

A G E N D A

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



METRO

Agenda

MEETING: METRO COUNCIL/EXECUTIVE OFFICER INFORMAL MEETING
DATE: September 10, 2002
DAY: Tuesday
TIME: 2:00 PM
PLACE: Council Annex

CALL TO ORDER AND ROLL CALL

- I. UPCOMING LEGISLATION**
- II. LEGISLATIVE PRIORITIES**
- III. BULL RUN REGIONAL DRINKING WATER AUTHORITY BRIEFING**
- IV. EXECUTIVE OFFICER COMMUNICATION**
- V. COUNCILOR COMMUNICATIONS**

ADJOURN

Proposed Bull Run Regional Drinking Water Agency

Period of Study and Development
March, 2001 – August, 2002

Period of Decision
September, 2002 – January, 2003

Tonight's Agenda

- Why Regionalize?
- Participants
- Concept
- Options
- Status
- Next Steps
- Get Involved

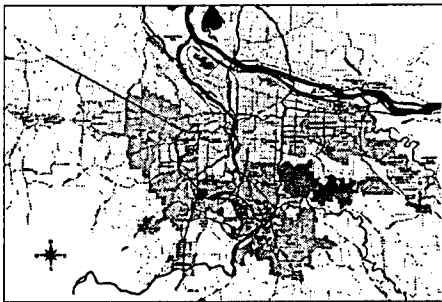
Competing Demands For Regional Water

- Families
- Fish
- Farms
- Factories
- Fun

We Also Recognize

- More stringent regulations
- Increasingly expensive treatment
- Need for added storage & transmission
- Regional growth
- Public interest

Regional Water System



The future of water resource management can be more

- ✓ Efficient
- ✓ Cost-effective
- ✓ Reliable
- ✓ Environmentally sensitive

Through better regional

- ✓ Cooperation
- ✓ Coordination
- ✓ Management

Participating Agencies

City of Beaverton	Powell Valley Road Water
Clean Water Services	District
City of Gresham	Raleigh Water District
City of Portland	Rockwood Water PUD
City of Tigard	Sunrise Water Authority
City of Tualatin	Tualatin Valley Water
Metro	District
	West Slope Water District

The Concept

- Providers form agency
 - ✓ Storage
 - ✓ Treatment
 - ✓ Transmission
- Participants retain local control
- Agency could provide other services
 - ✓ Distribution to homes and businesses
 - ✓ Lab services

[illegible][illegible]

Governmental Options

- Research options to support regional drinking water services
- Identify engineering, financial and governmental issues
- Prepare a proposal
- Encourage public input
- Report to elected officials

Governance Options

- **ORS 190** Inter-governmental Agreement
- **ORS 261** People's Utility Districts
- **ORS 264** Water Districts
- **ORS 268** Regional Service Districts
- **ORS 450** Water Authorities

ORS 190 Inter-Governmental Agreement

- Local governments agree to perform certain functions together
- Board consists of elected officials from members
- Agency formed...
 - ✓ Owns assets
 - ✓ Sets wholesale rates, collects revenue
 - ✓ Operates facilities

ORS 261 People's Utility District

- Citizens vote to create PUD
- 5 member Board elected by zone
- PUD...
 - ✓ Owns assets
 - ✓ Sets rates, collects revenues
 - ✓ Operates facilities
 - Water
 - Power

ORS 264 Water Districts

- Communities incorporate to supply water
- 5 member board, elected at-large
- Special District...
 - ✓ Owns assets
 - ✓ Sets rates, collects revenue
 - ✓ Operates facilities

ORS 268 Regional Service District/Metro

- Metro
- 7 member board elected by district
- Regional Service District...
 - ✓ Owns assets
 - ✓ Sets rates, collects revenue
 - ✓ Operates facilities

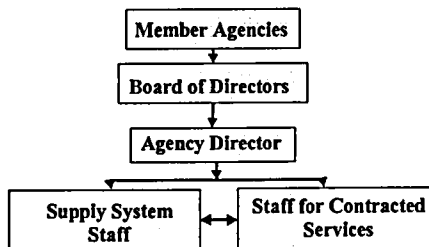
ORS 450 Water Authorities

- Citizen petition or 2 or more water providers consolidate into one
- 5-7 member board elected at-large by zone
- Water Authority...
 - ✓ Owns assets
 - ✓ Sets rates, collects revenues
 - ✓ Operates facilities

Where We Are Now

- ORS 190 Inter-Governmental Agreement recommended by elected officials
 - ✓ Provides control by local government
 - ✓ Board consists of elected officials
 - ✓ Controls which water sources are used

General Agency Organization



Agency Functions and Assets

Principal Functions

1. O & M on System physical assets
2. Contractual services for others
3. Wholesale contracts
4. Plan, finance, build system improvements

Principal "Assets"

1. Portland Supply System
2. WCSL
3. Cash or In-lieu funds from members
4. New projects built by Agency

Next Steps

July: Gather public input

August: Further refine the proposal

- ✓ Principals of Agreement - basis for negotiation of future agreement

September - December:

- ✓ Recommendations to local jurisdictions
- ✓ **Decide on whether or not to participate in the formation of this agency**

How You Can Learn More

- Find the Principles of Agreement and other project information and materials and schedules on the web site at:

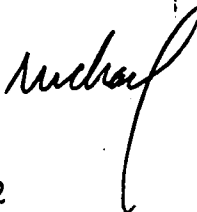
www.water.ci.portland.or.us
click on What's New

- Contact your water provider

How You Can Participate

- August 22 - Public Hearing on Principles of Agreement, Gresham City Hall
7:00 PM to 9:00 PM
- September 26 - Final review and adoption of Principles of Agreement, Metro Council Chambers
7:00 PM to 9:00 PM
- Attend your local agency meetings

TO: Metro Council

FROM: Michael Morrissey 
Sr. Staff

DATE: September 10, 2002

RE: Council/Exec. Informal on Proposed Bull Run Drinking Water Agency

Mark Knudson, staff at the Portland Water Bureau, will be giving a power-point presentation today regarding key issues and decision-points. The current phase, phase II, is nearing the end of report and recommendation production. On September 26, here at Metro, the Policy Steering Committee will receive the Principles of Agreement and four technical memos. Participating jurisdictions will then have approximately four months to vet these documents and decide whether to sign up for phase III. Phase III is expected to cost between \$800,000 and \$1,000,000 and end with signed agreements to create and participate in a Bull Run Drinking Water Agency.

Probably the key decision for your consideration is under what circumstances you want to see Metro continue into phase III, or participate in the eventual agency. It is fair to say that many of the participants to-date do not foresee a role for Metro.

Whether or not you do advocate for a role in the agency, there also could be a role a little farther in the future. Creation of a Bull Run and South Shore Wellfield agency, if it comes to pass, will still be regionalized on a limited basis (one could currently expect 4-6 districts to sign on as participants/owners). There is still interest in the group to eventually evaluate whether a truly region-wide system can be created, and Metro may logically have a greater role to play at that time.

CRITERIA

Proposed Bull Run Regional Drinking Water Agency

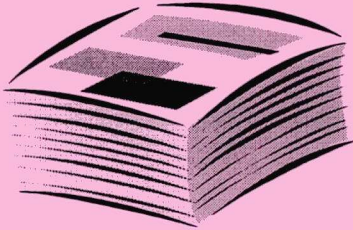
Criteria for formation of a Bull Run Regional Drinking Water Agency

In Phase I of this study (May – December 2001), participants proposed criteria for consideration in creating a regional drinking water agency. Those criteria can be found in the Phase I report titled Progress Report – Regional Drinking Water Supply Initiative, dated December 12, 2001. (The Phase I report can be found on Portland Water Bureau's web site at www.water.ci.portland.or.us, click on "What's New?")

In this current phase of study and development (March – September 2002) the Technical Advisory Committee (TAC) reviewed the criteria and suggested eliminating one and modifying others. The TAC recommended the revised draft criteria to the Policy Steering Committee (PSC) to be used when reviewing and weighing governance and financial options that will be developed as part of this phase. The PSC reviewed and discussed these criteria, took public input, made a few changes, and approved these criteria at their meeting on April 25, 2002.

1. The proposed Bull Run Regional Drinking Water Agency will have responsibility to provide Bull Run and Columbia South Shore Wellfield water to its members in the amount requested. Others may join the agency after the implementation plan is complete.
2. The proposed Bull Run Regional Drinking Water Agency will develop and protect the Bull Run and Columbia South Shore Wellfield.
3. The proposed Bull Run Regional Drinking Water Agency will have a reliable supply of water to meet current and future needs, with backup supplies to meet seasonal and/or emergency needs.
4. The proposed Bull Run Regional Drinking Water Agency will plan for and build capital improvements to meet the amount of supply and transmission needs of its members as requested.
5. The proposed Bull Run Regional Drinking Water Agency will be responsible for meeting all applicable State and Federal laws and compliance with drinking water regulations to the point of delivery.
6. The proposed Bull Run Regional Drinking Water Agency may contract for the sale of water to non-member agencies.
7. The proposed Bull Run Regional Drinking Water Agency will have the authority to provide any water related services, including distribution, as agreed to by individual members.

8. The proposed Bull Run Regional Drinking Water Agency will be created under Oregon law to have the full and usual municipal powers provided under Oregon law, including but not limited to the ability to set rates and charges, collect revenues, issue debt, hire staff, and enter into agreements.
9. The proposed Bull Run Regional Drinking Water Agency will be created under existing Oregon law.
10. The proposed Bull Run Regional Drinking Water Agency will make the most efficient and effective use of its water sources to meet the needs of its members, consistent with sustainable development, best management practices, and integrated resource management strategies.
11. The proposed Bull Run Regional Drinking Water Agency will be an enterprise utility, obtaining its revenues from rates, charges, and issuance of debt related to the sale and delivery of water.
12. Each member will have representation by elected officials on the board of the proposed Bull Run Regional Drinking Water Agency.



13. Individual customers receiving water from the proposed Bull Run Regional Drinking Water Agency will have direct access to the agency's Board of Directors and to the elected public officials of the members.
14. The proposed Bull Run Regional Drinking Water Agency is intended to be organized and operated to minimize duplication or inefficiency.
15. The proposed Bull Run Regional Drinking Water Agency will participate in the programs and activities within the Bull Run and Columbia South Shore Wellfield watersheds.
16. Creation of the proposed Bull Run Regional Drinking Water Agency will not result in increased overall costs for water by virtue of combining infrastructure and operations.

PHASE I SUMMARY

Proposed Bull Run Regional Drinking Water Agency

What happened during Phase I?

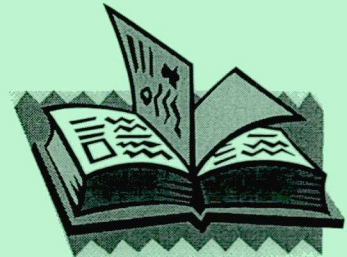
In August 2001, twelve agencies entered into an agreement to research the potential formation of a regional water provider agency. This group, eventually expanding to 14 agency members, assigned managers to work with elected officials to assess the possibilities for improved water service to the region through changes in governance and structure.

Over the next six months, these managers carried out a number of tasks to fulfill their assignment, including the following.

- Achieved consensus on the assignment.
- Adopted criteria that would be important to positive outcomes.
- Investigated governance models in Oregon and elsewhere.
- Explored governance alternatives available under Oregon law.
- Provided public information and sought public comments and input.

Phase I was completed and the Progress Report was published in December 2001. This report is available online at www.water.ci.portland.or.us, under "What's New?" The key findings from Phase I are listed below.

- There was significant interest and support for a regional water agency.
- To start, the supply should be limited to the Bull Run Watershed and the Columbia South Shore Wellfield systems.
- Portland City Council would not accept the Willamette River as a drinking water source for the City of Portland. (With this exception, the proposed agency could be open to the inclusion of other sources in the future.)
- The ORS 190 Intergovernmental Agreement appeared to be the most feasible governance tool, but evaluation of additional options that could be provided under existing Oregon law would also be needed.



Phase I Timelines

- | | |
|-------------------------|--|
| March 2001 | ▪ Portland Commissioner Erik Sten proposed formation of a new governmental structure to provide drinking water service for the region. |
| May – June 2001 | ▪ Public meetings conducted.
▪ Elected officials discuss interest in Commissioner Sten's proposal. Staff begins research. |
| August 2001 | ▪ Interested agencies agreed to jointly fund and research the potential formation of a regional drinking water supply and transmission agency. |
| August – September 2001 | ▪ Additional research conducted by staff. |
| October 2001 | ▪ Citizen workshop held. |
| November 2001 | ▪ Public meeting conducted; included citizen involvement activity to explore criteria and issues. |
| December 2001 | ▪ Public meeting conducted.
▪ Phase I Progress Report published. |
| January 2002 | ▪ Public meeting conducted; agencies decided to proceed with Phase II. |

PHASE II SUMMARY

Proposed Bull Run Regional Drinking Water Agency

What is happening in Phase II?

The second phase of study is scheduled to run from March – December 2002. In this second phase of study, the Policy Steering Committee (PSC), comprised of elected officials from the 13 participating agencies, have adopted criteria for a proposed agency to address. Managers from the participating agencies make up the Technical Advisory Committee, which will complete more detailed work to analyze governance alternatives, develop financial models that would result in proposed rates and charges for water supply, and determine which parts of the Bull Run and Columbia South Shore Wellfield would be part of a regional supply and transmission system. A Public Information & Involvement Plan has been approved by the PSC to provide a variety of options for citizens to learn about the project and give their input.



How is Phase II structured?

Currently, the project has 13 participants from the Portland metropolitan region, including 11 water providers, Clean Water Services, and Metro. Phase II of this study is directed and managed by a Policy Steering Committee, Technical Advisory Committee, four working groups, and a team of consultants.

Policy Steering Committee – The Policy Steering Committee (PSC) is comprised of one elected official from each participating agency.

City of Beaverton
Mayor Rob Drake

City of Portland
Commissioner Dan Saltzman

City of Tigard
Councilor Joyce Patton (PSC Chair)

Clean Water Services
Chair Tom Brian

Powell Valley Road Water Dist.
Commissioner Bud Farm

City of Tualatin
Councilor Ed Truax

City of Gresham
Mayor Charles Becker

Raleigh Water Dist.
Commissioner Phil Gladstein

Tualatin Valley Water Dist.
Chair Richard Burke (PSC Vice-Chair)

Metro
Executive Mike Burton

Rockwood Water PUD
President Sandra Ramaker

West Slope Water Dist.
Commissioner A.P. DiBenedetto

Sunrise Water Authority
Chair Robert Frentress

The role of the Steering Committee is to identify policy issues that need administrative and technical analysis. Based on that analysis, the PSC will look at various policy alternatives and select and approve policy recommendations that will be included in the Phase II Report. The report will then be referred to the full elected bodies of the participants. The PSC meets the fourth Thursday evening of each month, at alternating locations. PSC meetings are open to the public and include agenda time for public comments.

Technical Advisory Committee – The Technical Advisory Committee (TAC) is comprised of administrators and senior officials from each of the participating agencies. The TAC's role is to provide support to the PSC; and to manage the Phase II provisions contained in an Intergovernmental Agreement, including the work program, schedule, and consultants' contracts. The TAC meets each Monday afternoon. TAC meetings are open to the public and include agenda time for public comments.

Meeting schedules and locations for the PSC and TAC can be found online at www.water.ci.portland.or.us, click on "What's New?"

Participant Workgroups –

Governance and Legal: *This workgroup has the responsibility to review the various governance structures provided for under Oregon law and to compare and contrast those structures to the criteria approved by the PSC. In addition, this workgroup is charged with responding to the myriad of legal issues and questions pertaining to the structure, governance, water rights, and operation of the proposed agency.*

Finance: *This workgroup is charged with reviewing all financial analysis prepared by the project's consultants, including asset valuation, rates and rate methodology, equity buy-in by the participants, capital financing, and debt retirement, etc.*

Engineering: *This workgroup is charged with determining what assets comprise the supply system and how the supply system will operate to serve all members of the agency. The Engineering Workgroup will determine if some members of the agency cannot be served initially, how they will be served.*

Public Information & Involvement: *This workgroup is responsible for developing a plan and process to inform and receive input from the public on the development of the proposed agency.*

For information, contact the TAC Chair, Ed Wegner, at (503) 639-4171.

Phase II Timelines

- | | |
|-------------------------|--|
| March 2002 | <ul style="list-style-type: none">▪ Phase II Citizen Involvement Workshop conducted.▪ Final date to become a Phase II participating agency.▪ Consultant selection completed. |
| April – September 2002 | <ul style="list-style-type: none">▪ Policy Steering Committee, Technical Advisory Committee, workgroups, staff and consultants work together on the Phase II study.▪ Regular meetings of the PSC and TAC are held; agendas include time for public input.▪ Public information materials are posted on Portland Water Bureau's website; meetings and events are posted on cable access stations.▪ Participants utilize public information and involvement activities tailored for their individual agencies. |
| September 2002 | <ul style="list-style-type: none">▪ Phase II study completed. |
| October – December 2002 | <ul style="list-style-type: none">▪ PSC members take Phase II recommendations to their elected bodies.▪ Participants conduct citizen information and involvement activities. |
| January – February 2003 | <ul style="list-style-type: none">▪ Determination made as to whether or not there are enough committed agencies to make it economically feasible to create a Bull Run regional drinking water agency. |

RESOURCES

Proposed Bull Run Regional Drinking Water Agency



- ☒ Visit our website at www.water.ci.portland.or.us, click on "What's New?"
- ☒ Attend regular Technical Advisory and Policy Steering Committee meetings. These meetings are open to the public and include agenda time for public comments.

Technical Advisory Committee Meetings

1:30 to 4:00 p.m.

Mondays

Portland Water Bureau Interstate Auditorium
1900 N. Interstate Avenue

Policy Steering Committee Meetings

7:00 to 9:00 p.m.

Thursday, June 27

Metro
Council Chambers
600 NE Grand Ave.
Portland

Thursday, July 25

Tualatin Valley Water Dist.
1850 SW 170th Ave.
Beaverton

Thursday, August 22

City of Gresham
Conference Center
1333 NW Eastman Pkwy.
Gresham

- ☒ Come to an Open House and talk with community leaders and project staff about this work.

Wednesday, July 17

6:30 to 8:30 p.m.
City of Gresham
Conference Center
1333 NW Eastman Pkwy.
Gresham

Wednesday, July 24

6:30 to 8:30 p.m.
Tigard Water District Building
8777 S.W. Burnham Rd.
Tigard

Wednesday, July 31

6:30 to 8:30 p.m.
Portland Building
Meeting Room C
1120 S.W. 5th Ave.
Portland

For assistance with directions to meetings and open houses, check on-line directions.
Go to Yahoo and click on "Maps" for the direction locator.

- ☒ **Contact us.** Your participating agency representative will be happy to discuss this project with you.

Policy Steering Committee

City of Beaverton

Mayor Rob Drake
(503) 526-2481

City of Portland

Commissioner Dan Saltzman
(503) 823-4151

City of Tigard

Councilor Joyce Patton
(PSC Chair)
(503) 639-4171

Clean Water Services

Chair Tom Brian
(503) 846-8681

Powell Valley Road Water Dist.

Commissioner Bud Farm
(503) 761-5011

City of Tualatin

Councilor Ed Truax
(503) 692-2000

City of Gresham

Mayor Charles Becker
(503) 618-2584

Raleigh Water Dist.

Commissioner Phil Gladstein
(503) 292-4894

Tualatin Valley Water Dist.

Chair Richard Burke
(PSC Vice-Chair)
(503) 690-8260

Metro

Executive Mike Burton
(503) 797-1502

Rockwood Water PUD

President Sandra Ramaker
(503) 665-4179

West Slope Water Dist.

Commissioner A.P. DiBenedetto
(503) 292-2777

Sunrise Water Authority

Chair Robert Frentress
(503) 761-0220

Technical Advisory Committee

City of Beaverton

David Winship
(503) 350-4059

City of Portland

Mark Knudson
(503) 823-7499

City of Tigard

Ed Wegner
(503) 639-4171

Clean Water Services

Tom VanderPlaat
(503) 846-8758

Powell Valley Road Water Dist.

Tom Pokorny
(503) 761-5011

City of Tualatin

Mike McKillip
(503) 691-3030

City of Gresham

Dave Rouse
(503) 618-2430

Raleigh Water Dist.

Matt Steidler
(503) 292-4894

Tualatin Valley Water Dist.

Todd Heidgerken
(503) 642-1511

Metro

Michael Morrissey
(503) 797-1907

Rockwood Water PUD

Harvey Barnes
(503) 665-4179

West Slope Water Dist.

Jerry Arnold
(503) 292-2777

Sunrise Water Authority

John Thomas
(503) 761-0220

PROJECT OVERVIEW

Proposed Bull Run Regional Drinking Water Agency

What is this project about?

In March 2001, City of Portland Commissioner Erik Sten issued an invitation to the water provider community in the Portland metropolitan region. In the invitational letter to elected officials representing the 38 area water providers, he proposed that the region consider forming a new governmental structure to provide ownership and management of the region's water sources, including the Bull Run Watershed and the Columbia South Shore Wellfield.

Commissioner Sten suggested several reasons for believing that a more regional approach to water supply management in the Portland metropolitan area would yield substantial benefits to ratepayers and to the environment.

In May and June 2001, Commissioner Sten first asked elected officials to write and tell him what their vision and needs for a regional agency would be. He then invited the officials to attend a meeting where this idea could be further discussed, explored and assessed.

In August 2001, over a dozen interested water providers, along with Clean Water Services and Metro, joined together to research Commissioner Sten's proposal. Agreements to participate were ratified, and Phase I began.



Bull Run Lake

Why regionalize?

This project may provide an option for addressing a number of regional drinking water concerns.

- The Portland metropolitan region will need to supply more water to meet future growth needs.
- Currently, there is enough water, but at this time we do not have adequate storage, treatment and transmission facilities to meet future demand. These provisions will be costly to the individual ratepayer. A broader customer base could help reduce these costs.
- Conservation can make a difference, but it alone cannot solve the problem.
- There are 38 drinking water providers in the Portland metropolitan region, but few have their own water sources.
- The region's major sources of water supply — the Bull Run system, the Clackamas River, and the Tualatin Trask River system — could be better coordinated. The existing Bull Run proposal is the first step in this kind of regional coordination of drinking water supplies.
- Regionalization of water sources could offer significant improvements through cost-sharing and quality assurance. It could spread costs, share equity in the system, reduce duplication, and minimize future rate impacts.

Why regionalize now?

This is not a new idea. For at least 25 years, the City of Portland has been moving toward greater regional involvement in drinking water. Former Portland City Commissioner Mike Lindberg and current Commissioner Erik Sten, with support from the Portland City Council, have pursued this set of issues for more than ten years.

Cooperative planning for drinking water supply has been underway in the Portland area since 1989, by an Intergovernmental Agreement that is managed by the Regional Water Providers Consortium.

Portland has sold wholesale water for over 100 years. Currently, there are 26 wholesale customers with 25-year contracts that will expire in the next 3 — 5 years. This provides a good opportunity to review the existing managing structure. In addition, wholesale customers indicated a desire for an institutional change to spread equity, ownership and financial responsibility more broadly.

In 2001, Portland Commissioner Erik Sten initiated discussions about regionalization with other elected officials in the metropolitan area. Portland's City Council confirmed this initiative and passed three resolutions directing Commissioner Sten to pursue the issues on behalf of the City, with appropriate public involvement.

Summary of Study Work:

Phase I Study – In March 2001, fourteen agencies entered into an agreement to begin studying the potential formation of a regional water provider agency. This study was concluded in December 2001 and the final report, titled Progress Report – Regional Drinking Water Supply Initiative was published. To view the Progress Report online, go to www.water.ci.portland.or.us, click on "What's New?"

Phase II Study – In March 2002, agencies now numbering 13, entered into an agreement to begin the next phase of study. This phase will be completed in September 2002. Once the Phase II Study Report is published, the elected bodies of the participating agencies will begin decision-making processes to determine whether their agencies are interested in becoming members of a Bull Run Regional Drinking Water Agency. It is envisioned that decisions regarding membership will be made by the end of December 2002.

Phase II Participating Agencies

City of Beaverton
Clean Water Services
City of Gresham
Metro

City of Portland
Powell Valley Road Water Dist.
Raleigh Water Dist.
Rockwood Water PUD
Sunrise Water Authority

City of Tigard
City of Tualatin
Tualatin Valley Water Dist.
West Slope Water Dist.

**2002-03 Legislative Agenda
DRAFT**

Overall: 2003 may find itself in a position that does not make it easy to move legislation through.

State Legislature

Potential support, opposition or legislation

LAND USE

- A statute to give Metro authority to move the UGB (or jurisdictional) boundary to ensure that development patterns adhere to Metro rules. This would enable the enforcement of land use planning. [This matter could be resolved by obtaining planning agreements between Metro and the counties].
- Clean up annexation laws. Amend the boundary commission annexation and boundary issues. [Cooper will get some local attorneys together and help write].
- UGB bill if necessary [with agreement with local governments].
- A bill to require all future amendments over 50 acres to be reviewed by LCDC. Metro wrote itself out of this in 1999, but times may have changed enough to allow it now.
- ATHERTON: repeal the 20-year land law.
- MCLAIN: relationship of Goal 5 to UGB. Inconsistency in State Goal 5 in comparison with the state statutes with regard to the appropriate acknowledgement procedures at Metro. Needs a small fix.
- MCLAIN: school grounds.
- BURKHOLDER: infill opportunity zones

TRANSPORTATION

- MONROE: continue support for Portland to Eugene passenger rail.

ENVIRONMENTAL

- Tire Recycling Bill: We may wish to amend the task force recommendation to allow a fee-based system that allows tire dealers to recover costs and provide an opt out.
- Pool Chlorine: Keep our employees out of danger. One option is to have Councilor Rod Park talk to the Department of Agriculture about responsible regulations.
- MONROE: Ban or tax on studded tires.

PARKS

- Forest Legacy Program (part of the ODF budget)
- Oregon State Marine Board: Watch budget for possible increase in registration fees.
- Conservation incentives

INSURANCE

- Self-Insurance: Should take another run at this although Kaiser opposition still remains and others may join them.

FACILITIES

- Zoo Parking Lot: A study has been done and a Parking Lot Committee will put a test permit proposal forth. Neighborhood Associations will be consulted and a report will be issued. This will occur during the session.

REVENUE

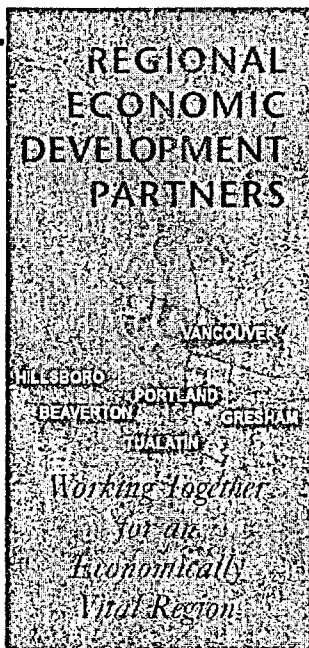
- HOSTICKA: Revenue Sharing Task Force creation: Ask the legislature to study if regional partners could share new revenues.
- Transportation Task Force recommendations to State Legislature.
- MONROE: finance measure for roads and bridges
- ATHERTON: Allowing SDCs for police, fire, library and school facilities
- BURKHOLDER: Enabling legislation for split rate property tax assessment.

Federal

- Earmark from US Fish and Wildlife for Parks and Greenspaces Department
- EPI-SIMS
- Flow Control remains advantageous to the region (Solid Waste)
- Gresham Civic Station transportation allocation
- CARA – the next generation
- More aggressive positioning for federal dollars (transportation, parks, etc...)

Advance work (non bill specific)

1. Set the groundwork for financing by OECD for Expo Phase 3.
 - Explanation: If Metro allows MERC to increase fees (and not subject it to excise tax for a limited number of years) to build up enough money, we could begin working toward finishing Expo.
2. Re-engage the Region's legislative caucus to meet regularly.



Administrative Lead Partners

PORTLAND DEVELOPMENT
COMMISSION

PORTLAND AMBASSADORS

CITY of BEAVERTON

CITY of GRESHAM

CITY of HILLSBORO

CITY of TUALATIN

CITY of VANCOUVER

CLACKAMAS COUNTY

COLUMBIA RIVER ECONOMIC
DEVELOPMENT COUNCIL

METRO

MULTNOMAH COUNTY

OREGON ECONOMIC &
COMMUNITY DEVELOPMENT
DEPARTMENT

PACIFICORP

PORT of PORTLAND

PORTLAND BUSINESS
ALLIANCE

PORTLAND GENERAL ELECTRIC

WASHINGTON COUNTY

WESTSIDE ECONOMIC ALLIANCE

PORTLAND
DEVELOPMENT
COMMISSION

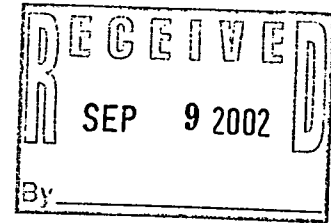
www.pdc.us

1900 SW Fourth Avenue
Suite 7000
Portland, OR 97201

tel: 503 823 3200
fax: 503 823 3368

September 9, 2002

Carl Hosticka
Presiding Officer
METRO
600 NE Grand
Portland, OR 97232



Dear Mr. Hosticka:

The Regional Economic Development Partners (Regional Partners) is an alliance of public and private economic development professionals and organizations committed to the mission of working together on business retention, expansion and recruitment, and promoting and enhancing the Portland Metropolitan Region as a preferred business location.

The Partners include the Cities of Beaverton, Gresham, Hillsboro, Tualatin, Vancouver, Clackamas County, Port of Portland, Portland Development Commission, the Portland Ambassadors, The Portland Business Alliance, Columbia River Economic Development Council, Metro, Multnomah County, Oregon Economic & Community Development Department, PacifiCorp, Portland General Electric, Washington County, and the Westside Economic Alliance.

Our vision is for a public-private partnership committed to an economically vital region. Our objectives include:

- Contribute to and advocate for the long-term economic health of the Portland Metropolitan Region.
- Maintain and provide a clear understanding of the economic challenges, opportunities and issues facing the region.
- Strengthen the existing integrated regional economic development program, through communication, collaboration and cooperation among jurisdictions and organizations engaged in economic development.
- Maintain and increase private employment and investment within the region, through active business recruitment, retention and expansion.
- Educate and influence regional, state and federal partners regarding issues and concerns related to the economic well being of the Portland Metropolitan Region.

The Regional Partners recognize that the future of the Urban Growth Boundary (UGB) is a complex decision for the region, involving a balance of multiple goals and objectives. Though this is a difficult task, we were nonetheless disappointed to learn that the Executive Officer's recommendation proposes to

satisfy less than 40 percent of the identified need for employment land over the next 20 years. We believe there are additional lands that should be included with the December 2002 UGB decision. Consistent with our adopted mission, we respectfully make the following comments concerning the Executive Officer's recommendation.

There is a critical shortage of "ready-to-go" industrial/employment lands within the Portland Metropolitan region today. The Regional Partners recommend that Metro recognize the special and immediate need for industrial/employment lands as well as the longer-term need of local jurisdictions to develop "ready-to-go" sites in future UGB decisions.

- This would be consistent with Metro staff's analysis in the Urban Growth Report (UGR) and with the Regional Industrial Land Study (RILS), both of which document an existing shortage of buildable industrial land. The UGR states that 5,684 net acres of additional industrial land are needed to meet the region's demand for industrial land in the next 20 years. The RILS illustrated that a fraction of the existing inventory was in "ready-to-go" sites, with the bulk of the existing inventory having significant development constraints.
- An inadequate land supply has resulted in a number of missed opportunities (companies seeking to locate in this region) that could have added sorely needed new investment and jobs that may have softened the impact of the current recession.
- Uncertainty about the amount, location and timing of necessary additions to communities' developable land supply negatively impacts the region's overall and individual cities' and counties' ability to plan for and provide, in a cost effective manner, adequate public facilities.
- The Portland Metropolitan Region is on the brink of "*leaving the economic development game.*" If the region is no longer considered a viable option for large-scale industrial/employment investments, the resulting, negative long-term regional economic impacts will take decades to reverse. It is difficult to get back in the game once you take yourself out.

The recommended 5,684 (net acreage/demand based) acres is a good initial point of discussion but is insufficient for a 20-year supply of industrial/employment land for the following reasons. The Regional Partners recommend further analysis by Metro of these issues.

- **1992-2002 Rate of Absorption within the Region.** A sampling and comparison of vacant industrial/employment land from 1992 to 2002 demonstrates a tremendous rate of absorption of such lands during this time period.

AREA	Approximate Vacant Acreage 1992	Approximate Vacant Acreage – "Ready-to-Go" 2002
Clackamas Industrial	1,000	100
Columbia Corridor/Airport	2,000	500
Gresham	1,500	170
Hillsboro	3,000	400
Oregon City	400	127
Rivergate	1,000	270
Tualatin	800	400
TOTALS	9,700	1,967

In short, in 1992 there were approximately 9,700 acres of industrial land within the Portland Metropolitan Region. Ten years later, there are approximately 2,000 acres.

The above absorption table demonstrates:

1. There is a critical regional need for more industrial/employment land in the Portland Metropolitan region. More than 75% of the vacant land that was available in 1992 has been consumed in the past 10 years.
 2. This region has outperformed most major metropolitan regions of the country in terms of business expansion and recruitment.
 3. The projected annual land need/absorption implicit in Metro's current demand forecast is significantly less than was experienced during the last decade.
 4. While the boom of the last decade was atypically strong, part of the reason the Portland Metro area was able to benefit so significantly from it was the ready availability of industrial land resulting from preparations made in the decades before. Failure to act soon to rectify the current shortage of industrial land will likely leave this region on the sidelines when the next economic boom occurs
- **Market Choice Is Not Considered.** This concept has had a variety of previous titles (e.g. elasticity, market factor, market options, etc.). Most simply put, the ability of the region to successfully accommodate the needs of business depends upon having a variety of ready-to-go sites that meet the customer's needs. When we say, "*we have one site that might meet your needs,*" it is a very weak competitive posture for our region. While this concept is not included in the 2002 UGB decision, we encourage Metro staff to research how other West Coast metropolitan areas address this issue, and to consult with both the Regional Partners, and real estate industry officials on an appropriate approach for our region.

- **Goal 5 Subtraction Is Not Factored In.** It is understood that the pending Goal 5 decisions by Metro will significantly alter both the existing inventory of industrial/employment lands within the region, and the ability of local jurisdictions to supply industrial/sites. Additionally, we are concerned that Goal 5 may not only remove entire sites from an inventory of buildable lands, but that many sites will be rendered impractical for industrial uses when environmental regulations restrict lot dimensions. We support and encourage re-examination of these issues in the second phase of UGB discussions in 2003-2004 (*Round 2*), as necessary work still needs to be done.
- **Regional Economic Development Strategy Is Pending.** The Regional Partners are currently working with the Institute for Metropolitan Studies to conduct a comprehensive evaluation of local, regional, and state economic development strategies, to identify gaps and potential opportunities for enhancing coordination. Upon completion, the Regional Partners will select priorities for joint action. The follow up tasks in the Executive Officer's recommendation calling for the formulation of a regional economic development strategy should be closely tied with our ongoing regional economic development efforts.

The Executive Officer's recommendation sets an initial target, but approximately 60% of that initial target remains unmet in the recommendation. Provided below is a breakdown of additional industrial/employment land which the Regional Partners recommend be added to the to the Executive Officer's Recommendation as part of the 2002 UGB decision. These proposed additions of industrial/employment lands total approximately 2,605 acres (gross)/2,084 acres (net).

COMMUNITY	CLACKAMAS	MULTNOMAH	WASHINGTON
Cornelius			100
Damascus/Boring	800		
Forest Grove			37
Gresham		435	
Hillsboro			215
Tualatin	567		461
SUBTOTALS	1,367	435	813

Attached is a map of the proposed additions. We will be providing Metro with additional detailed information regarding the areas suggested for addition to the UGB in the December 2002 decision.

In arriving at the additional employment acreage, the Regional Partners place primary importance on existing state land use law. The priority for inclusion is codified in ORS 197.298, also known as the "priority statute". ORS 197.298 (1) allows a region to make a choice to bring farmland into the UGB if exception and marginal lands are inadequate to accommodate the amount of land needed. We believe this threshold can be met.

ORS 197.298 (3) provides an alternate basis for inclusion of farmlands should the threshold in ORS 197.298 (1) be met.

The Executive Officer's recommendation has identified exception and marginal land suitable for industrial development. The Regional Partners above recommendation identifies additional exception and marginal land in these categories, but also proposes some farmland for inclusion in the UGB in the December 2002 timeframe. We believe a strong case can be made under ORS 197.298 (3) that suitable exception and marginal lands have been proposed for inclusion in the UGB, and therefore some farmland needs to be included in order to begin to address the identified industrial land need.

It is our understanding that the UGB decision will include general map designations. We recommend that local jurisdictions retain the flexibility to create concept plans that refine the general map designations.

Local jurisdictions may be able to identify additional industrial and employment lands when we complete the more detailed analysis inherent in the development of concept plans for these areas. In industrial areas deemed "regionally significant", however, we do support regional policies that would protect these areas.

The Regional Partners support a periodic review extension for further examination of immediate employment needs and the continued long-term assessment of need for industrial and employment land in the region.

We appreciate the good work of the Metro Policy Advisory Committee (MPAC), the Jobs Subcommittee, and the Metro Technical Advisory Committee (MTAC) in recognizing the need for more industrial/employment land within the region, and stand ready to assist those groups in addressing this important regional need.

The Regional Partners welcome a longer term, regional commitment to the strategic development and preparation of market-ready industrial/ employment sites for the benefit of all our communities. It is vital to reach conclusions regarding additional UGB expansions as quickly as possible. We suggest that MTAC establish a working group to address and comment to MPAC, within Metro's timeline, on the issue of additional industrial landed needed for inclusion in the UGB.

The Executive Officer's recommendation lists several "follow-up" tasks," which are not directly related to satisfying the immediate need for additional employment land. The revised periodic review work plan needs to include a task specifically addressing the long-term unmet need for industrial and employment land.

By presenting a unified recommendation that represents a carefully built regional consensus, local economic development partners will be able to immediately respond to current market opportunities, and begin the important task of addressing the longer-term needs of the region. The Regional Partners appreciate the opportunity to participate in this sensitive and important urban growth boundary decision. We look forward to working with you and Metro, as a whole, to ensure the economic vitality of our region and communities.

Sincerely,



Don Mazziotti

On behalf of:

City of Beaverton
City of Gresham
City of Hillsboro
City of Tualatin
Clackamas County
Portland Development Commission
Port of Portland
Portland Business Alliance
Westside Economic Alliance

City of Vancouver
Columbia River EDC
Multnomah County
OECDD
PacifiCorp
Portland Ambassadors
Portland General Electric
Washington County
Clackamas County EDC

Attachment

cc: Metro Councilors
Mike Burton, Executive Officer
Mike Jordan, MPAC Chair

2002-03 Legislative Agenda
DRAFT

Overall: 2003 may find itself in a position that does not make it easy to move legislation through.

State Legislature

Potential support, opposition or legislation

LAND USE

- A statute to give Metro authority to move the UGB (or jurisdictional) boundary to ensure that development patterns adhere to Metro rules. This would enable the enforcement of land use planning. [This matter could be resolved by obtaining planning agreements between Metro and the counties].
- Clean up annexation laws. Amend the boundary commission annexation and boundary issues. [Cooper will get some local attorneys together and help write].
- UGB bill if necessary [with agreement with local governments].
- A bill to require all future amendments over 50 acres to be reviewed by LCDC. Metro wrote itself out of this in 1999, but times may have changed enough to allow it now.
- ATHERTON: repeal the 20-year land law.
- MCLAIN: relationship of Goal 5 to UGB. Inconsistency in State Goal 5 in comparison with the state statutes with regard to the appropriate acknowledgement procedures at Metro. Needs a small fix.
- MCLAIN: school grounds.
- BURKHOLDER: infill opportunity zones

TRANSPORTATION

- MONROE: continue support for Portland to Eugene passenger rail.

ENVIRONMENTAL

- Tire Recycling Bill: We may wish to amend the task force recommendation to allow a fee-based system that allows tire dealers to recover costs and provide an opt out.
- Pool Chlorine: Keep our employees out of danger. One option is to have Councilor Rod Park talk to the Department of Agriculture about responsible regulations.
- MONROE: Ban or tax on studded tires.

PARKS

- Forest Legacy Program (part of the ODF budget)
- Oregon State Marine Board: Watch budget for possible increase in registration fees.
- Conservation incentives

INSURANCE

- Self-Insurance: Should take another run at this although Kaiser opposition still remains and others may join them.

FACILITIES

- Zoo Parking Lot: A study has been done and a Parking Lot Committee will put a test permit proposal forth. Neighborhood Associations will be consulted and a report will be issued. This will occur during the session.

REVENUE

- HOSTICKA: Revenue Sharing Task Force creation: Ask the legislature to study if regional partners could share new revenues.
- Transportation Task Force recommendations to State Legislature.
- MONROE: finance measure for roads and bridges
- ATHERTON: Allowing SDCs for police, fire, library and school facilities
- BURKHOLDER: Enabling legislation for split rate property tax assessment.

Federal

- Earmark from US Fish and Wildlife for Parks and Greenspaces Department
- EPI-SIMS
- Flow Control remains advantageous to the region (Solid Waste)
- Gresham Civic Station transportation allocation
- CARA – the next generation
- More aggressive positioning for federal dollars (transportation, parks, etc...)

Advance work (non bill specific)

1. Set the groundwork for financing by OECDD for Expo Phase 3.
 - Explanation: If Metro allows MERC to increase fees (and not subject it to excise tax for a limited number of years) to build up enough money, we could begin working toward finishing Expo.
2. Re-engage the Region's legislative caucus to meet regularly.