

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF AMENDING METRO )	ORDINANCE NO. 02-939A
CODE CHAPTER 7.01 TO AMEND THE )	
METRO EXCISE TAX TO PROVIDE )	Introduced by:
REVENUES FOR METRO'S REGIONAL )	Mike Burton, Executive Officer
PARKS AND GREENSPACES PROGRAMS )	

WHEREAS, In July 1992, the Metro Council adopted the Metropolitan Greenspaces Master Plan (Resolution No. 92-1637) that identifies a desired regional system of parks, natural areas, trails and greenways for fish, wildlife and people; and,

WHEREAS, The Metropolitan Greenspaces Master Plan states Metro will seek a regional funding mechanism to assemble and develop a regional greenspaces system and assume operations and management responsibility for components of the system in cooperation with local governments; and,

WHEREAS, In December 1997, the Metro Council adopted the Regional Framework Plan (Resolution No. 97-715B) that set regional policy to inventory, protect and manage a regional system of parks, natural areas, trails and greenways for fish, wildlife and people; and,

WHEREAS, The Regional Framework Plan states (3.3.10) Metro, in cooperation with local governments, shall pursue the identification and implementation of a long term, stable funding source to support the planning, acquisition, development, management and maintenance of the regional greenspaces system; and,

WHEREAS, Metro has acquired over 7,100 acres of metropolitan greenspaces with funds from the Open Spaces, Parks and Streams bond measure of 1995; and,

WHEREAS, The cost of managing these acquired lands exceeds current resources; and,

WHEREAS, The Regional Parks and Greenspaces Department currently has about \$3 million in unfunded deferred maintenance projects at existing park facilities; and,

WHEREAS, The Regional Parks and Greenspaces Department cannot sustain current levels of service or growing responsibilities without additional funding sources; and,

WHEREAS, an interim financial solution is necessary until a voter-approved long-term solution is realized and support of the Regional Parks and Greenspaces Department is an allowable use of excise tax under the Metro Charter; and,

WHEREAS, this ordinance was submitted to the Executive Officer for consideration and was forwarded to the Council for approval; now, therefore,

THE METRO COUNCIL ORDAINS AS FOLLOWS:

SECTION 1. Metro Code Section 7.01.020 is amended to read:

7.01.020 Tax Imposed

(a) For the privilege of the use of the facilities, equipment, systems, functions, services, or improvements owned, operated, certified, licensed, franchised, or provided by the district, each user except users of solid waste system facilities shall pay a tax of 7.5 percent of the payment charged by the operator or the district for such use unless a lower rate has been established as provided in subsection 7.01.020(b). The tax constitutes a debt owed by the user to the district which is extinguished only by payment of the tax directly to the district or by the operator to the district. The user shall pay the tax to the district or to an operator at the time payment for the use is made. The operator shall enter the tax on his/her records when payment is collected if the operator keeps his/her records on the cash basis of accounting and when earned if the operator keeps his/her records on the accrual basis of accounting. If installment payments are paid to an operator, a proportionate share of the tax shall be paid by the user to the operator with each installment.

(b) The council may for any period commencing no sooner than July 1 of any year and ending on June 30 of the following year establish a tax rate lower than the rate

of tax provided for in subsection 7.01.020(a) or in subsections 7.01.020(c)-(e) by so providing in an ordinance adopted by the district. If the council so establishes a lower rate of tax, the executive officer shall immediately notify all operators of the new tax rate. Upon the end of the fiscal year the rate of tax shall revert to the maximum rate established in subsection 7.01.020(a) unchanged for the next year unless further action to establish a lower rate is adopted by the council as provided for herein.

(c) For the privilege of the use of the solid waste system facilities, equipment, systems, functions, services, or improvements, owned, operated, certified, licensed, franchised, or provided by the district, each user of solid waste system facilities and each solid waste facility licensed or franchised under chapter 5.01 of this Code to deliver putrescible waste directly to the district's contractor for disposal of putrescible waste shall pay a tax in the amount calculated under subsection (e)(1) for each ton of solid waste exclusive of compostable organic waste accepted at Metro Central or Metro South stations and source separated recyclable materials accepted at the solid waste system facilities. In addition, each user of solid waste system facilities and each solid waste facility licensed or franchised under chapter 5.01 of this Code to deliver putrescible waste directly to the district's contractor for disposal of putrescible waste shall also pay the additional tax in the amount set forth under Section 3 of this Ordinance for each ton of solid waste exclusive of compostable organic waste accepted at Metro Central or Metro South stations and source separated recyclable materials accepted at the solid waste system facilities. The tax constitutes a debt owed by the user to the district which is extinguished only by payment of the tax directly to the district or by the operator to the district. The user shall pay the tax to the district or to an operator at the time payment for the use is made. The operator shall enter the tax on his/her records when payment is collected if the operator keeps his/her records on the cash basis of accounting and when earned if the operator keeps his/her records on the accrual basis of accounting. If installment payments are paid to an operator, a proportionate share of the tax shall be paid by the user to the operator with each installment.

(d) For the Metro fiscal year beginning July 1, ~~2000~~ 2002, ~~and for each fiscal year thereafter subject to this section,~~ the tax rate imposed and calculated under this section shall be sufficient to generate net excise tax revenue of ~~\$5,700,000~~ \$6,050,000 after allowing for any tax credit or tax rebate for which provision is made in this chapter. For each Metro fiscal year thereafter the tax rate imposed and calculated under this section shall be sufficient to generate net excise tax revenue equal to the net excise tax revenue authorization in the previous fiscal year as adjusted in accordance with Section 7.01.022.

- (e) (1) The excise tax rate for each ton of solid waste, exclusive of (i) source separate recyclable materials accepted at the solid waste system facilities, (ii) inert materials, (iii) Cleanup Materials Contaminated by Hazardous Substances, and (iv) compostable organic waste delivered to Metro Central or Metro South stations, shall be the amount that results from dividing the net excise tax revenue amount set forth in sub-section (d) by the amount of solid

waste tonnage which the Executive Officer reports to the Council under sub-section (f)(2). Subject to the provisions of subsection 7.01.020(b), the rate so determined shall be the district's excise tax rate on solid waste during the subsequent Metro fiscal year.

- (2) The excise tax rate for each ton of solid waste constituting Cleanup Materials Contaminated by Hazardous Substances shall be \$1.00.

(f) By December 1, 2000 and by March 1st of each year thereafter, the Executive Officer shall provide a written report to the Metro Council stating the following:

- (1) For the twelve-month period ending the previous December 31; the amount of solid wastes, exclusive of inert materials, delivered for disposal to any Solid Waste System Facility that is not exempt pursuant to section 7.01.050(a) of this chapter, and
- (2) The amount of such solid wastes that would have been delivered for disposal to any such non-exempt Solid Waste System Facility if the Regional Recovery Rates corresponding to each calendar year set forth on the following schedule had been achieved:

Year	<b>Regional Recovery Rate</b>
1999	43%
2000	46%
2001	48%
2002	50%
2003	52%
2004	54%
2005	56%

The result of such calculation by the Executive Officer shall be used to determine the excise tax rate under sub-section (e)(1).

(g) A solid waste facility which is certified, licensed or franchised by Metro pursuant to Metro Code Chapter 5.01 shall be allowed a credit against the Excise Tax otherwise due under Section 7.01.020(e)(1) for disposal of Processing Residuals from such facility. The Facility Recovery Rate shall be calculated for each six-month period before the month in which the credit is claimed. Such credit shall be dependent upon the Facility Recovery Rate achieved by such facility and shall be equal to the amount resulting from reducing the Excise Tax due by the percentage reduction corresponding with the Facility Recovery Rates provided on the following table:

**Excise Tax Credit Schedule**

Facility Recovery Rate		Excise Tax Credit
From Above	Up To & Including	
0%	25%	0%
25%	30%	4%
30%	35%	10%
35%	40%	20%
40%	45%	33%
45%	100%	45%

SECTION 2. Section 3 of this Ordinance is added to and made a part of Metro Code chapter 7.01

SECTION 3. Amount of Additional Excise Tax; Budgeting of Additional Revenue for Regional Parks and Greenspaces Programs.

Commencing with the Metro fiscal year beginning July 1, 2002, the additional excise tax authorized in Section 7.01.020(c) shall be \$1 per ton. Such additional excise tax shall be dedicated to funding Metro’s Regional Parks and Greenspaces programs. For each fiscal year thereafter, the additional excise tax dedicated to Metro’s Regional Parks and Greenspaces programs shall be not less than the amount of the additional excise tax in the previous fiscal year increased by a percentage equal to (a) the annualized rate of increase in the Consumer Price Index, All Items, for Portland–Salem (All Urban Consumers) reported for the first six months of the federal reporting year as determined by the appropriate agency of the United States Government or (b) the most nearly equivalent index as determined by the Metro Council if the index described in (a) is discontinued, or such lesser amount as the Executive Officer deems appropriate.

SECTION 4. Section 5 of this Ordinance is added to and made a part of Metro Code chapter 7.01

SECTION 5. Repeal of Provisions Setting Amount of Additional Excise Tax and Budgeting of Revenue for Regional Parks and Greenspaces Programs

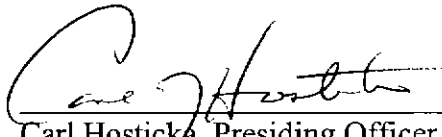
~~Section 3 of this Ordinance is repealed- effective June 30, 2004. -at the end of any Metro fiscal year during which any initiative or referendum is adopted by a majority of electors that specifically provides for (a) revenue funding for operations of the Metro Regional Parks and Greenspaces programs in an amount not less than that raised under in Section 3 of this Ordinance; and (b) the repeal of Section 3 of this Ordinance.~~

SECTION 6. Metro Code Section 7.01.022 is amended to read:

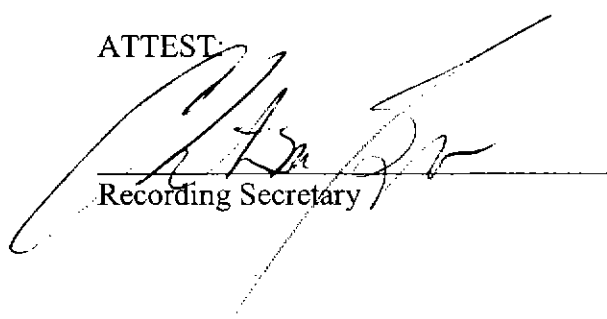
7.01.022 Consumer Price Index Adjustment

Commencing with the Metro fiscal year beginning July 1, ~~2001~~2003, and each year thereafter, the amount of revenue to be generated by the taxes imposed by Section 7.01.020(c) shall be the amount of tax revenue authorized in Section 7.01.020(d) for the previous fiscal year increased by a percentage equal to (a) the annualized rate of increase in the Consumer Price Index, All Items, for Portland-Vancouver-Salem (All Urban Consumers) reported for the first six months of the federal reporting year as determined by the appropriate agency of the United States Government or (b) the most nearly equivalent index as determined by the Metro Council if the index described in (a) is discontinued, or such lesser amount as the Executive Officer deems appropriate.

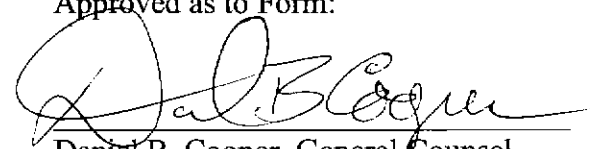
ADOPTED by the Metro Council this 28<sup>th</sup> day of March, 2002.

  
\_\_\_\_\_  
Carl Hosticka, Presiding Officer

ATTEST:

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

Approved as to Form:

  
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Daniel B. Cooper, General Counsel

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## STAFF REPORT

IN CONSIDERATION OF ORDINANCE NO. 02-939 FOR THE PURPOSE OF AMENDING METRO CODE CHAPTER 7.01 TO AMEND THE METRO EXCISE TAX TO PROVIDE REVENUES FOR METRO'S REGIONAL PARKS AND GREENSPACES PROGRAMS.

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Date: February 6, 2002

Prepared by: Charles Ciecko  
Terry Petersen

### BACKGROUND

Over the past several years, the Regional Parks and Greenspaces Department has assumed responsibility for an ever-growing portfolio of properties as a result of the continued successful implementation of the 1995 Open Spaces, Parks and Streams Bond Measure. In the last six years, the number of acres that the department manages has grown from 4,092 to over 10,800, an increase of over 170%.

When the bond measure was approved by Council for the ballot, it was clearly stated that the measure did not provide financial support for the maintenance of the lands that were to be acquired under this program. Council increased excise tax allocations to help offset some of these costs, but these contributions have not kept pace with the department's growing responsibilities.

This unprecedented expansion, combined with other factors such as the continued growth of fixed costs, declining interest earnings rates, inflation and the eminent exhaustion of open spaces bond funds are now converging to pose a real threat to the department's core mission and programs.

Beginning in Fiscal Year 1998-99, the adopted budget for the Regional Parks and Greenspaces Department anticipated the use of reserves (fund balance) to pay for current operating expenditures. Concurrently, the department has endeavored to reduce the draw on these reserves by:

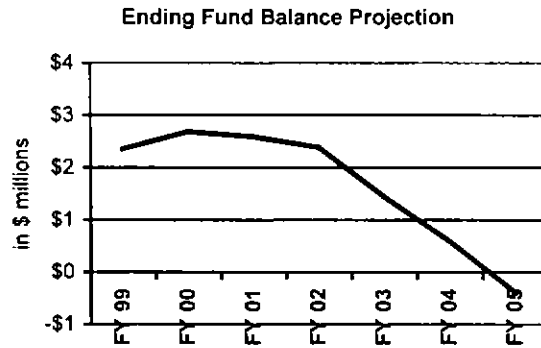
- Not increasing the number of full time positions in the department, even as acres and responsibilities have increased;
- Holding the total materials and services budget flat, at FY 98-99 levels;
- Deferring capital maintenance, with the FY 01-02 budget reduced to 25% of FY 98-99 levels;
- Eliminating the Blue Lake Concert Series, and delaying master planning for the Tualatin River Access Points;
- Delaying the filling of vacant staff positions to create salary savings;
- Reducing fleet costs; and
- Eliminating all non-essential out-of-state travel and conferences and significantly reducing in-state travel and conferences.

In addition to budget and expenditure reductions, actions have been taken to increase the revenues of the department:

- Dwellings on newly-acquired open space lands were leased, rather than demolished, resulting in an estimated income of \$260,000 annually;
- Staff has sought additional grant funding, resulting in grant revenues more than doubling since FY 98-99 (about \$1 million in FY 01-02, compared to \$430,000 in FY 98-99), that are used to supplement on-going program expenditures and capital projects; and

- Fee increases were implemented in several program areas, including Glendoveer Golf Course, cemeteries, picnic reservations and camping fees.

While these measures have delayed and, more recently, reduced the need to tap reserves, they cannot be viewed as permanent solutions to the need for long-term, stable funding to support basic parks programs and stewardship responsibilities. Even with these measures, the available reserves in the Regional Parks Fund are projected to be depleted in FY 04-05 as shown below:



Moreover, reducing dependence on financial reserves to support current programs is but one of a variety of needs that have been previously documented. Other examples include:

- Additional staff and financial resources for the Natural Resource Stewardship and Property Management Program (formerly called “Landbanking”),
- Additional support to reduce the backlog of deferred maintenance projects,
- Making permanent the Regional Trails Planner position,
- Removing Open Spaces Bond support for key administrative and Natural Resource Stewardship positions, and
- Master planning.

The proposed action would address some, but not all, of these needs on an interim basis.

### **IMPLICATIONS OF NO ACTION**

Unless additional funding is provided in the interim, the Council may have to make serious programmatic reductions in the Regional Parks and Greenspaces Department. Based on an analysis conducted in Spring 2001, the following could be required if funding is not secured to replace the use of reserves and cover the projected costs of inflation:

- All remaining special events, including the Salmon Festival at Oxbow Park and “Especially for Kids” at Blue Lake Park, could be eliminated;
- Most of the department’s environmental education programs could be eliminated, severely impacting the Volunteer Naturalist Program and the more than 7,000 people who annually attend these programs – many of whom are local area school children;
- Habitat restoration projects and noxious weed control programs could be all but eliminated at our parks and new open space acquisitions;
- Deferred maintenance, already under-funded at all our facilities, will continue to be funded at 25% of FY 98-99 levels, causing the backlog of projects to grow and the ultimate long-term cost of repair to increase.



**RECOMMENDED ACTION**

To avoid these program reductions and decrease the use of reserves in the Regional Parks Fund to pay for current programs and service levels, the Executive Officer is proposing that the excise tax collected on solid waste be increased to provide an additional \$1.23 million in FY 2002-03, dedicated for use by the Regional Parks and Greenspaces Department for operational and maintenance activities as determined through the annual budgeting process. This increase would raise the per-ton excise tax on solid waste by one dollar (\$1) per ton. This revenue will increase annually at the rate of CPI.

The Executive Officer will recommend a budget to Council for the Regional Parks and Greenspaces Department that incorporates this additional revenue. The revenue is proposed to be expended for the following purposes:

- **1.0 FTE Natural Resources Stewardship Park Ranger**

**\*\* \$105,093 in FY03, continuing in future \*\***

Currently, only one Park Ranger is responsible for on-site daily land management activities on approximately 6,800 acres of open space acquisitions distributed widely across the region. Typical activities include:

- Securing access to Metro properties (i.e. construction and/or maintenance of fences, gates, roads);
- Response to emergency calls (i.e. thefts, criminal trespass, illegal hunting, vandalism);
- Correcting health and safety concerns (i.e. hazard trees, loose livestock, infrastructure failure/malfunction, wildfire prevention);
- Control of invasive vegetation and pest animals; and
- Supervision of volunteer work parties.

The addition of one more Park Ranger will reduce the accumulating backlog of land management needs that currently exist and help meet on-going demands in a more timely manner. Budget for this position includes salary and benefits (\$57,302), materials & services (\$6,000 vehicle costs, \$37,749 for building, grounds and equipment supplies and services, and contracted professional services) and contingency (\$4,042).

- **Transfer support for Department Director, Department Finance Manager and Contract Administrator from the Open Spaces Bond to the Regional Parks Fund**

**\*\* \$51,703 in FY03, continuing in future \*\***

The Open Spaces, Parks and Streams Bond Measure included funds for administration of the implementation effort. During the implementation phase, the relevant portion of certain administrative positions have been billed to the Open Spaces Bond Fund. As the acquisition program winds down and the focus shifts from acquisition to land management, it is necessary to reallocate the costs of administrative functions accordingly.

Affected positions and the associated portions of salary and benefits are as follows:

	<u>FY 03</u>	<u>FY 04</u>	<u>FY 05</u>
10% of Department Director	15,255	16,019	16,820
25% of Department Finance Manager	21,125	22,181	23,290
25% of Department Contracts Administrator	15,323	16,089	16,893
<b>Total Administration Staff</b>	<b>51,703</b>	<b>54,289</b>	<b>57,003</b>

**NOTE:** This proposal does not affect any staff in the Open Spaces Acquisition Division. As indicated in the Council-adopted Open Spaces Implementation Work Plan, staff positions within the Open Spaces Acquisition Division are “limited duration” and will be eliminated when bond measure implementation is complete. Limited duration positions include: Division Manager, Senior Real Estate Negotiator, 2 Real Estate Negotiators, Secretary, Program Assistant II, and related positions in the Office of General Counsel.

- **Reallocate Open Spaces Bond Fund support for Natural Resources Stewardship and Property Management staff in FY05**

**\*\* \$73,131 in FY05, continuing in future \*\***

The Open Space, Parks and Streams Bond Measure included funds for a variety of short-term activities or projects required “to stabilize” properties following acquisition. Staff costs associated with “stabilization” projects have also been paid from bond funds.

“Stabilization” projects are carried out by certain members of the Natural Resources Stewardship and Property Management Program who are also responsible for the on-going day-to-day management of sites acquired with bond funds (landbanking). During the implementation phase, staff costs associated with “stabilization” have been billed to the Open Spaces Bond Fund. As “stabilization” activities wind down and staff focus shifts to on-going, day-to-day management, it is necessary to reallocate costs accordingly. Please note that the current level of bond funding is expected to continue through FY 2004-05. Affected positions and the associated portion of salary and benefits are as follows:

	<u>FY 03</u>	<u>FY 04</u>	<u>FY 05</u>
50% of Natural Resources Program Manager	0	0	52,416
25% of Property Manager	0	0	20,715
<b>Total Stabilization/Natural Resources Staff</b>	<b>0</b>	<b>0</b>	<b>73,131</b>

**NOTE:** This proposal does not affect any staff in the Open Spaces Acquisition Division. As indicated in the Council-adopted Open Spaces Implementation Work Plan, staff positions within the Open Spaces Acquisition Division are “limited duration” and will be eliminated when bond measure implementation is complete as noted above.

- **Transfer the Regional Trails Planner position to Planning & Education Division**

**\*\* \$46,100 in FY03 (50%), \$96,810 in FY04 (100%), continuing in future \*\***

For the past 6 years, Metro has focused its trail planning efforts primarily on those trail projects identified as target areas in the Open Spaces Bond Measure. This work has been funded with bond proceeds. To continue implementation of the Regional Trails Plan (part of the Regional Transportation Plan and Greenspaces Master Plan), it will be necessary for more comprehensive regional trail planning to take place since most regional trails are multi-jurisdictional and many jurisdictions do not have the capacity to provide the necessary planning functions. Therefore, the Metro Regional Trail Planner position would:

- Complete planning for and promotion of the Regional Trails Plan, a component of the Regional Framework Plan (Chapter 3) and of the Regional Transportation Plan;
- Perform planning functions for the Springwater Corridor project (Sellwood Bridge to McLoughlin Blvd. gap);
- Perform planning and coordination functions for the Fanno Creek Trail, Beaverton Powerline Trail, Tualatin River Trail, Willamette Greenway Trail, PTC Trail (Milwaukie to Gladstone) and other components of the Regional Trails and Greenways Map;
- Coordinate regional efforts to secure state and federal transportation funding and other outside resources for trail projects; and

- Participate in the design and implementation of Best Management Practices for regional trail design and construction to be consistent with Metro's Title 3 and Goal 5 efforts.

This proposal would formalize the Regional Trails Planner position in the Planning and Education Division, 50% in FY 2002-03 and 100% in subsequent years.

- **Create Volunteer Recognition and Recruitment Program**

**\*\* \$5,000 annually \*\***

The Department has effectively used volunteers for a variety of environmental education, maintenance, restoration and other projects using limited department resources. In 2001, 900 volunteers donated 10,000 hours inside the office and at various parks and greenspaces sites throughout the region. This contribution is valued at approximately \$154,000. To maintain this type of program into the future, it is imperative that the Department establish a recognition program for these volunteers. Recognition expenses could include uniforms, plaques, framed certificates, gifts to celebrate years of service and/or hour milestones, birthday cards, volunteer newsletter, and events. Event costs would include food, decoration, facility rental, and invitations. Recruitment of new volunteers will always be necessary. Recruitment expenses could include newspaper and magazine ads, tabletop exhibit, brochures targeting specific positions and/or divisions, Metro website enhancement, and website banner ads. This program will be administered by existing staff in the Planning and Education Division.

- **Restore the 0.33 FTE Seasonal Employee at Smith & Bybee Lakes Wildlife Area**

**\*\* \$6,572 in FY03 only \*\***

One seasonal position is typically filled from May through October, when maintenance and field work needs are greatest. Because of the significant decrease in interest earnings expected in the Smith & Bybee Lakes Fund, the fund is unable to cover these costs. Subsequently, the Department's proposed budget eliminated this position. This employee performs baseline maintenance at the wildlife area such as garbage pickup, tree and shrub pruning, trail maintenance and security patrols of the public use areas of the wildlife area. In addition, this employee assists the Wildlife Area Manager with wildlife and plant surveys that are used to monitor the success of restoration projects. This employee creates a Metro presence at the wildlife area three to four days per week, answering visitors' questions and increasing general security.

- **Deferred Maintenance**

**\*\* \$175,000 in FY03, \$125,000 in FY04 and thereafter \*\***

An update to the Department's Unfunded Deferred Maintenance assessment was completed in March 2001 listing several dozen deferred capital maintenance projects at a variety of facilities totaling over \$2.9 million. The size of projects on this list varies, with major projects such as the automation of the irrigation system at Blue Lake Park to reduce labor intensive manual watering and conserve water, and the replacement of deteriorated picnic shelters at Oxbow Park. While the requested increase will not be enough to complete these major projects, there are smaller, but no less important, projects that could be completed with the proposed increase. Examples of projects include:

- New playground equipment at Blue Lake Park to eliminate current hazardous and non-ADA (Americans with Disabilities Act) compliant metal and concrete play structures.
- Replace 100 picnic tables at Oxbow Park and Blue Lake Park with metal frame and wood tops/benches. This will reduce the risk exposure from old wood tables, reduces maintenance costs and improves overall park appearance.
- Replace non-functional entry/exit gate at Chinook Landing. Closing the facility at night will deter after hour use and reduce the risk of vandalism and other illegal and/or inappropriate activities.

- **Natural Resource Stewardship – Restoration Projects**

**\*\* \$75,000 Annually \*\***

The current stewardship activities for Metro-owned natural areas are very limited, equating to the basics of nuisance control and weed abatement required by state law and by our responsibility to be good neighbors to surrounding property owners. Much more needs to be done to ensure that these properties are not degraded and that restoration activities are initiated.

Funds will be used for habitat restoration activities. It is assumed that these funds will be used as matching funds for Federal and State grant applications to “grow the pot” of restoration money available. The additional support will be used for the following:

- Reduce the spread of invasive species by re-establishing diverse native plant communities and restoring historic hydrologic conditions to benefit a variety of native fish and wildlife including sensitive, rare and threatened species;
- Maintain the significant investment in reforestation projects which have already been completed;
- Provide opportunities for continued community involvement in natural resource stewardship; and
- Attract outside funding and partners for natural resource protection projects.

- **Continued funding for National Fish & Wildlife Foundation Partnership**

**\*\* \$100,000 in FY04, continuing thereafter \*\* (tentative)**

Beginning in FY2002-03, the Department anticipates a new partnership with the National Fish & Wildlife Foundation to create a regional program focused on restoration projects in parks and open spaces designated as components of the Regional System as articulated in Chapter 3 of the Regional Framework Plan. This partnership will leverage Metro’s contribution 2-to-1, effectively tripling the amount of restoration activities that Metro can effectuate. Goals of the partnership include:

- To fund habitat protection and restoration projects conducted by Metro and other local partners that provide substantial benefit to wildlife habitats located in Multnomah, Washington, and Clackamas Counties;
- To engage citizens, businesses, and community groups in our region in environmental stewardship and education projects that attempt to correct the decline of wildlife habitat;
- To stimulate creativity and leadership among community groups to address conservation needs and encourage active community stewardship of protected lands; and
- To target groups that can be particularly helpful in conserving rare habitat types, including farmers, homeowners, government officials, nonprofit organizations, and business owners.

The Department’s Proposed Budget includes funding for this program in FY2002-03. This proposal continues funding for this program into years FY 2003-04 and FY 2004-05.

- **Renewal and Replacement Funding**

**\*\* \$85,000 Annually \*\***

New capital policies adopted by the Metro Council require the department to plan for the renewal and replacement of its facilities and other depreciable assets. The Department, up to this point, has not reserved any resources for the purpose of renewal and replacement. The allocation proposed here will not fully fund the Renewal and Replacement needs of the department, but will be a step in the right direction for the future maintenance and replacement needs of fixed assets.

- **Reduce Use of Financial Reserves from the Regional Parks Fund**

**\*\* \$533,860 in FY03, continuing in future \*\***

For FY 2002-03, the department Proposed Budget (adjusted for final central service allocated cost calculations) uses \$1,114,085 of fund balance to maintain current service levels (including contingency and project carry-forward). This proposal will decrease, but not eliminate, the draw on this financial reserve.

- **Reduce Use of Financial Reserves from the Smith & Bybee Lakes Fund**

**\*\* \$100,672 in FY03 only \*\***

As a matter of sound financial practice, the Department attempts to use only interest earnings from this fund to pay for operational expenses at Smith & Bybee Lakes Wildlife Area. However, the projected interest earnings rate for next year (estimated at just 1.5%) results in a decrease of roughly 75% of normal operational revenues. Despite significant reductions in expenditures, the use of \$100,000 of fund balance is necessary just to provide basic maintenance services and support the existing 1.5 FTE in this program. This proposal eliminates draw on fund balance and preserves the principal in the fund. Financial support for this fund is only necessary for FY 2002-03. It is anticipated that interest rates will increase in subsequent years and the support will not be necessary on an ongoing basis.

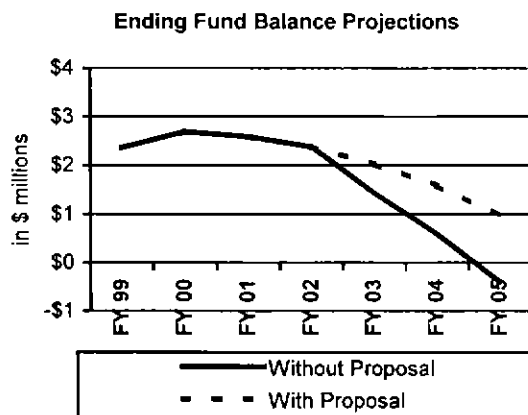
**Summary**

<b>Program Expenditures</b>	<b><u>FY 02-03</u></b>	<b><u>FY 03-04</u></b>	<b><u>FY 04-05</u></b>
Natural Resources - Park Ranger	105,093	110,348	115,865
Admin Staff to Regional Parks Fund	51,703	54,289	57,003
Trail Planner to Regional Parks Fund	46,100	96,810	101,650
Stabilization staff to Regional Parks Fund	0	0	53,576
Volunteer Recognition and Recruitment	5,000	5,000	5,000
0.33 FTE Seasonal at Smith & Bybee Lakes	6,572	0	0
Deferred Maintenance	175,000	125,000	125,000
Restoration Projects	75,000	75,000	75,000
National Fish & Wildlife Foundation	0	100,000	100,000
Renewal & Replacement	85,000	85,000	85,000
<b>Total Expenditures</b>	<b>549,468</b>	<b>651,447</b>	<b>718,094</b>
Reduce use of Fund Balance – Regional Parks Fund	533,860	568,053	538,006
Reduce use of Fund Balance – Smith & Bybee Fund	100,672	0	0
<b>Total</b>	<b>1,184,000</b>	<b>1,219,500</b>	<b>1,256,100</b>

**NOT A LONG TERM REMEDY**

This proposal is intended to be an interim step. It is designed to stabilize Regional Parks funding for current programs while addressing some immediate programmatic needs that have been deferred for some time. This proposal does not provide for all of the programmatic needs. Specifically, it does not provide support for Master Planning, nor does it provide support to develop, operate or maintain new sites or trails for public use as recommended by the Green Ribbon Committee. The proposal does not address any of the recommendations of the MPAC Parks Report (dated April 4, 2001). It does not fully fund renewal and replacement or provide for education and incentives for private land owners in critical natural resources areas.

The use of reserves (fund balance) to pay for current operating expenditures will continue under this proposal, but at a slower rate than the current projection. By the end of FY 2004-05, it is expected that the Regional Parks Fund will have undesignated reserves of approximately \$1 million. A justification for this level of reserve can be found in "Attachment A" of this report:



This proposal is a modest interim measure designed to stabilize funding for current programs until a new proposal addressing long term needs can be developed and implemented.

## ANALYSIS/INFORMATION

### 1. Known Opposition

No known opposition.

### 2. Legal Antecedents

Metro Code Chapter 7.01 sets forth the provisions of the Metro Excise Tax.

### 3. Anticipated Effects

Based on the projected solid waste revenue base in FY 2002-03, the proposed excise tax of one dollar (\$1) per ton would provide \$1,184,000 of new revenue. As of this writing, the excise tax rate on solid waste is expected to increase from the current \$5.04 per ton to \$5.39 per ton during FY 2002-03. (This rate will be reviewed and finalized in March 2002.) If this ordinance were approved, that rate would rise to \$6.39 per ton.

- Effect on Metro Tip Fee.** When calculating the Metro tip fee, the excise tax is added on to the solid waste rate base. That rate will be \$59.84 in FY 2002-03 (per Ordinance No. 01-918A, approved October 25, 2001). With a \$5.39 excise tax, the total tip fee will be \$65.23. If this ordinance is approved, the tip fee would be a dollar higher, at \$66.23.
- Effect on non-Metro Tip Fees.** The excise tax at disposal sites that are not owned by Metro (e.g., Forest Grove Transfer Station and Lakeside Reclamation Landfill) would likewise increase by \$1 per ton. Although many non-Metro facilities set their own rates and are free to absorb as much or as little of the excise tax as they wish, historically all of the tax has been passed on to the rate payers. Accordingly, the tip fees at non-Metro facilities can be expected to rise by \$1 per ton due to approval

of this ordinance. Currently, non-Metro tip fees range from about \$22 per ton to \$66 per ton including excise tax.

- **Effect on Material Recovery Facilities.** Because the excise tax is levied on waste that is landfilled, the excise tax is a cost to material recovery facilities (MRFs). However, to ease the tax burden and support recycling goals, the Council discounts the excise tax on MRFs up to 45%, based on the facility's recovery rate. At present, the average excise tax discount over all MRFs is 30%. If there is no change in recovery performance, the \$1 increase will be discounted at the same 30% rate, meaning that the effect of this ordinance will be to raise the average cost of disposal by 70¢ per outgoing ton at material recovery facilities.

#### **4. Budget Impacts**

The approval of this ordinance will provide an additional \$1,184,00 to the Regional Parks Fund, increasing annually at the rate of CPI. The revenue will be available for expenditure upon Council adoption of a budget for the affected funds. This action in and of itself does not authorize the expenditure of this new revenue.

#### **RECOMMENDED ACTION**

The Executive Officer recommends passage of Ordinance No. 02-939, For The Purpose of Amending Metro Code Chapter 7.01 to Amend the Metro Excise Tax to Provide Revenues for Metro's Regional Parks and Greenspaces Programs.

**Regional Parks Fund  
Fund Balance Reserve Requirements**

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**What is the minimum Fund Balance reserve that the Regional Parks Fund should have to maintain fiscal prudence?**

There are several ways to answer this question. Presented here are two different ways to determine what the minimum amount of reserve is.

**Option 1 – Cash Flow Needs**

The enterprise revenues in the Regional Parks Fund tend to be cyclical, with higher revenues in the summer months and lower revenues in the winter. Expenditures are also cyclical, but do not vary as much as revenues. This disparity creates a situation where in the summer months, there are more revenues than expenditures. In the winter months, there are more expenditures than revenues.

A cash flow analysis answers the question, “How much cash does the fund need to have on hand to ensure that there is adequate cash, on a daily basis, to meet the expenditure needs, especially when expenditures are exceeding revenues?”

In Fiscal Year 2000-01, the Regional Parks Fund needed to have just over \$961,000 in cash reserves to ensure that there was adequate cash in December and January to meet operational expenditure needs.

**Option 2 – A Three-Month Operating Reserve**

Metro currently does not have a specific financial policy stating guidelines for determining the appropriate fund balance level for its general and special revenue funds. However, one such policy may be to maintain a fund balance reserve adequate to meet unanticipated service needs. This policy can be operationalized by saying that the fund should have a reserve adequate to pay for three months of operating expenditures. For the Regional Parks Fund in FY 2000-01, a three-month operating reserve equates to a range of between \$944,000 and \$1,400,000.

Based on review of these two different options, the department management believes that a fund balance reserve of \$1 million would be a minimally fiscally prudent amount.



BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF AMENDING METRO	)	ORDINANCE NO. 02-939
CODE CHAPTER 7.01 TO AMEND THE	)	
METRO EXCISE TAX TO PROVIDE	)	Introduced by:
REVENUES FOR METRO'S REGIONAL	)	Mike Burton, Executive Officer
PARKS AND GREENSPACES PROGRAMS	)	

WHEREAS, In July 1992, the Metro Council adopted the Metropolitan Greenspaces Master Plan (Resolution No. 92-1637) that identifies a desired regional system of parks, natural areas, trails and greenways for fish, wildlife and people; and,

WHEREAS, The Metropolitan Greenspaces Master Plan states Metro will seek a regional funding mechanism to assemble and develop a regional greenspaces system and assume operations and management responsibility for components of the system in cooperation with local governments; and,

WHEREAS, In December 1997, the Metro Council adopted the Regional Framework Plan (Resolution No. 97-715B) that set regional policy to inventory, protect and manage a regional system of parks, natural areas, trails and greenways for fish, wildlife and people; and,

WHEREAS, The Regional Framework Plan states (3.3.10) Metro, in cooperation with local governments, shall pursue the identification and implementation of a long term, stable funding source to support the planning, acquisition, development, management and maintenance of the regional greenspaces system; and,

WHEREAS, Metro has acquired over 7,100 acres of metropolitan greenspaces with funds from the Open Spaces, Parks and Streams bond measure of 1995; and,

WHEREAS, The cost of managing these acquired lands exceeds current resources; and,

WHEREAS, The Regional Parks and Greenspaces Department currently has about \$3 million in unfunded deferred maintenance projects at existing park facilities; and,

WHEREAS, The Regional Parks and Greenspaces Department cannot sustain current levels of service or growing responsibilities without additional funding sources; and,

WHEREAS, an interim financial solution is necessary until a voter-approved long-term solution is realized, and support of the Regional Parks and Greenspaces Department is an allowable use of excise tax under the Metro Charter; and,

WHEREAS, this ordinance was submitted to the Executive Officer for consideration and was forwarded to the Council for approval; now, therefore,

THE METRO COUNCIL ORDAINS AS FOLLOWS:

SECTION 1. Metro Code Section 7.01.020 is amended to read:

7.01.020 Tax Imposed

(a) For the privilege of the use of the facilities, equipment, systems, functions, services, or improvements owned, operated, certified, licensed, franchised, or provided by the district, each user except users of solid waste system facilities shall pay a tax of 7.5 percent of the payment charged by the operator or the district for such use unless a lower rate has been established as provided in subsection 7.01.020(b). The tax constitutes a debt owed by the user to the district which is extinguished only by payment of the tax directly to the district or by the operator to the district. The user shall pay the tax to the district or to an operator at the time payment for the use is made. The operator shall enter the tax on his/her records when payment is collected if the operator keeps his/her records on the cash basis of accounting and when earned if the operator keeps his/her records on the accrual basis of accounting. If installment payments are paid to an operator, a proportionate share of the tax shall be paid by the user to the operator with each installment.

(b) The council may for any period commencing no sooner than July 1 of any year and ending on June 30 of the following year establish a tax rate lower than the rate of tax provided for in subsection 7.01.020(a) or in subsections 7.01.020(c)-(e) by so providing in an ordinance adopted by the district. If the council so establishes a lower rate of tax, the executive officer shall immediately notify all operators of the new tax rate. Upon the end of the fiscal year the rate of tax shall revert to the maximum rate established in subsection 7.01.020(a) unchanged for the next year unless further action to establish a lower rate is adopted by the council as provided for herein.

(c) For the privilege of the use of the solid waste system facilities, equipment, systems, functions, services, or improvements, owned, operated, certified, licensed, franchised, or provided by the district, each user of solid waste system facilities and each solid waste facility licensed or franchised under chapter 5.01 of this Code to deliver putrescible waste directly to the district's contractor for disposal of putrescible waste shall pay a tax in the amount calculated under subsection (e)(1) for each ton of solid waste exclusive of compostable organic waste accepted at Metro Central or Metro South stations and source separated recyclable materials accepted at the solid waste system facilities. In addition, each user of solid waste system facilities and each solid waste facility licensed or franchised under chapter 5.01 of this Code to deliver putrescible waste directly to the district's contractor for disposal of putrescible waste shall also pay the additional tax in the amount set forth under Section 3 of this Ordinance for each ton of solid waste exclusive of compostable organic waste accepted at Metro Central or Metro

South stations and source separated recyclable materials accepted at the solid waste system facilities. The tax constitutes a debt owed by the user to the district which is extinguished only by payment of the tax directly to the district or by the operator to the district. The user shall pay the tax to the district or to an operator at the time payment for the use is made. The operator shall enter the tax on his/her records when payment is collected if the operator keeps his/her records on the cash basis of accounting and when earned if the operator keeps his/her records on the accrual basis of accounting. If installment payments are paid to an operator, a proportionate share of the tax shall be paid by the user to the operator with each installment.

(d) For the Metro fiscal year beginning July 1, ~~2000~~ 2002, ~~and for each fiscal year thereafter subject to this section,~~ the tax rate imposed and calculated under this section shall be sufficient to generate net excise tax revenue of ~~\$5,700,000~~ \$6,050,000 after allowing for any tax credit or tax rebate for which provision is made in this chapter. For each Metro fiscal year thereafter the tax rate imposed and calculated under this section shall be sufficient to generate net excise tax revenue equal to the net excise tax revenue authorization in the previous fiscal year as adjusted in accordance with Section 7.01.022.

- (e) (1) The excise tax rate for each ton of solid waste, exclusive of (i) source separate recyclable materials accepted at the solid waste system facilities, (ii) inert materials, (iii) Cleanup Materials Contaminated by Hazardous Substances, and (iv) compostable organic waste delivered to Metro Central or Metro South stations, shall be the amount that results from dividing the net excise tax revenue amount set forth in sub-section (d) by the amount of solid waste tonnage which the Executive Officer reports to the Council under sub-section (f)(2). Subject to the provisions of subsection 7.01.020(b), the rate so determined shall be the district's excise tax rate on solid waste during the subsequent Metro fiscal year.
- (2) The excise tax rate for each ton of solid waste constituting Cleanup Materials Contaminated by Hazardous Substances shall be \$1.00.

(f) By December 1, 2000 and by March 1st of each year thereafter, the Executive Officer shall provide a written report to the Metro Council stating the following:

- (1) For the twelve-month period ending the previous December 31; the amount of solid wastes, exclusive of inert materials, delivered for disposal to any Solid Waste System Facility that is not exempt pursuant to section 7.01.050(a) of this chapter, and
- (2) The amount of such solid wastes that would have been delivered for disposal to any such non-exempt Solid Waste System Facility if

the Regional Recovery Rates corresponding to each calendar year set forth on the following schedule had been achieved:

Year	<b>Regional Recovery Rate</b>
1999	43%
2000	46%
2001	48%
2002	50%
2003	52%
2004	54%
2005	56%

The result of such calculation by the Executive Officer shall be used to determine the excise tax rate under sub-section (e)(1).

(g) A solid waste facility which is certified, licensed or franchised by Metro pursuant to Metro Code Chapter 5.01 shall be allowed a credit against the Excise Tax otherwise due under Section 7.01.020(e)(1) for disposal of Processing Residuals from such facility. The Facility Recovery Rate shall be calculated for each six-month period before the month in which the credit is claimed. Such credit shall be dependent upon the Facility Recovery Rate achieved by such facility and shall be equal to the amount resulting from reducing the Excise Tax due by the percentage reduction corresponding with the Facility Recovery Rates provided on the following table:

<b>Excise Tax Credit Schedule</b>		
Facility		
Recovery Rate		Excise
From Above	Up To & Including	Tax Credit
0%	25%	0%
25%	30%	4%
30%	35%	10%
35%	40%	20%
40%	45%	33%
45%	100%	45%

SECTION 2. Section 3 of this Ordinance is added to and made a part of Metro Code chapter 7.01

SECTION 3. Amount of Additional Excise Tax; Budgeting of Additional Revenue for Regional Parks and Greenspaces Programs.

Commencing with the Metro fiscal year beginning July 1, 2002, the additional excise tax authorized in Section 7.01.020(c) shall be \$1 per ton. Such additional excise tax shall be dedicated to funding Metro's Regional Parks and Greenspaces programs. For each fiscal year thereafter, the additional excise tax dedicated to Metro's Regional Parks and Greenspaces programs shall be not less than the amount of the additional excise tax in the previous fiscal year increased by a percentage equal to (a) the annualized rate of increase in the Consumer Price Index, All Items, for Portland-Salem (All Urban Consumers) reported for the first six months of the federal reporting year as determined by the appropriate agency of the United States Government or (b) the most nearly equivalent index as determined by the Metro Council if the index described in (a) is discontinued, or such lesser amount as the Executive Officer deems appropriate. .

SECTION 4. Section 5 of this Ordinance is added to and made a part of Metro Code chapter 7.01

SECTION 5. Repeal of Provisions Setting Amount of Additional Excise Tax and Budgeting of Revenue for Regional Parks and Greenspaces Programs

Section 3 of this Ordinance is repealed at the end of any Metro fiscal year during which any initiative or referendum is adopted by a majority of electors that specifically provides for (a) revenue funding for operations of the Metro Regional Parks and Greenspaces programs in an amount not less than that raised under in Section 3 of this Ordinance; and (b) the repeal of Section 3 of this Ordinance.

SECTION 6. Metro Code Section 7.01.022 is amended to read:

7.01.022 Consumer Price Index Adjustment

Commencing with the Metro fiscal year beginning July 1, ~~2001~~2003, and each year thereafter, the amount of revenue to be generated by the taxes imposed by Section 7.01.020(c) shall be the amount of tax revenue authorized in Section 7.01.020(d) for the previous fiscal year increased by a percentage equal to (a) the annualized rate of increase in the Consumer Price Index, All Items, for Portland-Vancouver-Salem (All Urban Consumers) reported for the first six months of the federal reporting year as determined by the appropriate agency of the United States Government or (b) the most nearly equivalent index as determined by the Metro Council if the index described in (a) is discontinued, or such lesser amount as the Executive Officer deems appropriate.

ADOPTED by the Metro Council this \_\_\_\_\_ day of \_\_\_\_\_, 2002.

\_\_\_\_\_  
Carl Hosticka, Presiding Officer

ATTEST:

Approved as to Form:

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

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

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## STAFF REPORT

### IN CONSIDERATION OF ORDINANCE NO. 02-939 FOR THE PURPOSE OF AMENDING METRO CODE CHAPTER 7.01 TO AMEND THE METRO EXCISE TAX TO PROVIDE REVENUES FOR METRO'S REGIONAL PARKS AND GREENSPACES PROGRAMS.

Date: February 6, 2002

Prepared by: Charles Ciecko  
Terry Petersen

## BACKGROUND

Over the past several years, the Regional Parks and Greenspaces Department has assumed responsibility for an ever-growing portfolio of properties as a result of the continued successful implementation of the 1995 Open Spaces, Parks and Streams Bond Measure. In the last six years, the number of acres that the department manages has grown from 4,092 to over 10,800, an increase of over 170%.

When the bond measure was approved by Council for the ballot, it was clearly stated that the measure did not provide financial support for the maintenance of the lands that were to be acquired under this program. Council increased excise tax allocations to help offset some of these costs, but these contributions have not kept pace with the department's growing responsibilities.

This unprecedented expansion, combined with other factors such as the continued growth of fixed costs, declining interest earnings rates, inflation and the eminent exhaustion of open spaces bond funds are now converging to pose a real threat to the department's core mission and programs.

Beginning in Fiscal Year 1998-99, the adopted budget for the Regional Parks and Greenspaces Department anticipated the use of reserves (fund balance) to pay for current operating expenditures. Concurrently, the department has endeavored to reduce the draw on these reserves by:

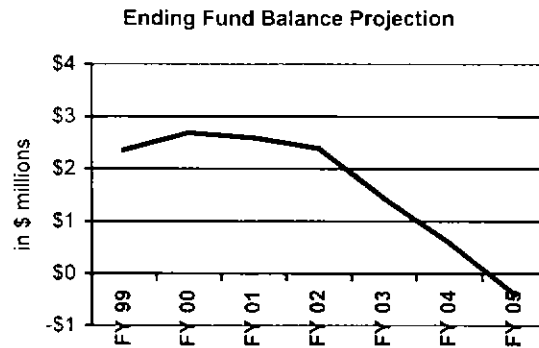
- Not increasing the number of full time positions in the department, even as acres and responsibilities have increased;
- Holding the total materials and services budget flat, at FY 98-99 levels;
- Deferring capital maintenance, with the FY 01-02 budget reduced to 25% of FY 98-99 levels;
- Eliminating the Blue Lake Concert Series, and delaying master planning for the Tualatin River Access Points;
- Delaying the filling of vacant staff positions to create salary savings;
- Reducing fleet costs; and
- Eliminating all non-essential out-of-state travel and conferences and significantly reducing in-state travel and conferences.

In addition to budget and expenditure reductions, actions have been taken to increase the revenues of the department:

- Dwellings on newly-acquired open space lands were leased, rather than demolished, resulting in an estimated income of \$260,000 annually;
- Staff has sought additional grant funding, resulting in grant revenues more than doubling since FY 98-99 (about \$1 million in FY 01-02, compared to \$430,000 in FY 98-99), that are used to supplement on-going program expenditures and capital projects; and

- Fee increases were implemented in several program areas, including Glendoveer Golf Course, cemeteries, picnic reservations and camping fees.

While these measures have delayed and, more recently, reduced the need to tap reserves, they cannot be viewed as permanent solutions to the need for long-term, stable funding to support basic parks programs and stewardship responsibilities. Even with these measures, the available reserves in the Regional Parks Fund are projected to be depleted in FY 04-05 as shown below:



Moreover, reducing dependence on financial reserves to support current programs is but one of a variety of needs that have been previously documented. Other examples include:

- Additional staff and financial resources for the Natural Resource Stewardship and Property Management Program (formerly called “Landbanking”),
- Additional support to reduce the backlog of deferred maintenance projects,
- Making permanent the Regional Trails Planner position,
- Removing Open Spaces Bond support for key administrative and Natural Resource Stewardship positions, and
- Master planning.

The proposed action would address some, but not all, of these needs on an interim basis.

## IMPLICATIONS OF NO ACTION

Unless additional funding is provided in the interim, the Council may have to make serious programmatic reductions in the Regional Parks and Greenspaces Department. Based on an analysis conducted in Spring 2001, the following could be required if funding is not secured to replace the use of reserves and cover the projected costs of inflation:

- All remaining special events, including the Salmon Festival at Oxbow Park and “Especially for Kids” at Blue Lake Park, could be eliminated;
- Most of the department’s environmental education programs could be eliminated, severely impacting the Volunteer Naturalist Program and the more than 7,000 people who annually attend these programs – many of whom are local area school children;
- Habitat restoration projects and noxious weed control programs could be all but eliminated at our parks and new open space acquisitions;
- Deferred maintenance, already under-funded at all our facilities, will continue to be funded at 25% of FY 98-99 levels, causing the backlog of projects to grow and the ultimate long-term cost of repair to increase.



**RECOMMENDED ACTION**

To avoid these program reductions and decrease the use of reserves in the Regional Parks Fund to pay for current programs and service levels, the Executive Officer is proposing that the excise tax collected on solid waste be increased to provide an additional \$1.23 million in FY 2002-03, dedicated for use by the Regional Parks and Greenspaces Department for operational and maintenance activities as determined through the annual budgeting process. This increase would raise the per-ton excise tax on solid waste by one dollar (\$1) per ton. This revenue will increase annually at the rate of CPI.

The Executive Officer will recommend a budget to Council for the Regional Parks and Greenspaces Department that incorporates this additional revenue. The revenue is proposed to be expended for the following purposes:

- **1.0 FTE Natural Resources Stewardship Park Ranger**

**\*\* \$105,093 in FY03, continuing in future \*\***

Currently, only one Park Ranger is responsible for on-site daily land management activities on approximately 6,800 acres of open space acquisitions distributed widely across the region. Typical activities include:

- Securing access to Metro properties (i.e. construction and/or maintenance of fences, gates, roads);
- Response to emergency calls (i.e. thefts, criminal trespass, illegal hunting, vandalism);
- Correcting health and safety concerns (i.e. hazard trees, loose livestock, infrastructure failure/malfunction, wildfire prevention);
- Control of invasive vegetation and pest animals; and
- Supervision of volunteer work parties.

The addition of one more Park Ranger will reduce the accumulating backlog of land management needs that currently exist and help meet on-going demands in a more timely manner. Budget for this position includes salary and benefits (\$57,302), materials & services (\$6,000 vehicle costs, \$37,749 for building, grounds and equipment supplies and services, and contracted professional services) and contingency (\$4,042).

- **Transfer support for Department Director, Department Finance Manager and Contract Administrator from the Open Spaces Bond to the Regional Parks Fund**

**\*\* \$51,703 in FY03, continuing in future \*\***

The Open Spaces, Parks and Streams Bond Measure included funds for administration of the implementation effort. During the implementation phase, the relevant portion of certain administrative positions have been billed to the Open Spaces Bond Fund. As the acquisition program winds down and the focus shifts from acquisition to land management, it is necessary to reallocate the costs of administrative functions accordingly.

Affected positions and the associated portions of salary and benefits are as follows:

	<u>FY 03</u>	<u>FY 04</u>	<u>FY 05</u>
10% of Department Director	15,255	16,019	16,820
25% of Department Finance Manager	21,125	22,181	23,290
25% of Department Contracts Administrator	15,323	16,089	16,893
<b>Total Administration Staff</b>	<b>51,703</b>	<b>54,289</b>	<b>57,003</b>

**NOTE:** This proposal does not affect any staff in the Open Spaces Acquisition Division. As indicated in the Council-adopted Open Spaces Implementation Work Plan, staff positions within the Open Spaces Acquisition Division are “limited duration” and will be eliminated when bond measure implementation is complete. Limited duration positions include: Division Manager, Senior Real Estate Negotiator, 2 Real Estate Negotiators, Secretary, Program Assistant II, and related positions in the Office of General Counsel.

- **Reallocate Open Spaces Bond Fund support for Natural Resources Stewardship and Property Management staff in FY05**

**\*\* \$73,131 in FY05, continuing in future \*\***

The Open Space, Parks and Streams Bond Measure included funds for a variety of short-term activities or projects required “to stabilize” properties following acquisition. Staff costs associated with “stabilization” projects have also been paid from bond funds.

“Stabilization” projects are carried out by certain members of the Natural Resources Stewardship and Property Management Program who are also responsible for the on-going day-to-day management of sites acquired with bond funds (landbanking). During the implementation phase, staff costs associated with “stabilization” have been billed to the Open Spaces Bond Fund. As “stabilization” activities wind down and staff focus shifts to on-going, day-to-day management, it is necessary to reallocate costs accordingly. Please note that the current level of bond funding is expected to continue through FY 2004-05. Affected positions and the associated portion of salary and benefits are as follows:

	<b><u>FY 03</u></b>	<b><u>FY 04</u></b>	<b><u>FY 05</u></b>
50% of Natural Resources Program Manager	0	0	52,416
25% of Property Manager	0	0	20,715
<b>Total Stabilization/Natural Resources Staff</b>	<b>0</b>	<b>0</b>	<b>73,131</b>

**NOTE:** This proposal does not affect any staff in the Open Spaces Acquisition Division. As indicated in the Council-adopted Open Spaces Implementation Work Plan, staff positions within the Open Spaces Acquisition Division are “limited duration” and will be eliminated when bond measure implementation is complete as noted above.

- **Transfer the Regional Trails Planner position to Planning & Education Division**

**\*\* \$46,100 in FY03 (50%), \$96,810 in FY04 (100%), continuing in future \*\***

For the past 6 years, Metro has focused its trail planning efforts primarily on those trail projects identified as target areas in the Open Spaces Bond Measure. This work has been funded with bond proceeds. To continue implementation of the Regional Trails Plan (part of the Regional Transportation Plan and Greenspaces Master Plan), it will be necessary for more comprehensive regional trail planning to take place since most regional trails are multi-jurisdictional and many jurisdictions do not have the capacity to provide the necessary planning functions. Therefore, the Metro Regional Trail Planner position would:

- Complete planning for and promotion of the Regional Trails Plan, a component of the Regional Framework Plan (Chapter 3) and of the Regional Transportation Plan;
- Perform planning functions for the Springwater Corridor project (Sellwood Bridge to McLoughlin Blvd. gap);
- Perform planning and coordination functions for the Fanno Creek Trail, Beaverton Powerline Trail, Tualatin River Trail, Willamette Greenway Trail, PTC Trail (Milwaukie to Gladstone) and other components of the Regional Trails and Greenways Map;
- Coordinate regional efforts to secure state and federal transportation funding and other outside resources for trail projects; and

- Participate in the design and implementation of Best Management Practices for regional trail design and construction to be consistent with Metro's Title 3 and Goal 5 efforts.

This proposal would formalize the Regional Trails Planner position in the Planning and Education Division, 50% in FY 2002-03 and 100% in subsequent years.

- **Create Volunteer Recognition and Recruitment Program**

**\*\* \$5,000 annually \*\***

The Department has effectively used volunteers for a variety of environmental education, maintenance, restoration and other projects using limited department resources. In 2001, 900 volunteers donated 10,000 hours inside the office and at various parks and greenspaces sites throughout the region. This contribution is valued at approximately \$154,000. To maintain this type of program into the future, it is imperative that the Department establish a recognition program for these volunteers. Recognition expenses could include uniforms, plaques, framed certificates, gifts to celebrate years of service and/or hour milestones, birthday cards, volunteer newsletter, and events. Event costs would include food, decoration, facility rental, and invitations. Recruitment of new volunteers will always be necessary. Recruitment expenses could include newspaper and magazine ads, tabletop exhibit, brochures targeting specific positions and/or divisions, Metro website enhancement, and website banner ads. This program will be administered by existing staff in the Planning and Education Division.

- **Restore the 0.33 FTE Seasonal Employee at Smith & Bybee Lakes Wildlife Area**

**\*\* \$6,572 in FY03 only \*\***

One seasonal position is typically filled from May through October, when maintenance and field work needs are greatest. Because of the significant decrease in interest earnings expected in the Smith & Bybee Lakes Fund, the fund is unable to cover these costs. Subsequently, the Department's proposed budget eliminated this position. This employee performs baseline maintenance at the wildlife area such as garbage pickup, tree and shrub pruning, trail maintenance and security patrols of the public use areas of the wildlife area. In addition, this employee assists the Wildlife Area Manager with wildlife and plant surveys that are used to monitor the success of restoration projects. This employee creates a Metro presence at the wildlife area three to four days per week, answering visitors' questions and increasing general security.

- **Deferred Maintenance**

**\*\* \$175,000 in FY03, \$125,000 in FY04 and thereafter \*\***

An update to the Department's Unfunded Deferred Maintenance assessment was completed in March 2001 listing several dozen deferred capital maintenance projects at a variety of facilities totaling over \$2.9 million. The size of projects on this list varies, with major projects such as the automation of the irrigation system at Blue Lake Park to reduce labor intensive manual watering and conserve water, and the replacement of deteriorated picnic shelters at Oxbow Park. While the requested increase will not be enough to complete these major projects, there are smaller, but no less important, projects that could be completed with the proposed increase. Examples of projects include:

- New playground equipment at Blue Lake Park to eliminate current hazardous and non-ADA (Americans with Disabilities Act) compliant metal and concrete play structures.
- Replace 100 picnic tables at Oxbow Park and Blue Lake Park with metal frame and wood tops/benches. This will reduce the risk exposure from old wood tables, reduces maintenance costs and improves overall park appearance.
- Replace non-functional entry/exit gate at Chinook Landing. Closing the facility at night will deter after hour use and reduce the risk of vandalism and other illegal and/or inappropriate activities.

- **Natural Resource Stewardship – Restoration Projects**

**\*\* \$75,000 Annually \*\***

The current stewardship activities for Metro-owned natural areas are very limited, equating to the basics of nuisance control and weed abatement required by state law and by our responsibility to be good neighbors to surrounding property owners. Much more needs to be done to ensure that these properties are not degraded and that restoration activities are initiated.

Funds will be used for habitat restoration activities. It is assumed that these funds will be used as matching funds for Federal and State grant applications to “grow the pot” of restoration money available. The additional support will be used for the following:

- Reduce the spread of invasive species by re-establishing diverse native plant communities and restoring historic hydrologic conditions to benefit a variety of native fish and wildlife including sensitive, rare and threatened species;
- Maintain the significant investment in reforestation projects which have already been completed;
- Provide opportunities for continued community involvement in natural resource stewardship; and
- Attract outside funding and partners for natural resource protection projects.

- **Continued funding for National Fish & Wildlife Foundation Partnership**

**\*\* \$100,000 in FY04, continuing thereafter \*\* (tentative)**

Beginning in FY2002-03, the Department anticipates a new partnership with the National Fish & Wildlife Foundation to create a regional program focused on restoration projects in parks and open spaces designated as components of the Regional System as articulated in Chapter 3 of the Regional Framework Plan. This partnership will leverage Metro’s contribution 2-to-1, effectively tripling the amount of restoration activities that Metro can effectuate. Goals of the partnership include:

- To fund habitat protection and restoration projects conducted by Metro and other local partners that provide substantial benefit to wildlife habitats located in Multnomah, Washington, and Clackamas Counties;
- To engage citizens, businesses, and community groups in our region in environmental stewardship and education projects that attempt to correct the decline of wildlife habitat;
- To stimulate creativity and leadership among community groups to address conservation needs and encourage active community stewardship of protected lands; and
- To target groups that can be particularly helpful in conserving rare habitat types, including farmers, homeowners, government officials, nonprofit organizations, and business owners.

The Department’s Proposed Budget includes funding for this program in FY2002-03. This proposal continues funding for this program into years FY 2003-04 and FY 2004-05.

- **Renewal and Replacement Funding**

**\*\* \$85,000 Annually \*\***

New capital policies adopted by the Metro Council require the department to plan for the renewal and replacement of its facilities and other depreciable assets. The Department, up to this point, has not reserved any resources for the purpose of renewal and replacement. The allocation proposed here will not fully fund the Renewal and Replacement needs of the department, but will be a step in the right direction for the future maintenance and replacement needs of fixed assets.

- **Reduce Use of Financial Reserves from the Regional Parks Fund**

**\*\* \$533,860 in FY03, continuing in future \*\***

For FY 2002-03, the department Proposed Budget (adjusted for final central service allocated cost calculations) uses \$1,114,085 of fund balance to maintain current service levels (including contingency and project carry-forward). This proposal will decrease, but not eliminate, the draw on this financial reserve.

- **Reduce Use of Financial Reserves from the Smith & Bybee Lakes Fund**

**\*\* \$100,672 in FY03 only \*\***

As a matter of sound financial practice, the Department attempts to use only interest earnings from this fund to pay for operational expenses at Smith & Bybee Lakes Wildlife Area. However, the projected interest earnings rate for next year (estimated at just 1.5%) results in a decrease of roughly 75% of normal operational revenues. Despite significant reductions in expenditures, the use of \$100,000 of fund balance is necessary just to provide basic maintenance services and support the existing 1.5 FTE in this program. This proposal eliminates draw on fund balance and preserves the principal in the fund. Financial support for this fund is only necessary for FY 2002-03. It is anticipated that interest rates will increase in subsequent years and the support will not be necessary on an ongoing basis.

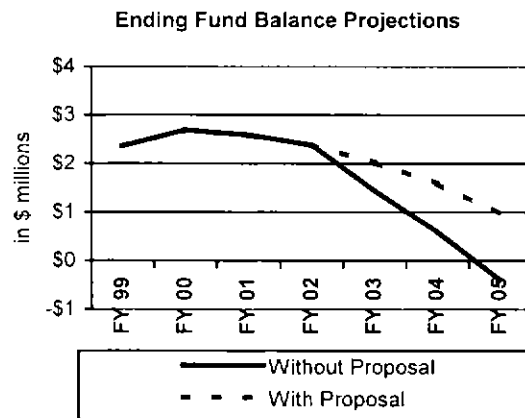
**Summary**

<b>Program Expenditures</b>	<b>FY 02-03</b>	<b>FY 03-04</b>	<b>FY 04-05</b>
Natural Resources - Park Ranger	105,093	110,348	115,865
Admin Staff to Regional Parks Fund	51,703	54,289	57,003
Trail Planner to Regional Parks Fund	46,100	96,810	101,650
Stabilization staff to Regional Parks Fund	0	0	53,576
Volunteer Recognition and Recruitment	5,000	5,000	5,000
0.33 FTE Seasonal at Smith & Bybee Lakes	6,572	0	0
Deferred Maintenance	175,000	125,000	125,000
Restoration Projects	75,000	75,000	75,000
National Fish & Wildlife Foundation	0	100,000	100,000
Renewal & Replacement	85,000	85,000	85,000
<b>Total Expenditures</b>	<b>549,468</b>	<b>651,447</b>	<b>718,094</b>
Reduce use of Fund Balance – Regional Parks Fund	533,860	568,053	538,006
Reduce use of Fund Balance – Smith & Bybee Fund	100,672	0	0
<b>Total</b>	<b>1,184,000</b>	<b>1,219,500</b>	<b>1,256,100</b>

**NOT A LONG TERM REMEDY**

This proposal is intended to be an interim step. It is designed to stabilize Regional Parks funding for current programs while addressing some immediate programmatic needs that have been deferred for some time. This proposal does not provide for all of the programmatic needs. Specifically, it does not provide support for Master Planning, nor does it provide support to develop, operate or maintain new sites or trails for public use as recommended by the Green Ribbon Committee. The proposal does not address any of the recommendations of the MPAC Parks Report (dated April 4, 2001). It does not fully fund renewal and replacement or provide for education and incentives for private land owners in critical natural resources areas.

The use of reserves (fund balance) to pay for current operating expenditures will continue under this proposal, but at a slower rate than the current projection. By the end of FY 2004-05, it is expected that the Regional Parks Fund will have undesignated reserves of approximately \$1 million. A justification for this level of reserve can be found in "Attachment A" of this report:



This proposal is a modest interim measure designed to stabilize funding for current programs until a new proposal addressing long term needs can be developed and implemented.

## ANALYSIS/INFORMATION

### 1. Known Opposition

No known opposition.

### 2. Legal Antecedents

Metro Code Chapter 7.01 sets forth the provisions of the Metro Excise Tax.

### 3. Anticipated Effects

Based on the projected solid waste revenue base in FY 2002-03, the proposed excise tax of one dollar (\$1) per ton would provide \$1,184,000 of new revenue. As of this writing, the excise tax rate on solid waste is expected to increase from the current \$5.04 per ton to \$5.39 per ton during FY 2002-03. (This rate will be reviewed and finalized in March 2002.) If this ordinance were approved, that rate would rise to \$6.39 per ton.

- Effect on Metro Tip Fee.** When calculating the Metro tip fee, the excise tax is added on to the solid waste rate base. That rate will be \$59.84 in FY 2002-03 (per Ordinance No. 01-918A, approved October 25, 2001). With a \$5.39 excise tax, the total tip fee will be \$65.23. If this ordinance is approved, the tip fee would be a dollar higher, at \$66.23.
- Effect on non-Metro Tip Fees.** The excise tax at disposal sites that are not owned by Metro (e.g., Forest Grove Transfer Station and Lakeside Reclamation Landfill) would likewise increase by \$1 per ton. Although many non-Metro facilities set their own rates and are free to absorb as much or as little of the excise tax as they wish, historically all of the tax has been passed on to the rate payers. Accordingly, the tip fees at non-Metro facilities can be expected to rise by \$1 per ton due to approval

of this ordinance. Currently, non-Metro tip fees range from about \$22 per ton to \$66 per ton including excise tax.

- **Effect on Material Recovery Facilities.** Because the excise tax is levied on waste that is landfilled, the excise tax is a cost to material recovery facilities (MRFs). However, to ease the tax burden and support recycling goals, the Council discounts the excise tax on MRFs up to 45%, based on the facility's recovery rate. At present, the average excise tax discount over all MRFs is 30%. If there is no change in recovery performance, the \$1 increase will be discounted at the same 30% rate, meaning that the effect of this ordinance will be to raise the average cost of disposal by 70¢ per outgoing ton at material recovery facilities.

#### **4. Budget Impacts**

The approval of this ordinance will provide an additional \$1,184,00 to the Regional Parks Fund, increasing annually at the rate of CPI. The revenue will be available for expenditure upon Council adoption of a budget for the affected funds. This action in and of itself does not authorize the expenditure of this new revenue.

#### **RECOMMENDED ACTION**

The Executive Officer recommends passage of Ordinance No. 02-939, For The Purpose of Amending Metro Code Chapter 7.01 to Amend the Metro Excise Tax to Provide Revenues for Metro's Regional Parks and Greenspaces Programs.

**Regional Parks Fund  
Fund Balance Reserve Requirements**

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**What is the minimum Fund Balance reserve that the Regional Parks Fund should have to maintain fiscal prudence?**

There are several ways to answer this question. Presented here are two different ways to determine what the minimum amount of reserve is.

**Option 1 – Cash Flow Needs**

The enterprise revenues in the Regional Parks Fund tend to be cyclical, with higher revenues in the summer months and lower revenues in the winter. Expenditures are also cyclical, but do not vary as much as revenues. This disparity creates a situation where in the summer months, there are more revenues than expenditures. In the winter months, there are more expenditures than revenues.

A cash flow analysis answers the question, “How much cash does the fund need to have on hand to ensure that there is adequate cash, on a daily basis, to meet the expenditure needs, especially when expenditures are exceeding revenues?”

In Fiscal Year 2000-01, the Regional Parks Fund needed to have just over \$961,000 in cash reserves to ensure that there was adequate cash in December and January to meet operational expenditure needs.

**Option 2 – A Three-Month Operating Reserve**

Metro currently does not have a specific financial policy stating guidelines for determining the appropriate fund balance level for its general and special revenue funds. However, one such policy may be to maintain a fund balance reserve adequate to meet unanticipated service needs. This policy can be operationalized by saying that the fund should have a reserve adequate to pay for three months of operating expenditures. For the Regional Parks Fund in FY 2000-01, a three-month operating reserve equates to a range of between \$944,000 and \$1,400,000.

Based on review of these two different options, the department management believes that a fund balance reserve of \$1 million would be a minimally fiscally prudent amount.