</u>	<u>MERC</u>	<u>Total</u>
Excess of revenues and other financing sources over expenditures and other financing uses on the basis of budgeting:			
Solid Waste Revenue Fund	\$ 1,660,089	-	1,660,089
MERC Operating Fund	-	3,466,710	3,466,710
MERC Pooled Capital Fund	-	92,397	92,397
General Revenue Bond Fund-Expo	-	9,580	9,580
Budget resources not qualifying as revenues under GAAP:			
Collection of long-term receivable	(37,337)	-	(37,337)
Budget requirements not qualifying as expenses under GAAP:			
Payment of post-closure liability	303,662	-	303,662
Capital assets additions	1,091,843	1,757,569	2,849,412
Principal and interest payments on bonds	2,291,981	196,631	2,488,612
Principal and interest payments on loans	-	14,289	14,289
Additional expenses required by GAAP:			
Depreciation and amortization	(1,817,501)	(8,628,822)	(10,446,323)
Amortization of bond accretion, discount and costs	(248,365)	(36,335)	(284,700)
Amortization of prepaid item	(525,574)	-	(525,574)
Vacation benefits	(7,220)	(52,286)	(59,506)
Accrued interest on bonds	(56,031)	(57,596)	(113,627)
Change in net assets presented in the statement of revenues, expenses and changes in fund net assets for proprietary funds	<u>\$ 2,655,547</u>	<u>(3,237,863)</u>	<u>(582,316)</u>

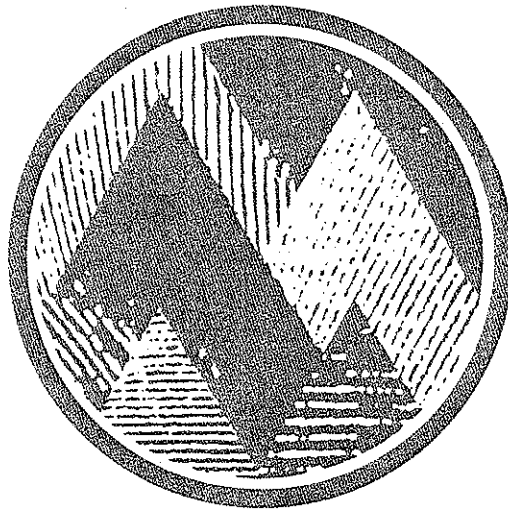
METRO

Risk Management Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances-
Budget and Actual (Non-GAAP Basis of Budgeting)

For the year ended June 30, 2007

	Budgeted Amounts		Actual Amounts	Variance with final budget positive (negative)
	Original	Final		
Revenues:				
Program revenues:				
Charges for services:				
Other fees	\$ -	-	35,200	35,200
Internal charges for services	6,685,928	6,685,928	5,861,418	(824,510)
Miscellaneous revenue	-	-	16,280	16,280
Operating grants and contributions:				
Grants	15,000	15,000	51,381	36,381
General revenues:				
Investment income	241,069	241,069	390,574	149,505
Total revenues	<u>6,941,997</u>	<u>6,941,997</u>	<u>6,354,853</u>	<u>(587,144)</u>
Expenditures:				
Operating expenses	8,823,986	8,823,986	7,399,269	1,424,717
Contingency	128,323	128,323	-	128,323
Total expenditures	<u>8,952,309</u>	<u>8,952,309</u>	<u>7,399,269</u>	<u>1,553,040</u>
Revenues under expenditures	(2,010,312)	(2,010,312)	(1,044,416)	965,896
Other financing sources (uses):				
Transfers in	1,803,000	1,803,000	1,803,001	1
Transfers out	(37,599)	(37,599)	-	37,599
Total other financing sources (uses)	<u>1,765,401</u>	<u>1,765,401</u>	<u>1,803,001</u>	<u>37,600</u>
Revenues and other sources over (under) expenditures and other uses	(244,911)	(244,911)	758,585	1,003,496
Beginning fund balance available for appropriation - July 1, 2006	244,911	244,911	342,551	97,640
Unappropriated ending fund balance - June 30, 2007	\$ -	-	<u>1,101,136</u>	<u>1,101,136</u>



Other Budgetary Funds

Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual

General Revenue Bond Fund

This fund is a budgetary fund comprised of two components that are separated and combined with other budgetary funds for reporting under GAAP.

METRO

General Revenue Bond Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances-
Budget and Actual (Non-GAAP Basis of Budgeting)

For the year ended June 30, 2007

	Budgeted Amounts		Actual Amounts	Variance with final budget positive (negative)
	Original	Final		
Revenues:				
General revenues:				
Investment income	\$ 6,900	6,900	19,949	13,049
Total revenues	6,900	6,900	19,949	13,049
Expenditures:				
Debt service account:				
Debt service-Metro Regional Center	1,502,064	1,502,064	1,502,064	-
Debt service-Washington Park Parking Lot	407,164	407,164	407,164	-
Debt service-Expo Center Hall D	852,800	852,800	852,799	1
Project account:				
Capital outlay-Washington Park Parking Lot	190,870	190,870	-	190,870
Total expenditures	2,952,898	2,952,898	2,762,027	190,871
Revenues under expenditures	(2,945,998)	(2,945,998)	(2,742,078)	203,920
Other financing sources:				
Transfers in	2,762,028	2,762,028	2,762,028	-
Revenues and other sources over (under) expenditures	(183,970)	(183,970)	19,950	203,920
Beginning fund balance available for appropriation - July 1, 2006	188,410	188,410	198,214	9,804
Unappropriated ending fund balance - June 30, 2007	\$ 4,440	4,440	218,164	213,724

Note: This schedule demonstrates compliance with budget at the legal level of control.

METRO

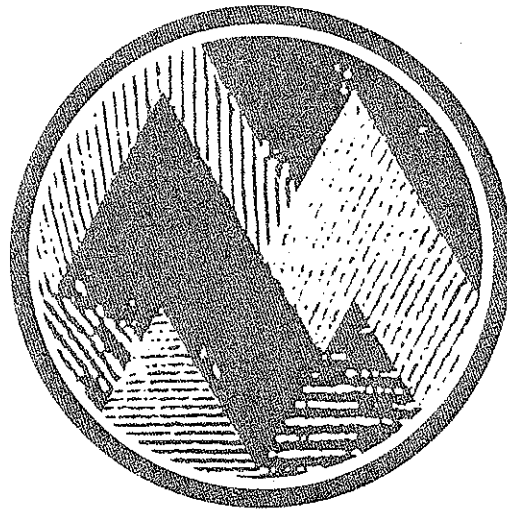
General Revenue Bond Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances-
(Non-GAAP Basis of Budgeting)

For the year ended June 30, 2007

	Allocated to:		Total
	General	MERC	
Revenues:			
General revenues:			
Investment income	\$ 10,370	9,579	19,949
Total revenues	10,370	9,579	19,949
Expenditures:			
Debt service account:			
Debt service-Metro Regional Center	1,502,064	-	1,502,064
Debt service-Washington Park Parking Lot	407,164	-	407,164
Debt service-Expo Center Hall D	-	852,799	852,799
Total expenditures	1,909,228	852,799	2,762,027
Revenues under expenditures	(1,898,858)	(843,220)	(2,742,078)
Other financing sources:			
Transfers in	1,909,228	852,800	2,762,028
Revenues and other sources over expenditures	10,370	9,580	19,950
Beginning fund balance available for appropriation - July 1, 2006	198,214	-	198,214
Unappropriated ending fund balance - June 30, 2007	\$ 208,584	9,580	218,164

Note: This schedule presents the activity of the two components of the fund.



**Capital Assets
Used in the Operation
of Governmental Funds**

METRO

Capital Assets Used in the Operation of Governmental Funds
 Schedule by Source (1)

June 30, 2007

Governmental funds capital assets:

Land	\$ 154,446,228
Construction in progress	1,194,440
Buildings	101,997,122
Improvements	11,831,637
Equipment	4,627,596
Office furniture/equipment	4,267,303
Railroad equipment/facilities	<u>2,337,620</u>
 Total governmental funds capital assets	 <u>\$ 280,701,946</u>

Investments in governmental funds capital assets by source:

General Fund	\$ 71,680,840
Special Revenue Fund:	
Smith and Bybee Lakes Fund	2,085,394
Capital Projects Funds:	
Open Spaces Fund	139,245,456
Natural Areas Fund	8,987,674
Metro Capital Fund	<u>58,702,582</u>
 Total governmental funds capital assets	 <u>\$ 280,701,946</u>

(1) This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

METRO

Capital Assets Used in the Operation of Governmental Funds
Schedule by Function and Activity (1)

June 30, 2007

<u>Function and Activity</u>	<u>Land</u>	<u>Construction in progress</u>	<u>Buildings</u>	<u>Improvements</u>	<u>Equipment</u>	<u>Office furniture/ equipment</u>	<u>Railroad equipment/ facilities</u>	<u>Total</u>
General governmental operations	\$ 588,716	300,252	20,741,915	-	854,948	3,646,649	-	26,132,480
Regional planning and development	-	-	-	-	708,208	450,969	-	1,159,177
Culture and recreation	151,284,063	826,624	4,847,154	8,236,740	214,219	-	-	165,408,800
Zoo	<u>2,573,449</u>	<u>67,564</u>	<u>76,408,053</u>	<u>3,594,897</u>	<u>2,850,221</u>	<u>169,685</u>	<u>2,337,620</u>	<u>88,001,489</u>
Total	<u>\$ 154,446,228</u>	<u>1,194,440</u>	<u>101,997,122</u>	<u>11,831,637</u>	<u>4,627,596</u>	<u>4,267,303</u>	<u>2,337,620</u>	<u>280,701,946</u>

(1) This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

METRO

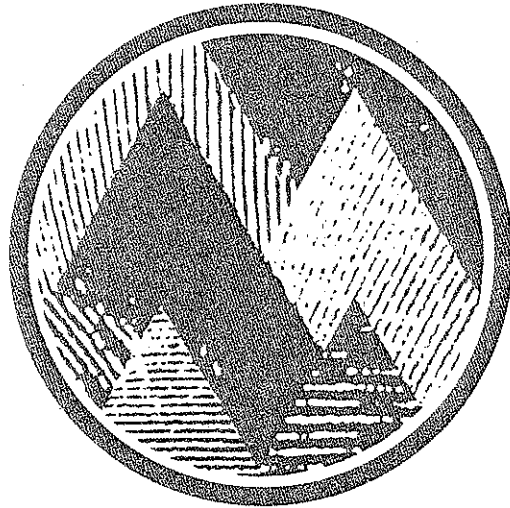
Capital Assets Used in the Operation of Governmental Funds
Schedule of Changes by Function and Activity (1)

For the year ended June 30, 2007

<u>Function and Activity</u>	Governmental Funds Capital Assets <u>July 1, 2006</u>	<u>Additions</u>	<u>Deductions</u>	Governmental Funds Capital Assets <u>June 30, 2007</u>
General governmental operations	\$ 25,601,404	531,076	-	26,132,480
Regional planning and development	1,159,177	-	-	1,159,177
Culture and recreation	154,063,460	11,345,340	-	165,408,800
Zoo	<u>86,174,303</u>	<u>1,827,186</u>	<u>-</u>	<u>88,001,489</u>
Total additions	\$ <u>266,998,344</u>	<u>13,703,602</u>	<u>-</u>	<u>280,701,946</u>

(1) This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

**Other
Financial
Schedules**



METRO

Schedule of Property Tax Transactions
and Outstanding Receivable

For the year ended June 30, 2007

Fiscal Year	Original levy or balance of receivable July 1, 2006	Add (deduct)				Property taxes receivable June 30, 2007
		Discounts	Adjustments	Interest	Collections	
2006-07	\$ 29,415,279	(727,947)	(62,346)	3,191	(27,895,188)	732,989
2005-06	691,799	-	(26,855)	8,075	(449,025)	223,994
2004-05	207,739	-	(10,330)	3,712	(97,702)	103,419
2003-04	110,653	-	(10,265)	3,943	(63,325)	41,006
2002-03	48,191	-	(7,716)	1,986	(29,651)	12,810
2001-02 & prior	41,648	-	(6,019)	1,011	(10,349)	26,291
	<u>\$ 30,515,309</u>	<u>(727,947)</u>	<u>(123,531)</u>	<u>21,918</u>	<u>(28,545,240)</u>	<u>1,140,509</u>

Reconciliation to property tax revenue presented in the Statement of Activities:	Governmental Activities
Cash collections July 1, 2006 to June 30, 2007	\$ 28,545,240
Accrual of receivables:	
July 1, 2006 to August 31, 2006	(156,335)
July 1, 2007 to August 31, 2007	179,816
Timing difference between county tax collector and county treasurer	(6,766)
Payments in lieu of property taxes	107,569
Taxes earned but not available:	
June 30, 2006	(943,694)
June 30, 2007	960,693
Property tax revenue per Statement of Activities	<u>\$ 28,686,523</u>

METRO

Schedule of Future Bonded Debt Service Requirements
General Obligation Bonds

June 30, 2007

<u>Year of maturity</u>	<u>1995 Series B Open Spaces Program General Obligation Bonds</u>		<u>2002 Series General Obligation Refunding Bonds</u>		<u>2001 Series A General Obligation Refunding Bonds</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2007-08	\$ 271,585	228,415	6,350,000	3,580,562	4,065,000	1,309,389
2008-09	254,775	245,225	6,685,000	3,254,688	4,270,000	1,131,545
2009-10	238,540	261,460	7,030,000	2,911,812	4,525,000	918,045
2010-11	223,356	277,644	7,395,000	2,551,188	4,785,000	691,795
2011-12	-	-	8,265,000	2,159,687	5,035,000	486,040
2012-13	-	-	8,690,000	1,735,813	5,290,000	264,500
2013-14	-	-	9,140,000	1,278,637	-	-
2014-15	-	-	9,630,000	785,925	-	-
2015-16	-	-	10,155,000	266,569	-	-
2016-17	-	-	-	-	-	-
2017-18	-	-	-	-	-	-
2018-19	-	-	-	-	-	-
2019-20	-	-	-	-	-	-
2020-21	-	-	-	-	-	-
2021-22	-	-	-	-	-	-
2022-23	-	-	-	-	-	-
2023-24	-	-	-	-	-	-
2024-25	-	-	-	-	-	-
2025-26	-	-	-	-	-	-
Total	\$ 988,256	1,012,744	73,340,000	18,524,881	27,970,000	4,801,314

(1) The principal amount of the bonds is reported in governmental activities on the statement of net assets net of unamortized issuance costs, premiums and deferred amounts on refunding.

2005 Series General Obligation Refunding Bonds		2007 Series Natural Areas General Obligation Bonds		Total	
<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal (1)</u>	<u>Interest</u>
1,435,000	815,125	10,280,000	6,904,721	22,401,585	12,838,212
1,480,000	772,075	11,750,000	5,432,650	24,439,775	10,836,183
1,555,000	698,075	12,340,000	4,845,150	25,688,540	9,634,542
1,620,000	643,650	3,910,000	4,228,150	17,933,356	8,392,427
1,710,000	562,650	4,070,000	4,071,750	19,080,000	7,280,127
1,795,000	477,150	4,230,000	3,908,950	20,005,000	6,386,413
1,890,000	387,400	4,400,000	3,739,750	15,430,000	5,405,787
1,995,000	292,900	4,620,000	3,519,750	16,245,000	4,598,575
2,095,000	193,150	4,850,000	3,288,750	17,100,000	3,748,469
2,210,000	88,400	5,095,000	3,046,250	7,305,000	3,134,650
-	-	5,350,000	2,791,500	5,350,000	2,791,500
-	-	5,615,000	2,524,000	5,615,000	2,524,000
-	-	5,895,000	2,243,250	5,895,000	2,243,250
-	-	6,190,000	1,948,500	6,190,000	1,948,500
-	-	6,500,000	1,639,000	6,500,000	1,639,000
-	-	6,825,000	1,314,000	6,825,000	1,314,000
-	-	7,130,000	1,006,875	7,130,000	1,006,875
-	-	7,455,000	686,025	7,455,000	686,025
-	-	7,790,000	350,550	7,790,000	350,550
<u>17,785,000</u>	<u>4,930,575</u>	<u>124,295,000</u>	<u>57,489,571</u>	<u>244,378,256</u>	<u>86,759,085</u>

METRO

Schedule of Future Bonded Debt Service Requirements
Revenue, Full Faith and Credit, and Pension Obligation Bonds

June 30, 2007

<u>Year of maturity</u>	<u>Revenue Bonds</u>			
	<u>Metro Central Transfer Station 1990 Series A</u>		<u>Waste Disposal System Refunding Revenue Bonds 2003 Series</u>	
	<u>Principal (1)</u>	<u>Interest</u>	<u>Principal (1)</u>	<u>Interest</u>
2007-08	\$ 1,070,000	-	155,000	110,513
2008-09	-	-	2,265,000	83,481
2009-10	-	-	2,320,000	29,000
2010-11	-	-	-	-
2011-12	-	-	-	-
2012-13	-	-	-	-
2013-14	-	-	-	-
2014-15	-	-	-	-
2015-16	-	-	-	-
2016-17	-	-	-	-
2017-18	-	-	-	-
2018-19	-	-	-	-
2019-20	-	-	-	-
2020-21	-	-	-	-
2021-22	-	-	-	-
2022-23	-	-	-	-
2023-24	-	-	-	-
2024-25	-	-	-	-
2025-26	-	-	-	-
2026-27	-	-	-	-
2027-28	-	-	-	-
Total	\$ 1,070,000	-	4,740,000	222,994

- (1) The principal amount of the bonds is reported in business-type activities on the statement of net assets net of unamortized issuance costs, discounts, accretion and deferred amounts on refunding.
- (2) The principal amount of the bonds is reported in governmental activities on the statement of net assets net of unamortized issuance costs, discounts and deferred amounts on refunding.

Full Faith and Credit Bonds				Pension Obligation Bonds	
Refunding Bonds 2003 Series		Oregon Local Governments 2006 Series		Metro Limited Tax Pension Obligation Bonds Series 2005	
Principal (2)	Interest	Principal (1)	Interest	Principal (2)	Interest
1,170,000	742,472	555,000	634,931	160,000	1,198,898
1,195,000	711,431	580,000	612,231	220,000	1,191,973
1,225,000	679,668	600,000	588,631	290,000	1,182,339
1,265,000	644,615	625,000	564,131	360,000	1,169,472
1,300,000	605,327	650,000	538,631	435,000	1,153,214
1,340,000	562,905	675,000	512,131	525,000	1,129,289
1,385,000	516,558	705,000	483,650	615,000	1,105,071
1,440,000	466,400	735,000	453,050	710,000	1,076,381
1,485,000	413,007	765,000	421,175	820,000	1,041,882
1,325,000	360,360	795,000	387,528	930,000	1,002,039
1,210,000	310,985	830,000	349,387	1,055,000	956,850
1,255,000	261,685	870,000	306,888	1,185,000	905,587
1,305,000	209,832	915,000	262,263	1,325,000	848,008
1,360,000	154,520	960,000	215,388	1,480,000	783,626
1,420,000	95,430	1,010,000	169,925	1,645,000	709,567
1,475,000	32,450	1,055,000	126,044	1,820,000	627,251
-	-	1,095,000	76,250	2,010,000	536,179
-	-	1,150,000	24,438	2,210,000	435,598
-	-	-	-	2,430,000	325,010
-	-	-	-	2,660,000	203,413
-	-	-	-	1,405,000	70,306
<u>21,155,000</u>	<u>6,767,645</u>	<u>14,570,000</u>	<u>6,726,672</u>	<u>24,290,000</u>	<u>17,651,953</u>

METRO

Schedule of Long-term Bonded Debt Transactions
General Obligation Bonds

For the year ended June 30, 2007

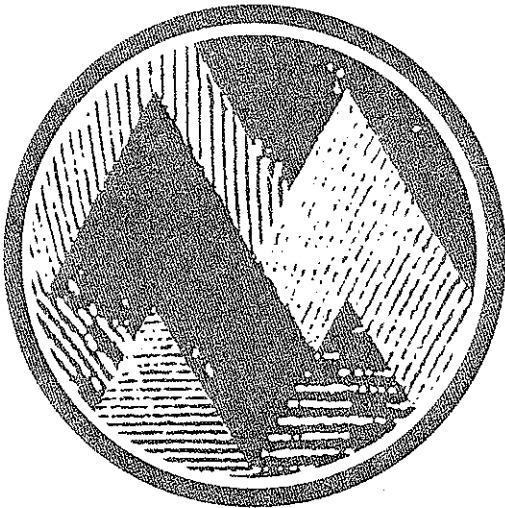
	Principal			Outstanding June 30, 2007	Interest Expenditure
	Outstanding July 1, 2006	Issued During Year	Matured and Paid During Year		
DEBT SERVICE FUND:					
1995 Series B Open Spaces Program General Obligation Bonds with interest rates from 5.2 to 5.5%, final maturity 9/1/10	\$ 1,277,201	-	288,945	988,256	211,055
2002 Series General Obligation Refunding Bonds with interest rates from 5.0 to 5.25%, final maturity 9/1/15	79,380,000	-	6,040,000	73,340,000	3,890,313
2001 Series A General Obligation Refunding Bonds with interest rates from 4.25 to 5.0%, final maturity 1/1/13	31,840,000	-	3,870,000	27,970,000	1,473,863
Metro Washington Park Zoo Oregon Project 1996 Series A General Obligation Bonds, partially refunded 5/12/05, interest rate 6.0%, final maturity 1/15/07	1,345,000	-	1,345,000	-	80,700
2005 Series General Obligation Refunding Bonds with interest rates from 3.0 to 5.0%, final maturity 1/15/17	17,805,000	-	20,000	17,785,000	815,725
2007 Series Natural Areas General Obligation Bonds with interest rates from 4.0 to 5.0%, final maturity 6/1/26	-	124,295,000	-	124,295,000	-
Total	\$ 131,647,201	124,295,000	11,563,945	244,378,256	6,471,656

METRO

Schedule of Long-term Bonded Debt Transactions
Revenue, Full Faith and Credit, and Pension Obligation Bonds

For the year ended June 30, 2007

	Principal			Outstanding June 30, 2007	Interest Expenditure
	Outstanding July 1, 2006	Issued During Year	Matured and Paid During Year		
GENERAL FUND:					
<u>Full Faith and Credit</u>					
Refunding Bonds 2003 Series					
with interest rates from 2.625 to 4.4%, final maturity 8/1/22	\$ 22,295,000	-	1,140,000	21,155,000	769,228
<u>Pension Obligation</u>					
Metro Limited Tax Series 2005					
with interest rates from 4.328 to 5.5%, final maturity 6/1/28	24,290,000	-	-	24,290,000	1,198,898
Total	<u>46,585,000</u>	<u>-</u>	<u>1,140,000</u>	<u>45,445,000</u>	<u>1,968,126</u>
ENTERPRISE FUNDS:					
SOLID WASTE FUND:					
<u>Revenue Bonds</u>					
Metro Central Transfer Station					
1990 Series A Solid Waste Disposal					
Project Revenue Bonds with interest rate 7.1%, final maturity 7/1/07	3,210,000	-	2,140,000	1,070,000	-
Waste Disposal System					
Refunding Revenue Bonds 2003 Series					
with interest rates from 2.0 to 2.5%, final maturity 7/1/09	4,835,000	-	95,000	4,740,000	113,013
Total	<u>8,045,000</u>	<u>-</u>	<u>2,235,000</u>	<u>5,810,000</u>	<u>113,013</u>
MERC FUND:					
<u>Full Faith and Credit</u>					
Oregon Local Governments 2006 Series					
with interest rates from 4.0 to 5.0%, final maturity 12/1/24	14,700,000	-	130,000	14,570,000	722,799
Total	<u>\$ 14,700,000</u>	<u>-</u>	<u>130,000</u>	<u>14,570,000</u>	<u>722,799</u>

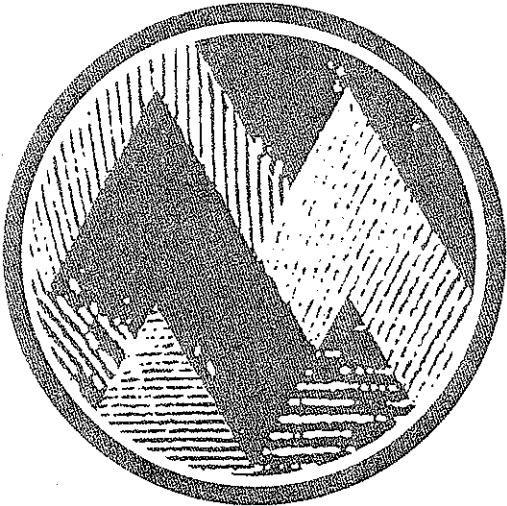


Statistical Section

This section of Metro's comprehensive annual financial report presents detailed data regarding the current and prior fiscal years for assistance in understanding what the information in the financial statements, note disclosures, and required supplementary information says about Metro's overall financial health. The information is presented in these categories:

	<u>Page</u>
Financial Trends These schedules contain trend information to help the reader understand how Metro's financial performance and well-being have changed over time.	135-140
Revenue Capacity These schedules contain information to help the reader assess the factors affecting Metro's ability to generate its most significant own-source revenue, solid waste fees.	141-143
Debt Capacity These schedules present information to help the reader assess the affordability of Metro's current levels of outstanding debt and Metro's ability to issue additional debt in the future.	144-152
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which Metro's financial activities take place.	153-154
Operating Information These schedules contain information about Metro's operations and resources to help the reader understand how Metro's financial information relates to the services Metro provides and the activities it performs.	155-158
Additional Information These schedules present information to meet Metro's continuing disclosure requirements under The Securities and Exchange Commission's Rule 15c2-12 pertaining to governmental debt issuers.	159-162

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. Metro implemented GASB Statement No. 34 in fiscal year 2002; schedules presenting government-wide information include data beginning in that fiscal year and going forward.



METRO

Net Assets by Component

Last Six Fiscal Years (1)
(accrual basis of accounting)
Unaudited

	Fiscal Year					
	2002	2003	2004	2005	2006	2007
Governmental activities:						
Invested in capital assets, net of related debt (2) (3)	\$ (43,843,323)	(19,603,144)	(6,201,885)	4,684,793	72,055,226	70,472,572
Restricted	37,354,215	20,629,174	17,989,881	16,795,028	21,244,741	24,458,851
Unrestricted	9,479,810	9,400,821	9,811,543	16,612,577	35,400,215	57,456,789
Total governmental activities net assets	\$ 2,990,702	10,426,851	21,599,539	38,092,398	128,700,182	152,388,212
Business-type activities:						
Invested in capital assets, net of related debt (3)	\$ 221,073,714	271,891,751	268,249,663	264,571,719	204,536,894	199,184,754
Restricted	68,931,726	16,817,817	13,096,821	11,651,127	12,415,936	12,688,488
Unrestricted	50,741,261	44,996,393	42,589,111	48,598,316	39,548,688	43,989,254
Total business-type activities net assets	\$ 340,746,701	333,705,961	323,935,595	324,821,162	256,501,518	255,862,496
Primary government:						
Invested in capital assets, net of related debt	\$ 177,230,391	252,288,607	262,047,778	269,256,512	276,592,120	269,657,326
Restricted	106,285,941	37,446,991	31,086,702	28,446,155	33,660,677	37,147,339
Unrestricted	60,221,071	54,397,214	52,400,654	65,210,893	74,948,903	101,446,043
Total primary government net assets	\$ 343,737,403	344,132,812	345,535,134	362,913,560	385,201,700	408,250,708

(1) Restated for prior period adjustment in fiscal year 2007 changing classification of MERC from component unit to business-type activity.

(2) These balances include the result of Metro financing capital assets for the business-type activities through the issuance of general obligation bonds. The amount of long-term debt outstanding on these bonds is reflected as a liability of the governmental activities in which repayment of the bonds occurs, whereas the associated capital assets financed by this debt are reflected with the business-type activities. These balances increase over time as a result of increases in capital assets, decreases in related long-term debt outstanding, and reductions in the amount of related unspent bond proceeds.

(3) Most of the change between governmental and business-type activities balances between fiscal years 2005 and 2006 is due to the consolidation of Oregon Zoo operations into the General Fund in fiscal year 2006.

METRO

Changes in Net Assets

Last Six Fiscal Years (1)
(accrual basis of accounting)
Unaudited

	Fiscal Year					
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Expenses						
Governmental activities:						
General government operations (2)	\$ 3,540,021	2,380,124	2,546,034	3,158,675	10,128,233	11,724,680
Regional planning and development	14,571,106	11,063,962	10,599,654	11,367,579	10,580,855	11,633,709
Culture and recreation	5,943,716	8,094,833	7,774,128	8,582,520	6,515,693	6,906,903
Zoo (2)	-	-	-	-	23,159,685	25,165,745
Interest on long-term debt	11,419,881	9,167,669	8,324,767	7,679,504	8,421,370	9,626,880
Total governmental activities expenses	\$ <u>35,474,724</u>	<u>30,706,588</u>	<u>29,244,583</u>	<u>30,788,278</u>	<u>58,805,836</u>	<u>65,057,917</u>
Business-type activities:						
Solid Waste	\$ 48,087,521	49,769,905	48,612,392	47,697,124	50,565,165	52,805,117
Zoo (2)	23,817,594	23,683,884	25,296,229	24,158,065	-	-
MERC	30,930,801	37,737,141	45,514,394	41,363,806	42,799,786	45,069,117
Total business-type activities expenses	\$ <u>102,835,916</u>	<u>111,190,930</u>	<u>119,423,015</u>	<u>113,218,995</u>	<u>93,364,951</u>	<u>97,874,234</u>
Total primary government expenses	\$ <u>138,310,640</u>	<u>141,897,518</u>	<u>148,667,598</u>	<u>144,007,273</u>	<u>152,170,787</u>	<u>162,932,151</u>
Program revenues						
Governmental activities:						
Charges for services:						
General government operations (2)	\$ 20,438	897	9,470	2,593	1,377,281	1,359,684
Regional planning and development	940,949	827,644	972,578	1,215,077	1,547,604	1,024,612
Culture and recreation	2,469,031	2,536,879	2,942,318	2,699,983	2,568,418	2,519,340
Zoo (2)	-	-	-	-	14,417,730	15,699,595
Operating grants and contributions	10,547,223	7,272,201	7,582,801	8,552,429	12,015,598	9,674,387
Capital grants and contributions (2)	-	-	-	-	959,676	1,378,075
Total governmental activities program revenues	\$ <u>13,977,641</u>	<u>10,637,621</u>	<u>11,507,167</u>	<u>12,470,082</u>	<u>32,886,307</u>	<u>31,655,693</u>
Business-type activities:						
Charges for services:						
Solid Waste	\$ 46,122,748	48,380,854	50,315,937	51,574,923	53,814,957	54,108,083
Zoo (2)	11,816,937	11,516,328	12,782,768	13,184,305	-	-
MERC	17,638,401	20,703,058	25,520,211	27,268,341	26,296,316	29,064,019
Operating grants and contributions (2)	2,955,744	4,307,248	2,087,784	3,774,815	984,284	692,146
Capital grants and contributions (2)	-	924,333	1,763,235	786,534	-	-
Total business-type activities program revenues	\$ <u>78,533,830</u>	<u>85,831,821</u>	<u>92,469,935</u>	<u>96,588,918</u>	<u>81,095,557</u>	<u>83,864,248</u>
Total primary government program revenues	\$ <u>92,511,471</u>	<u>96,469,442</u>	<u>103,977,102</u>	<u>109,059,000</u>	<u>113,981,864</u>	<u>115,519,941</u>

(Continued)

METRO

Changes in Net Assets, Continued

Last Six Fiscal Years (1)
(accrual basis of accounting)
Unaudited

	Fiscal Year					
	2002	2003	2004	2005	2006	2007
Net (Expense)/Revenue						
Governmental activities	\$ (21,497,083)	(20,068,967)	(17,737,416)	(18,318,196)	(25,919,529)	(33,402,224)
Business-type activities	<u>(24,302,086)</u>	<u>(25,359,109)</u>	<u>(26,953,080)</u>	<u>(16,630,077)</u>	<u>(12,269,394)</u>	<u>(14,009,986)</u>
Total primary government net expense	\$ <u>(45,799,169)</u>	<u>(45,428,076)</u>	<u>(44,690,496)</u>	<u>(34,948,273)</u>	<u>(38,188,923)</u>	<u>(47,412,210)</u>
General Revenues and Other Changes in Net Assets						
Governmental activities:						
Property taxes (2)	\$ 20,215,467	16,336,901	17,481,813	17,545,652	27,804,374	28,686,523
Excise taxes	7,922,160	9,821,988	10,506,081	13,577,891	14,243,252	14,834,721
Construction excise tax	-	-	-	-	-	1,806,012
Cemetery revenue surcharge	-	-	33,086	25,270	21,395	33,000
Local government shared revenues	435,786	384,166	476,514	540,690	547,512	519,463
Unrestricted investment earnings	1,947,669	962,061	412,610	839,350	2,315,910	4,945,208
Special items	760,350	-	-	-	357,921	-
Transfers	-	-	-	306,009	533,324	(289,417)
Total governmental activities	\$ <u>31,281,432</u>	<u>27,505,116</u>	<u>28,910,104</u>	<u>32,834,862</u>	<u>45,823,688</u>	<u>50,535,510</u>
Business-type activities:						
Property taxes (2)	\$ 8,498,916	8,355,692	8,605,342	8,941,517	-	-
Unrestricted local government shared revenues	6,820,346	8,326,852	7,893,216	7,683,769	8,852,246	9,976,554
Unrestricted investment earnings	5,356,090	1,635,825	684,156	1,196,367	2,078,669	3,104,993
Special items	-	-	-	-	(357,921)	-
Transfers	<u>(359,510)</u>	-	-	<u>(306,009)</u>	<u>(533,324)</u>	<u>289,417</u>
Total business-type activities	\$ <u>20,315,842</u>	<u>18,318,369</u>	<u>17,182,714</u>	<u>17,515,644</u>	<u>10,039,670</u>	<u>13,370,964</u>
Total primary government	\$ <u>51,597,274</u>	<u>45,823,485</u>	<u>46,092,818</u>	<u>50,350,506</u>	<u>55,863,358</u>	<u>63,906,474</u>
Change in Net Assets						
Governmental activities	\$ 9,784,349	7,436,149	11,172,688	14,516,666	19,904,159	17,133,286
Business-type activities	<u>(3,986,244)</u>	<u>(7,040,740)</u>	<u>(9,770,366)</u>	<u>885,567</u>	<u>(2,229,724)</u>	<u>(639,022)</u>
Total primary government	\$ <u>5,798,105</u>	<u>395,409</u>	<u>1,402,322</u>	<u>15,402,233</u>	<u>17,674,435</u>	<u>16,494,264</u>
Prior period adjustment	\$ -	-	-	1,976,193	4,613,707	6,554,744

(1) Restated for prior period adjustment in fiscal year 2007 changing classification of MERC from component unit to business-type activity.

(2) Changes in general government operations and Zoo related revenues and expenses between fiscal years 2005 and 2006 is due primarily to the consolidation of a number of funds, including former special revenue funds, former internal service funds, and Zoo funds into the General Fund in fiscal year 2006.

METRO

Fund Balances, Governmental Funds

Last Six Fiscal Years
(modified accrual basis of accounting)
Unaudited

	Fiscal Year					
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
General Fund (1)						
Reserved	\$ -	-	-	-	7,333,324	8,518,324
Unreserved	<u>1,288,482</u>	<u>1,648,753</u>	<u>2,561,919</u>	<u>4,443,897</u>	<u>25,630,402</u>	<u>34,564,077</u>
Total general fund	<u>\$ 1,288,482</u>	<u>1,648,753</u>	<u>2,561,919</u>	<u>4,443,897</u>	<u>32,963,726</u>	<u>43,082,401</u>
All Other Governmental Funds (1)						
Reserved	\$ 13,094,846	12,292,783	10,451,417	10,155,731	10,680,405	12,082,430
Unreserved, reported in:						
Special Revenue Funds	9,332,740	9,548,645	10,476,628	12,592,408	5,679,471	5,930,679
Capital Projects Funds	15,737,419	9,415,427	5,564,935	4,413,313	9,151,671	131,173,017
Permanent Funds	-	-	-	-	178,943	222,452
Total all other governmental funds	<u>\$ 38,165,005</u>	<u>31,256,855</u>	<u>26,492,980</u>	<u>27,161,452</u>	<u>25,690,490</u>	<u>149,408,578</u>

(1) Changes in General Fund and Other Governmental Funds fund balances between fiscal years 2005 and 2006 is due primarily to the consolidation of a number of funds, including former special revenue funds, former internal service funds, and Zoo funds into the General Fund in fiscal year 2006. In addition, capital projects related funds for regional parks and the Zoo were also consolidated into the Metro Capital fund.

METRO

Changes in Fund Balances, Governmental Funds

Last Six Fiscal Years
(modified accrual basis of accounting)
Unaudited

	Fiscal Year					
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Revenues (1)						
Property taxes	\$ 19,235,074	16,494,258	17,536,825	17,653,137	27,850,826	28,669,525
Excise taxes	7,922,160	9,821,988	10,506,081	13,577,891	14,243,252	14,834,721
Construction excise tax	-	-	-	-	-	1,806,012
Cemetery revenue surcharge	-	-	33,086	25,270	21,395	33,000
Local government shared revenues	435,786	384,166	476,514	540,690	547,512	519,463
Investment income	1,515,629	725,628	267,466	625,190	2,068,326	4,536,529
Government fees	265,558	207,705	244,119	352,195	490,892	441,531
Culture and recreation fees	1,085,371	1,218,280	1,204,030	1,125,860	14,712,855	15,860,633
Other fees	1,259,528	1,393,044	1,617,773	1,438,929	3,237,906	3,012,834
Internal charges for services	779,805	579,082	875,511	790,222	514,885	661,007
Licenses and permits	-	-	-	-	402,300	409,332
Miscellaneous revenue	40,156	30,192	95,673	235,784	573,107	221,369
Grants	10,151,521	6,814,472	7,061,492	6,871,101	10,682,649	8,015,836
Government contributions	73,085	116,929	104,508	46,865	-	342,540
Contributions and donations	322,617	340,800	416,801	1,634,463	1,332,949	1,316,011
Capital contributions and donations	-	-	-	-	959,676	1,378,075
Total revenues	\$ <u>43,086,290</u>	<u>38,126,544</u>	<u>40,439,879</u>	<u>44,917,597</u>	<u>77,638,530</u>	<u>82,058,418</u>
Expenditures (1)						
General government operations	\$ 3,824,481	2,981,919	2,625,450	3,541,419	8,853,776	9,634,211
Regional planning and development	15,016,781	11,134,840	10,453,513	11,624,509	10,553,489	11,896,946
Culture and recreation	7,837,607	8,892,911	7,714,121	9,085,680	6,349,345	7,737,303
Zoo	-	-	-	-	20,908,177	22,974,261
Debt service:						
Principal	9,019,895	9,835,232	11,586,058	10,640,155	12,478,037	12,703,945
Interest	9,879,518	7,834,398	8,007,626	7,534,732	8,304,109	8,469,032
Capital outlay	10,426,457	4,407,455	3,861,065	2,425,758	5,210,036	12,320,285
Total expenditures	\$ <u>56,004,739</u>	<u>45,086,755</u>	<u>44,247,833</u>	<u>44,852,253</u>	<u>72,656,969</u>	<u>85,735,983</u>
Excess of revenues over (under) expenditures	\$ <u>(12,918,449)</u>	<u>(6,960,211)</u>	<u>(3,807,954)</u>	<u>65,344</u>	<u>4,981,561</u>	<u>(3,677,565)</u>

(Continued)

METRO

Changes in Fund Balances, Governmental Funds, Continued

Last Six Fiscal Years
(modified accrual basis of accounting)
Unaudited

	Fiscal Year					
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Other financing sources (uses)						
Loan proceeds	\$ -	-	-	-	-	592,500
Bonds issued	47,855,350	100,681,603	-	18,085,000	24,290,000	124,295,000
Premium on bonds issued	-	-	-	1,230,005	23,286	6,383,369
Transfers in	6,965,963	6,873,213	7,056,279	10,306,075	4,288,434	2,933,742
Payment to refunded bond escrow agent	(47,943,691)	(100,272,797)	-	(19,112,101)	-	-
Transfers out	<u>(5,528,185)</u>	<u>(6,869,687)</u>	<u>(7,099,034)</u>	<u>(10,000,066)</u>	<u>(3,752,514)</u>	<u>(3,695,027)</u>
Total other financing sources (uses)	\$ <u>1,349,437</u>	<u>412,332</u>	<u>(42,755)</u>	<u>508,913</u>	<u>24,849,206</u>	<u>130,509,584</u>
Special item	\$ -	-	-	-	(24,022,369)	-
Net change in fund balances	\$ <u>(11,569,012)</u>	<u>(6,547,879)</u>	<u>(3,850,709)</u>	<u>574,257</u>	<u>5,808,398</u>	<u>126,832,019</u>
Prior period adjustment	\$ -	-	-	1,976,193	4,613,707	7,004,744
Debt service as a percentage of noncapital expenditures	43.5%	44.8%	49.5%	43.9%	31.2%	29.4%

(1) Changes in revenues and expenditures between fiscal years 2005 and 2006 is due primarily to the consolidation of a number of funds, including former special revenue funds, former internal service funds, and Zoo funds into the General Fund in fiscal year 2006.

METRO

Solid Waste Tonnage by Waste Type and Destination (1)

Last Ten Fiscal Years

Unaudited

Fiscal year ended June 30,	Waste (2)				Organic (3)	ECU (4)	Regional Total All Waste Types
	Metro- Owned Facilities	Total Per Ton Rate	Privately- Owned Facilities	Total Per Ton Rate	Metro- Owned Facilities	Privately- Owned Facilities	
1998	744,908	70.00	455,459	15.00	6,532	27,089	1,233,988
1999	706,343	62.50	503,008	14.00	9,535	31,567	1,250,453
2000	698,535	62.50	538,760	14.00	9,478	28,318	1,275,091
2001	641,220	62.50	547,429	17.58	13,084	32,180	1,233,913
2002	603,946	62.50	589,111	17.94	13,446	45,320	1,251,823
2003	570,165	66.23	628,973	21.39	11,888	151,178	1,362,204
2004	564,337	67.18	673,500	22.89	13,460	312,587	1,563,884
2005	572,611	70.96	730,127	23.67	13,881	309,636	1,626,255
2006	589,140	71.41	749,948	22.87	19,340	356,044	1,714,472
2007	610,854	69.86	783,631	21.92	21,639	183,291	1,599,415

- (1) Waste generated in Multnomah, Washington, and Clackamas counties and delivered to solid waste facilities for disposal. The figures represent tons of solid waste from which the Solid Waste Revenue Fund derives revenue.
- (2) "Waste" is general mixed waste for which a per ton rate (tip fee) is charged, including solid waste surcharges and taxes that fund solid waste programs and Metro general government.
- (3) "Organic" is clean, source-separated wood waste, yard debris and compostable food waste for which tip fees or acceptance fees are charged, but which are exempt from solid waste surcharges and taxes.
- (4) "ECU" or "Environmental Clean-Up" material is soil and cleanup media contaminated by hazardous substances, though not itself a hazardous waste; including petroleum contaminated soils. Metro charges reduced solid waste surcharges and taxes on ECU. ECU is often generated by one or two large remediation projects in the region; therefore tonnage may vary considerably year to year.

Source: Metro Solid Waste and Recycling Department.

METRO

Solid Waste Disposal Rates

Last Ten Fiscal Years

Unaudited

	Fiscal Year									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
<u>Metro Facilities</u>										
Disposal fee (1) (2)	\$ 37.83	38.61	38.61	29.75	29.75	33.02	42.55	45.55	46.80	46.20
Disposal fee - unspecified (1) (2)	-	-	-	4.32	3.96	-	-	-	-	-
Metro facility fee (1) (2)	8.00	1.15	1.15	2.55	2.55	2.55	-	-	-	-
Regional transfer fee (1) (2)	7.50	7.00	7.00	6.56	6.56	7.53	-	-	-	-
Regional system fee	15.00	14.00	14.00	12.90	12.90	15.00	16.57	15.09	14.54	13.57
Excise tax (2)	-	-	-	4.68	5.04	6.39	6.32	8.58	8.33	8.35
Rehabilitation & enhancement and host fee	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
DEQ fees - orphan sites	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13
DEQ fees - promotion	1.04	1.11	1.11	1.11	1.11	1.11	1.11	1.11	1.11	1.11
Total rate per ton (3)	\$ <u>70.00</u>	<u>62.50</u>	<u>62.50</u>	<u>62.50</u>	<u>62.50</u>	<u>66.23</u>	<u>67.18</u>	<u>70.96</u>	<u>71.41</u>	<u>69.86</u>
Transaction fee-scalehouse	\$ <u>-</u>	<u>5.00</u>	<u>5.00</u>	<u>5.00</u>	<u>5.00</u>	<u>6.00</u>	<u>6.00</u>	<u>7.50</u>	<u>7.50</u>	<u>8.50</u>
Transaction fee-automated	\$ <u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3.00</u>
<u>Privately-Owned Facilities</u>										
Regional system fee	\$ 15.00	14.00	14.00	12.90	12.90	15.00	16.57	15.09	14.54	13.57
Excise tax (4)	-	-	-	4.68	5.04	6.39	6.32	8.58	8.33	8.35
Total rate per ton (3)	\$ <u>15.00</u>	<u>14.00</u>	<u>14.00</u>	<u>17.58</u>	<u>17.94</u>	<u>21.39</u>	<u>22.89</u>	<u>23.67</u>	<u>22.87</u>	<u>21.92</u>

(1) Beginning with fiscal year 2004, the noted fees were combined into the disposal fee.

(2) For fiscal years 1998-2000, excise tax is included in the noted fees.

(3) Rates are per ton of mixed waste disposal. For fiscal year 2007, minimum charge is \$17.00 for 260 pounds or less. DEQ rates are set by the State of Oregon Department of Environmental Quality.

(4) For fiscal years 1998-2000, excise tax was charged on gross revenue, not per ton.

Source: Metro Solid Waste and Recycling Department.

METRO

Principal Solid Waste Fee Payers

Current Year and Five Years Ago (1)

Unaudited

Customer/Payer	2007			2002		
	Fees Paid (2)	Rank	Percentage of Total Solid Waste Fee Revenue	Fees Paid (2)	Rank	Percentage of Total Solid Waste Fee Revenue
Waste Management of Oregon	\$ 8,883,451	1	17.09 %	8,325,504	1	18.50 %
AGG	2,752,583	2	5.30	1,917,138	3	4.26
Portland Disposal & Recycling	2,426,338	3	4.67	1,677,167	4	3.73
Oregon City Garbage Company	2,225,561	4	4.28	2,142,693	2	4.76
Keller Drop Box Inc	2,196,434	5	4.23	1,110,123	6	2.47
Trashco Services Inc	1,793,267	6	3.45	1,101,034	7	2.45
Allied Waste Services of Portland	1,565,225	7	3.01	-	-	-
Gresham Sanitary Service Inc	1,438,659	8	2.77	1,129,161	5	2.51
Oak Grove Disposal Company Inc	1,206,465	9	2.32	865,564	9	1.92
Heiberg Garbage Service	478,199	10	0.92	845,170	10	1.88
River City Disposal Company Inc	-		-	982,396	8	2.18
Total	<u>\$ 24,966,182</u>		<u>48.04 %</u>	<u>\$ 20,095,950</u>		<u>44.66 %</u>

(1) Data from nine years ago is not available due to a change in computer systems. The 2002 information presented is the oldest data available.

(2) Customers pay a per ton rate for solid waste disposal. The per ton rate includes various fee components which change each fiscal year. See page 142 for rate detail.

Sources: Metro Solid Waste and Recycling Department and Metro Accounting Division.

METRO

Ratios of Outstanding Debt by Type

Last Six Fiscal Years (1)

Unaudited

Fiscal year ended June 30,	Governmental Activities					
	General Obligation Bonds	General Revenue Refunding Bonds	Full Faith and Credit Refunding Bonds	Pension Obligation Bonds	Loans Payable	Capital Leases
2002	\$ 177,847,373	\$ 22,710,000	\$ -	\$ -	\$ 151,185	\$ 146,747
2003	165,364,313	22,070,000	-	-	129,694	75,135
2004	153,820,393	-	20,380,000	-	106,844	-
2005	143,000,238	-	19,565,000	-	82,550	-
2006	131,647,201	-	22,295,000 (2)	24,290,000	507,151	-
2007	244,378,256	-	21,155,000	24,290,000	1,072,239	-

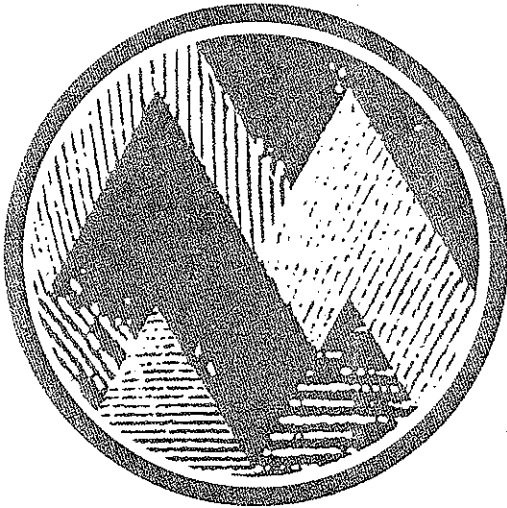
(1) Restated for prior period adjustment in fiscal year 2007 changing classification of MERC from component unit to business-type activity.

(2) Zoo operations became governmental activities in fiscal year 2006.

(3) See page 153 for personal income and population data.

* Not available

Business-Type Activities					
<u>Revenue Bonds</u>	<u>Full Faith and Credit Refunding Bonds</u>	<u>Loans Payable</u>	<u>Total Primary Government</u>	<u>Percentage of Personal Income (3)</u>	<u>Per Capita (3)</u>
\$ 25,590,000	\$ -	\$ 19,790,280	\$ 246,235,585	0.38 %	\$ 165.91
16,410,000	-	19,343,935	223,393,077	0.34	148.54
16,410,000	4,055,000	15,121,263	209,893,500	0.30	137.87
10,275,000	3,855,000	14,620,186	191,397,974	0.26	123.97
8,045,000	14,700,000 (2)	164,470	201,648,822	N/A *	128.51
5,810,000	14,570,000	154,191	311,429,686	N/A *	195.45



METRO

Ratios of Net General Bonded Debt Outstanding

Last Ten Fiscal Years

Unaudited

Fiscal year ended June 30,	General Bonded Debt Outstanding			Real Market Value (1)	Percentage of Actual Real Market Value of Property	Per Capita (2)
	General Obligation Bonds	Less: Amounts Restricted to Repaying Principal	Net General Bonded Debt			
1998	\$ 211,002,003	\$ 7,624,050	\$ 203,377,953	\$ 87,320,546,481	0.23 %	\$ 149.20
1999	203,377,953	8,048,755	195,329,198	94,157,744,893	0.21	141.70
2000	195,329,198	8,483,200	186,845,998	105,147,450,817	0.18	129.38
2001	186,845,998	8,938,625	177,907,373	113,011,064,594	0.16	121.25
2002	177,847,373	9,798,060	168,049,313	123,050,948,638	0.14	113.23
2003	165,364,313	11,543,920	153,820,393	128,542,544,330	0.12	102.28
2004	153,820,393	10,328,133	143,492,260	138,455,070,187	0.10	94.25
2005	143,000,238	10,004,443	132,995,795	146,360,729,671	0.09	86.14
2006	131,647,201	10,680,405	120,966,796	156,666,228,799	0.08	77.09
2007	244,378,256	12,082,430	232,295,826	181,787,247,525	0.13	145.79

Sources:

(1) The Departments of Assessment and Taxation for Multnomah, Clackamas and Washington Counties.

(2) See page 153 for population data.

METRO

Direct and Overlapping Governmental Activities Debt

As of June 30, 2007

Unaudited

<u>Overlapping government</u>	Percent <u>within District</u>	<u>Overlapping</u>	
		<u>Gross property tax backed debt</u>	<u>Net property tax backed debt</u>
Clackamas County	74.12 %	\$ 60,707,720	\$ 37,054,688
North Clackamas Parks & Rec. District	100.00	6,725,000	-
Oak Lodge Water District 4	100.00	1,505,000	1,505,000
Clackamas County Service District 1	100.00	320,424	-
Clackamas County RFPD 1	84.05	22,444,938	5,353,838
Clackamas County SD 3J (West Linn-Wilsonville)	94.34	158,113,221	118,318,921
Clackamas County SD 7J (Lake Oswego)	100.00	125,037,616	78,050,000
Clackamas County SD 12 (N Clackamas)	98.63	413,285,088	305,874,003
Clackamas County SD 62 (Oregon City)	67.45	71,943,490	40,921,212
Clackamas County SD 115 (Gladstone)	100.00	63,523,821	47,706,673
Clackamas County SD 86 (Canby)	15.46	15,734,947	10,414,828
Clackamas Community College	73.54	71,218,744	31,480,376
City of Gladstone	100.00	2,560,000	-
City of Lake Oswego	100.00	27,875,000	27,875,000
City of Milwaukie	100.00	5,950,000	1,665,000
City of Oregon City	100.00	20,000,000	3,105,000
City of West Linn	100.00	12,540,000	9,130,000
City of Wilsonville	100.00	7,790,000	230,000
Columbia County SD 1J (Scappoose)	6.06	66,993	66,993
Northwest Regional ESD	73.21	5,893,236	-
Multnomah County	98.99	303,967,765	60,926,560
Port of Portland	91.09	67,185,175	-
Multnomah County Drainage District 1	100.00	6,045,000	-
Tri-Met	97.93	228,853,774	67,472,668
Multnomah County SD 1J (Portland)	99.61	482,925,421	-
Multnomah County SD 3 (Parkrose)	100.00	13,935,000	13,935,000
Multnomah County SD 7 (Reynolds)	100.00	145,013,501	47,910,000
Multnomah County SD 28J (Centennial)	100.00	38,588,445	37,923,445
Multnomah County SD 40 (David Douglas)	100.00	44,895,000	44,895,000
Multnomah County SD 51J (Riverdale)	100.00	12,345,669	10,705,669
Multnomah County SD 10J (Gresham-Barlow)	95.83	114,652,735	58,304,736
Multnomah County SD 10J (Orient 6 Bond)	70.56	376,208	376,208
Multnomah ESD	99.03	37,251,865	-
Mt. Hood Community College	86.35	48,490,481	-
Portland Community College	91.63	241,164,633	58,119,577

(Continued)

METRO

Direct and Overlapping Governmental Activities Debt, Continued

As of June 30, 2007

Unaudited

<u>Overlapping government</u>	Percent within District	Overlapping	
		Gross property tax backed debt	Net property tax backed debt
City of Fairview	100.00 %	\$ 3,506,000	\$ 1,865,000
City of Gresham	100.00	30,978,272	2,090,390
City of Portland	100.00	699,938,034	68,534,589
City of Troutdale	100.00	11,020,000	11,020,000
City of Wood Village	100.00	190,000	80,000
Washington County	93.26	119,187,748	39,690,392
Tualatin Hills Park & Rec. District	99.97	17,388,382	16,579,643
Forest Grove RFPD	12.16	30,397	30,397
Tualatin Valley Fire & Rescue District	96.93	22,147,500	2,762,380
Washington County SD 15 (Forest Grove)	77.68	62,653,046	37,131,183
Washington County SD 23J (Tigard-Tualatin)	99.29	111,750,284	105,264,520
Washington County SD 1J (Hillsboro 7 Bond)	92.76	635,385	635,385
Washington County SD 48J (Beaverton)	99.69	580,081,310	396,633,044
Washington County SD 88J (Sherwood)	80.99	119,451,774	108,732,831
Washington County SD 1J (Hillsboro)	85.19	327,499,262	239,878,878
Washington County SD 1J (Reedville Bond)	98.51	1,556,520	1,556,520
City of Beaverton	99.98	15,281,194	1,994,503
City of Cornelius	93.35	3,528,498	686,097
City of Durham	100.00	1,785,000	1,785,000
City of Forest Grove	99.73	8,317,565	3,809,724
City of Hillsboro	98.69	25,235,851	-
City of Sherwood	99.99	8,343,907	8,343,907
City of Tigard	100.00	13,379,083	11,066,369
City of Tualatin	100.00	12,110,000	12,110,000
Clackamas County ESD	74.43	20,480,185	-
Clackamas County SD 46 (Oregon Trail)	6.61	47,256	-
Sunrise Water Authority	98.77	809,907	809,907
Totals		<u>\$ 5,096,258,270</u>	<u>\$ 2,192,411,054</u>

Note: "Gross property tax backed debt" includes all general obligation bonds and full faith and credit bonds.

"Net property tax backed debt" is gross property tax backed debt less self-supporting unlimited-tax general obligation and self-supporting full faith and credit debt.

Source: The Municipal Debt Advisory Commission, State of Oregon.

METRO

Legal Debt Margin Information

Last Ten Fiscal Years

Unaudited

Legal Debt Margin Calculation for Fiscal Year 2007

True cash value		\$ 181,787,247,525
Debt limit (10% of true cash value)		18,178,724,753
Debt applicable to limit:		
Gross bonded debt principal	\$ 310,203,256	
Less legal deductions from debt limit:		
Metro Central Transfer Station Project, Solid Waste Disposal System Revenue Bonds	(1,070,000)	
Solid Waste Disposal System Refunding Revenue Bonds	(4,740,000)	
Full Faith and Credit Refunding Bonds Refunding Bonds 2003 Series	(21,155,000)	
Full Faith and Credit Oregon Local Governments Bonds 2006 Series	(14,570,000)	
Metro Limited Tax Pension Obligation Bonds Series 2005	(24,290,000)	
Total net debt applicable to limit		<u>244,378,256</u>
Legal debt margin		<u>\$ 17,934,346,497</u>

	Fiscal Year			
	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
Debt limit	\$ 8,732,054,648	9,415,774,489	10,514,745,082	11,301,106,459
Total net debt applicable to limit	<u>211,002,003</u>	<u>203,377,953</u>	<u>195,329,198</u>	<u>186,845,998</u>
Legal debt margin	<u>\$ 8,521,052,645</u>	<u>9,212,396,536</u>	<u>10,319,415,884</u>	<u>11,114,260,461</u>
Total net debt applicable to the limit as a percentage of the debt limit	2.42%	2.16%	1.86%	1.65%

Note: ORS 268.520 sets a debt limit of 10% of the true cash value of all taxable property within the district.

Source: The Departments of Assessment and Taxation for Multnomah, Clackamas and Washington Counties.

Fiscal Year					
<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
12,305,094,864	12,854,254,433	13,845,507,019	14,636,072,967	15,666,622,880	18,178,724,753
<u>177,847,373</u>	<u>165,364,313</u>	<u>153,820,393</u>	<u>143,000,238</u>	<u>131,647,201</u>	<u>244,378,256</u>
<u><u>12,127,247,491</u></u>	<u><u>12,688,890,120</u></u>	<u><u>13,691,686,626</u></u>	<u><u>14,493,072,729</u></u>	<u><u>15,534,975,679</u></u>	<u><u>17,934,346,497</u></u>
1.45%	1.29%	1.11%	0.98%	0.84%	1.34%

METRO

Pledged Revenue Coverage

Last Ten Fiscal Years

Unaudited

Solid Waste Revenue Bonds

Fiscal year ended <u>June 30,</u>	Solid Waste operating <u>revenue</u>	Less: operating <u>expenses</u>	Net available <u>revenue</u>	Debt service (1)		<u>Coverage</u>
				<u>Principal</u>	<u>Interest</u>	
1998	\$ 57,867,670	\$ 48,363,946	\$ 9,503,724	\$ 1,825,000	874,783	3.52
1999	54,758,546	56,023,559	(1,265,013)	1,950,000	754,870	-0.47
2000	53,275,735	45,930,547	7,345,188	1,577,500	624,398	3.34
2001	50,297,847	43,537,879	6,759,968	2,364,493	544,176	2.32
2002	47,291,208	44,642,220	2,648,988	1,001,037	1,643,109	1.00
2003	49,037,072	45,362,166	3,674,906	629,526	1,294,455	1.91
2004	50,652,679	44,068,880	6,583,799	256,944	117,060	17.60
2005	51,935,277	44,695,266	7,240,011	830,493	1,501,060	3.11
2006	55,276,659	47,332,824	7,943,835	781,768	1,555,221	3.40
2007	56,198,701	49,919,528	6,279,173	640,903	1,600,400	2.80

Note: The coverage information in this schedule is presented based on the formula required by bond covenants, which specifies that Metro shall maintain its existing solid waste disposal system and establish rates to produce net revenues each year which at least equal 110% of annual debt service. Under the covenants, operating expenses exclude depreciation, amortization and capital assets.

(1) Debt service expenditures paid as pass-through debt service activities and payments to escrow agents on advance refundings are not included as a debt service requirement for purposes of this schedule.

METRO

Demographic and Economic Statistics

Last Ten Fiscal Years

Unaudited

<u>Fiscal year ended June 30,</u>	<u>Population (1)</u>	<u>Total Personal income (in thousands) (2)</u>	<u>Per capita personal income (2)</u>	<u>Portland metropolitan unemployment rate (2)</u>
1998	1,363,100	\$ 54,105,615	\$ 28,851	4.2 %
1999	1,378,450	56,918,006	29,858	4.3
2000	1,444,219	62,189,975	32,117	4.4
2001	1,467,300	63,933,229	32,334	6.0
2002	1,484,150	64,908,688	32,228	7.8
2003	1,503,900	66,576,262	32,629	8.3
2004	1,522,400	70,144,100	34,018	7.0
2005	1,543,910	74,282,336	35,430	5.8
2006	1,569,170	N/A	* N/A *	5.1
2007	1,593,370 (3)	N/A	* N/A *	N/A *

* Not available

(1) For Clackamas, Multnomah and Washington counties. 2000 was a census year.

(2) Portland-Vancouver-Beaverton, OR-WA MSA consisting of Clackamas, Columbia, Multnomah, Washington and Yamhill counties in Oregon, and Clark and Skamania counties in Washington.

(3) Preliminary estimate

Sources: Population Research Center, Portland State University.

Oregon Employment Department.

U.S. Department of Commerce, Bureau of Economic Analysis (BEA).

METRO

Principal Employers (1)

Current Year and Nine Years Ago

Unaudited

Employer	2007			1998		
	Employees	Rank	Percentage of Total Metropolitan Area Employment	Employees	Rank	Percentage of Total Metropolitan Area Employment
U.S. Government	21,150	1	2.07 %	17,173	1	1.84 %
State of Oregon	17,730	2	1.73	15,855	2	1.70
Intel Corporation	16,000	3	1.56	11,000	3	1.18
Providence Health System	15,000	4	1.47	8,938	5	0.96
Safeway Inc.	13,000	5	1.27	-	-	-
Oregon Health & Science University	11,300	6	1.10	11,000	3	1.18
Fred Meyer Stores	10,500	7	1.03	8,905	6	0.95
Legacy Health System	10,000	8	0.98	6,731	8	0.72
Kaiser Foundation Health Plan of the NW	8,747	9	0.85	7,663	7	0.82
Nike, Inc	7,000	10	0.68	-	-	-
U.S. Bancorp	-	-	-	6,242	9	0.67
Portland Public Schools	-	-	-	6,000	10	0.64
Total	<u>130,427</u>		<u>12.74 %</u>	<u>99,507</u>		<u>10.66 %</u>

(1) Portland OR MSA consisting of Clackamas, Columbia, Multnomah, Washington and Yamhill counties.

Sources: Portland Business Alliance, Oregon Employment Division and the Portland Metropolitan Chamber of Commerce.

METRO

Full-Time Equivalent Employees by Function/Program

Last Ten Fiscal Years (1)

Unaudited

	Fiscal Year									
	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
<u>Functions/Programs</u>										
Primary Government:										
<i>Governmental activities:</i>										
General government operations	123.54	124.52	132.51	128.00	131.50	132.75	119.85	122.20	125.50	134.70
Regional planning and development	92.83	93.75	86.65	79.31	80.25	79.00	80.10	73.15	78.60	81.40
Culture and recreation	47.25	49.75	49.75	49.75	49.50	48.00	42.10	44.10	45.15	42.40
Zoo	138.17	147.19	152.85	163.60	-	-	-	-	149.13	149.13
Total governmental activities	<u>401.79</u>	<u>415.21</u>	<u>421.76</u>	<u>420.66</u>	<u>261.25</u>	<u>259.75</u>	<u>242.05</u>	<u>239.45</u>	<u>398.38</u>	<u>407.63</u>
<i>Business-type activities:</i>										
Solid Waste	99.35	99.35	96.85	106.25	110.15	109.15	108.70	106.20	106.20	106.75
Zoo	-	-	-	-	167.03	169.73	160.23	151.85	-	-
MERC	155.75	161.95	164.50	159.90	152.00	193.00	180.25	157.00	156.00	163.00
Total business-type activities	<u>255.10</u>	<u>261.30</u>	<u>261.35</u>	<u>266.15</u>	<u>429.18</u>	<u>471.88</u>	<u>449.18</u>	<u>415.05</u>	<u>262.20</u>	<u>269.75</u>
Total primary government	<u>656.89</u>	<u>676.51</u>	<u>683.11</u>	<u>686.81</u>	<u>690.43</u>	<u>731.63</u>	<u>691.23</u>	<u>654.50</u>	<u>660.58</u>	<u>677.38</u>
					(2)	(3)	(4)			

(1) Restated for prior period adjustment in fiscal year 2007 changing classification of MERC from component unit to business-type activity.

(2) Increase over previous fiscal year is due primarily to personnel needs related to the expansion of the Oregon Convention Center and Expo Center facilities.

(3) Decrease from previous fiscal year is due primarily to reevaluation of personnel needs related to the expansion of the Oregon Convention Center, reductions related to the spend down of the Open Spaces program, and reductions in general government and Zoo due to fiscal constraints of the agency.

(4) Decrease from previous fiscal year is due primarily to reevaluation of personnel needs in response to economic downturns, the completion of the expansion of the Oregon Convention Center and reductions at the Zoo due to fiscal constraints of the agency.

Source: Metro Adopted Budget documents.

METRO

Operating Indicators by Function/Program

Last Six Fiscal Years

Unaudited

	Fiscal Year					
	2002	2003	2004	2005	2006	2007
Functions/Programs						
Primary Government:						
<i>Governmental activities:</i>						
General government operations:						
Business licenses issued	2,787	3,034	2,939	3,003	2,980	3,032
Live broadcast of Metro Council meetings	-	38	40	40	38	36
Presentations to citizens, business, and other groups by Councilors and COO	138	267	315	322	461	785
General obligation bond rating:						
Moody's	Aa1	Aa1	Aa1	Aa1	Aa1	Aaa
Standard and Poor's	AA+	AA+	AA+	AAA	AAA	AAA
Regional planning and development:						
Data Resource Center sales of maps and aerials	\$ 134,271	137,352	145,649	177,211	185,182	178,972
Culture and recreation:						
Visitors to Blue Lake Park, Oxbow Park and Chinook Landing						
	751,916	713,276	728,910	721,800	656,616	695,176
Volunteers	1,259	1,478	1,575	1,421	1,100	1,687
Volunteer hours	16,785	14,312	20,100	30,519	22,570	14,642
Acres acquired in Open Spaces land target areas	834	168	80	116	42	12
Acres acquired in Natural Areas land target areas	-	-	-	-	-	304
Zoo:						
Adult admission price	\$ 7.50	8.00	9.00	9.50	9.50	9.75
Annual attendance	1,319,459	1,293,597	1,318,458	1,336,287	1,365,459	1,508,564
Volunteer hours	127,000	118,500	122,000	143,500	151,533	156,839
Property taxes as percentage of operating revenue	38%	39%	38%	38%	36%	39%
Contributions & donations as percent of total revenue	5.7%	5.6%	3.3%	5.3%	4.9%	4.6%
<i>Business-type activities:</i>						
Solid Waste:						
Recycling Information Center calls and hits on website	110,320**	108,652**	126,245	126,949	139,830	134,489
Students reached in elementary and secondary school presentations	29,911	37,478	41,055	44,314	43,692	43,420
Regional recovery rate (1)	47.9%	53.5%	55.2%	57.0%	58.6%	55.5%
Hazardous waste net cost per pound	\$ 0.98	0.90	0.72	0.87	0.89	0.78
Gallons of recycled paint produced	104,148	116,107	167,040	137,075	102,196	92,982
Latex paint revenue	\$ 351,503	539,135	693,774	755,560	809,484	955,802

(Continued)

METRO

Operating Indicators by Function/Program, Continued

Last Six Fiscal Years

Unaudited

	Fiscal Year					
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
MERC:						
Annual attendance						
Oregon Convention Center	450,000	577,328	668,911	700,360	633,575	608,673
Expo Center	582,884	534,367	501,670	469,943	470,984	477,072
Portland Center for the Performing Arts	969,000	947,338	900,000	797,752	953,863	862,897
Number of events/performances						
Oregon Convention Center	55	66	91	93	85	91
Expo Center	100	102	92	100	102	98
Portland Center for the Performing Arts	950	902	978	937	980	1,113
Capacity						
Occupancy rate (75% considered maximum)						
Oregon Convention Center	65%	55%	37%	48%	43%	46%

(1) Regional recovery rate is calculated by taking total waste generated in the region divided by amount recycled plus DEQ credits up to 6% for waste prevention, reuse, and home composting.

** Calls to Recycling Information Center only, WebTrends tracking started in 2004

Source: Various Metro departments.

METRO

Capital Asset Statistics by Function/Program

Last Six Fiscal Years

Unaudited

	Fiscal Year					
	2002	2003	2004	2005	2006	2007
Functions/Programs						
Primary Government:						
<i>Governmental activities:</i>						
General government operations:						
Regional Center facilities	1	1	1	1	1	1
Square footage	110,000	110,000	110,000	110,000	110,000	110,000
Parking spaces - Regional Center garage	162	162	162	162	162	162
Parking spaces - Irving Street garage	485	485	485	485	485	485
Culture and recreation:						
Regional park facilities	5	5	5	5	5	5
Acres	1,572	1,572	1,572	1,572	1,572	1,572
Cemeteries	14	14	14	14	14	14
Acres	65	65	65	65	65	65
Golf facilities	1	1	1	1	1	1
Acres	232	232	232	232	232	232
18-hole courses	2	2	2	2	2	2
Marine facilities	3	3	3	3	3	3
Natural Areas	6	6	6	6	6	6
Acres	2,411	2,411	2,411	2,411	2,411	2,411
Open Spaces land target areas (1995 bond measure)	27	27	27	27	27	27
Acres	7,767	7,935	8,015	8,131	8,173	8,185
Natural Areas land target areas (2006 bond measure)	-	-	-	-	-	35
Acres	-	-	-	-	-	304
Zoo:						
Acres	65	65	65	65	65	65
Buildings and exhibits	38	38	38	38	44	44
Roads and pathways (square footage)	341,000	341,000	341,000	341,000	341,000	341,000
Railways	1	1	1	1	1	1
<i>Business-type activities:</i>						
Solid Waste:						
Transfer stations (incl. hazardous waste facilities)	2	2	2	2	2	2
Closed landfills maintained	1	1	1	1	1	1
MERC:						
Convention Centers	1	1	1	1	1	1
Square footage	500,000	907,000	907,000	907,000	907,000	907,000
Parking spaces	800	800	800	800	800	800
Exposition Centers	1	1	1	1	1	1
Square footage	330,000	330,000	330,000	330,000	330,000	330,000
Parking spaces	2,200	2,200	2,200	2,200	2,200	2,200

Note: No capital asset indicators are available for the regional planning and development function.

Source: Various Metro departments.

METRO

Property Tax Levies and Collections (1)

Last Ten Fiscal Years

Unaudited

<u>Fiscal year ended June 30.</u>	<u>Taxes levied by assessor</u>	<u>Current tax collections</u>	<u>Current tax collections as percent of current levy</u>	<u>Delinquent tax collections</u>	<u>Total tax collections</u>	<u>Total collections as percent of current levy</u>	<u>Uncollected taxes</u>	<u>Uncollected taxes as percent of current levy</u>
1998	\$ 26,103,411	\$ 24,848,112	95.2 %	\$ 720,013	\$ 25,568,125	97.9 %	\$ 1,286,146	4.9 %
1999	26,225,874	24,710,874	94.2	798,788	25,509,662	97.3	1,403,421	5.4
2000	25,039,223	23,514,268	93.9	798,873	24,313,141	97.1	1,469,184	5.9
2001	27,612,647	25,936,657	93.9	716,457	26,653,114	96.5	1,559,461	5.6
2002	28,067,559	26,357,614	93.9	863,115	27,220,729	97.0	1,589,819	5.7
2003	25,461,547	23,932,994	94.0	891,558	24,824,552	97.5	1,397,706	5.5
2004	26,872,963	25,350,559	94.3	743,803	26,094,362	97.1	1,310,504	4.9
2005	27,379,364	25,852,468	94.4	713,792	26,566,260	97.0	1,170,866	4.3
2006	28,618,145	27,115,918	94.8	668,916	27,784,834	97.1	1,100,030	3.8
2007	29,415,279	27,895,188	94.8	650,052	28,545,240	97.0	1,140,509	3.9

(1) Property tax levies provide additional operating revenue for the Oregon Zoo and debt service for Metro's general obligation bonds.

METRO

Assessed and Real Market Value of Taxable Property

Last Ten Fiscal Years

Unaudited

Fiscal year ended <u>June 30,</u>	Real property		Personal property	
	<u>Assessed value</u>	<u>Real market value</u>	<u>Assessed value</u>	<u>Real market value</u>
1998	\$ 60,387,931,053	\$ 80,283,641,966	\$ 3,675,943,675	\$ 3,974,916,593
1999	64,954,925,132	86,686,731,219	4,015,295,303	4,218,503,324
2000	68,119,873,420	96,442,637,972	4,599,178,731	4,855,164,356
2001	72,324,619,679	103,550,908,925	4,778,797,938	5,014,856,997
2002	76,887,078,626	113,257,470,348	5,241,574,117	5,332,826,767
2003	80,537,735,166	119,083,633,530	5,171,288,194	5,260,708,472
2004	83,831,528,669	129,455,074,198	4,953,228,970	5,027,676,572
2005	87,594,182,912	137,358,990,439	4,844,569,951	4,933,679,306
2006	91,988,728,939	147,912,179,454	4,818,026,408	4,927,283,069
2007	96,689,252,140	172,711,048,668	4,957,074,851	5,044,779,069

Source: The Departments of Assessment and Taxation for Multnomah, Clackamas and Washington Counties.

<u>Public utility property</u>		<u>Total</u>		<u>Ratio of total assessed to total real market value</u>
<u>Assessed value</u>	<u>Real market value</u>	<u>Assessed value</u>	<u>Real market value</u>	
\$ 2,647,959,728	\$ 3,061,987,922	\$ 66,711,834,456	\$ 87,320,546,481	76.4 %
2,965,312,065	3,252,510,350	71,935,532,500	94,157,744,893	76.4
3,539,158,652	3,849,648,489	76,258,210,803	105,147,450,817	72.5
3,906,448,496	4,445,298,672	81,009,866,113	113,011,064,594	71.7
4,360,911,274	4,460,651,523	86,489,564,017	123,050,948,638	70.3
4,128,896,729	4,198,202,328	89,837,920,089	128,542,544,330	69.9
3,953,101,838	3,972,319,417	92,737,859,477	138,455,070,187	67.0
4,047,402,277	4,068,059,926	96,486,155,140	146,360,729,671	65.9
3,796,815,443	3,826,766,276	100,603,570,790	156,666,228,799	64.2
3,968,232,130	4,031,419,788	105,614,559,121	181,787,247,525	58.1

METRO

Principal Property Tax Taxpayers Within the District by County
(amounts expressed in thousands)

June 30, 2007

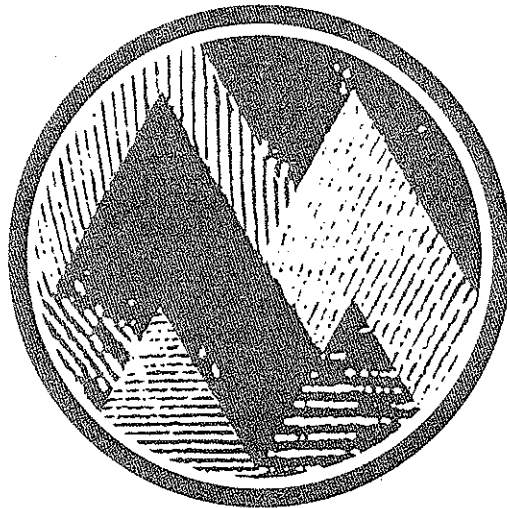
Unaudited

<u>Taxpayer account</u>	<u>Type of business</u>	<u>Assessed valuation</u>	<u>Percent of total valuation</u>
Multnomah County:			
Portland General Electric Co.	Electric utility	\$ 333,404	0.70 %
Port of Portland	Marine and aviation facilities	308,375	0.65
Qwest Wireless	Telephone utility	297,211	0.62
Pacificorp (PP&L)	Electric utility	239,977	0.50
Boeing Company	Aircraft manufacturing	174,307	0.37
Oregon Steel Mills, Inc.	Steel products	163,511	0.34
Northwest Natural Gas Co.	Natural gas utility	153,345	0.32
LC Portland LLC	Commercial rental partnership	143,836	0.30
United Airlines, Inc.	Air travel	132,003	0.28
Freightliner LLC	Commercial vehicle manufacturing	128,001	0.27
All other taxpayers	-	45,525,856	95.65
	Total	\$ 47,599,826	100.00 %
Washington County:			
Intel Corporation	Computer electronics	\$ 1,043,165	2.87 %
Nike, Inc.	Athletic apparel	333,402	0.92
Verizon Northwest, Inc.	Telecommunications	323,742	0.89
Portland General Electric Co.	Electric utility	251,957	0.69
Pacific Realty Associates	Real estate	245,937	0.68
Northwest Natural Gas Co.	Natural gas utility	206,607	0.57
Maxim Integrated Products, Inc.	Semiconductor manufacturing	152,395	0.42
Tektronix, Inc.	Computer electronics	135,416	0.37
ERP Operating LP	Real estate	108,788	0.30
Novellus Systems Inc.	Semiconductor production equipment manufacturing	105,491	0.29
All other taxpayers	-	33,451,079	92.00
	Total	\$ 36,357,979	100.00 %
Clackamas County:			
Portland General Electric Co.	Electric utility	\$ 162,014	0.75 %
Fred Meyer, Inc.	Retailer	138,881	0.64
General Growth Properties, Inc.	Real estate	125,736	0.58
Northwest Natural Gas Co.	Natural gas utility	111,874	0.52
PCC Structural, Inc.	Metal castings and machining	73,981	0.34
Xerox Corporation	Document management	66,073	0.31
Qwest Corporation	Telephone utility	62,380	0.29
Safeway Stores, Inc.	Retail grocer	51,100	0.24
Warn Bellevue, Inc.	Manufacturing	49,909	0.23
Mentor Graphics Corp.	Electronics	47,798	0.22
All other taxpayers	-	20,767,008	95.88
	Total	\$ 21,656,754	100.00 %

Source: The Departments of Assessment and Taxation for Multnomah, Clackamas and Washington counties.

AUDIT COMMENTS AND DISCLOSURES
REQUIRED BY STATE REGULATIONS

Oregon Administrative Rules 162-010-0000 through 162-010-0330 incorporated in the Minimum Standards for Audits of Oregon Municipal Corporations, as prescribed by the Secretary of State in cooperation with the Oregon State Board of Accountancy, enumerate the financial statements, schedules, comments and disclosures required in audit reports. The required financial statements and schedules are set forth in the preceding sections of this report. Required comments and disclosures related to the audit of such statements and schedules are set forth on the following pages.



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND
ON INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *OREGON AUDITING STANDARDS***

Metro Council and Metro Auditor
Portland, Oregon

We have audited the basic financial statements of Metro as of and for the year ended June 30, 2007 and have issued our report thereon dated December 19, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the provisions of the Minimum Standards for Audits of Oregon Municipal Corporations, prescribed by the Secretary of State. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement.

Compliance

As part of obtaining reasonable assurance about whether Metro's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, grants, including provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules OAR 162-10-000 to 162-10-330, as set forth below, noncompliance with which could have a direct and material effect on the determination of financial statement amounts:

- The accounting records and related internal control structure.
- The amount and adequacy of collateral pledged by depositories to secure the deposit of public funds.
- The requirements relating to debt.
- The requirements relating to the preparation, adoption and execution of the annual budgets for fiscal years 2007 and 2008.
- The requirements relating to insurance and fidelity bond coverage.
- The appropriate laws, rules and regulations pertaining to programs funded wholly or partially by other governmental agencies.
- The statutory requirements pertaining to the investment of public funds.
- The requirements pertaining to the awarding of public contracts and the construction of public improvements.

However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our test disclosed no instances of noncompliance that are required to be reported under Minimum Standards for Audits of Oregon Municipal Corporations, prescribed by the Secretary of State, except those noted below.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Metro's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Metro's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Metro's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However the following material weaknesses were identified during our audit of the June 30, 2007 financial statements.

When documenting our understanding of the reporting entity, it came to our attention that the Metropolitan Exposition Recreation Commission (MERC) might not be a separate legal entity as defined in GASB 14. Management reviewed the status of MERC and determined it was not a separate legal entity. As management had been reporting MERC as a component unit, this resulted in a prior period adjustment in order to move MERC from the component unit column into the Business-type Activities column on the government-wide financial statements, and to create a fund financial statement in the Proprietary Fund Statements. Management had not reviewed MERC's status as a component unit since it became a part of Metro several years ago.

While testing unearned revenue, it came to our attention that Metro was recording proceeds from an intergovernmental agreement with TriMet as unearned revenue. When brought to its attention, management reviewed the intergovernmental agreement and determined that the proceeds were earned when received in accordance with GASB 33. This resulted in a prior period adjustment to recognize revenue received in prior periods.

During our audit of capital assets, we noted several deficiencies in internal controls. As we were testing beginning balances, we noted that descriptions of assets were not detailed sufficiently to identify the specific asset. In addition, multiple assets were combined into one description, and multiple years of purchases were aggregated into one item. This method of aggregating assets and years led to some assets being over-depreciated. In addition, it appears that there are items on the capital asset list that Metro no longer owns. Although this testing did not lead to a material adjustment, we believe the deficiencies could lead to a material misstatement if they are not corrected. In addition, we noted that there are fully-depreciated items on the capital asset listing that are still in use. Metro should reassess the depreciable lives on their capital assets.

In addition to the material weaknesses outlined above, the following significant deficiencies were identified during our audit of the June 30, 2007:

Metro finance staff identified an error in the prior financial statements. Long-term debt was recorded on the General Fund Balance Sheet. Although the amount was not material to the financial statements, it was corrected through a prior-period adjustment to remove the long-term debt from the Balance Sheet in compliance with GASB 34. Although Metro staff identified the error this year, it does not appear that controls are in place to prevent this from occurring again in the future.

While testing various accounts receivable, it came to our attention that past-due notices were not being sent out on a timely basis. Past-due notices are a crucial part of an effective internal control process to identify potential theft of payments and to catch errors when payments are posted to the wrong accounts. In addition, timely past-due notices generally increase collectibility of outstanding receivables. Metro staff said past-due notices have decreased in frequency because of cutbacks in the accounting department.

Also, in Metro's financial accounting software, there are several dates associated with an invoice. These dates can be manually changed. Because of this, staff does not know the date that invoices are actually sent out. This can complicate the past-due and revenue cutoff process.

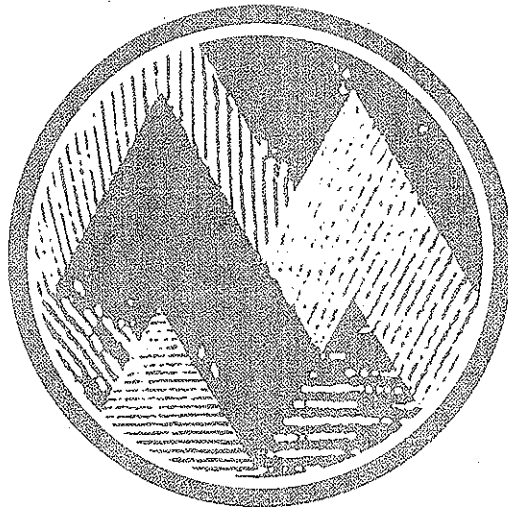
It came to our attention during audit testing that the due to/due from accounts between Metro and MERC were not reconciled on a timely basis. Lack of timely reconciliations can cause errors to go undetected. In discussing this with Metro and MERC staff, it appears the failure to reconcile the accounts was due to the lack of effective communication.

Accounting personnel in the Planning Department do not appear to be well-versed in accounting principles generally accepted in the United States for governmental entities, and some elements of the reporting of federal awards required to be audited under OMB circular A-133. Because the central accounting staff that prepare the financial statements rely on departmental information, there is the possibility that a more than insignificant error could go undetected.

This report is intended solely for the information of the Metro Council and Metro Auditor, management, and the State of Oregon and is not intended to be and should not be used by anyone other than those specified parties.



For Moss Adams LLP
Eugene, Oregon
December 19, 2007



METRO AUDITOR STAFF REPORT

IN CONSIDERATION OF RESOLUTION NO. 08-3904 FOR THE PURPOSE OF THE METRO COUNCIL'S ACCEPTANCE OF THE RESULTS OF THE INDEPENDENT AUDIT REPORT FOR FINANCIAL ACTIVITY DURING FISCAL YEAR 2006-2007.

Date: January 23, 2008

Prepared by: Suzanne Flynn, Metro Auditor

BACKGROUND

State ORS provision 297.465 requires an annual independent audit of Metro's financial statements. The current contract was awarded to Moss Adams LLP for audit services and is effective May 18, 2007 through June 30, 2010.

Metro Code Chapter 2.15 specifies at Section 2.15.80 that the Auditor shall appoint external certified public accountants to conduct certified financial statement audits. The Metro Charter Section 18 also specifies that the auditor shall be responsible for financial auditing of all aspects of Metro's operations.

The Comprehensive Annual Financial Report (CAFR) has been completed by the Department of Financial and Administrative Services. Moss Adams LLP has audited the financial statements and issued an opinion that these statements fairly represent Metro's financial position as of June 30, 2007. Moss Adams also compiled a separate letter to management with recommendations, referred to as "Exhibit A." The Department of Financial and Administrative Services has responded to the recommendations. The results have been reviewed by the Metro Auditor and Metro Audit Committee members.

ANALYSIS/INFORMATION

1. **Known Opposition**

None.

2. **Legal Antecedents**

State ORS provision 297.465 requires an annual independent audit of Metro's financial statements. The Metro contract No. 927943 with Moss Adams LLP for audit services will expire on June 30, 2010.

Metro Code Chapter 2.15 specifies at Section 2.15.80 that the Auditor shall appoint external certified public accountants to conduct certified financial statement audits. The Metro Charter Section 18 also specifies that the auditor shall be responsible for financial auditing of all aspects of Metro's operations.

3. **Anticipated Effects**

Recommendations made by Moss Adams shall be noted and implemented by Financial and Administrative Services management and staff.

4. **Budget Impacts**

None known at this time.

METRO AUDITOR RECOMMENDATION

The Metro Auditor recommends approval of Resolution No. 08-3904.

Resolution No. 08-3912, For the Purpose of Amending the Capital Budget for Fiscal Year 2007-08 Through 2011-12 Adding the Stafford Field Station Expansion Project.

Metro Council Meeting
Thursday, January 31, 2008
Metro Council Chamber

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF AMENDING THE CAPITAL	)	RESOLUTION NO. 08-3912
BUDGET FOR FISCAL YEARS 2007-08 THROUGH	)	Introduced by
2011-12 ADDING THE STAFFORD FILED STATION	)	David Bragdon, Council President
EXPANSION PROJECT)	

WHEREAS, Metro recognizes the need to prepare a long-range plan estimating the timing, scale and cost of its major capital projects & equipment purchases;

WHEREAS, Metro departments have inventoried existing major capital assets, prepared status reports on current capital projects and assessed future capital needs;

WHEREAS, Metro’s Council President has directed the preparation of a Capital Budget for fiscal years 2007-08 through 2011-12 that projects Metro’s major capital spending needs over the next five years, assesses the impact of capital projects on the forecasted financial condition of Metro funds, and assesses the impact on operating costs;

WHEREAS, the Metro Council has reviewed the FY 2007-08 through FY 2011-12 Capital Budget; and

WHEREAS, the Metro Council has conducted a public hearing on the FY 2007-08 through FY 2011-12 Capital Budget and authorized the FY 2007-08 through FY 2011 Capital Budget;

WHEREAS, the Capital Budget priorities have altered and the following changes are necessary; therefore:

BE IT RESOLVED that the Metro Council hereby authorizes that the Stafford Field Station Expansion Project be added to the FY 2007-08 through FY 2011-12 Capital Budget.

ADOPTED by the Metro Council this ____ day of _____ 2008.

David Bragdon, Metro Council President

Approved as to Form:

Daniel B. Cooper, Metro Attorney

STAFF REPORT

IN CONSIDERATION OF RESOLUTION NO.08-3912, AMENDING THE FY 2007-08 CAPITAL IMPROVEMENT PLAN AND APPROVING THE ADDITION OF THE STAFFORD FIELD STATION EXPANSION PROJECT

Date: January 16, 2008

Prepared by: Jeff Tucker and
Jim Morgan

BACKGROUND

In implementing the 1995 natural areas bond measure, approximately 18 acres of land were acquired in West Linn to provide public access to the Tualatin River. Pre-existing site improvements on the property include a manufactured home and two storage barns. Located near the intersection of Stafford and Borland Roads and I-205, this location is easily accessible from anywhere in the region. Currently, limited public access to the river is provided by scheduled events but the property has not been formally developed for public access.

For more than 5 years, the site has served as a staging area for field operations serving Metro natural areas. The site is used for storing vehicles, heavy equipment, and tools. Office space was originally built to support two Rangers responsible for managing natural areas. Since then, more natural areas have been acquired and more staff and resources allocated to managing the increase in the portfolio. Over the last two years, a native plant center with one staff member has been established that attracts a growing number of volunteers more than any other Metro park or natural area site. Additional two Rangers were assigned to assist in managing increased acres of natural areas that are now sharing the office facility with Solid Waste & Recycling staff at St. Johns Landfill.

Increasing the office space at Stafford Field Station will increase capacity to effectively accommodate the anticipated expanding land management demand by the following:

- Allow consolidation of natural area management staff for better coordination of staff time and equipment.
- Provide adequate workspace for existing staff.
- Improve working conditions by separating staff operations from volunteer work area.
- Accommodate the anticipated expansion of volunteer and environmental education programs.

By taking advantage of existing utilities at the site, an increase in office space can be most effectively accomplished with the purchase of a manufactured office that is pre-approved for occupancy. Using existing government purchasing contracts, a manufactured office that will fully accommodate needs for the foreseeable future (5+ years) can be purchased, permitted, delivered, and setup for approximately \$70,000. This facility is most flexible in that it can be moved to another location or sold in the event it did not meet long-term needs.

Funding for this would come from the currently approved CIP project at Howell Territorial Park. That project, currently approved for \$165,000 includes the replacement and installation of interpretive signs, the renewal of the two restrooms, and the renewal and upgrade of the kitchen facilities. The kitchen facility improvements at Howell are not vital improvements, and the new modular building at Stafford is a higher priority project. The signs and restroom renewal projects can be completed for \$95,000, with the remaining \$70,000 transferred to the Stafford Field Station project.

Approval of this new Capital Improvement Project would authorize the sale of the existing modular structure and authorize the Chief Operating Officer to enter into a purchase agreement for the new modular structure.

ANALYSIS/INFORMATION

- 1. Known Opposition:** None known.
- 2. Legal Antecedents:** Resolution No. 07-3795, For the Purpose of Adopting the Capital Budget for Fiscal Years 2007-08 Through 2011-12, established the current Capital Improvement Plan.
- 3. Anticipated Effects:** Approval of this new Capital Improvement Project would create a new CIP project, authorize the sale of the existing modular structure, and authorize the Chief Operating Officer to enter into a purchase agreement for a new modular structure.
- 4. Budget Impacts:** This resolution has no budget impact.

RECOMMENDED ACTION

The Chief Operating Officer recommends approval of Resolution 08-3912

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 Estimat:
Source:
Start Date:
Date:
Cost Type:

Type of Project:
Request Type:
Completion Date:
Prepared By:

Project Estimates	Actual	Budget/Est	Prior							
Capital Cost:	Expend	2006-2007	Years	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012	Total	
Design and Engineering	\$0	\$0	\$0	\$2,500	\$0	\$0	\$0	\$0	\$2,500	
Construction	\$0	\$0	\$0	\$67,500	\$0	\$0	\$0	\$0	\$67,500	
Total:	\$0	\$0	\$0	\$70,000	\$0	\$0	\$0	\$0	\$70,000	

Funding Source:	Actual	Budget/Est	Prior							
Capital Cost:	Expend	2006-2007	Years	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012	Total	
Fund Balance	\$0	\$0	\$0	\$70,000	\$0	\$0	\$0	\$0	\$70,000	
Total:	\$0	\$0	\$0	\$70,000	\$0	\$0	\$0	\$0	\$70,000	

Annual Operating Budget Impact

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

This project would replace the existing pre-manufactured office building at the Stafford Field Station (Boarland) with a new pre-manufactured office. The new building would increase the available office space, accommodating the anticipated expanding land management demand.

Agenda Item Number 8.1

Resolution No. 08-3896, For the Purpose of Authorizing an Exemption from Competitive Bidding Procedures and Authorizing the Preparation and Release of Requests for Proposals for the Construction of the Predators of the Serengeti Exhibit at the Oregon Zoo.

Contract Review Board

Metro Council Meeting
Thursday, January 31, 2008
Metro Council Chamber

BEFORE THE METRO CONTRACT REVIEW BOARD

FOR THE PURPOSE OF AUTHORIZING) RESOLUTION NO. 08-3896
AN EXEMPTION FROM COMPETITIVE)
BIDDING REQUIREMENTS AND THE) Introduced by Chief Operating Officer
RELEASE OF REQUESTS FOR) Michael J. Jordan, with the
PROPOSALS FOR CONSTRUCTION OF) concurrence of Council President
THE PREDATORS OF THE SERENGETI) David Bragdon
EXHIBIT AT THE OREGON ZOO)

WHEREAS, the Oregon Zoo plans to construct a new exhibit to house lions, cheetahs, African wild dogs, and other African predators, which will be known as "*Predators of the Serengeti*"; and

WHEREAS, the Oregon Zoo intends to construct the *Predators of the Serengeti* exhibit during Metro fiscal years 2008 and 2009, with the work being performed by both outside contractors and members of the Oregon Zoo staff; and

WHEREAS, the Oregon Zoo intends to select a general contractor to construct the general, site, mechanical, and electrical portions of the project, while the Oregon Zoo will manage under separate contracts certain irrigation, rockwork, and displays associated with the exhibit; and

WHEREAS, ORS 279C.335 and Metro Code 2.04.054 require that all Metro public improvement contracts shall be based on competitive bids unless exempted by the Metro Council, sitting as the Metro Contract Review Board; and

WHEREAS ORS 279C.335(4) and Metro Code Section 2.04.054(c) authorize where appropriate the use of alternate contracting and purchasing practices that take account of market realities and modern innovative contracting and purchasing methods, which are consistent with the public policy of encouraging competition; and

WHEREAS, the Metro Contract Review Board finds, as set forth on the attached Exhibit A that exempting construction of the *Predators of the Serengeti* exhibit from competitive bidding requirements is unlikely to encourage favoritism in the award of the public improvement contract associated with the project, or to diminish substantially the competition for such public improvement contracts, and further finds that the award of the contract pursuant to such amendment will result in substantial cost savings to Metro; and

WHEREAS, the Metro Contract Review Board finds, for the reasons stated on the attached Exhibit B, that in order to ensure maximum flexibility and benefit to the Oregon Zoo, the most advantageous, expeditious, and cost effective procurement approach for this project is to allow an alternative contracting process utilizing a Request for Proposal process followed by evaluation of proposals and selection of the most advantageous proposer as the contractor for the exhibit construction; now, therefore

BE IT RESOLVED that the Metro Council, sitting as the Metro Contract Review Board, hereby:

1. Exempts from the competitive bidding requirements of ORS 279C.335 and Metro Code Section 2.04.054 the procurement of a contract for the construction of the *Predators of the Serengeti* exhibit at the Oregon Zoo; and
2. Adopts as its findings in support of such exemption the justifications, information and reasoning set forth on the attached Exhibits A, B & C, which are incorporated by this reference as if set forth in full; and
3. Authorizes the Chief Operating Officer to release a form of Request for Proposals (“RFP”) substantially similar to that attached as Exhibit D, and thereafter to receive responsive proposals for evaluation; and
4. Following the evaluation of the responses to the RFP, authorizes the Chief Operating Officer to execute a contract with the most advantageous proposer to construct the general, site, mechanical, and electrical portions of this project.

ADOPTED by the Metro Council this _____ day of _____ 2008.

David Bragdon, Council President

Approved as to Form:

Daniel B. Cooper, Metro Attorney

EXHIBIT A

Findings in Support of Exemption from Competitive Bidding

Pursuant to ORS 279C.335(2) and (4), and Metro Code Section 2.04.054(c), the Metro Contract Review Board makes the following findings in support of the exempting from competitive bidding contracting for the construction of the Predators of the Serengeti exhibit:

The Metro Contract Review Board finds that exempting from competitive bidding the procurement of construction of the Predators of the Serengeti exhibit is “unlikely to encourage favoritism in the awarding of public contracts or to substantially diminish competition for public contracts” because of the unique nature and technical complexity of the construction. The Request for Proposals (“RFP”) will be publicly advertised and made available to all qualified contractors. Full and open competition will be sought, with contract award going to the most advantageous proposer. Local sub-contractors will also be notified of any opportunities within their area of expertise. Metro will utilize the Oregon Daily Journal of Commerce and a minority business publication for the public advertisement.

In addition, the Metro Contract Review Board finds that exempting from competitive bidding the procurement of construction of the Predators of the Serengeti exhibit will result in substantial cost savings to Metro because an RFP process will allow Metro to obtain the best value for the work. A contractor experienced in successful completion of similar projects will be better able to complete the exhibits on time and with fewer change orders than an inexperienced contractor. Additionally, through the use of sponsorships and donations, Metro will be able to reduce the overall cost of the project.

Resolution No. 08-3896
EXHIBIT B

Findings in Support of Use of Alternative Contracting Method

Utilizing a Request for Proposals (“RFP”) process will not diminish competition, as it will allow for open competition among contractors experienced in the construction of animal exhibits. The RFP will be formally advertised in local publications and posted on Metro’s web site, as well as notices sent to known experienced contractors. It is unlikely to encourage favoritism as all offers will be considered and evaluated by an impartial committee of qualified individuals.

In addition, the use of an alternative contracting process will result in substantial cost savings to Metro and to the public, and will also substantially promote the public interest in a manner that could not practically be realized if traditional bidding procedures were utilized, and will also satisfy the requirement set forth in ORS 279B.085(6) that the contract will be awarded to the entity that is “the most advantageous to the contracting agency,” because this type of contracting will allow the use of donations, material discounts, and sponsorships, it is believed that significant savings will be realized.

Resolution No. 08-3896
EXHIBIT C

**Factors Used to Support Conclusions of Metro
Regarding Exemption from Competitive Bidding**

In making the above findings contained in Exhibits A & B, the Metro Contract Review Board considered the following factors pursuant to ORS 279C.330 to reach its conclusions concerning the exemption from competitive bidding and method of procurement:

- a. Operational, budget and financial data: Utilizing the Request for Proposals (“RFP”) process will allow Metro to obtain guaranteed project costs from the construction contractor, and also allow for cost reductions through subsequent donations, discounts and sponsorships. The Predators of the Serengeti exhibit project is estimated to cost \$4 million, and will be funded through both private donations and Oregon Zoo funds.
- b. Public Benefits: In addition to the public benefits from the cost savings noted above, expeditious completion of the Project by utilizing the RFP process will help ensure that the exhibit is available for viewing by the public as soon as possible, thus more quickly bringing economic benefits to the Zoo and to the region. The Predators of the Serengeti project will provide the region with a world-class animal exhibit, as well as attract visitors from throughout the world.
- c. Value engineering: The RFP process will enable the contractor to work with the project architect, and the Zoo construction and design staff to help minimize construction costs by providing innovative approaches to the work. This type of contract will allow the possibility of innovative solutions and value engineering, which can be negotiated into the contract. Such solutions may also result in a shortened project completion time. These negotiation options would not be available to Metro through the traditional competitive bid process.
- d. Specialized expertise required. The construction of a complex animal exhibits like the Predators of the Serengeti requires specialized expertise, knowledge, and experience, all of which can be factored into the contractor selection in the RFP process. A contractor with specialized expertise also increases the chances of the project being completed on or ahead of schedule, resulting in increased benefit to Zoo patrons. The ability to factor in expertise and experience is inherent in the RFP process, but is not normally part of the traditional competitive bid process.
- e. Public safety: Because this is a large, complex project where the work will be conducted under a tight construction schedule, the Zoo requires a contractor that can expeditiously and safely complete the work. The Zoo desires a selection process that allows for the completion of the project in a safe and thorough manner, ensuring existing exhibits stay open and that public safety is maximized.

- f. Market conditions: The RFP process will better take into account current market conditions within the construction industry, which is believed to be competitive, both on a prime and sub-contractor basis. By taking into account such things as discounted labor rates, material donations, and contractor sponsorships, the Zoo can complete the project in a timely, cost effective manner.

- g. Technical complexity: The design and construction of this type of exhibit is highly technical and complex. An architect with such expertise has been selected and will work with the selected general contractor with similar expertise in complex projects. The RFP process will take into account each contractor's past performance and technical knowledge of animal exhibit construction. Based on the necessary quality of the finished exhibit, and the technical complexity of the undertaking, the Procurement Officer believes an alternative contracting process to be necessary.

- h. Funding sources: The Predators of the Serengeti Project will be funded primarily through donations, discounts and sponsorships throughout the life of the project. By utilizing an alternative contracting process, it is the intent of the Zoo to maximize the use of outside funding sources to complete these projects.

RESOLUTION 08-3896
EXHIBIT D

REQUEST FOR PROPOSALS 08-1275-ZOO

Predators of the Serengeti Exhibit for the Oregon Zoo



February 2008

Prepared by:

METRO

Procurement Services
600 NE Grand Ave.
Portland, OR 97232-2736
(503) 797-1815
Fax (503) 797-1796
www.metro-region.org



Request for Proposals 08-1275-ZOO Predators of the Serengeti Exhibit



METRO
600 NE Grand Ave.
Portland, OR 97232-2736
(503) 797-1700

REQUEST FOR PROPOSALS

Metro is requesting proposals for the construction of the Predators of the Serengeti Exhibit in accordance with the plans and specifications included in this RFP. It is the intent of Metro to select a general contractor to construct the general, site, mechanical and electrical portion of the project. The Oregon Zoo will perform certain irrigation, rock work, and displays with Zoo staff, or other work as deemed by the Zoo to be necessary and appropriate.

Proposals Due

Sealed proposals must be delivered to Metro Procurement Services, 600 NE Grand Avenue, Portland, Oregon 97232-2736, to the attention of Darin Matthews, no later than **2:00 P.M. PST**, on **February 28, 2008**. Proposer names will be publicly read at that time.

Summary of Work

- Metro requires the services of an experienced general contractor, with a varied set of construction disciplines, to work with Zoo staff in the construction of the Predators of the Serengeti exhibit, which will be used to house lions, cheetahs, wild dogs and other African predators. The project will combine demolition of some existing spaces with construction of new spaces. The project has considerable civil, structural, mechanical and electrical work.
- The construction will be in accordance with all applicable building standards, zoo industry best practices, and the attached plans and specifications.
- The exhibit must be complete by May 25, 2009 and ready for public use and viewing. Construction mobilization and permits required for this work must be available before starting.
- Construction shall not hinder the operations of the Oregon Zoo. Weekend and evening work may be permitted with appropriate notice to arrange for access and security.
- The area of construction will be marked and separated off from the general public in order to minimize disruption and inconvenience to Zoo operations and Zoo patrons.

Contractor Qualifications

Contractor must have demonstrated experiences in animal exhibitry, specialized construction or related experiences that are deemed comparable by the Oregon Zoo. All Proposers shall provide adequate documentation of their qualifications. Metro reserves the right to evaluate, approve or reject Proposers on the basis of their qualifications and experience.

Pre-Proposal Conference

A Mandatory Pre-Proposal Conference is scheduled for all potential prime contractors, and first tier sub-contractors on **February 12, 2008**, at **9:00 A.M. PST** in The Zoo facility resource room at the Oregon Zoo. Interested additional or specialty sub-contractors are welcome to attend.

Request for Proposals 08-1275-ZOO Predators of the Serengeti Exhibit



METRO
600 NE Grand Ave.
Portland, OR 97232-2736
(503) 797-1700

INSTRUCTIONS TO PROPOSERS

PROPOSAL SUBMISSION

Metro is soliciting proposals from qualified general contractors for the construction of the Predators of the Serengeti Exhibit at the Oregon Zoo. Proposals must be enclosed in a sealed envelope and mailed or delivered to the Finance and Administrative Services, Procurement Office, Metro, 600 NE Grand, Portland, Oregon 97232-2736, Attention: Darin Matthews, Procurement Officer.

All proposals must be received by the date and time specified in this RFP, and will be publicly opened and proposer names announced in Room 270 at Metro Regional Center. First tier subcontractors' forms are due from all proposers within two hours of the Proposal due time or the Proposal will be considered non-responsive. A Proposal may not be submitted by Facsimile (FAX) transmittal or electronically by email.

The outside of the envelope shall plainly identify the subject of the proposal, the opening date, and the RFP number.

All proposals must be clearly and distinctly typed or written with ink or indelible pencil. All blank spaces must be completed. No erasures are permitted. Mistakes must be crossed out and corrections typewritten or written in ink adjacent thereto, and initialed in ink by the party signing the proposal, or his/her authorized representative.

Written amounts shall be shown in both words and figures. Words shall govern in cases of discrepancy between the amounts stated in words and the amounts stated in figures.

All proposals must be submitted in sealed envelopes that clearly identify the item(s) as stated in the RFP. RFP documents, (including plans and specifications depicting the work) may be examined and are available at the Oregon Zoo, 4001 SW Canyon Road, Portland, OR 97232 from 8:30 a.m. until 4:30 p.m., Monday through Friday, or by calling (503) 797-1815.

All proposals must conform to the RFP format and be complete including the use of any required forms. Metro may accept or reject any or all proposals, in whole or in part, or waive irregularities not affecting substantial rights if such action is deemed in the public interest.

COST OF PROPOSAL

This Request for Proposal does not commit Metro to pay any costs incurred by any Proposer in the submission of a Proposal, or in making necessary studies or designs for the preparation thereof, or for procuring or contracting for the items to be furnished under the RFP.

ERRORS/OMISSIONS

Any Proposal may be deemed non-responsive by the Procurement Officer if it is: not on the Proposal forms provided; contains errors or omissions, erasures, alterations, or additions of any kind; proposes prices which are unsolicited or obviously unbalanced; or not in complete conformance with any and all conditions of the RFP documents.

ADDENDA TO PLANS OR SPECIFICATIONS

Requests for additional information or interpretation of the RFP documents shall be delivered to the Procurement Officer, technical questions shall be directed to the Project Manager, all questions shall be in writing, at least five (5) business days prior to the Proposal opening date and time. If, in the opinion of the Procurement Officer, additional information or interpretation is needed by the Proposal, an addendum will be issued to all known specification holders. The provisions of any written addenda issued by the Procurement Officer at least seventy two (72) hours prior to the Proposal opening date and time shall be binding upon the Proposers, and failure of a Proposer to obtain such addenda shall not excuse compliance by the successful Proposer.

MODIFICATION OF PROPOSAL

An offer to modify the Proposal that is received from the successful Proposal after award of contract that makes the terms of the Proposal more favorable or advantageous to Metro will be considered, and may thereafter be accepted. To be effective, every modification must be made in writing.

Request for Proposals 08-1275-ZOO

Predators of the Serengeti Exhibit



METRO
600 NE Grand Ave.
Portland, OR 97232-2736
(503) 797-1700

WITHDRAWAL OF PROPOSALS

A Proposal may withdraw its Proposal in person, or by written or telegraphic request, which are received prior to the scheduled closing time for filing Proposals. A Proposal may not be withdrawn by FAX. Negligence on the part of the Proposal in preparing his Proposal confers no right to withdraw the Proposal after the scheduled closing time for filing Proposals.

LATE PROPOSALS

Proposals received after the scheduled closing time for filing Proposals shall be considered late. Late proposals will be returned to the Proposer unopened, unless such closing time is extended by Metro.

EXECUTION

Each Proposal shall give the Proposer's full business address and bear its legal signature.

Proposals by partnerships must list the full name of all partners and be signed by a partner or agent authorized to execute the contract on behalf of the partnership and identified by printed name and title.

Proposals by corporations must bear the legal name of the corporation, the name of the state of incorporation, and the signature of the officer or agent authorized to legally bind the corporation.

Upon request by Metro, satisfactory evidence of the authority of the partner or officer shall be furnished.

If an agent who is not an officer of the corporation or a member of the partnership signs the Proposal, a notarized Power of Attorney must be on file with Metro prior to the opening of Proposals or be submitted with the Proposal. Without such notice of authority, the Proposal shall be considered improperly executed, defective and therefore non-responsive.

A Proposal submitted by a joint venture must include a certified copy of the terms and conditions of the agreement creating the joint venture.

EXAMINATION OF PLANS, SPECIFICATIONS, AND SITE OF WORK

It is understood that the Proposer, before submitting a Proposal, has made a careful examination of the plans, specifications, and contract; that it has fully informed itself as to the quality and quantity of materials and the character of the work required; and that it has made a careful examination of the location and condition of the work and the sources of supply for materials.

COMPLIANCE

Each Proposer shall inform itself of, and the Proposer awarded a contract shall comply with, federal, state, and local laws, statutes, and ordinances relative to the execution of the work. This requirement includes, but is not limited to, nondiscrimination in the employment of labor, protection of public and employee safety and health, environmental protection, waste reduction and recycling, the protection of natural resources, fire protection, burning and non-burning requirements, permits, fees and similar subjects.

ELIGIBILITY

Prior to submitting a Proposal, all contractors (and subcontractors) on public works/construction projects are required to be registered with the State of Oregon Construction Contractors Board pursuant to ORS 701.035.

EQUAL EMPLOYMENT AND NONDISCRIMINATION

Metro and its contractors will not discriminate against any person(s), employee or applicant for employment based on race, creed, color, national origin, sex, sexual orientation, age, religion, physical handicap, political affiliation or marital status. Metro fully complies with Title VI of the Civil Rights Act of 1964 and related statutes and regulations in all programs and activities. For more information, or to obtain a Title VI Complaint Form, see www.metro-region.org or call (503) 797-1536.

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PERMITS AND LICENSES

Each Proposer shall obtain and include in his Proposal the cost for all special permits, inspections and licenses, which may be required to perform the contract. Metro has secured the City of Portland permits.

CONFLICT OF INTEREST

A Proposer filing a Proposal thereby certifies that no officer, agent, or employee of Metro or Metro has a pecuniary interest in this Proposal or has participated in contract negotiations on behalf of Metro; that the Proposal is made in good faith without fraud, collusion, or connection of any kind with any other Proposer for the same call for Proposals; the Proposer is competing solely in its own behalf without connection with, or obligation to, any undisclosed person or firm.

IMMATERIAL VARIANCES

Metro reserves the right to determine whether equipment or materials that comply substantially in quality and performance with the specifications are acceptable to Metro, and whether any variance listed in a Proposal is material or immaterial. Such determination shall be made only after consultation with the Office of the Metro Attorney.

LATEST MODEL

Parts and materials must be new, of latest model, of current date, and meet specifications. This provision excludes all surplus, remanufactured, and used products, unless such material is proposed in lieu of items specified.

"OR APPROVED EQUAL" CLAUSE

In order to establish a basis of quality, certain processes, types of machinery and equipment, or kinds of materials may be specified, either by description of process or by designating a manufacturer by name and referring to his brand or product designation, or by specifying a kind of material. It is not the intent of these specifications to exclude other processes, equipment, or materials of equal value, utility or merit.

Whenever a process is designated or a manufacturer's name, brand, or product is described, it shall be understood that the words, "or approved equal" follow such name, designation, or description, whether in fact they do so or not.

If a Proposer proposes to furnish an item, process or material, which it claims to be of equal utility to the one designated, then:

1. Proposer shall submit to Metro, in care of the Project Manager, a written statement describing it together with supporting data and details sufficient to permit Metro to evaluate the same, five (5) work days prior to the Proposal opening date and time.

If the product contains chemical properties, the relevant Material Safety Data Sheets (MSDS) shall be included to document all health and physical hazards, chemical ingredients, exposure limits, personal protective equipment for handling and use, and emergency procedures in response to unanticipated spills or environmental release.

2. Metro may require demonstration, additional tests, and additional data, all to be supplied at the expense of the Proposer.
3. If Metro determines that the proposed item, material or process is of equal value, utility or merit, the Project Manager shall notify all potential Proposers of record by issuance of an addendum at least seventy two (72) hours prior to the Proposal opening date and time.

RECYCLABLE PRODUCTS

All contractors shall use recyclable products to the maximum extent economically feasible in the performance of the work set forth in this contract document.

RECYCLED PRODUCTS AS PROPOSAL ITEMS

Oregon Law (ORS 279A.125) requires Metro and all public agencies to give preference to materials and supplies manufactured from recycled materials.

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All Proposers are therefore required to specify the exact or minimum percentage of recycled paper and fiber type in all paper products or recycled content in all other products offered, plus both the post-consumer and secondary waste content of the products offered.

Only Proposals submitted with such information shall receive preference consideration and post Proposal declaration or discovery shall not be allowed.

Definitions of "recycled product," "post-consumer" and "secondary" waste material and other explanatory notes are available from the Metro Purchasing and Contracts Division.

PRICES

All prices submitted shall be firm during the contract period. If unit prices are requested, they should be provided for each unit on which there is a Proposal. In case of mistake in extension of price, unit prices shall govern. All prices shall be F.O.B. the destination designated by Metro.

WARRANTY/GUARANTY

Each Proposal for the furnishing of materials and equipment shall provide an explanation of both the Proposer's and manufacturer's warranties on materials and workmanship.

Every Proposal shall indicate any warranty costs to Metro, including but not limited to, all parts, labor, and shipping costs required for compliance with any specific requirement(s) contained in the special conditions.

Each Proposer on a public works/ construction project shall provide at minimum a one-year guaranty on all materials and workmanship.

DELIVERY

Each Proposalder shall provide a delivery schedule for each item offered. The successful Proposer shall notify Metro, in writing, within five (5) business days of order if delivery cannot be completed as proposed and required.

Upon receipt of such notice from the successful Proposer, Metro reserves the right to cancel the order and make the purchase from the second lowest, responsible Proposer.

If Metro does not elect to cancel the contract initially, subsequent failure to meet the then current delivery requirement does not foreclose Metro's option for later cancellation.

PROPOSAL SECURITY

All Proposals must be accompanied by a Proposal deposit in the form of a cashier's check or certified check drawn on a bank in good standing, or a Proposal bond issued by a surety authorized to conduct such business in the state of Oregon. Security shall be in the amount of five (5) percent of the bid amount. The deposit shall serve as a guarantee that the Proposer will not withdraw the Proposal for a period of sixty (60) days after Proposal opening, and if awarded the Contract will execute the Metro contract and furnish all bond(s) as required and within the time frame specified herein.

The Attorney-in-Fact (Resident Agent) who executes any bond on behalf of the Surety must attach a notarized copy of his/her Power of Attorney as evidence of his/her authority to bind the Surety on the date of execution of the bond.

Proposal security is not required for food products and may be waived by the Metro Council if expressly deleted by the special conditions attached.

EXPERIENCE AND ABILITY TO PERFORM THE WORK

Upon request, Proposers must present all necessary information indicating that the Proposer has met the standards of responsibility set forth in ORS 279B.055 and 279.385C. Metro will make the final determination as to whether or not the

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Proposer is qualified to perform the work. It is preferable that the Proposer (prime contractor) be responsible for performing a significant portion of the work.

BASIS OF AWARD

The award shall be made to the responsive Proposers submitting the most advantageous Proposal to Metro. The following criteria will be used in evaluating Proposals.

<p>Cost Metro will evaluate the total cost for the performance of the work. The lowest price for the work will receive the maximum points, with the other proposals receiving a proportionate amount based upon their proposed cost.</p>	40 points
<p>Related Experience The experience of contractor with related projects, including the construction of animal exhibits through the use of outside donations and sponsorships, will be evaluated. Demonstrated experience with similar projects is desirable.</p>	15 points
<p>Qualifications of Key Personnel Metro will evaluate the qualifications and expertise of key personnel to be assigned to this project. Project managers and skilled workers with animal construction experience are desirable.</p>	10 points
<p>Past Performance Contractor's past performance will be evaluated, including work for Metro and other public or private organizations. Proven performance in the areas of exhibit quality, timely completion of projects, and limited change orders and cost overruns is desirable.</p>	10 points
<p>References Metro will contact a minimum of three client references and reserves the right to contact references other than those submitted in the Proposal.</p>	10 points
<p>Prime Contractor Performed Work Metro will evaluate the commercially useful function of the work that the proposer intends to perform as a prime contractor. It is preferable that the proposer be responsible for a significant amount of the project, including the performance and supervision of the work involved.</p>	15 points

Metro shall appoint an evaluation committee of qualified individuals to evaluate all responsive Proposals received. Based on the criteria listed in the RFP, a determination will be made as to the most advantageous Proposal at Metro's sole discretion.

Metro reserves the right to request clarifications from Proposers during the evaluation process, or to conduct interviews with the top ranked Proposers in determining the most advantageous Proposal.

NOTICE OF AWARD

Within 20 calendar days after the opening of Proposals, Metro will accept one of the Proposals, or combination of Proposals, or reject all Proposals in accordance with the Basis of Award. The acceptance of the Proposal will be by written Notice of Award, mailed or delivered to the office designated in the Proposal. The Notice of Award shall not entitle the party to whom it is delivered to any rights whatsoever.

APPEAL OF AWARD

Aggrieved Proposers who wish to appeal the award of this contract must do so in writing within seven (7) days of issuance of notice of award by Metro. Appeals must be submitted to the Metro Procurement Officer, 600 NE Grand, Portland, OR 97232 and must state the specific deviation of rule, law or procedure upon which the appeal is based. Any disagreement with the judgment exercised by the evaluation committee is not a basis for appeal.

Upon receipt of an appeal, the Procurement Officer will notify the Director of the Oregon Zoo and the Metro Chief Operating Officer. Within ten (10) days of receipt of the appeal, Metro will issue its notice of rejection or acceptance of the appeal. The appellant may appeal the decision to the Metro Council, acting as the agency's local public contract review

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board. Such appeals must be received within five (5) working days from the postmarked date of the appeal response. The appeal will be considered by the Metro Council, whose decision on the matter shall be final.

CONTRACT

Within 10 business days of receipt of the contract from Metro, the Successful Proposer shall sign and deliver the Contract to Metro. Metro's standard contract is attached.

COMMENCEMENT OF WORK

Prior to starting work on a contract or sub-contract for a public works project, a contractor or sub-contractor shall file a public works bond with the Construction Contractors Board. Bond shall be from a corporate surety authorized to do business in the state of Oregon and be in the amount of \$30,000 and shall comply with all other requirements of ORS 279C.800 to 279C.870. Contractor shall provide written documentation of bond number(s) of bond(s) for contractor and all sub contractor(s) to Metro Project Manager with original Proposal or prior to starting project work.

PROPOSAL SECURITY RETURN

Proposal securities will be held until the Contract has been finally executed, after which all Proposal securities, other than those which have been forfeited, will be returned to the respective Proposers whose Proposal they accompanied.

BONDS

Within seven (7) days of notification of award, the Contractor shall provide the following:

- A performance bond in an amount equal to 100 percent of the contract price.
- A Labor and Materials bond in an amount equal to 100 percent of the contract price.

FOREIGN CONTRACTOR

A Contractor that is not domiciled in or registered to do business in the State of Oregon shall, upon execution of a contract in excess of \$10,000, promptly report the total contract price, terms of payment, length of contract and all other required information to the Oregon Department of Revenue. Compliance shall be documented and Metro shall be fully satisfied as to complete compliance prior to release of final payment.

INSURANCE

The Contractor shall purchase and maintain at his expense the following types of insurance covering the Contractor, and his employees and agents.

1. Broad form commercial general liability insurance covering bodily injury, property damage, and personal injury with automatic coverage for premises and operations and product liability. The policy must be endorsed with contractual liability coverage.
2. Automobile bodily injury and property damage liability insurance.

Insurance coverage shall be a minimum of \$1,000,000 per occurrence.

Metro, its councilors, department, employees, and agents shall be named as an ADDITIONAL INSURED. Notice of any material change or policy cancellation shall be provided to Metro thirty (30) days prior to the change.

The Contractor shall comply with ORS 656.017 for all employees who work in the state of Oregon for more than 10 days. The Contractor shall provide Metro with certification of workers' compensation insurance including employer's liability.

WORKERS' COMPENSATION

The Contractor, and all subsequent subcontractors and suppliers performing work pursuant to this contract shall provide Workers' Compensation benefits as required by and in accordance with all applicable state and federal laws.

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NOTICE OF ASSIGNMENT

Metro will not recognize any assignment or transfer of any interest in this contract without written approval by the Office of the Metro Attorney.

HAZARD COMMUNICATION

The Contractor shall be required to strictly adhere to, coordinate with Metro and document full compliance with the policies and procedures of the Oregon Occupational Health and Safety Code, OAR Chapter 437, Division 155, Hazard Communication.

Therefore, the Contractor and all subcontractors and suppliers within his control shall notify Metro and all parties to the agreement as to:

- Hazardous materials to which they may be exposed on site;
- Employee measures to lessen the possibility of exposure;
- All contractor measures to reduce the risk;
- Procedures to follow if exposed.

The Contractor shall provide Metro with all Material Safety Data Sheets (MSDS) prior to delivery or introduction of the material on site.

For further information or clarification, contact the Metro Risk Management Division at 797-1615.

DELIVERY TIMES

The Contractor shall deliver materials on business days between the hours of 6:00 a.m. and 5:00 p.m. Unloading must be completed by 5:00 p.m. unless approved in advance by Metro. Requests for such approval must be received by Metro at least three (3) days prior to delivery. Contractor shall assume all risk of deliveries made during hours beyond those listed above.

FAILURE TO PERFORM

Should the Contractor fail to meet the agreed upon delivery schedule, thereby making it necessary for Metro to purchase urgently-needed items from another source, the low Proposer shall pay the difference between the accepted low Proposal price and the purchase price or accept an offset against any monies then owed by Metro.

PATENTS

The Contractor agrees to protect, to defend (if Metro requests) and save the agency harmless against any demand for payment for wrongful or unauthorized use of any patented material, process, article, or device that may enter into manufacture, construction, or forms a part of the work covered by this contract.

INVOICES

Invoices shall be prepared and submitted unless otherwise specified. Invoices shall contain the following information: Contract or Purchase Order number (if any), item numbers, description of supplies or services, sizes, quantities, unit prices and extended totals. Invoice should also state name of the unit or department to which the merchandise was shipped or delivered.

LAW OF STATE OF OREGON

This contract is entered into within the state of Oregon, and the law of said State, whether substantive or procedural, shall apply and be followed with respect to this contract.

PREVAILING WAGE RATES

The contractor, and all subcontractors and suppliers, shall be required to comply with ORS 279C.800 through 279C.870 and ensure that all workers are paid not less than, and in accordance with, the Prevailing Wages published by the Oregon Bureau of Labor and Industries. This project is covered by appropriate Bureau of Labor and Industries (BOLI) prevailing wage rates available at <http://www.boli.state.or.us> or by calling the State of Oregon Bureau of Labor and Industries at

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(971) 673-0839. If the project is subject to Davis-Bacon Act (40U.S.C. 276A), Contractor and all sub-contractors shall pay the higher rate of state or federal prevailing wages.

The contractor, as well as the agency, is required to pay a fee equal to one-tenth of one percent (0.1 percent) of the price of the contract, but not less than \$250 nor more than \$7,500, under ORS 279C.825. The contractor's fee shall be paid on or before the first progress payment or 60 days from the date work first began on the contract, whichever comes first. The fee is payable to the Commissioner of the Bureau of Labor and Industries at the following address:

Bureau of Labor and Industries
Wage and Hour Division
Prevailing Wage Unit
800 NE Oregon Street, #32
Portland, OR 97232

CERTIFIED PAYROLL

The Contractor and all sub-contractors, in compliance with ORS 279C.845, shall file certified payroll statements with Metro Project Manager to be due once per month by the fifth business day of the following month. Metro shall retain 25% of any amount earned by Contractor if certified payrolls are not submitted as required. Contractor shall retain 25% of sub-contractor earnings if sub-contractor certified payrolls are not submitted as required. Upon receipt of appropriate certified payrolls, Metro and Contractor shall release any amounts so retained within 14 days.

MINORITY, ESB AND WOMEN-OWNED BUSINESS PROGRAM

In the event that any subcontracts are to be utilized in the performance of this agreement, the Proposer's attention is directed to Metro Code Section 2.04.100. Metro encourages the use of MWESB sub-contractors to the maximum extent practical in the performance of the work. Copies of that document are available from the Procurement Services Division, Metro Regional Center, 600 NE Grand Avenue, Portland, OR 97232 or by calling (503) 797-1816.

NON-DISCRIMINATION

Metro and its contractors will not discriminate against any person(s), employee or applicant for employment based on race, creed, color, national origin, sex, sexual orientation, age, religion, physical handicap, political affiliation or marital status. Metro fully complies with Title VI of the Civil Rights Act of 1964 and related statutes and regulations in all programs and activities. For more information, or to obtain a Title VI Complaint Form, see www.metro-region.org or call (503) 797-1536.

NOTICE TO ALL PROPOSERS

The public contract included herein is a standard agreement approved for use by the Office of Metro Attorney. This is the contract the successful Proposer will enter into with Metro; it is included for your review prior to submitting a Proposal.

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PROPOSER'S CHECKLIST

FIRM _____
NAME _____
MAILING ADDRESS _____
PHONE _____ FAX _____ EMAIL _____

PROPOSALDER REPRESENTS/CERTIFIES/ACKNOWLEDGES AS PART OF THIS OFFER THAT:

(Contractor shall check or complete all applicable boxes)

(To Be Submitted by 2:00 p.m. on Proposal Due Date)

(PROPOSAL WILL BE CONSIDERED NON-RESPONSIVE WITHOUT THE FOLLOWING DOCUMENTS*)

1. **PROPOSAL***
2. **PROPOSAL BOND***: Proposer has complied with Metro's requirements for \$500.00 Proposal surety and guarantees that this Proposal is irrevocable for the period specified herein.
3. **CONFLICT OF INTEREST***: Proposer hereby certifies that no officer, agent, or employee of Metro has participated on behalf of Metro in preparation of this Proposal, that the Proposal is made in good faith without fraud, collusion, or connection of any kind with any other Proposer for the same work, and the Proposer is competing solely in its own behalf without connection or obligation to any undisclosed person or firm.
4. **RESIDENT/NON-RESIDENT***: Undersigned Proposer states that it is a resident or non-resident of the state of Oregon. State in which Proposer resides: _____
5. **TYPE OF BUSINESS ORGANIZATION***: Proposer operates as an individual, a corporation, incorporated under the laws of the state of _____, a non-profit organization, a partnership. (If partnership, attach names of the partners)
6. **OREGON LICENSE***: If a corporation, it is, or is not, licensed with Oregon Corporation Commission
7. **REGISTRATION NO***: _____ with Construction Contractors Board.
8. **METRO CONTRACTOR QUALIFICATION STATEMENT***
9. **CERTIFICATE OF COMPLIANCE*** for recycling.
10. **CERTIFICATE OF EMPLOYEE DRUG TESTING PROGRAM***
11. **DOING BUSINESS AS***: Provide any assumed names utilized.

TO BE SUBMITTED IN SEPARATE ENVELOPE BY PROPOSAL DUE DATE AND TIME OF 4:00 P.M.

1. **FIRST TIER SUBCONTRACTOR DISCLOSURE FORM***

2. **MBE/WBE/ESB PROGRAM FORMS***

PRIOR TO AWARD:

Financial records and other information in accordance with ORS 279C at the option of Metro's Project Manager

Performance Bond: Cost of the Bond shall be included in the Proposal.

Labor and Materials Bond: Cost of the Bond shall be included in the Proposal.

Bond amounts shall each equal 100% of contract total, or as stated in RFB.

(Below \$50K Performance and Labor, and Materials Bonds may be combined)

NAME AND TITLE OF PERSON AUTHORIZED TO CONTRACT/SIGN
OFFER (TYPE OR PRINT)

SIGNATURE OF AUTHORIZED PERSON

Proposals must be enclosed in a sealed envelope, endorsed on the outside, indicate the Proposal subject, Request for Proposal number and opening date, and delivered to Metro on or before the date and time the Proposal is due. (See Instructions to Proposers)

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PROPOSAL FORMS

NOTE TO PROPOSER: Proposers must provide all of the information requested in this RFP. Proposer should type or use ink for completing this Proposal.

To: Metro Procurement Services

Address: 600 N.E. Grand Avenue, Portland, OR 97232

Contract: Predators of the Serengeti Exhibit

Proposer: _____

Address: _____

Proposer's Contact: _____

Telephone: () _____ Date: _____

PROPOSER'S DECLARATION AND UNDERSTANDING

The undersigned, hereinafter called the Proposer, declares that the only persons or parties interested in this Proposal are those named herein, that this Proposal is, in all respects, fair and without fraud, that it is made without collusion with any official of Metro, and that the Proposal is made without any connection or collusion with any person submitting another Proposal on this Contract.

The Proposer further declares that it has carefully examined the Contract Documents for the completion of the Work, has personally inspected the Site, has satisfied itself as to the Work involved, and that this Proposal is made in accordance with the provisions and under the terms of the Contract Documents, which are hereby made a part of this Proposal.

Any printed matter on any letter or paper enclosed herewith which is not part of the Proposaling Documents or which was not requested by Metro is not to be considered a part of this Proposal, and the undersigned agrees that such printed matter shall be entirely disregarded and, notwithstanding such printed matter, that the Proposal is a Proposal to do the Work and furnish the labor and materials and all other things required by the Contract Documents strictly within the time and in accordance with such Specifications. This Proposal is irrevocable for sixty- (60) days following the date of the opening of Proposals.

PROPOSAL SECURITY

Proposal security in the form of a certified check, cashier's check or Proposal bond as further described in the Instructions for Proposers and in the amount of five (5) percent of the Proposal is enclosed herewith and is subject to all the conditions stated in the Instructions for Proposers.

CONTRACT EXECUTION, BONDS AND INSURANCE

The Proposer agrees that if this Proposal is accepted, it will, within seven (7) days after award of the Contract by the Metro Council, sign the Construction Agreement in the form attached, and will at that time deliver to Metro the Performance Bond and the Labor and Materials Payment Bond required herein and in the form annexed hereto, along with all certificates of insurance and certified copies of insurance policies specified and required in these Contract Documents, and will, to the extent of its

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Proposal, furnish all machinery, tools, apparatus, and other means of operation and construction and do the Work and furnish all the materials necessary to complete all Work as specified or indicated in the Contract Documents

COMMENCEMENT OF WORK AND CONTRACT COMPLETION TIME

The time frame for the award and execution of this Contract shall be as described in the Instructions for Proposers and other Contract Documents. The Successful Proposer further agrees to commence the Work within five (5) days of issuance of the Notice to Proceed and to diligently prosecute the Work to its final completion in accordance with the Contract Documents.

ADJUSTED PAYMENTS

In the event the Proposer is awarded the Contract and fails to complete the Work in compliance with the time required by the Contract Documents, adjusted payments shall be paid to Metro as described in the General Conditions.

SALES AND USE TAXES

The Proposer agrees that all applicable federal, state and local sales and use taxes are included in the stated Proposal prices for the Work.

LUMP SUM AND UNIT PRICE WORK

The Proposer further proposes to accept as full payment for the Work proposed herein the amounts computed under the provisions of the Contract Documents and based on the listed lump sum and unit price amounts. The amounts shall be shown in both words and figures. In case of a discrepancy, the amount shown in words shall govern.

PREVAILING WAGES FOR PUBLIC WORK

Proposer hereby certifies that the provisions of ORS 279C.800 - 279C.870, regarding prevailing wages, shall be complied with on this project.

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SCHEDULE OF PROPOSAL PRICES

The Proposer, whose legal signature binding the Proposer to the Proposal process indicated on these pages is found on the signature page, hereby Proposals as follows:

Item	Description	Qty	Unit	Unit Price	Total Amount
1.	Construction of the Predators of the Serengeti Exhibit	1	L.S.		
	Total Proposal Price				

(_____ **DOLLARS**)
CONTRACT PRICE (in words)

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FIRST-TIER SUBCONTRACTOR DISCLOSURE FORM

PROJECT NAME: Predators of the Serengeti Exhibit

PROPOSAL #08-1275-ZOO PROPOSAL CLOSING: D_____ Time: 2:00 p.m.

DISCLOSURE DEADLINE Date: _____ Time: 4:00 p.m.

This form must be submitted at the location specified in the Invitation to Proposal within two (2) working hours of the advertised Proposal closing date and time, but no later than the **DISCLOSURE DEADLINE** stated above.

List below the Name, Address, Dollar Value, Contact Name, Telephone Number, Construction Contractor Board (CCB) number (if required), and Public Works Bond number (if public improvement) of each subcontractor that will be furnishing labor and materials that are required to be disclosed. Enter "NONE" if there are no subcontractors that need to be disclosed. (ATTACH ADDITIONAL SHEETS IF NEEDED.)

Name, Address, Phone, CCB# Public Works Bond #	Dollar Value	Category of Work
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

The above listed first-tier subcontractor(s) are providing labor and materials with a dollar value equal to or greater than:

- a) 5% of the total Contract Price, but at least \$15,000 of the Proposal Price,
- b) \$350,000 regardless of the percentage of the total Proposal Price.

Failure to submit this form in a separate envelope by the disclosure deadline will result in a Proposal submitted becoming non-responsive, and such Proposal shall not be considered for award.

Form Submitted By (Proposalter Name): _____

Contact Name: _____ Phone # _____

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ADDENDA

The Proposalder is presumed to have read and hereby acknowledges receipt and acceptance of Addenda Numbers:

(Insert No. and Date of Each Addendum Received)

SURETY

If the Proposalder is awarded a Contract on this Proposal, the surety or sureties who provide(s) the Performance Bond and Labor and Materials Payment Bond will be:

SURETY

ADDRESS

1. _____
2. _____

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GOOD FAITH PROGRAM

The Metro Council is committed to doing business with Minority, Woman-owned firms and Emerging Small Businesses (M/W/ESB). The Council recognizes that supporting these firms will result in a stronger economy and increased competition.

To this end, Metro has established these procedures to maximize utilization of M/W/ESB for Metro projects. The following six steps are required to help us monitor the usage of these firms.

Good Faith Efforts Steps:

1. Identify areas in which you intend to use sub-contractors.
2. Attend the Pre-Proposal meeting if held. Meet any M/W/ESB firms at the Pre-Proposal meeting.
3. Contact several (or all) certified M/W/ESB firms listed (with the State of Oregon) to perform the work needed. (Metro's Purchasing & Contracts Office will be happy to provide you with a list of firms upon request (503)-797-1816.)
4. Negotiate with interested, available and capable M/W/ESB firms who submit competitive Proposals.
5. Report to Metro all sub-contractors contacted. Please include their response and price quoted.
6. List all sub-contractors that you intend to use on this project.

Please note a selected M/W/ESB firm must be used unless Metro authorizes a substitution.

Thank you for your assistance in this important area. Attached are forms to complete and return as part of your Proposal document. Please contact our Procurement Division at (503) 797-1816 if you have any questions.

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Step 5: List all sub-contractors to be used for this project.

PROPOSER INTENDS TO SUBCONTRACT WITH THE FOLLOWING:

Sub-contractor/ Supplier	Non ** MBE WBE ESB	Nature Of Work	Dollar Value Of Participation
Contact Name Address Phone			CCB #*
Contact Name Address Phone			CCB #*
Contact Name Address Phone			CCB #*
Contact Name Address Phone			CCB #*

*Please include Construction Contractors Board Number

** Non-M/W/ESB Sub-Contractors

Total Proposal/Proposal Amount _____

Authorized Signature _____

Date _____

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RESIDENT/NON-RESIDENT BIDDER STATUS

Oregon law requires that Metro, in evaluating the responsive bidders, must add a percent increase on the bid of a non-resident bidder equal to the percent, if any, of the preference given to that bidder in the state in which that bidder resides.

Consequently, each bidder must indicate whether it is a resident or non-resident bidder. A resident bidder is a bidder that has paid unemployment taxes or income taxes in the state of Oregon during the twelve (12) calendar months immediately preceding submission of this Proposal, has a business address in Oregon, and has stated in its Proposal that the bidder is a "resident bidder." A "non-resident bidder" is a bidder who is not a resident bidder (ORS 279A.120).

The undersigned bidder states that it is: (check one)

1. _____ A resident bidder

2. _____ A non-resident bidder

Indicate state in which bidder resides: _____

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CONTRACTOR QUALIFICATION STATEMENT

The undersigned certifies under oath that the information provided herein is true and sufficiently complete so as not to be misleading:

Contractor Name _____

Address _____

Telephone _____ Fax _____

E-Mail _____

Project Name _____

ORGANIZATION _____

How many years has your organization been in business as a Contractor? _____

Under what former names has your organization operated? _____

LICENSING AND BONDING

Oregon CCB# _____ Public Works Bond # _____

Other licenses _____

RELEVANT EXPERIENCE

List the type of work your organization normally performs with its own forces, including animal exhibit experience that demonstrates zoo industry best construction practices: _____

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Does your firm own or able to obtain the necessary equipment for this job? Please explain _____

CLAIMS AND SUITS

Has your organization ever failed to complete any work awarded to it? _____

Are there any judgments, claims, arbitration proceedings or suits pending or outstanding against your organization or officers? _____

Has your organization filed any lawsuits or requested arbitration with regard to construction contracts within the last five years? Provide information _____

Have any officers or employees been convicted of any crimes relative to a project such as this? _____

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REFERENCES

List the major construction projects your organization has **in progress**

Project Name	Owner	Architect	Amount	% Complete	Completion Date	Contact Person	Phone #

List the major construction projects your organization has **completed in last 3 years**

Project Name	Owner	Architect	Amount	% Complete	Completion Date	Contact Person	Phone #

List 3 subs we can contact for a reference.

Name	Specialty	Contact Name	Phone #

List 3 suppliers we can contact for a reference.

Name	Specialty	Contact Name	Phone #

List a bank reference: _____

SIGNATURE

The information provided is true and complete.

Signature _____ Title _____ Date _____

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DRUG CERTIFICATION FORM

Please describe your Drug Testing Program (ORS 279C.505):

Ruled area for describing the drug testing program, consisting of 25 horizontal lines.

PROPOSER SIGNATURE

Print Name of Proposer: _____ Signature: _____

Title: _____ Date: _____

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SIGNATURE PAGE

The name of the Proposer submitting this Proposal is _____ doing business

at _____
Street City State Zip

which is the full business address to which all communications concerned with this Proposal and with the Contract shall be sent.

The names of the principal officers of the corporation submitting this Proposal, or of all of the partners, if the Proposer is a partnership or joint venture, or of all persons interested in this Proposal as individuals are as follows:

If Individual

IN WITNESS hereto the undersigned has set his/her hand this ____ day of 20__.

Signature of Proposer _____

Printed Name of Proposer _____

Title _____

If Partnership or Joint Venture

IN WITNESS hereto the undersigned has set his/her hand this ____ day of 20__.

Name of Partnership or Joint Venture

By: _____

Printed Name of Person Signing

Title: _____

If Corporation

IN WITNESS WHEREOF the undersigned corporation has caused this instrument to be executed and its seal affixed by its duly authorized officers this ____ day of 20__.

Name of Corporation

State of Incorporation

By: _____

Printed Name of Person Signing

Title: _____

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NON-COLLUSION AFFIDAVIT

STATE OF _____) County of _____)

I state that I am _____ (Title) of _____ (Name of Proposer) and that I am authorized to make this Affidavit on behalf of the Proposer. I am the person authorized by the Proposer and responsible for the price(s) and the amount of this Proposal.

I state that: (1) the price(s) and amount of this Proposal have been arrived at independently and without consultation, communication or agreement with any other contractor, Proposer or potential Proposer, except as disclosed in the attached appendix.

(2) Neither the price(s) nor the amount of this Proposal, and neither the approximate price(s) nor approximate amount of this Proposal, have been disclosed to any other person who is a Proposer or potential Proposer, and they will not be disclosed before Proposal opening.

(3) No attempt has been made or will be made to induce any person to refrain from Proposing on this contract, or to submit a Proposal higher than this Proposal, or to submit any intentionally high or non-competitive Proposal or other from of complementary Proposal.

(4) This Proposal is made in good faith and not pursuant to any agreement or discussion with, or inducement from, any person to submit a complementary or other noncompetitive Proposal.

(5) _____ (Name of Proposer), its affiliates, subsidiaries, officers, directors and employees (as applicable) are not currently under investigation by any governmental agency and have not in the last four years been convicted of or found liable for any act prohibited by state or federal law in any jurisdiction, involving conspiracy or collusion with respect to Proposing on any public contract, except as listed and described in the attached appendix.

I state that I and _____ (Name of Proposer) understand and acknowledge that the above representations are material and important, and will be relied on by Metro in awarding the Contract for which this Proposal is submitted. Any misstatement in this Affidavit will be treated as fraudulent concealment from Metro of the true facts relating to the submission of Proposals for this Contract.

Signature of Affiant

Printed Name of Affiant

Sworn to and subscribed before me this _____ day of _____ 20____.

Notary Public for _____ My Commission Expires: ___/___/___

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PROPOSAL BOND

BOND NO. _____

AMOUNT: \$ _____

NOTE: Proposers must use this form, not a surety company form

KNOW ALL MEN BY THESE PRESENT, that _____ hereinafter called the PRINCIPAL, and _____ a corporation duly organized under the laws of the State of _____ having its principal place of business at _____ in the state of _____, and authorized to do business in the state of Oregon, as SURETY, are held and firmly bound unto _____ hereinafter called the OBLIGEE, in the penal sum of _____ DOLLARS (\$ _____), for the payment of which we bind ourselves, our heirs, executors, administrators, successors, and assigns, jointly and severally, firmly by these present.

THE CONDITION OF THIS PRINCIPAL IS SUCH THAT:

WHEREAS the PRINCIPAL is herewith submitting a **PROPOSAL FOR** _____ said Proposal, by reference thereto, being hereby made a part hereof.

NOW, THEREFORE, if the Proposal submitted by the PRINCIPAL is accepted, and the Contract awarded to the PRINCIPAL, and if the PRINCIPAL shall execute the proposed Contract and shall furnish any bond(s) required by the Contract Documents within the time fixed by the Documents, then this obligation shall be void; if the PRINCIPAL shall fail to execute the proposed Contract and furnish the bond(s), the SURETY hereby agrees to pay to the OBLIGEE the penal sum as liquidated damages, within ten (10) days of such failure.

Signed and sealed this _____ day of _____, 20____.

By: _____

PRINCIPAL

By: _____

Attorney-in-Fact

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LABOR AND MATERIAL PAYMENTS BOND

(NOTE: CONTRACTOR MUST USE THIS FORM, NOT A SURETY COMPANY FORM)

KNOW ALL MEN BY THESE PRESENT:

We the Undersigned _____ as PRINCIPAL and _____ a corporation organized and existing under and by virtue of the laws of the state of _____, and duly authorized to do surety business in the state of Oregon and named on the current list of approved surety companies acceptable on federal bonds and conforming with the underwriting limitations as published in the Federal Register by the audit staff of the Bureau of Accounts and the U.S. Treasury Department and which carries an "A" rating and is of the appropriate class for the bond amount as determined by Best's Rating System, as SURETY, hereby hold and firmly bind ourselves, our heirs, executors, administrators, successors and assigns, jointly and severally, unto METRO, as OBLIGEE, in the sum of _____ Dollars (\$ _____) in lawful money of the United States of America, for the payment of that sum for the use and benefit of claimants as defined below.

The condition of this obligation is such that whereas the PRINCIPAL entered into a contract with METRO dated _____, 20____, which contract is hereunto annexed and made a part hereof, for accomplishment of the project described as follows: _____.

NOW THEREFORE, if the PRINCIPAL shall promptly make payments to all persons, firms, subcontractors, corporations and/or others furnishing materials for or performing labor in the prosecution of the Work provided for in the aforesaid _____, and any authorized extension or modification thereof, including all amounts due for materials, equipment, mechanical repairs, transportation, tools and services consumed or used in connection with the performance of such Work, and for all labor performed in connection with such Work whether by subcontractor or otherwise, and all other requirements imposed by law, then this obligation shall become null and void; otherwise this obligation shall remain in full force and effect, subject, however, to the following conditions:

1. A claimant is as specified in ORS 279C.600.
2. The above-named PRINCIPAL and SURETY hereby jointly and severally agree with the OBLIGEE and its assigns that every claimant as above-specified, who has not been paid in full, may sue on this bond for the use of such claimant, prosecute the suit to final judgment in accordance with ORS 279C.610 for such sum or sums as may be justly due claimant, and have execution thereon. The OBLIGEE shall not be liable for the payment of any judgment, costs, expenses or attorneys' fees of any such suit.

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PROVIDED, FURTHER, that SURETY for the value received, hereby stipulates and agrees that all changes, extensions of time, alterations to the terms of the _____ or to Work to be performed thereunder or the Specifications accompanying the same shall be within the scope of the SURETY's undertaking on this bond, and SURETY does hereby waive notice of any such change, extension of time, alteration or addition to the terms of the _____ or to the Work or to the Specifications. Any such change, extension of time, alteration or addition to the terms of the contract or to the Work or to the Specifications shall automatically increase the obligation of the SURETY hereunder in a like amount, provided that the total of such increases shall not exceed twenty-five percent (25%) of the original amount of the obligation without the consent of the SURETY.

This obligation shall continue to bind the PRINCIPAL and SURETY, notwithstanding successive payments made hereunder, until the full amount of the obligation is exhausted, or if the full amount of the obligation is not exhausted and no claim is pending resolution, until such time as no further claims can be made pursuant to law with regard to the above-described project, by any claimant specified in ORS 279C.600.

If more than one SURETY is on this bond, each SURETY hereby agrees that it is jointly and severally liable for all obligations of this bond.

IN WITNESS WHEREOF, we have hereunto set our hands and seals this _____ day of _____, 20____ .

SURETY

By: _____

Title: _____

Street Address

City, State ZIP

Phone Number

CONTRACTOR

By: _____

Title: _____

Street Address

City, State ZIP

Phone Number

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PERFORMANCE BOND

(NOTE: CONTRACTORS MUST USE THIS FORM, NOT A SURETY COMPANY FORM)

KNOW BY ALL MEN BY THESE PRESENT:

We the undersigned _____ as PRINCIPAL (hereinafter called CONTRACTOR), and _____ a corporation organized and existing under and by virtue of the laws of the state of _____ duly authorized to do surety business in the state of Oregon and named on the current list of approved surety companies acceptable on federal bonds and conforming with the underwriting limitations as published in the Federal Register by the audit staff of the Bureau of Accounts and the U.S. Treasury Department and is of the appropriate class for the bond amount as determined by Best's Rating System, as SURETY, hereby hold and firmly bind ourselves, our heirs, executors, administrators, successors and assigns, jointly and severally, to pay to METRO as OBLIGEE (hereinafter called METRO), the amount of _____ Dollars (\$ _____) in lawful money of the United States of America.

WHEREAS, the CONTRACTOR entered into a contract with METRO dated _____, 20____, which Contract is hereunto annexed and made a part hereof, for accomplishment of the project described as follows: _____

NOW, THEREFORE, the condition of this obligation is such that if the CONTRACTOR shall promptly, truly and faithfully perform all the undertakings, covenants, terms, conditions, and agreements of the aforesaid _____, METRO having performed its obligations thereunder, then this obligation shall be null and void; otherwise it shall remain in full force and effect.

Whenever CONTRACTOR shall be declared by METRO to be in default under the Contract Documents for the project described herein, the SURETY may promptly remedy the default, or shall promptly complete the _____ in accordance with the Contract Documents and the project Specifications. SURETY, for value received, further stipulates and agrees that all changes, extensions of time, alterations, or additions to the terms of the Contract or Specifications for _____ are within the scope of the SURETY's undertaking on this bond, and SURETY hereby waives notice of any such change, extension of time, alteration or addition to the terms of the _____ or to the Work or to the Specifications. Any such change, extension of time, alteration or addition to the terms of the _____ or to the Work or to the Specifications shall automatically increase the obligation of the Surety hereunder in a like amount, provided that such increase shall not exceed twenty-five percent (25%) of the original amount of the obligation without the consent of the Surety.

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This obligation shall continue to bind the PRINCIPAL and SURETY, notwithstanding successive payments made hereunder, until the full amount of the obligation is exhausted.

No right of action shall accrue on this bond to or for the use of any person or corporation other than METRO or its heirs, executors, administrators, successors or assigns.

If more than one SURETY is on this bond, each SURETY hereby agrees that it is jointly and severally liable for obligations on this bond.

IN WITNESS WHEREOF, we have hereunto set our hands and seals this _____
day of _____, 20_____.

SURETY

By: _____

Title: _____

Street Address

City State ZIP

Phone Number

CONTRACTOR

By: _____

Title: _____

Street Address

City State ZIP

Phone Number

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For Public Contracts \$50,000 & Up

CONTRACT NO. _____

STANDARD PUBLIC CONTRACT

THIS Contract is entered into between Metro, a metropolitan service district organized under the laws of the State of Oregon and the Metro Charter, whose address is 600 NE Grand Avenue, Portland, Oregon 97232-2736, and _____, whose address is _____, hereinafter referred to as the "CONTRACTOR."

THE PARTIES AGREE AS FOLLOWS:

ARTICLE I SCOPE OF WORK

CONTRACTOR shall perform the work and/or deliver to METRO the goods described in the Scope of Work attached hereto as Attachment A. All services and goods shall be of good quality and, otherwise, in accordance with the Scope of Work.

ARTICLE II TERM OF CONTRACT

The term of this Contract shall be for the period commencing _____, 20__ through and including _____, 20__.

ARTICLE III CONTRACT SUM AND TERMS OF PAYMENT

METRO shall compensate the CONTRACTOR for work performed and/or goods supplied as described in the Scope of Work. METRO shall not be responsible for payment of any materials, expenses or costs other than those which are specifically included in the Scope of Work.

ARTICLE IV LIABILITY AND INDEMNITY

CONTRACTOR is an independent contractor and assumes full responsibility for the content of its work and performance of CONTRACTOR'S labor, and assumes full responsibility for all liability for bodily injury or physical damage to person or property arising out of or related to this Contract, and shall indemnify, defend and hold harmless METRO, its agents and employees, from any and all claims, demands, damages, actions, losses, and expenses, including attorney's fees, arising out of or in any way connected with its performance of this Contract. CONTRACTOR is solely responsible for paying CONTRACTOR'S subcontractors and nothing contained herein shall create or be construed to create any contractual relationship between any subcontractor(s) and METRO.

ARTICLE V TERMINATION

METRO may terminate this Contract upon giving CONTRACTOR seven (7) days written notice. In the event of termination, CONTRACTOR shall be entitled to payment for work performed to the date of termination. METRO shall not be liable for indirect, consequential damages or any other damages. Termination by METRO will not waive any claim or remedies it may have against CONTRACTOR.

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ARTICLE VI INSURANCE & BONDS

CONTRACTOR shall purchase and maintain at CONTRACTOR'S expense, the following types of insurance covering the CONTRACTOR, its employees and agents.

A. Broad form comprehensive general liability insurance covering personal injury, property damage, and bodily injury with automatic coverage for premises and operation and product liability shall be a minimum of \$1,000,000 per occurrence. The policy must be endorsed with contractual liability coverage. **Metro, its elected officials, departments, employees and agents shall be named as an ADDITIONAL INSURED.**

B. Automobile bodily injury and property damage liability insurance. Insurance coverage shall be a minimum of \$1,000,000 per occurrence. **METRO, its elected officials, departments, employees, and agents shall be named as an ADDITIONAL INSURED.** Notice of any material change or policy cancellation shall be provided to METRO thirty (30) days prior to the change.

This insurance as well as all workers' compensation coverage for compliance with ORS 656.017 must cover CONTRACTOR'S operations under this Contract, whether such operations be by CONTRACTOR or by any subcontractor or anyone directly or indirectly employed by either of them.

CONTRACTOR shall provide METRO with a certificate of insurance complying with this article and naming METRO as an additional insured within fifteen (15) days of execution of this Contract or twenty-four (24) hours before services under this Contract commence, whichever date is earlier.

CONTRACTOR shall not be required to provide the liability insurance described in this Article only if an express exclusion relieving CONTRACTOR of this requirement is contained in the Scope of Work

In addition, for public works subject to ORS 279C.800 to 279C.870, CONTRACTOR and every subcontractor shall have a public works bond required by 2005 Oregon Laws Chapter 360 filed with the Construction Contractors Board before starting work on the project, unless exempt under Section 2 of 2005 Oregon Laws Chapter 360.

ARTICLE VII PUBLIC CONTRACTS

All applicable provisions of ORS chapters 187 and 279A, 279B, and 279C and all other terms and conditions necessary to be inserted into public contracts in the State of Oregon, are hereby incorporated as if such provision were a part of this Agreement. Specifically, it is a condition of this contract that Contractor and all employers working under this Agreement are subject employers that will comply with ORS 656.017 as required by 1989 Oregon Laws, Chapter 684.

For public work subject to ORS 279C.800 to 279C.870, the Contractor shall pay prevailing wages. If such public work is subject both to ORS 279C.800 to 279C.870 and to 40 U.S.C. 276a, the Contractor and every subcontractor on such public work shall pay at least the higher prevailing wage. The Contractor and each subcontractor shall pay workers not less than the specified minimum hourly rate of wage in accordance with Section 7 of 2005 Oregon Laws Chapter 360. In addition, the Contractor shall pay an administrative fee as provided in ORS 279C.825(1) to the Bureau of Labor and Industries pursuant to the administrative rules established by the Commissioner of Labor and Industries. Contractors must promptly pay, as due, all persons supplying to such contractor labor or material used in this contract. If the contractor or first-tier subcontractor fails, neglects, or refuses to make payment to a person furnishing labor or materials in connection with the public contract for a public improvement within 30 days after receipt of payment from the public contracting agency or a contractor, the contractor or first-tier subcontractor shall owe the person the amount due plus shall pay interest in accordance with ORS 279C.515. If the contractor or first-tier subcontractor fails, neglects, or refuses to make payment, to a person furnishing labor or materials in connection with the public contract, the person may file a complaint with the Construction Contractors Board, unless payment is subject to a good faith dispute as defined in ORS 279C.580. Contractor must pay any and all contributions and amounts due to the Industrial Accident Fund from

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contractor or subcontractor and incurred in the performance of the contract. No liens or claims are permitted to be filed against Metro on account of any labor or material furnished. Contractors are required to pay the Department of Revenue all sums withheld from employees pursuant to ORS 316.167.

For public improvement work all contractors must demonstrate that an employee drug-testing program is in place.

ARTICLE VIII ATTORNEY'S FEES

In the event of any litigation concerning this Contract, the prevailing party shall be entitled to reasonable attorney's fees and court costs, including fees and costs on appeal to any appellate courts.

ARTICLE IX QUALITY OF GOODS AND SERVICES

Unless otherwise specified, all materials shall be new and both workmanship and materials shall be of the highest quality. All workers and subcontractors shall be skilled in their trades. CONTRACTOR guarantees all work against defects in material or workmanship for a period of one (1) year from the date of acceptance or final payment by METRO, whichever is later. All guarantees and warranties of goods furnished to CONTRACTOR or subcontractors by any manufacturer or supplier shall be deemed to run to the benefit of METRO.

ARTICLE X OWNERSHIP OF DOCUMENTS

Unless otherwise provided herein, all documents, instruments and media of any nature produced by Contractor pursuant to this agreement are Work Products and are the property of Metro, including but not limited to: drawings, specifications, reports, scientific or theoretical modeling, electronic media, computer software created or altered specifically for the purpose of completing the Scope of Work, works of art and photographs. Unless otherwise provided herein, upon Metro request, Contractor shall promptly provide Metro with an electronic version of all Work Products that have been produced or recorded in electronic media. Metro and Contractor agree that all work Products are works made for hire and Contractor hereby conveys, transfers, and grants to Metro all rights of reproduction and the copyright to all such Work Products.

A. Contractor and subcontractors shall maintain all fiscal records relating to such contracts in accordance with generally accepted accounting principles. In addition, Contractor and subcontractors shall maintain any other records necessary to clearly document:

1. The performance of the contractor, including but not limited to the contractor's compliance with contract plans and specifications, compliance with fair contracting and employment programs, compliance with Oregon law on the payment of wages and accelerated payment provisions; and compliance with any and all requirements imposed on the contractor or subcontractor under the terms of the contract or subcontract;
2. Any claims arising from or relating to the performance of the contractor or subcontractor under a public contract;
3. Any cost and pricing data relating to the contract; and
4. Payments made to all suppliers and subcontractors.

B. Contractor and subcontractors shall maintain records for the longer period of (a.) six years from the date of final completion of the contract to which the records relate or (b.) until the conclusion of any audit, controversy or litigation arising out of or related to the contract.

C. Contractor and subcontractors shall make records available to Metro and its authorized representatives, including but not limited to the staff of any Metro department and the staff of the Metro Auditor, within the boundaries of the Metro region, at reasonable times and places regardless of whether litigation has been filed on any claims. If the records are not made available within the boundaries of Metro, the Contractor or subcontractor agrees to bear all of the costs for Metro employees, and any necessary consultants hired by Metro, including but not limited to the costs of travel, per diem sums, salary, and any other expenses that Metro incurs, in sending its employees or consultants to examine, audit, inspect, and

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copy those records. If the Contractor elects to have such records outside these boundaries, the costs paid by the Contractor to Metro for inspection, auditing, examining and copying those records shall not be recoverable costs in any legal proceeding.

D. Contractor and subcontractors authorize and permit Metro and its authorized representatives, including but not limited to the staff of any Metro department and the staff of the Metro Auditor, to inspect, examine, copy and audit the books and records of Contractor or subcontractor, including tax returns, financial statements, other financial documents and any documents that may be placed in escrow according to any contract requirements. Metro shall keep any such documents confidential to the extent permitted by Oregon law, subject to the provisions of section E.

E. Contractor and subcontractors agree to disclose the records requested by Metro and agree to the admission of such records as evidence in any proceeding between Metro and the Contractor or subcontractor, including, but not limited to, a court proceeding, arbitration, mediation or other alternative dispute resolution process.

F. Contractor and subcontractors agree that in the event such records disclose that Metro is owed any sum of money or establish that any portion of any claim made against Metro is not warranted, the Contractor or subcontractor shall pay all costs incurred by Metro in conducting the audit and inspection. Such costs may be withheld from any sum that is due or that becomes due from Metro.

G. Failure of the Contractor or subcontractor to keep or disclose records as required by this document or any solicitation document may result in disqualification as a bidder or proposer for future Metro contracts as provided in ORS 279B.130 and Metro Code Section 2.04.070(c), or may result in a finding that the Contractor or subcontractor is not a responsible bidder or proposer as provided in ORS 279B.110 and Metro Code Section 2.04.052.

ARTICLE XI SUBCONTRACTORS

CONTRACTOR shall contact METRO prior to negotiating any subcontracts and CONTRACTOR shall obtain approval from METRO before entering into any subcontracts for the performance of any of the services and/or supply of any of the goods covered by this Contract.

METRO reserves the right to reasonably reject any subcontractor or supplier and no increase in the CONTRACTOR'S compensation shall result thereby. All subcontracts related to this Contract shall include the terms and conditions of this agreement. CONTRACTOR shall be fully responsible for all of its subcontractors as provided in Article IV.

ARTICLE XII RIGHT TO WITHHOLD PAYMENTS

METRO shall have the right to withhold from payments due CONTRACTOR such sums as necessary, in METRO's sole opinion, to protect METRO against any loss, damage or claim which may result from CONTRACTOR'S performance or failure to perform under this agreement or the failure of CONTRACTOR to make proper payment to any suppliers or subcontractors. In addition for public improvement work, if a CONTRACTOR is required to file certified statements under ORS 279C.845, METRO shall retain 25 percent of any amount earned by the CONTRACTOR on the public works until the contractor has filed all required certified statements with METRO.

If a liquidated damages provision is contained in the Scope of Work and if CONTRACTOR has, in METRO's opinion, violated that provision, METRO shall have the right to withhold from payments due CONTRACTOR such sums as shall satisfy that provision. All sums withheld by METRO under this Article shall become the property of METRO and CONTRACTOR shall have no right to such sums to the extent that CONTRACTOR has breached this Contract.

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ARTICLE XIII SAFETY

If services of any nature are to be performed pursuant to this agreement, CONTRACTOR shall take all necessary precautions for the safety of employees and others in the vicinity of the services being performed and shall comply with all applicable provisions of federal, state and local safety laws and building codes, including the acquisition of any required permits.

ARTICLE XIV INTEGRATION OF CONTRACT DOCUMENTS

All of the provisions of any procurement documents including, but not limited to, the Advertisement for Bids, Proposals or responses, General and Special Instructions to Bidders, Proposal, Scope of Work, and Specifications which were utilized in conjunction with the bidding of this Contract are hereby expressly incorporated by reference. Otherwise, this Contract represents the entire and integrated agreement between METRO and CONTRACTOR and supersedes all prior negotiations, representations or agreements, either written or oral. This Contract may be amended only by written instrument signed by both METRO and CONTRACTOR. The law of the state of Oregon shall govern the construction and interpretation of this Contract.

ARTICLE XV COMPLIANCE

CONTRACTOR shall comply with federal, state, and local laws, statutes, and ordinances relative to the execution of the work. This requirement includes, but is not limited to, non-discrimination, safety and health, environmental protection, waste reduction and recycling, fire protection, permits, fees and similar subjects.

ARTICLE XVI INTERGOVERNMENTAL COOPERATIVE AGREEMENT

(Requires competitive solicitation) – Pursuant to ORS 279A and the Metro public contract code, Metro participates in an Intergovernmental Cooperative Purchasing program by which other public agencies shall have the ability to purchase the goods and services under the terms and conditions of this awarded contract. Any such purchases shall be between the Contractor and the participating public agency and shall not impact the Contractor's obligation to Metro under this agreement. Any estimated purchase volumes listed herein do not include volumes for other public agencies, and Metro makes no guarantee as to their participation in any purchase. Any bidder may decline to extend the prices and terms of this solicitation to any or all other public agencies upon execution of this contract. Unless the bidder specifically declines to participate in the program by marking the box below, the bidder agrees to participate in the Intergovernmental Cooperative Purchasing program. **Bidder declines to participate in Intergovernmental Cooperative Purchasing.**

ARTICLE XVII ASSIGNMENT

CONTRACTOR shall not assign any rights or obligations under or arising from this Contract without prior written consent from METRO.

CONTRACTOR NAME

METRO

By _____

By _____

Date _____

Date _____

STAFF REPORT

IN CONSIDERATION OF RESOLUTION NO. 08-3896, FOR THE PURPOSE OF APPROVING AN EXEMPTION FROM COMPETITIVE BIDDING AND AUTHORIZING A REQUEST FOR PROPOSAL PROCESS FOR THE CONSTRUCTION OF THE PREDATORS OF THE SERENGETI EXHIBIT AT THE OREGON ZOO

Date: January 31, 2008

Prepared by: Darin Matthews
Carmen Hannold

BACKGROUND

The Oregon Zoo plans to construct a new exhibit, the Predators of the Serengeti. This exhibit will house lions, cheetahs, wild dogs, and other African predators. This exhibit is slated for construction during fiscal years 2008 and 2009, with the work being performed by outside contractors as well as staff members from the Oregon Zoo. The work will be funded through a combination of outside donations, sponsorships, and Zoo funds.

Under separate contract, the Oregon Zoo has retained Peck, Smiley, Ettlin Architects, to provide the design services for this exhibit. The design specifications and drawings will be used to solicit competitive proposals from qualified contractors.

The resolution and attached findings describe the specialized nature of this project. Based on these findings, the Procurement Officer believes that a value-based selection process is more appropriate than a traditional, competitive bid (which looks solely at lowest bid price). Therefore, it is recommended to Council that an alternative procurement process, Request for Proposals, be authorized. This will allow the Zoo to consider cost, as well as experience and expertise in completing similar projects in selecting the best contractor for this project.

ANALYSIS/INFORMATION

1. **Known Opposition** None known.
2. **Legal Antecedents** Metro Code 2.04.054, 2.04.05(c); Oregon Revised Statutes 279C335(4).
3. **Anticipated Effects** Procurement process will be open and competitive, but items other than cost will be considered in the awarding of the contract.
4. **Budget Impacts** The estimated cost of the Predators of the Serengeti exhibit is \$4 million.

RECOMMENDED ACTION

Metro Council, acting as Public Contract Review Board, approves the use of a Request for Proposal process and exempts this project from traditional competitive bidding. Further, Council authorizes the execution of the resulting contract by the Chief Operating Officer in a form to be approved by the Office of the Metro Attorney.

Agenda Item Number 8.2

Resolution No. 08-3897, For the Purpose of Authorizing an Exemption from Competitive Bidding Procedures and Authorizing the Preparation and Release of Request for Proposals for the Construction of the Red Ape Reserve Exhibit at the Oregon Zoo.

Contract Review Board

Metro Council Meeting
Thursday, January 31, 2008
Metro Council Chamber

BEFORE THE METRO CONTRACT REVIEW BOARD

FOR THE PURPOSE OF AUTHORIZING) RESOLUTION NO. 08-3897
AN EXEMPTION FROM COMPETITIVE)
BIDDING REQUIREMENTS AND THE) Introduced by Chief Operating Officer
RELEASE OF REQUEST FOR) Michael J. Jordan, with the
PROPOSALS FOR CONSTRUCTION OF) concurrence of Council President
THE RED APE RESERVE AT THE) David Bragdon
OREGON ZOO)

WHEREAS, the Oregon Zoo plans to construct a new exhibit to orangutans, which will be known as "*Red Ape Reserve*"; and

WHEREAS, the Oregon Zoo intends to construct the *Red Ape Reserve* exhibit during Metro fiscal years 2008 and 2009, with the work being performed by both outside contractors and members of the Oregon Zoo staff; and

WHEREAS, the Oregon Zoo intends to select a general contractor to construct the general, site, mechanical, and electrical portions of the project, while the Oregon Zoo will manage under separate contracts certain irrigation, rockwork, and displays associated with the exhibit; and

WHEREAS, ORS 279C.335 and Metro Code 2.04.054 require that all Metro public improvement contracts shall be based on competitive bids unless exempted by the Metro Council, sitting as the Metro Contract Review Board; and

WHEREAS ORS 279C.335(4) and Metro Code Section 2.04.054(c) authorize where appropriate the use of alternate contracting and purchasing practices that take account of market realities and modern innovative contracting and purchasing methods, which are consistent with the public policy of encouraging competition; and

WHEREAS, the Metro Contract Review Board finds, as set forth on the attached Exhibit A that exempting construction of the *Red Ape Reserve* exhibit from competitive bidding requirements is unlikely to encourage favoritism in the award of the public improvement contract associated with the project, or to diminish substantially the competition for such public improvement contracts, and further finds that the award of the contract pursuant to such amendment will result in substantial cost savings to Metro; and

WHEREAS, the Metro Contract Review Board finds, for the reasons stated on the attached Exhibit B, that in order to ensure maximum flexibility and benefit to the Oregon Zoo, the most advantageous, expeditious, and cost effective procurement approach for this project is to allow an alternative contracting process utilizing a Request for Proposal process followed by evaluation of proposals and selection of the most advantageous proposer as the contractor for the exhibit construction; now, therefore

BE IT RESOLVED that the Metro Council, sitting as the Metro Contract Review Board, hereby:

1. Exempts from the competitive bidding requirements of ORS 279C.335 and Metro Code Section 2.04.054 the procurement of a contract for the construction of the *Red Ape Reserve* exhibit at the Oregon Zoo; and
2. Adopts as its findings in support of such exemption the justifications, information and reasoning set forth on the attached Exhibits A, B & C, which are incorporated by this reference as if set forth in full; and
3. Authorizes the Chief Operating Officer to release a form of Request for Proposals (“RFP”) substantially similar to that attached as Exhibit D, and thereafter to receive responsive proposals for evaluation; and
4. Following the evaluation of the responses to the RFP, authorizes the Chief Operating Officer to execute a contract with the most advantageous proposer to construct the general, site, mechanical, and electrical portions of this project.

ADOPTED by the Metro Council this _____ day of _____ 2008.

David Bragdon, Council President

Approved as to Form:

Daniel B. Cooper, Metro Attorney

EXHIBIT A

Findings in Support of Exemption from Competitive Bidding

Pursuant to ORS 279C.335(2) and (4), and Metro Code Section 2.04.054(c), the Metro Contract Review Board makes the following findings in support of the exempting from competitive bidding contracting for the construction of the Red Ape Reserve exhibit:

The Metro Contract Review Board finds that exempting from competitive bidding the procurement of construction of the Red Ape Reserve exhibit is “unlikely to encourage favoritism in the awarding of public contracts or to substantially diminish competition for public contracts” because of the unique nature and technical complexity of the construction. The Request for Proposals (“RFP”) will be publicly advertised and made available to all qualified contractors. Full and open competition will be sought, with contract award going to the most advantageous proposer. Local sub-contractors will also be notified of any opportunities within their area of expertise. Metro will utilize the Oregon Daily Journal of Commerce and a minority business publication for the public advertisement.

In addition, the Metro Contract Review Board finds that exempting from competitive bidding the procurement of construction of the Red Ape Reserve exhibit will result in substantial cost savings to Metro because an RFP process will allow Metro to obtain the best value for the work. A contractor experienced in successful completion of similar projects will be better able to complete the exhibits on time and with fewer change orders than an inexperienced contractor. Additionally, through the use of sponsorships and donations, Metro will be able to reduce the overall cost of the project.

Resolution No. 08-3897
EXHIBIT B

Findings in Support of Use of Alternative Contracting Method

Utilizing a Request for Proposals (“RFP”) process will not diminish competition, as it will allow for open competition among contractors experienced in the construction of animal exhibits. The RFP will be formally advertised in local publications and posted on Metro’s web site, as well as notices sent to known experienced contractors. It is unlikely to encourage favoritism as all offers will be considered and evaluated by an impartial committee of qualified individuals.

In addition, the use of an alternative contracting process will result in substantial cost savings to Metro and to the public, and will also substantially promote the public interest in a manner that could not practically be realized if traditional bidding procedures were utilized, and will also satisfy the requirement set forth in ORS 279B.085(6) that the contract will be awarded to the entity that is “the most advantageous to the contracting agency,” because this type of contracting will allow the use of donations, material discounts, and sponsorships, it is believed that significant savings will be realized.

Resolution No. 08-3897
EXHIBIT C

**Factors Used to Support Conclusions of Metro
Regarding Exemption from Competitive Bidding**

In making the above findings contained in Exhibits A & B, the Metro Contract Review Board considered the following factors pursuant to ORS 279C.330 to reach its conclusions concerning the exemption from competitive bidding and method of procurement:

- a. Operational, budget and financial data: Utilizing the Request for Proposals (“RFP”) process will allow Metro to obtain guaranteed project costs from the construction contractor, and also allow for cost reductions through subsequent donations, discounts and sponsorships. The Red Ape Reserve exhibit project is estimated to cost \$2 million, and will be funded through both private donations and Oregon Zoo funds.
- b. Public Benefits: In addition to the public benefits from the cost savings noted above, expeditious completion of the Project by utilizing the RFP process will help ensure that the exhibit is available for viewing by the public as soon as possible, thus more quickly bringing economic benefits to the Zoo and to the region. The Red Ape Reserve project will provide the region with a world-class animal exhibit, as well as attract visitors from throughout the world.
- c. Value engineering: The RFP process will enable the contractor to work with the project architect, and the Zoo construction and design staff to help minimize construction costs by providing innovative approaches to the work. This type of contract will allow the possibility of innovative solutions and value engineering, which can be negotiated into the contract. Such solutions may also result in a shortened project completion time. These negotiation options would not be available to Metro through the traditional competitive bid process.
- d. Specialized expertise required. The construction of a complex animal exhibits like the Red Ape Reserve requires specialized expertise, knowledge, and experience, all of which can be factored into the contractor selection in the RFP process. A contractor with specialized expertise also increases the chances of the project being completed on or ahead of schedule, resulting in increased benefit to Zoo patrons. The ability to factor in expertise and experience is inherent in the RFP process, but is not normally part of the traditional competitive bid process.
- e. Public safety: Because this is a large, complex project where the work will be conducted under a tight construction schedule, the Zoo requires a contractor that can expeditiously and safely complete the work. The Zoo desires a selection process that allows for the completion of the project in a safe and thorough manner, ensuring existing exhibits stay open and that public safety is maximized.

- f. Market conditions: The RFP process will better take into account current market conditions within the construction industry, which is believed to be competitive, both on a prime and sub-contractor basis. By taking into account such things as discounted labor rates, material donations, and contractor sponsorships, the Zoo can complete the project in a timely, cost effective manner.

- g. Technical complexity: The design and construction of this type of exhibit is highly technical and complex. An architect with such expertise has been selected and will work with the selected general contractor with similar expertise in complex projects. The RFP process will take into account each contractor's past performance and technical knowledge of animal exhibit construction. Based on the necessary quality of the finished exhibit, and the technical complexity of the undertaking, the Procurement Officer believes an alternative contracting process to be necessary.

- h. Funding sources: The Red Ape Reserve will be funded primarily through donations, discounts and sponsorships throughout the life of the project. By utilizing an alternative contracting process, it is the intent of the Zoo to maximize the use of outside funding sources to complete these projects.

RESOLUTION 08-3897
EXHIBIT D

REQUEST FOR PROPOSALS 08-1276-ZOO

Red Ape Reserve Exhibit for the Oregon Zoo



February 2008

Prepared by:

METRO

Procurement Services
600 NE Grand Ave.
Portland, OR 97232-2736
(503) 797-1815
Fax (503) 797-1796
www.metro-region.org



Request for Proposals 08-1276-ZOO Red Ape Reserve Exhibit



METRO
600 NE Grand Ave.
Portland, OR 97232-2736
(503) 797-1700

REQUEST FOR PROPOSALS

Metro is requesting proposals for the construction of the Red Ape Reserve Exhibit in accordance with the plans and specifications included in this RFP. It is the intent of Metro to select a general contractor to construct the general, site, mechanical and electrical portion of the project. The Oregon Zoo will perform certain irrigation, rock work, and displays with Zoo staff, or other work as deemed by the Zoo to be necessary and appropriate.

Proposals Due

Sealed proposals must be delivered to Metro Procurement Services, 600 NE Grand Avenue, Portland, Oregon 97232-2736, to the attention of Darin Matthews, no later than **2:00 P.M. PST**, on **February 28, 2008**. Proposer names will be publicly read at that time.

Summary of Work

- Metro requires the services of an experienced general contractor, with a varied set of construction disciplines, to work with Zoo staff in the construction of the Red Ape Reserve exhibit, which will be used to house lions, cheetahs, wild dogs and other African predators. The project will combine demolition of some existing spaces with construction of new spaces. The project has considerable civil, structural, mechanical and electrical work.
- The construction will be in accordance with all applicable building standards, zoo industry best practices, and the attached plans and specifications.
- The exhibit must be complete by May 25, 2009 and ready for public use and viewing. Construction mobilization and permits required for this work must be available before starting.
- Construction shall not hinder the operations of the Oregon Zoo. Weekend and evening work may be permitted with appropriate notice to arrange for access and security.
- The area of construction will be marked and separated off from the general public in order to minimize disruption and inconvenience to Zoo operations and Zoo patrons.

Contractor Qualifications

Contractor must have demonstrated experiences in animal exhibitry, specialized construction or related experiences that are deemed comparable by the Oregon Zoo. All Proposers shall provide adequate documentation of their qualifications. Metro reserves the right to evaluate, approve or reject Proposers on the basis of their qualifications and experience.

Pre-Proposal Conference

A Mandatory Pre-Proposal Conference is scheduled for all potential prime contractors, and first tier sub-contractors on **February 12, 2008**, at **9:00 A.M. PST** in The Zoo facility resource room at the Oregon Zoo. Interested additional or specialty sub-contractors are welcome to attend.

Request for Proposals 08-1276-ZOO Red Ape Reserve Exhibit



METRO
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Portland, OR 97232-2736
(503) 797-1700

INSTRUCTIONS TO PROPOSERS

PROPOSAL SUBMISSION

Metro is soliciting proposals from qualified general contractors for the construction of the Red Ape Reserve Exhibit at the Oregon Zoo. Proposals must be enclosed in a sealed envelope and mailed or delivered to the Finance and Administrative Services, Procurement Office, Metro, 600 NE Grand, Portland, Oregon 97232-2736, Attention: Darin Matthews, Procurement Officer.

All proposals must be received by the date and time specified in this RFP, and will be publicly opened and proposer names announced in Room 270 at Metro Regional Center. First tier subcontractors' forms are due from all proposers within two hours of the Proposal due time or the Proposal will be considered non-responsive. A Proposal may not be submitted by Facsimile (FAX) transmittal or electronically by email.

The outside of the envelope shall plainly identify the subject of the proposal, the opening date, and the RFP number.

All proposals must be clearly and distinctly typed or written with ink or indelible pencil. All blank spaces must be completed. No erasures are permitted. Mistakes must be crossed out and corrections typewritten or written in ink adjacent thereto, and initialed in ink by the party signing the proposal, or his/her authorized representative.

Written amounts shall be shown in both words and figures. Words shall govern in cases of discrepancy between the amounts stated in words and the amounts stated in figures.

All proposals must be submitted in sealed envelopes that clearly identify the item(s) as stated in the RFP. RFP documents, (including plans and specifications depicting the work) may be examined and are available at the Oregon Zoo, 4001 SW Canyon Road, Portland, OR 97232 from 8:30 a.m. until 4:30 p.m., Monday through Friday, or by calling (503) 797-1815.

All proposals must conform to the RFP format and be complete including the use of any required forms. Metro may accept or reject any or all proposals, in whole or in part, or waive irregularities not affecting substantial rights if such action is deemed in the public interest.

COST OF PROPOSAL

This Request for Proposal does not commit Metro to pay any costs incurred by any Proposer in the submission of a Proposal, or in making necessary studies or designs for the preparation thereof, or for procuring or contracting for the items to be furnished under the RFP.

ERRORS/OMISSIONS

Any Proposal may be deemed non-responsive by the Procurement Officer if it is: not on the Proposal forms provided; contains errors or omissions, erasures, alterations, or additions of any kind; proposes prices which are unsolicited or obviously unbalanced; or not in complete conformance with any and all conditions of the RFP documents.

ADDENDA TO PLANS OR SPECIFICATIONS

Requests for additional information or interpretation of the RFP documents shall be delivered to the Procurement Officer, technical questions shall be directed to the Project Manager, all questions shall be in writing, at least five (5) business days prior to the Proposal opening date and time. If, in the opinion of the Procurement Officer, additional information or interpretation is needed by the Proposal, an addendum will be issued to all known specification holders. The provisions of any written addenda issued by the Procurement Officer at least seventy two (72) hours prior to the Proposal opening date and time shall be binding upon the Proposers, and failure of a Proposer to obtain such addenda shall not excuse compliance by the successful Proposer.

MODIFICATION OF PROPOSAL

An offer to modify the Proposal that is received from the successful Proposal after award of contract that makes the terms of the Proposal more favorable or advantageous to Metro will be considered, and may thereafter be accepted. To be effective, every modification must be made in writing.

Request for Proposals 08-1276-ZOO

Red Ape Reserve Exhibit



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(503) 797-1700

WITHDRAWAL OF PROPOSALS

A Proposal may withdraw its Proposal in person, or by written or telegraphic request, which are received prior to the scheduled closing time for filing Proposals. A Proposal may not be withdrawn by FAX. Negligence on the part of the Proposal in preparing his Proposal confers no right to withdraw the Proposal after the scheduled closing time for filing Proposals.

LATE PROPOSALS

Proposals received after the scheduled closing time for filing Proposals shall be considered late. Late proposals will be returned to the Proposer unopened, unless such closing time is extended by Metro.

EXECUTION

Each Proposal shall give the Proposer's full business address and bear its legal signature.

Proposals by partnerships must list the full name of all partners and be signed by a partner or agent authorized to execute the contract on behalf of the partnership and identified by printed name and title.

Proposals by corporations must bear the legal name of the corporation, the name of the state of incorporation, and the signature of the officer or agent authorized to legally bind the corporation.

Upon request by Metro, satisfactory evidence of the authority of the partner or officer shall be furnished.

If an agent who is not an officer of the corporation or a member of the partnership signs the Proposal, a notarized Power of Attorney must be on file with Metro prior to the opening of Proposals or be submitted with the Proposal. Without such notice of authority, the Proposal shall be considered improperly executed, defective and therefore non-responsive.

A Proposal submitted by a joint venture must include a certified copy of the terms and conditions of the agreement creating the joint venture.

EXAMINATION OF PLANS, SPECIFICATIONS, AND SITE OF WORK

It is understood that the Proposer, before submitting a Proposal, has made a careful examination of the plans, specifications, and contract; that it has fully informed itself as to the quality and quantity of materials and the character of the work required; and that it has made a careful examination of the location and condition of the work and the sources of supply for materials.

COMPLIANCE

Each Proposer shall inform itself of, and the Proposer awarded a contract shall comply with, federal, state, and local laws, statutes, and ordinances relative to the execution of the work. This requirement includes, but is not limited to, nondiscrimination in the employment of labor, protection of public and employee safety and health, environmental protection, waste reduction and recycling, the protection of natural resources, fire protection, burning and non-burning requirements, permits, fees and similar subjects.

ELIGIBILITY

Prior to submitting a Proposal, all contractors (and subcontractors) on public works/construction projects are required to be registered with the State of Oregon Construction Contractors Board pursuant to ORS 701.035.

EQUAL EMPLOYMENT AND NONDISCRIMINATION

Metro and its contractors will not discriminate against any person(s), employee or applicant for employment based on race, creed, color, national origin, sex, sexual orientation, age, religion, physical handicap, political affiliation or marital status. Metro fully complies with Title VI of the Civil Rights Act of 1964 and related statutes and regulations in all programs and activities. For more information, or to obtain a Title VI Complaint Form, see www.metro-region.org or call (503) 797-1536.

Request for Proposals 08-1276-ZOO

Red Ape Reserve Exhibit



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PERMITS AND LICENSES

Each Proposer shall obtain and include in his Proposal the cost for all special permits, inspections and licenses, which may be required to perform the contract. Metro has secured the City of Portland permits.

CONFLICT OF INTEREST

A Proposer filing a Proposal thereby certifies that no officer, agent, or employee of Metro or Metro has a pecuniary interest in this Proposal or has participated in contract negotiations on behalf of Metro; that the Proposal is made in good faith without fraud, collusion, or connection of any kind with any other Proposer for the same call for Proposals; the Proposer is competing solely in its own behalf without connection with, or obligation to, any undisclosed person or firm.

IMMATERIAL VARIANCES

Metro reserves the right to determine whether equipment or materials that comply substantially in quality and performance with the specifications are acceptable to Metro, and whether any variance listed in a Proposal is material or immaterial. Such determination shall be made only after consultation with the Office of the Metro Attorney.

LATEST MODEL

Parts and materials must be new, of latest model, of current date, and meet specifications. This provision excludes all surplus, remanufactured, and used products, unless such material is proposed in lieu of items specified.

"OR APPROVED EQUAL" CLAUSE

In order to establish a basis of quality, certain processes, types of machinery and equipment, or kinds of materials may be specified, either by description of process or by designating a manufacturer by name and referring to his brand or product designation, or by specifying a kind of material. It is not the intent of these specifications to exclude other processes, equipment, or materials of equal value, utility or merit.

Whenever a process is designated or a manufacturer's name, brand, or product is described, it shall be understood that the words, "or approved equal" follow such name, designation, or description, whether in fact they do so or not.

If a Proposer proposes to furnish an item, process or material, which it claims to be of equal utility to the one designated, then:

1. Proposer shall submit to Metro, in care of the Project Manager, a written statement describing it together with supporting data and details sufficient to permit Metro to evaluate the same, five (5) work days prior to the Proposal opening date and time.

If the product contains chemical properties, the relevant Material Safety Data Sheets (MSDS) shall be included to document all health and physical hazards, chemical ingredients, exposure limits, personal protective equipment for handling and use, and emergency procedures in response to unanticipated spills or environmental release.

2. Metro may require demonstration, additional tests, and additional data, all to be supplied at the expense of the Proposer.
3. If Metro determines that the proposed item, material or process is of equal value, utility or merit, the Project Manager shall notify all potential Proposers of record by issuance of an addendum at least seventy two (72) hours prior to the Proposal opening date and time.

RECYCLABLE PRODUCTS

All contractors shall use recyclable products to the maximum extent economically feasible in the performance of the work set forth in this contract document.

RECYCLED PRODUCTS AS PROPOSAL ITEMS

Oregon Law (ORS 279A.125) requires Metro and all public agencies to give preference to materials and supplies manufactured from recycled materials.

Request for Proposals 08-1276-ZOO Red Ape Reserve Exhibit



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All Proposers are therefore required to specify the exact or minimum percentage of recycled paper and fiber type in all paper products or recycled content in all other products offered, plus both the post-consumer and secondary waste content of the products offered.

Only Proposals submitted with such information shall receive preference consideration and post Proposal declaration or discovery shall not be allowed.

Definitions of "recycled product," "post-consumer" and "secondary" waste material and other explanatory notes are available from the Metro Purchasing and Contracts Division.

PRICES

All prices submitted shall be firm during the contract period. If unit prices are requested, they should be provided for each unit on which there is a Proposal. In case of mistake in extension of price, unit prices shall govern. All prices shall be F.O.B. the destination designated by Metro.

WARRANTY/GUARANTY

Each Proposal for the furnishing of materials and equipment shall provide an explanation of both the Proposer's and manufacturer's warranties on materials and workmanship.

Every Proposal shall indicate any warranty costs to Metro, including but not limited to, all parts, labor, and shipping costs required for compliance with any specific requirement(s) contained in the special conditions.

Each Proposer on a public works/ construction project shall provide at minimum a one-year guaranty on all materials and workmanship.

DELIVERY

Each Proposalder shall provide a delivery schedule for each item offered. The successful Proposer shall notify Metro, in writing, within five (5) business days of order if delivery cannot be completed as proposed and required.

Upon receipt of such notice from the successful Proposer, Metro reserves the right to cancel the order and make the purchase from the second lowest, responsible Proposer.

If Metro does not elect to cancel the contract initially, subsequent failure to meet the then current delivery requirement does not foreclose Metro's option for later cancellation.

PROPOSAL SECURITY

All Proposals must be accompanied by a Proposal deposit in the form of a cashier's check or certified check drawn on a bank in good standing, or a Proposal bond issued by a surety authorized to conduct such business in the state of Oregon. Security shall be in the amount of five (5) percent of the bid amount. The deposit shall serve as a guarantee that the Proposer will not withdraw the Proposal for a period of sixty (60) days after Proposal opening, and if awarded the Contract will execute the Metro contract and furnish all bond(s) as required and within the time frame specified herein.

The Attorney-in-Fact (Resident Agent) who executes any bond on behalf of the Surety must attach a notarized copy of his/her Power of Attorney as evidence of his/her authority to bind the Surety on the date of execution of the bond.

Proposal security is not required for food products and may be waived by the Metro Council if expressly deleted by the special conditions attached.

EXPERIENCE AND ABILITY TO PERFORM THE WORK

Upon request, Proposers must present all necessary information indicating that the Proposer has met the standards of responsibility set forth in ORS 279B.055 and 279.385C. Metro will make the final determination as to whether or not the

Request for Proposals 08-1276-ZOO

Red Ape Reserve Exhibit



Proposer is qualified to perform the work. It is preferable that the Proposer (prime contractor) be responsible for performing a significant portion of the work.

BASIS OF AWARD

The award shall be made to the responsive Proposers submitting the most advantageous Proposal to Metro. The following criteria will be used in evaluating Proposals.

<p>Cost Metro will evaluate the total cost for the performance of the work. The lowest price for the work will receive the maximum points, with the other proposals receiving a proportionate amount based upon their proposed cost.</p>	40 points
<p>Related Experience The experience of contractor with related projects, including the construction of animal exhibits through the use of outside donations and sponsorships, will be evaluated. Demonstrated experience with similar projects is desirable.</p>	15 points
<p>Qualifications of Key Personnel Metro will evaluate the qualifications and expertise of key personnel to be assigned to this project. Project managers and skilled workers with animal construction experience are desirable.</p>	10 points
<p>Past Performance Contractor's past performance will be evaluated, including work for Metro and other public or private organizations. Proven performance in the areas of exhibit quality, timely completion of projects, and limited change orders and cost overruns is desirable.</p>	10 points
<p>References Metro will contact a minimum of three client references and reserves the right to contact references other than those submitted in the Proposal.</p>	10 points
<p>Prime Contractor Performed Work Metro will evaluate the commercially useful function of the work that the proposer intends to perform as a prime contractor. It is preferable that the proposer be responsible for a significant amount of the project, including the performance and supervision of the work involved.</p>	15 points

Metro shall appoint an evaluation committee of qualified individuals to evaluate all responsive Proposals received. Based on the criteria listed in the RFP, a determination will be made as to the most advantageous Proposal at Metro's sole discretion.

Metro reserves the right to request clarifications from Proposers during the evaluation process, or to conduct interviews with the top ranked Proposers in determining the most advantageous Proposal.

NOTICE OF AWARD

Within 20 calendar days after the opening of Proposals, Metro will accept one of the Proposals, or combination of Proposals, or reject all Proposals in accordance with the Basis of Award. The acceptance of the Proposal will be by written Notice of Award, mailed or delivered to the office designated in the Proposal. The Notice of Award shall not entitle the party to whom it is delivered to any rights whatsoever.

APPEAL OF AWARD

Aggrieved Proposers who wish to appeal the award of this contract must do so in writing within seven (7) days of issuance of notice of award by Metro. Appeals must be submitted to the Metro Procurement Officer, 600 NE Grand, Portland, OR 97232 and must state the specific deviation of rule, law or procedure upon which the appeal is based. Any disagreement with the judgment exercised by the evaluation committee is not a basis for appeal.

Upon receipt of an appeal, the Procurement Officer will notify the Director of the Oregon Zoo and the Metro Chief Operating Officer. Within ten (10) days of receipt of the appeal, Metro will issue its notice of rejection or acceptance of the appeal. The appellant may appeal the decision to the Metro Council, acting as the agency's local public contract review

Request for Proposals 08-1276-ZOO

Red Ape Reserve Exhibit



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board. Such appeals must be received within five (5) working days from the postmarked date of the appeal response. The appeal will be considered by the Metro Council, whose decision on the matter shall be final.

CONTRACT

Within 10 business days of receipt of the contract from Metro, the Successful Proposer shall sign and deliver the Contract to Metro. Metro's standard contract is attached.

COMMENCEMENT OF WORK

Prior to starting work on a contract or sub-contract for a public works project, a contractor or sub-contractor shall file a public works bond with the Construction Contractors Board. Bond shall be from a corporate surety authorized to do business in the state of Oregon and be in the amount of \$30,000 and shall comply with all other requirements of ORS 279C.800 to 279C.870. Contractor shall provide written documentation of bond number(s) of bond(s) for contractor and all sub contractor(s) to Metro Project Manager with original Proposal or prior to starting project work.

PROPOSAL SECURITY RETURN

Proposal securities will be held until the Contract has been finally executed, after which all Proposal securities, other than those which have been forfeited, will be returned to the respective Proposers whose Proposal they accompanied.

BONDS

Within seven (7) days of notification of award, the Contractor shall provide the following:

- A performance bond in an amount equal to 100 percent of the contract price.
- A Labor and Materials bond in an amount equal to 100 percent of the contract price.

FOREIGN CONTRACTOR

A Contractor that is not domiciled in or registered to do business in the State of Oregon shall, upon execution of a contract in excess of \$10,000, promptly report the total contract price, terms of payment, length of contract and all other required information to the Oregon Department of Revenue. Compliance shall be documented and Metro shall be fully satisfied as to complete compliance prior to release of final payment.

INSURANCE

The Contractor shall purchase and maintain at his expense the following types of insurance covering the Contractor, and his employees and agents.

1. Broad form commercial general liability insurance covering bodily injury, property damage, and personal injury with automatic coverage for premises and operations and product liability. The policy must be endorsed with contractual liability coverage.
2. Automobile bodily injury and property damage liability insurance.

Insurance coverage shall be a minimum of \$1,000,000 per occurrence.

Metro, its councilors, department, employees, and agents shall be named as an ADDITIONAL INSURED. Notice of any material change or policy cancellation shall be provided to Metro thirty (30) days prior to the change.

The Contractor shall comply with ORS 656.017 for all employees who work in the state of Oregon for more than 10 days. The Contractor shall provide Metro with certification of workers' compensation insurance including employer's liability.

WORKERS' COMPENSATION

The Contractor, and all subsequent subcontractors and suppliers performing work pursuant to this contract shall provide Workers' Compensation benefits as required by and in accordance with all applicable state and federal laws.

Request for Proposals 08-1276-ZOO Red Ape Reserve Exhibit



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(503) 797-1700

NOTICE OF ASSIGNMENT

Metro will not recognize any assignment or transfer of any interest in this contract without written approval by the Office of the Metro Attorney.

HAZARD COMMUNICATION

The Contractor shall be required to strictly adhere to, coordinate with Metro and document full compliance with the policies and procedures of the Oregon Occupational Health and Safety Code, OAR Chapter 437, Division 155, Hazard Communication.

Therefore, the Contractor and all subcontractors and suppliers within his control shall notify Metro and all parties to the agreement as to:

- Hazardous materials to which they may be exposed on site;
- Employee measures to lessen the possibility of exposure;
- All contractor measures to reduce the risk;
- Procedures to follow if exposed.

The Contractor shall provide Metro with all Material Safety Data Sheets (MSDS) prior to delivery or introduction of the material on site.

For further information or clarification, contact the Metro Risk Management Division at 797-1615.

DELIVERY TIMES

The Contractor shall deliver materials on business days between the hours of 6:00 a.m. and 5:00 p.m. Unloading must be completed by 5:00 p.m. unless approved in advance by Metro. Requests for such approval must be received by Metro at least three (3) days prior to delivery. Contractor shall assume all risk of deliveries made during hours beyond those listed above.

FAILURE TO PERFORM

Should the Contractor fail to meet the agreed upon delivery schedule, thereby making it necessary for Metro to purchase urgently-needed items from another source, the low Proposer shall pay the difference between the accepted low Proposal price and the purchase price or accept an offset against any monies then owed by Metro.

PATENTS

The Contractor agrees to protect, to defend (if Metro requests) and save the agency harmless against any demand for payment for wrongful or unauthorized use of any patented material, process, article, or device that may enter into manufacture, construction, or forms a part of the work covered by this contract.

INVOICES

Invoices shall be prepared and submitted unless otherwise specified. Invoices shall contain the following information: Contract or Purchase Order number (if any), item numbers, description of supplies or services, sizes, quantities, unit prices and extended totals. Invoice should also state name of the unit or department to which the merchandise was shipped or delivered.

LAW OF STATE OF OREGON

This contract is entered into within the state of Oregon, and the law of said State, whether substantive or procedural, shall apply and be followed with respect to this contract.

PREVAILING WAGE RATES

The contractor, and all subcontractors and suppliers, shall be required to comply with ORS 279C.800 through 279C.870 and ensure that all workers are paid not less than, and in accordance with, the Prevailing Wages published by the Oregon Bureau of Labor and Industries. This project is covered by appropriate Bureau of Labor and Industries (BOLI) prevailing wage rates available at <http://www.boli.state.or.us> or by calling the State of Oregon Bureau of Labor and Industries at

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(971) 673-0839. If the project is subject to Davis-Bacon Act (40U.S.C. 276A), Contractor and all sub-contractors shall pay the higher rate of state or federal prevailing wages.

The contractor, as well as the agency, is required to pay a fee equal to one-tenth of one percent (0.1 percent) of the price of the contract, but not less than \$250 nor more than \$7,500, under ORS 279C.825. The contractor's fee shall be paid on or before the first progress payment or 60 days from the date work first began on the contract, whichever comes first. The fee is payable to the Commissioner of the Bureau of Labor and Industries at the following address:

Bureau of Labor and Industries
Wage and Hour Division
Prevailing Wage Unit
800 NE Oregon Street, #32
Portland, OR 97232

CERTIFIED PAYROLL

The Contractor and all sub-contractors, in compliance with ORS 279C.845, shall file certified payroll statements with Metro Project Manager to be due once per month by the fifth business day of the following month. Metro shall retain 25% of any amount earned by Contractor if certified payrolls are not submitted as required. Contractor shall retain 25% of sub-contractor earnings if sub-contractor certified payrolls are not submitted as required. Upon receipt of appropriate certified payrolls, Metro and Contractor shall release any amounts so retained within 14 days.

MINORITY, ESB AND WOMEN-OWNED BUSINESS PROGRAM

In the event that any subcontracts are to be utilized in the performance of this agreement, the Proposer's attention is directed to Metro Code Section 2.04.100. Metro encourages the use of MWESB sub-contractors to the maximum extent practical in the performance of the work. Copies of that document are available from the Procurement Services Division, Metro Regional Center, 600 NE Grand Avenue, Portland, OR 97232 or by calling (503) 797-1816.

NON-DISCRIMINATION

Metro and its contractors will not discriminate against any person(s), employee or applicant for employment based on race, creed, color, national origin, sex, sexual orientation, age, religion, physical handicap, political affiliation or marital status. Metro fully complies with Title VI of the Civil Rights Act of 1964 and related statutes and regulations in all programs and activities. For more information, or to obtain a Title VI Complaint Form, see www.metro-region.org or call (503) 797-1536.

NOTICE TO ALL PROPOSERS

The public contract included herein is a standard agreement approved for use by the Office of Metro Attorney. This is the contract the successful Proposer will enter into with Metro; it is included for your review prior to submitting a Proposal.

Request for Proposals 08-1276-ZOO Red Ape Reserve Exhibit



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PROPOSER'S CHECKLIST

FIRM _____
NAME _____
MAILING ADDRESS _____
PHONE _____ FAX _____ EMAIL _____

PROPOSALDER REPRESENTS/CERTIFIES/ACKNOWLEDGES AS PART OF THIS OFFER THAT:

(Contractor shall check or complete all applicable boxes)
(To Be Submitted by 2:00 p.m. on Proposal Due Date)

(PROPOSAL WILL BE CONSIDERED NON-RESPONSIVE WITHOUT THE FOLLOWING DOCUMENTS*)

1. **PROPOSAL***
2. **PROPOSAL BOND***: Proposer has complied with Metro's requirements for \$500.00 Proposal surety and guarantees that this Proposal is irrevocable for the period specified herein.
3. **CONFLICT OF INTEREST***: Proposer hereby certifies that no officer, agent, or employee of Metro has participated on behalf of Metro in preparation of this Proposal, that the Proposal is made in good faith without fraud, collusion, or connection of any kind with any other Proposer for the same work, and the Proposer is competing solely in its own behalf without connection or obligation to any undisclosed person or firm.
4. **RESIDENT/NON-RESIDENT***: Undersigned Proposer states that it is a resident or non-resident of the state of Oregon. State in which Proposer resides: _____
5. **TYPE OF BUSINESS ORGANIZATION***: Proposer operates as an individual, a corporation, incorporated under the laws of the state of _____, a non-profit organization, a partnership. (If partnership, attach names of the partners)
6. **OREGON LICENSE***: If a corporation, it is, or is not, licensed with Oregon Corporation Commission
7. **REGISTRATION NO***: _____ with Construction Contractors Board.
8. **METRO CONTRACTOR QUALIFICATION STATEMENT***
9. **CERTIFICATE OF COMPLIANCE*** for recycling.
10. **CERTIFICATE OF EMPLOYEE DRUG TESTING PROGRAM***
11. **DOING BUSINESS AS***: Provide any assumed names utilized.

TO BE SUBMITTED IN SEPARATE ENVELOPE BY PROPOSAL DUE DATE AND TIME OF 4:00 P.M.

1. FIRST TIER SUBCONTRACTOR DISCLOSURE FORM*
2. MBE/WBE/ESB PROGRAM FORMS*

PRIOR TO AWARD:

- Financial records and other information in accordance with ORS 279C at the option of Metro's Project Manager
- Performance Bond**: Cost of the Bond shall be included in the Proposal.
- Labor and Materials Bond**: Cost of the Bond shall be included in the Proposal.
- Bond amounts shall each equal 100% of contract total, or as stated in RFB.
(Below \$50K Performance and Labor, and Materials Bonds may be combined)

NAME AND TITLE OF PERSON AUTHORIZED TO CONTRACT/SIGN OFFER (TYPE OR PRINT)

SIGNATURE OF AUTHORIZED PERSON

Proposals must be enclosed in a sealed envelope, endorsed on the outside, indicate the Proposal subject, Request for Proposal number and opening date, and delivered to Metro on or before the date and time the Proposal is due. (See Instructions to Proposers)

Request for Proposals 08-1276-ZOO Red Ape Reserve Exhibit



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PROPOSAL FORMS

NOTE TO PROPOSER: Proposers must provide all of the information requested in this RFP. Proposer should type or use ink for completing this Proposal.

To: Metro Procurement Services

Address: 600 N.E. Grand Avenue, Portland, OR 97232

Contract: Red Ape Reserve Exhibit

Proposer: _____

Address: _____

Proposer's Contact: _____

Telephone: () _____ Date: _____

PROPOSER'S DECLARATION AND UNDERSTANDING

The undersigned, hereinafter called the Proposer, declares that the only persons or parties interested in this Proposal are those named herein, that this Proposal is, in all respects, fair and without fraud, that it is made without collusion with any official of Metro, and that the Proposal is made without any connection or collusion with any person submitting another Proposal on this Contract.

The Proposer further declares that it has carefully examined the Contract Documents for the completion of the Work, has personally inspected the Site, has satisfied itself as to the Work involved, and that this Proposal is made in accordance with the provisions and under the terms of the Contract Documents, which are hereby made a part of this Proposal.

Any printed matter on any letter or paper enclosed herewith which is not part of the Proposaling Documents or which was not requested by Metro is not to be considered a part of this Proposal, and the undersigned agrees that such printed matter shall be entirely disregarded and, notwithstanding such printed matter, that the Proposal is a Proposal to do the Work and furnish the labor and materials and all other things required by the Contract Documents strictly within the time and in accordance with such Specifications. This Proposal is irrevocable for sixty- (60) days following the date of the opening of Proposals.

PROPOSAL SECURITY

Proposal security in the form of a certified check, cashier's check or Proposal bond as further described in the Instructions for Proposers and in the amount of five (5) percent of the Proposal is enclosed herewith and is subject to all the conditions stated in the Instructions for Proposers.

CONTRACT EXECUTION, BONDS AND INSURANCE

The Proposer agrees that if this Proposal is accepted, it will, within seven (7) days after award of the Contract by the Metro Council, sign the Construction Agreement in the form attached, and will at that time deliver to Metro the Performance Bond and the Labor and Materials Payment Bond required herein and in the form annexed hereto, along with all certificates of insurance and certified copies of insurance policies specified and required in these Contract Documents, and will, to the extent of its

Request for Proposals 08-1276-ZOO Red Ape Reserve Exhibit



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Proposal, furnish all machinery, tools, apparatus, and other means of operation and construction and do the Work and furnish all the materials necessary to complete all Work as specified or indicated in the Contract Documents

COMMENCEMENT OF WORK AND CONTRACT COMPLETION TIME

The time frame for the award and execution of this Contract shall be as described in the Instructions for Proposers and other Contract Documents. The Successful Proposer further agrees to commence the Work within five (5) days of issuance of the Notice to Proceed and to diligently prosecute the Work to its final completion in accordance with the Contract Documents.

ADJUSTED PAYMENTS

In the event the Proposer is awarded the Contract and fails to complete the Work in compliance with the time required by the Contract Documents, adjusted payments shall be paid to Metro as described in the General Conditions.

SALES AND USE TAXES

The Proposer agrees that all applicable federal, state and local sales and use taxes are included in the stated Proposal prices for the Work.

LUMP SUM AND UNIT PRICE WORK

The Proposer further proposes to accept as full payment for the Work proposed herein the amounts computed under the provisions of the Contract Documents and based on the listed lump sum and unit price amounts. The amounts shall be shown in both words and figures. In case of a discrepancy, the amount shown in words shall govern.

PREVAILING WAGES FOR PUBLIC WORK

Proposer hereby certifies that the provisions of ORS 279C.800 - 279C.870, regarding prevailing wages, shall be complied with on this project.

Request for Proposals 08-1276-ZOO

Red Ape Reserve Exhibit



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SCHEDULE OF PROPOSAL PRICES

The Proposer, whose legal signature binding the Proposer to the Proposal process indicated on these pages is found on the signature page, hereby Proposals as follows:

Item	Description	Qty	Unit	Unit Price	Total Amount
1.	Construction of the Red Ape Reserve Exhibit	1	L.S.		
	Total Proposal Price				

(_____ **DOLLARS**)
CONTRACT PRICE (in words)

Request for Proposals 08-1276-ZOO Red Ape Reserve Exhibit



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FIRST-TIER SUBCONTRACTOR DISCLOSURE FORM

PROJECT NAME: Red Ape Reserve Exhibit

PROPOSAL #08-1275-ZOO PROPOSAL CLOSING: D_____ Time: 2:00 p.m.

DISCLOSURE DEADLINE Date: _____ Time: 4:00 p.m.

This form must be submitted at the location specified in the Invitation to Proposal within two (2) working hours of the advertised Proposal closing date and time, but no later than the **DISCLOSURE DEADLINE** stated above.

List below the Name, Address, Dollar Value, Contact Name, Telephone Number, Construction Contractor Board (CCB) number (if required), and Public Works Bond number (if public improvement) of each subcontractor that will be furnishing labor and materials that are required to be disclosed. Enter "NONE" if there are no subcontractors that need to be disclosed. (ATTACH ADDITIONAL SHEETS IF NEEDED.)

Name, Address, Phone, CCB# Public Works Bond #	Dollar Value	Category of Work
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
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_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

The above listed first-tier subcontractor(s) are providing labor and materials with a dollar value equal to or greater than:

- a) 5% of the total Contract Price, but at least \$15,000 of the Proposal Price,
- b) \$350,000 regardless of the percentage of the total Proposal Price.

Failure to submit this form in a separate envelope by the disclosure deadline will result in a Proposal submitted becoming non-responsive, and such Proposal shall not be considered for award.

Form Submitted By (Proposolder Name): _____

Contact Name: _____ Phone # _____

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ADDENDA

The Proposalder is presumed to have read and hereby acknowledges receipt and acceptance of Addenda Numbers:

(Insert No. and Date of Each Addendum Received)

SURETY

If the Proposalder is awarded a Contract on this Proposal, the surety or sureties who provide(s) the Performance Bond and Labor and Materials Payment Bond will be:

SURETY

ADDRESS

1. _____
2. _____

Request for Proposals 08-1276-ZOO Red Ape Reserve Exhibit



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GOOD FAITH PROGRAM

The Metro Council is committed to doing business with Minority, Woman-owned firms and Emerging Small Businesses (M/W/ESB). The Council recognizes that supporting these firms will result in a stronger economy and increased competition.

To this end, Metro has established these procedures to maximize utilization of M/W/ESB for Metro projects. The following six steps are required to help us monitor the usage of these firms.

Good Faith Efforts Steps:

1. Identify areas in which you intend to use sub-contractors.
2. Attend the Pre-Proposal meeting if held. Meet any M/W/ESB firms at the Pre-Proposal meeting.
3. Contact several (or all) certified M/W/ESB firms listed (with the State of Oregon) to perform the work needed. (Metro's Purchasing & Contracts Office will be happy to provide you with a list of firms upon request (503)-797-1816.)
4. Negotiate with interested, available and capable M/W/ESB firms who submit competitive Proposals.
5. Report to Metro all sub-contractors contacted. Please include their response and price quoted.
6. List all sub-contractors that you intend to use on this project.

Please note a selected M/W/ESB firm must be used unless Metro authorizes a substitution.

Thank you for your assistance in this important area. Attached are forms to complete and return as part of your Proposal document. Please contact our Procurement Division at (503) 797-1816 if you have any questions.

Request for Proposals 08-1276-ZOO Red Ape Reserve Exhibit



Step 5: List all sub-contractors to be used for this project.

PROPOSER INTENDS TO SUBCONTRACT WITH THE FOLLOWING:

Sub-contractor/ Supplier	Non ** MBE WBE ESB	Nature Of Work	Dollar Value Of Participation
Contact Name Address Phone			CCB #*
Contact Name Address Phone			CCB #*
Contact Name Address Phone			CCB #*
Contact Name Address Phone			CCB #*

*Please include Construction Contractors Board Number

** Non-M/W/ESB Sub-Contractors

Total Proposal/Proposal Amount _____

Authorized Signature _____

Date _____

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RESIDENT/NON-RESIDENT BIDDER STATUS

Oregon law requires that Metro, in evaluating the responsive bidders, must add a percent increase on the bid of a non-resident bidder equal to the percent, if any, of the preference given to that bidder in the state in which that bidder resides.

Consequently, each bidder must indicate whether it is a resident or non-resident bidder. A resident bidder is a bidder that has paid unemployment taxes or income taxes in the state of Oregon during the twelve (12) calendar months immediately preceding submission of this Proposal, has a business address in Oregon, and has stated in its Proposal that the bidder is a "resident bidder." A "non-resident bidder" is a bidder who is not a resident bidder (ORS 279A.120).

The undersigned bidder states that it is: (check one)

1. _____ A resident bidder

2. _____ A non-resident bidder

Indicate state in which bidder resides: _____

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CONTRACTOR QUALIFICATION STATEMENT

The undersigned certifies under oath that the information provided herein is true and sufficiently complete so as not to be misleading:

Contractor Name _____

Address _____

Telephone _____ Fax _____

E-Mail _____

Project Name _____

ORGANIZATION _____

How many years has your organization been in business as a Contractor? _____

Under what former names has your organization operated? _____

LICENSING AND BONDING

Oregon CCB# _____ Public Works Bond # _____

Other licenses _____

RELEVANT EXPERIENCE

List the type of work your organization normally performs with its own forces, including animal exhibit experience that demonstrates zoo industry best construction practices: _____

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Does your firm own or able to obtain the necessary equipment for this job? Please explain _____

CLAIMS AND SUITS

Has your organization ever failed to complete any work awarded to it? _____

Are there any judgments, claims, arbitration proceedings or suits pending or outstanding against your organization or officers? _____

Has your organization filed any lawsuits or requested arbitration with regard to construction contracts within the last five years? Provide information _____

Have any officers or employees been convicted of any crimes relative to a project such as this? _____

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REFERENCES

List the major construction projects your organization has **in progress**

Project Name	Owner	Architect	Amount	% Complete	Completion Date	Contact Person	Phone #

List the major construction projects your organization has **completed in last 3 years**

Project Name	Owner	Architect	Amount	% Complete	Completion Date	Contact Person	Phone #

List 3 subs we can contact for a reference.

Name	Specialty	Contact Name	Phone #

List 3 suppliers we can contact for a reference.

Name	Specialty	Contact Name	Phone #

List a bank reference: _____

SIGNATURE

The information provided is true and complete.

Signature _____ Title _____ Date _____

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SIGNATURE PAGE

The name of the Proposer submitting this Proposal is _____ doing business

at _____
Street City State Zip

which is the full business address to which all communications concerned with this Proposal and with the Contract shall be sent.

The names of the principal officers of the corporation submitting this Proposal, or of all of the partners, if the Proposer is a partnership or joint venture, or of all persons interested in this Proposal as individuals are as follows:

If Individual

IN WITNESS hereto the undersigned has set his/her hand this ____ day of 20__.

Signature of Proposer _____

Printed Name of Proposer _____

Title _____

If Partnership or Joint Venture

IN WITNESS hereto the undersigned has set his/her hand this ____ day of 20__.

Name of Partnership or Joint Venture

By: _____

Printed Name of Person Signing

Title: _____

If Corporation

IN WITNESS WHEREOF the undersigned corporation has caused this instrument to be executed and its seal affixed by its duly authorized officers this ____ day of 20__.

Name of Corporation

State of Incorporation

By: _____

Printed Name of Person Signing

Title: _____

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NON-COLLUSION AFFIDAVIT

STATE OF _____) County of _____)

I state that I am _____ (Title) of _____ (Name of Proposer) and that I am authorized to make this Affidavit on behalf of the Proposer. I am the person authorized by the Proposer and responsible for the price(s) and the amount of this Proposal.

I state that: (1) the price(s) and amount of this Proposal have been arrived at independently and without consultation, communication or agreement with any other contractor, Proposer or potential Proposer, except as disclosed in the attached appendix.

(2) Neither the price(s) nor the amount of this Proposal, and neither the approximate price(s) nor approximate amount of this Proposal, have been disclosed to any other person who is a Proposer or potential Proposer, and they will not be disclosed before Proposal opening.

(3) No attempt has been made or will be made to induce any person to refrain from Proposing on this contract, or to submit a Proposal higher than this Proposal, or to submit any intentionally high or non-competitive Proposal or other from of complementary Proposal.

(4) This Proposal is made in good faith and not pursuant to any agreement or discussion with, or inducement from, any person to submit a complementary or other noncompetitive Proposal.

(5) _____ (Name of Proposer), its affiliates, subsidiaries, officers, directors and employees (as applicable) are not currently under investigation by any governmental agency and have not in the last four years been convicted of or found liable for any act prohibited by state or federal law in any jurisdiction, involving conspiracy or collusion with respect to Proposing on any public contract, except as listed and described in the attached appendix.

I state that I and _____ (Name of Proposer) understand and acknowledge that the above representations are material and important, and will be relied on by Metro in awarding the Contract for which this Proposal is submitted. Any misstatement in this Affidavit will be treated as fraudulent concealment from Metro of the true facts relating to the submission of Proposals for this Contract.

Signature of Affiant

Printed Name of Affiant

Sworn to and subscribed before me this _____ day of _____ 20____.

Notary Public for _____ My Commission Expires: ___/___/___

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PROPOSAL BOND

BOND NO. _____

AMOUNT: \$ _____

NOTE: Proposers must use this form, not a surety company form

KNOW ALL MEN BY THESE PRESENT, that _____ hereinafter called the PRINCIPAL, and _____ a corporation duly organized under the laws of the State of _____ having its principal place of business at _____ in the state of _____, and authorized to do business in the state of Oregon, as SURETY, are held and firmly bound unto _____ hereinafter called the OBLIGEE, in the penal sum of _____ DOLLARS (\$ _____), for the payment of which we bind ourselves, our heirs, executors, administrators, successors, and assigns, jointly and severally, firmly by these present.

THE CONDITION OF THIS PRINCIPAL IS SUCH THAT:

WHEREAS the PRINCIPAL is herewith submitting a **PROPOSAL FOR** _____ said Proposal, by reference thereto, being hereby made a part hereof.

NOW, THEREFORE, if the Proposal submitted by the PRINCIPAL is accepted, and the Contract awarded to the PRINCIPAL, and if the PRINCIPAL shall execute the proposed Contract and shall furnish any bond(s) required by the Contract Documents within the time fixed by the Documents, then this obligation shall be void; if the PRINCIPAL shall fail to execute the proposed Contract and furnish the bond(s), the SURETY hereby agrees to pay to the OBLIGEE the penal sum as liquidated damages, within ten (10) days of such failure.

Signed and sealed this _____ day of _____, 20____.

By: _____
PRINCIPAL

By: _____
Attorney-in-Fact

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LABOR AND MATERIAL PAYMENTS BOND

(NOTE: CONTRACTOR MUST USE THIS FORM, NOT A SURETY COMPANY FORM)

KNOW ALL MEN BY THESE PRESENT:

We the Undersigned _____ as PRINCIPAL and _____ a corporation organized and existing under and by virtue of the laws of the state of _____, and duly authorized to do surety business in the state of Oregon and named on the current list of approved surety companies acceptable on federal bonds and conforming with the underwriting limitations as published in the Federal Register by the audit staff of the Bureau of Accounts and the U.S. Treasury Department and which carries an "A" rating and is of the appropriate class for the bond amount as determined by Best's Rating System, as SURETY, hereby hold and firmly bind ourselves, our heirs, executors, administrators, successors and assigns, jointly and severally, unto METRO, as OBLIGEE, in the sum of _____ Dollars (\$ _____) in lawful money of the United States of America, for the payment of that sum for the use and benefit of claimants as defined below.

The condition of this obligation is such that whereas the PRINCIPAL entered into a contract with METRO dated _____, 20____, which contract is hereunto annexed and made a part hereof, for accomplishment of the project described as follows: _____.

NOW THEREFORE, if the PRINCIPAL shall promptly make payments to all persons, firms, subcontractors, corporations and/or others furnishing materials for or performing labor in the prosecution of the Work provided for in the aforesaid _____, and any authorized extension or modification thereof, including all amounts due for materials, equipment, mechanical repairs, transportation, tools and services consumed or used in connection with the performance of such Work, and for all labor performed in connection with such Work whether by subcontractor or otherwise, and all other requirements imposed by law, then this obligation shall become null and void; otherwise this obligation shall remain in full force and effect, subject, however, to the following conditions:

1. A claimant is as specified in ORS 279C.600.
2. The above-named PRINCIPAL and SURETY hereby jointly and severally agree with the OBLIGEE and its assigns that every claimant as above-specified, who has not been paid in full, may sue on this bond for the use of such claimant, prosecute the suit to final judgment in accordance with ORS 279C.610 for such sum or sums as may be justly due claimant, and have execution thereon. The OBLIGEE shall not be liable for the payment of any judgment, costs, expenses or attorneys' fees of any such suit.

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PROVIDED, FURTHER, that SURETY for the value received, hereby stipulates and agrees that all changes, extensions of time, alterations to the terms of the _____ or to Work to be performed thereunder or the Specifications accompanying the same shall be within the scope of the SURETY's undertaking on this bond, and SURETY does hereby waive notice of any such change, extension of time, alteration or addition to the terms of the _____ or to the Work or to the Specifications. Any such change, extension of time, alteration or addition to the terms of the contract or to the Work or to the Specifications shall automatically increase the obligation of the SURETY hereunder in a like amount, provided that the total of such increases shall not exceed twenty-five percent (25%) of the original amount of the obligation without the consent of the SURETY.

This obligation shall continue to bind the PRINCIPAL and SURETY, notwithstanding successive payments made hereunder, until the full amount of the obligation is exhausted, or if the full amount of the obligation is not exhausted and no claim is pending resolution, until such time as no further claims can be made pursuant to law with regard to the above-described project, by any claimant specified in ORS 279C.600.

If more than one SURETY is on this bond, each SURETY hereby agrees that it is jointly and severally liable for all obligations of this bond.

IN WITNESS WHEREOF, we have hereunto set our hands and seals this _____ day of _____, 20____ .

SURETY

By: _____

Title: _____

Street Address

City, State ZIP

Phone Number

CONTRACTOR

By: _____

Title: _____

Street Address

City, State ZIP

Phone Number

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PERFORMANCE BOND

(NOTE: CONTRACTORS MUST USE THIS FORM, NOT A SURETY COMPANY FORM)

KNOW BY ALL MEN BY THESE PRESENT:

We the undersigned _____ as PRINCIPAL (hereinafter called CONTRACTOR), and _____ a corporation organized and existing under and by virtue of the laws of the state of _____ duly authorized to do surety business in the state of Oregon and named on the current list of approved surety companies acceptable on federal bonds and conforming with the underwriting limitations as published in the Federal Register by the audit staff of the Bureau of Accounts and the U.S. Treasury Department and is of the appropriate class for the bond amount as determined by Best's Rating System, as SURETY, hereby hold and firmly bind ourselves, our heirs, executors, administrators, successors and assigns, jointly and severally, to pay to METRO as OBLIGEE (hereinafter called METRO), the amount of _____ Dollars (\$ _____) in lawful money of the United States of America.

WHEREAS, the CONTRACTOR entered into a contract with METRO dated _____, 20____, which Contract is hereunto annexed and made a part hereof, for accomplishment of the project described as follows: _____

NOW, THEREFORE, the condition of this obligation is such that if the CONTRACTOR shall promptly, truly and faithfully perform all the undertakings, covenants, terms, conditions, and agreements of the aforesaid _____, METRO having performed its obligations thereunder, then this obligation shall be null and void; otherwise it shall remain in full force and effect.

Whenever CONTRACTOR shall be declared by METRO to be in default under the Contract Documents for the project described herein, the SURETY may promptly remedy the default, or shall promptly complete the _____ in accordance with the Contract Documents and the project Specifications. SURETY, for value received, further stipulates and agrees that all changes, extensions of time, alterations, or additions to the terms of the Contract or Specifications for _____ are within the scope of the SURETY's undertaking on this bond, and SURETY hereby waives notice of any such change, extension of time, alteration or addition to the terms of the _____ or to the Work or to the Specifications. Any such change, extension of time, alteration or addition to the terms of the _____ or to the Work or to the Specifications shall automatically increase the obligation of the Surety hereunder in a like amount, provided that such increase shall not exceed twenty-five percent (25%) of the original amount of the obligation without the consent of the Surety.

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This obligation shall continue to bind the PRINCIPAL and SURETY, notwithstanding successive payments made hereunder, until the full amount of the obligation is exhausted.

No right of action shall accrue on this bond to or for the use of any person or corporation other than METRO or its heirs, executors, administrators, successors or assigns.

If more than one SURETY is on this bond, each SURETY hereby agrees that it is jointly and severally liable for obligations on this bond.

IN WITNESS WHEREOF, we have hereunto set our hands and seals this _____
day of _____, 20_____.

SURETY

By: _____

Title: _____

Street Address

City State ZIP

Phone Number

CONTRACTOR

By: _____

Title: _____

Street Address

City State ZIP

Phone Number

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For Public Contracts \$50,000 & Up

CONTRACT NO. _____

STANDARD PUBLIC CONTRACT

THIS Contract is entered into between Metro, a metropolitan service district organized under the laws of the State of Oregon and the Metro Charter, whose address is 600 NE Grand Avenue, Portland, Oregon 97232-2736, and _____, whose address is _____, hereinafter referred to as the "CONTRACTOR."

THE PARTIES AGREE AS FOLLOWS:

ARTICLE I SCOPE OF WORK

CONTRACTOR shall perform the work and/or deliver to METRO the goods described in the Scope of Work attached hereto as Attachment A. All services and goods shall be of good quality and, otherwise, in accordance with the Scope of Work.

ARTICLE II TERM OF CONTRACT

The term of this Contract shall be for the period commencing _____, 20____ through and including _____, 20____.

ARTICLE III CONTRACT SUM AND TERMS OF PAYMENT

METRO shall compensate the CONTRACTOR for work performed and/or goods supplied as described in the Scope of Work. METRO shall not be responsible for payment of any materials, expenses or costs other than those which are specifically included in the Scope of Work.

ARTICLE IV LIABILITY AND INDEMNITY

CONTRACTOR is an independent contractor and assumes full responsibility for the content of its work and performance of CONTRACTOR'S labor, and assumes full responsibility for all liability for bodily injury or physical damage to person or property arising out of or related to this Contract, and shall indemnify, defend and hold harmless METRO, its agents and employees, from any and all claims, demands, damages, actions, losses, and expenses, including attorney's fees, arising out of or in any way connected with its performance of this Contract. CONTRACTOR is solely responsible for paying CONTRACTOR'S subcontractors and nothing contained herein shall create or be construed to create any contractual relationship between any subcontractor(s) and METRO.

ARTICLE V TERMINATION

METRO may terminate this Contract upon giving CONTRACTOR seven (7) days written notice. In the event of termination, CONTRACTOR shall be entitled to payment for work performed to the date of termination. METRO shall not be liable for indirect, consequential damages or any other damages. Termination by METRO will not waive any claim or remedies it may have against CONTRACTOR.

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ARTICLE VI INSURANCE & BONDS

CONTRACTOR shall purchase and maintain at CONTRACTOR'S expense, the following types of insurance covering the CONTRACTOR, its employees and agents.

A. Broad form comprehensive general liability insurance covering personal injury, property damage, and bodily injury with automatic coverage for premises and operation and product liability shall be a minimum of \$1,000,000 per occurrence. The policy must be endorsed with contractual liability coverage. **Metro, its elected officials, departments, employees and agents shall be named as an ADDITIONAL INSURED.**

B. Automobile bodily injury and property damage liability insurance. Insurance coverage shall be a minimum of \$1,000,000 per occurrence. **METRO, its elected officials, departments, employees, and agents shall be named as an ADDITIONAL INSURED.** Notice of any material change or policy cancellation shall be provided to METRO thirty (30) days prior to the change.

This insurance as well as all workers' compensation coverage for compliance with ORS 656.017 must cover CONTRACTOR'S operations under this Contract, whether such operations be by CONTRACTOR or by any subcontractor or anyone directly or indirectly employed by either of them.

CONTRACTOR shall provide METRO with a certificate of insurance complying with this article and naming METRO as an additional insured within fifteen (15) days of execution of this Contract or twenty-four (24) hours before services under this Contract commence, whichever date is earlier.

CONTRACTOR shall not be required to provide the liability insurance described in this Article only if an express exclusion relieving CONTRACTOR of this requirement is contained in the Scope of Work

In addition, for public works subject to ORS 279C.800 to 279C.870, CONTRACTOR and every subcontractor shall have a public works bond required by 2005 Oregon Laws Chapter 360 filed with the Construction Contractors Board before starting work on the project, unless exempt under Section 2 of 2005 Oregon Laws Chapter 360.

ARTICLE VII PUBLIC CONTRACTS

All applicable provisions of ORS chapters 187 and 279A, 279B, and 279C and all other terms and conditions necessary to be inserted into public contracts in the State of Oregon, are hereby incorporated as if such provision were a part of this Agreement. Specifically, it is a condition of this contract that Contractor and all employers working under this Agreement are subject employers that will comply with ORS 656.017 as required by 1989 Oregon Laws, Chapter 684.

For public work subject to ORS 279C.800 to 279C.870, the Contractor shall pay prevailing wages. If such public work is subject both to ORS 279C.800 to 279C.870 and to 40 U.S.C. 276a, the Contractor and every subcontractor on such public work shall pay at least the higher prevailing wage. The Contractor and each subcontractor shall pay workers not less than the specified minimum hourly rate of wage in accordance with Section 7 of 2005 Oregon Laws Chapter 360. In addition, the Contractor shall pay an administrative fee as provided in ORS 279C.825(1) to the Bureau of Labor and Industries pursuant to the administrative rules established by the Commissioner of Labor and Industries. Contractors must promptly pay, as due, all persons supplying to such contractor labor or material used in this contract. If the contractor or first-tier subcontractor fails, neglects, or refuses to make payment to a person furnishing labor or materials in connection with the public contract for a public improvement within 30 days after receipt of payment from the public contracting agency or a contractor, the contractor or first-tier subcontractor shall owe the person the amount due plus shall pay interest in accordance with ORS 279C.515. If the contractor or first-tier subcontractor fails, neglects, or refuses to make payment, to a person furnishing labor or materials in connection with the public contract, the person may file a complaint with the Construction Contractors Board, unless payment is subject to a good faith dispute as defined in ORS 279C.580. Contractor must pay any and all contributions and amounts due to the Industrial Accident Fund from

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Red Ape Reserve Exhibit



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contractor or subcontractor and incurred in the performance of the contract. No liens or claims are permitted to be filed against Metro on account of any labor or material furnished. Contractors are required to pay the Department of Revenue all sums withheld from employees pursuant to ORS 316.167.

For public improvement work all contractors must demonstrate that an employee drug-testing program is in place.

ARTICLE VIII ATTORNEY'S FEES

In the event of any litigation concerning this Contract, the prevailing party shall be entitled to reasonable attorney's fees and court costs, including fees and costs on appeal to any appellate courts.

ARTICLE IX QUALITY OF GOODS AND SERVICES

Unless otherwise specified, all materials shall be new and both workmanship and materials shall be of the highest quality. All workers and subcontractors shall be skilled in their trades. CONTRACTOR guarantees all work against defects in material or workmanship for a period of one (1) year from the date of acceptance or final payment by METRO, whichever is later. All guarantees and warranties of goods furnished to CONTRACTOR or subcontractors by any manufacturer or supplier shall be deemed to run to the benefit of METRO.

ARTICLE X OWNERSHIP OF DOCUMENTS

Unless otherwise provided herein, all documents, instruments and media of any nature produced by Contractor pursuant to this agreement are Work Products and are the property of Metro, including but not limited to: drawings, specifications, reports, scientific or theoretical modeling, electronic media, computer software created or altered specifically for the purpose of completing the Scope of Work, works of art and photographs. Unless otherwise provided herein, upon Metro request, Contractor shall promptly provide Metro with an electronic version of all Work Products that have been produced or recorded in electronic media. Metro and Contractor agree that all work Products are works made for hire and Contractor hereby conveys, transfers, and grants to Metro all rights of reproduction and the copyright to all such Work Products.

A. Contractor and subcontractors shall maintain all fiscal records relating to such contracts in accordance with generally accepted accounting principles. In addition, Contractor and subcontractors shall maintain any other records necessary to clearly document:

1. The performance of the contractor, including but not limited to the contractor's compliance with contract plans and specifications, compliance with fair contracting and employment programs, compliance with Oregon law on the payment of wages and accelerated payment provisions; and compliance with any and all requirements imposed on the contractor or subcontractor under the terms of the contract or subcontract;
2. Any claims arising from or relating to the performance of the contractor or subcontractor under a public contract;
3. Any cost and pricing data relating to the contract; and
4. Payments made to all suppliers and subcontractors.

B. Contractor and subcontractors shall maintain records for the longer period of (a.) six years from the date of final completion of the contract to which the records relate or (b.) until the conclusion of any audit, controversy or litigation arising out of or related to the contract.

C. Contractor and subcontractors shall make records available to Metro and its authorized representatives, including but not limited to the staff of any Metro department and the staff of the Metro Auditor, within the boundaries of the Metro region, at reasonable times and places regardless of whether litigation has been filed on any claims. If the records are not made available within the boundaries of Metro, the Contractor or subcontractor agrees to bear all of the costs for Metro employees, and any necessary consultants hired by Metro, including but not limited to the costs of travel, per diem sums, salary, and any other expenses that Metro incurs, in sending its employees or consultants to examine, audit, inspect, and

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copy those records. If the Contractor elects to have such records outside these boundaries, the costs paid by the Contractor to Metro for inspection, auditing, examining and copying those records shall not be recoverable costs in any legal proceeding.

D. Contractor and subcontractors authorize and permit Metro and its authorized representatives, including but not limited to the staff of any Metro department and the staff of the Metro Auditor, to inspect, examine, copy and audit the books and records of Contractor or subcontractor, including tax returns, financial statements, other financial documents and any documents that may be placed in escrow according to any contract requirements. Metro shall keep any such documents confidential to the extent permitted by Oregon law, subject to the provisions of section E.

E. Contractor and subcontractors agree to disclose the records requested by Metro and agree to the admission of such records as evidence in any proceeding between Metro and the Contractor or subcontractor, including, but not limited to, a court proceeding, arbitration, mediation or other alternative dispute resolution process.

F. Contractor and subcontractors agree that in the event such records disclose that Metro is owed any sum of money or establish that any portion of any claim made against Metro is not warranted, the Contractor or subcontractor shall pay all costs incurred by Metro in conducting the audit and inspection. Such costs may be withheld from any sum that is due or that becomes due from Metro.

G. Failure of the Contractor or subcontractor to keep or disclose records as required by this document or any solicitation document may result in disqualification as a bidder or proposer for future Metro contracts as provided in ORS 279B.130 and Metro Code Section 2.04.070(c), or may result in a finding that the Contractor or subcontractor is not a responsible bidder or proposer as provided in ORS 279B.110 and Metro Code Section 2.04.052.

ARTICLE XI SUBCONTRACTORS

CONTRACTOR shall contact METRO prior to negotiating any subcontracts and CONTRACTOR shall obtain approval from METRO before entering into any subcontracts for the performance of any of the services and/or supply of any of the goods covered by this Contract.

METRO reserves the right to reasonably reject any subcontractor or supplier and no increase in the CONTRACTOR'S compensation shall result thereby. All subcontracts related to this Contract shall include the terms and conditions of this agreement. CONTRACTOR shall be fully responsible for all of its subcontractors as provided in Article IV.

ARTICLE XII RIGHT TO WITHHOLD PAYMENTS

METRO shall have the right to withhold from payments due CONTRACTOR such sums as necessary, in METRO's sole opinion, to protect METRO against any loss, damage or claim which may result from CONTRACTOR'S performance or failure to perform under this agreement or the failure of CONTRACTOR to make proper payment to any suppliers or subcontractors. In addition for public improvement work, if a CONTRACTOR is required to file certified statements under ORS 279C.845, METRO shall retain 25 percent of any amount earned by the CONTRACTOR on the public works until the contractor has filed all required certified statements with METRO.

If a liquidated damages provision is contained in the Scope of Work and if CONTRACTOR has, in METRO's opinion, violated that provision, METRO shall have the right to withhold from payments due CONTRACTOR such sums as shall satisfy that provision. All sums withheld by METRO under this Article shall become the property of METRO and CONTRACTOR shall have no right to such sums to the extent that CONTRACTOR has breached this Contract.

Request for Proposals 08-1276-ZOO Red Ape Reserve Exhibit



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ARTICLE XIII SAFETY

If services of any nature are to be performed pursuant to this agreement, CONTRACTOR shall take all necessary precautions for the safety of employees and others in the vicinity of the services being performed and shall comply with all applicable provisions of federal, state and local safety laws and building codes, including the acquisition of any required permits.

ARTICLE XIV INTEGRATION OF CONTRACT DOCUMENTS

All of the provisions of any procurement documents including, but not limited to, the Advertisement for Bids, Proposals or responses, General and Special Instructions to Bidders, Proposal, Scope of Work, and Specifications which were utilized in conjunction with the bidding of this Contract are hereby expressly incorporated by reference. Otherwise, this Contract represents the entire and integrated agreement between METRO and CONTRACTOR and supersedes all prior negotiations, representations or agreements, either written or oral. This Contract may be amended only by written instrument signed by both METRO and CONTRACTOR. The law of the state of Oregon shall govern the construction and interpretation of this Contract.

ARTICLE XV COMPLIANCE

CONTRACTOR shall comply with federal, state, and local laws, statutes, and ordinances relative to the execution of the work. This requirement includes, but is not limited to, non-discrimination, safety and health, environmental protection, waste reduction and recycling, fire protection, permits, fees and similar subjects.

ARTICLE XVI INTERGOVERNMENTAL COOPERATIVE AGREEMENT

(Requires competitive solicitation) – Pursuant to ORS 279A and the Metro public contract code, Metro participates in an Intergovernmental Cooperative Purchasing program by which other public agencies shall have the ability to purchase the goods and services under the terms and conditions of this awarded contract. Any such purchases shall be between the Contractor and the participating public agency and shall not impact the Contractor's obligation to Metro under this agreement. Any estimated purchase volumes listed herein do not include volumes for other public agencies, and Metro makes no guarantee as to their participation in any purchase. Any bidder may decline to extend the prices and terms of this solicitation to any or all other public agencies upon execution of this contract. Unless the bidder specifically declines to participate in the program by marking the box below, the bidder agrees to participate in the Intergovernmental Cooperative Purchasing program. **Bidder declines to participate in Intergovernmental Cooperative Purchasing.**

ARTICLE XVII ASSIGNMENT

CONTRACTOR shall not assign any rights or obligations under or arising from this Contract without prior written consent from METRO.

CONTRACTOR NAME

METRO

By _____

By _____

Date _____

Date _____

STAFF REPORT

IN CONSIDERATION OF RESOLUTION NO. 08-3897, FOR THE PURPOSE OF APPROVING AN EXEMPTION FROM COMPETITIVE BIDDING AND AUTHORIZING A REQUEST FOR PROPOSAL PROCESS FOR THE CONSTRUCTION OF THE RED APE RESERVE EXHIBIT AT THE OREGON ZOO

Date: January 31, 2008

Prepared by: Darin Matthews
Carmen Hannold

BACKGROUND

The Oregon Zoo plans to construct a new outdoor-indoor exhibit, the Red Ape Reserve. This exhibit will house orangutans, including Inji, our 47 year old orangutan that arrived in Portland in 1961, and her exhibit mates, Batk and Kutai. The Red Ape Reserve will provide the orangs with climbing structures and a special enrichment tree that zookeepers can access from an underground tunnel. The new exhibit will be three and a half times larger than the existing exhibit. It will provide Zoo visitors an unprecedented opportunity to observe orangutans exhibiting natural behavior. This exhibit is slated for construction during fiscal years 2008 and 2009, with the work being performed by outside contractors as well as staff members from the Oregon Zoo. The work will be funded through a combination of outside donations, sponsorships, and Zoo funds.

Under separate contract, the Oregon Zoo has retained Peck, Smiley, Ettlin Architects, to provide the design services for the Red Ape Reserve exhibit. The design specifications and drawings will be used to solicit competitive proposals from qualified contractors.

The resolution and attached findings describe the specialized nature of this project. Based on these findings, the Procurement Officer believes that a value-based selection process is more appropriate than a traditional, competitive bid (which looks solely at lowest bid price). Therefore, it is recommended to Council that an alternative procurement process, Request for Proposals, be authorized. This will allow the Zoo to consider cost, as well as experience and expertise in completing similar projects in selecting the best contractor for this project.

ANALYSIS/INFORMATION

1. **Known Opposition** None known.
2. **Legal Antecedents** Metro Code 2.04.054, 2.04.05(c); Oregon Revised Statutes 279C.335(4).
3. **Anticipated Effects** Procurement process will be open and competitive, but items other than cost will be considered in the awarding of the contract.
4. **Budget Impacts** The estimated cost of the Red Ape Reserve exhibit is \$2 million.

RECOMMENDED ACTION

Metro Council, acting as Public Contract Review Board, approves the use of a Request for Proposal process and exempts this project from traditional competitive bidding. Further, Council authorizes the execution of the resulting contract by the Chief Operating Officer in a form to be approved by the Office of the Metro Attorney.