



METRO

Agenda

MEETING: METRO COUNCIL
DATE: June 25, 2009
DAY: Thursday
TIME: 2:00 p.m.
PLACE: Metro Council Chamber

CALL TO ORDER AND ROLL CALL

1. INTRODUCTIONS

2. CITIZEN COMMUNICATIONS

3. I.T. SOFTWARE CONTROLS AUDIT Flynn

4. CONSENT AGENDA

4.1 Consideration of Minutes for the June 11, 2009 Metro Council Regular Meeting.

4.2 **Resolution No. 09-4055**, Resolution of Metro Council, Acting as the Metro Contract Review Board, For the Purpose of Approving a Sole Source Contract For Off-Site Records Storage and Services.

5. ORDINANCES - SECOND READING

5.1 **Ordinance No. 09-1216**, For the Purpose of Amending and Readopting Metro Code 7.03 (Investment Policy) for Fiscal Year 2009-2010 and Declaring an Emergency. Harrington

5.2 **Ordinance No. 09-1219**, Amending the FY 2008-09 Budget and Appropriations Schedule for the Oregon Zoo by Transferring Appropriations From Contingency, Recognizing Donations and Other Contributions, Amending the Capital Improvement Plan and Declaring an Emergency. Collette

5.3 **Ordinance No. 09-1218A**, Amending the FY 2008-09 Budget and Appropriations Schedule Transferring Appropriation in the MERC Fund for Oregon Convention Center Operations and Declaring an Emergency. Park

5.4 **Ordinance No. 09-1215B**, Adopting the Annual Budget for Fiscal Year 2009-10, Making Appropriations, Levying Ad Valorem Taxes, Authorizing an Interfund Loan and Declaring an Emergency. Bragdon

PUBLIC HEARING

6. RESOLUTIONS

- 6.1 **Resolution No. 09-4060A**, For the Purpose of Adopting the Capital Improvement Plan for Fiscal Years 2009-10 Through 2013-14; and Readopting Metro’s Financial Policies. Bragdon

7. CONTRACT REVIEW BOARD

- 7.1 **Resolution No. 09-4058**, For the Purpose of Considering a Contract Amendment to Contract No. 926509 with PT3, INC. For Continuation of the Travel Options Marketing Campaign Harrington

8. CHIEF OPERATING OFFICER COMMUNICATION

9. COUNCILOR COMMUNICATION

ADJOURN

Television schedule for June 25, 2009 Metro Council meeting

<p>Clackamas, Multnomah and Washington counties, and Vancouver, Wash. Channel 11 – Community Access Network www.tvctv.org – (503) 629-8534 2 p.m. Thursday, June 25 (Live)</p>	<p>Portland Channel 30 (CityNet 30) – Portland Community Media www.pcmv.org – (503) 288-1515 8:30 p.m. Sunday, June 28 2 p.m. Monday, June 29</p>
<p>Gresham Channel 30 – MCTV www.mctv.org – (503) 491-7636 2 p.m. Monday, June 29</p>	<p>Washington County Channel 30 – TVC-TV www.tvctv.org – (503) 629-8534 11 p.m. Saturday, June 27 11 p.m. Sunday, June 28 6 a.m. Tuesday, June 30 4 p.m. Wednesday, July 1</p>
<p>Oregon City, Gladstone Channel 28 – Willamette Falls Television www.wftvaccess.com – (503) 650-0275 Call or visit website for program times.</p>	<p>West Linn Channel 30 – Willamette Falls Television www.wftvaccess.com – (503) 650-0275 Call or visit website for program times.</p>

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

Agenda items may not be considered in the exact order in which they are listed. If you have questions about the agenda, please call the Council Office at (503) 797-1540. Public hearings are held on all ordinances second read and on resolutions upon request of the public. Documents for the record must be submitted to the Council Office to be included in the decision record. Documents may be submitted by e-mail, fax, mail or in person at the Council Office. For additional information about testifying before the Metro Council, and for other public comment opportunities, please go to this section of the Metro website www.oregonmetro.gov/participate. For assistance per the American Disabilities Act (ADA), dial Metro’s TDD line (503) 797-1804 or (503) 797-1540 for the Council Office.

Agenda Item Number 3.0

I.T. SOFTWARE CONTROLS AUDIT

Metro Council Meeting
Thursday, June 25, 2009
Metro Council Chamber



IT Software Controls:

Agency-wide approach needed to ensure data accuracy

June 2009

A Report by the Office of the Auditor

Suzanne Flynn
Metro Auditor

Audit Team: Brian Evans, *Sr. Management Auditor*
Kristin Lieber, *Sr. Management Auditor*



National Awards for Auditing

Metro Audit Winner of ALGA 2008 Award

The Office of the Auditor has been awarded with the Silver Award for Small Shops. The award was presented at the 2009 conference of the Association of Local Government Auditors (ALGA) in San Francisco in May. The audit winning the award is the *Waste Reduction and Outreach* audit completed in November 2008.

Metro Ethics Line

The Metro Ethics Line gives employees and citizens an avenue to report misconduct, waste or misuse of resources in any Metro or Metropolitan Exposition Recreation Commission (MERC) facility or department.

The ethics line is administered by the Metro Auditor's Office. All reports are taken seriously and responded to in a timely manner. The auditor contracts with a hotline vendor, EthicsPoint, to provide and maintain the reporting system. Your report will serve the public interest and assist Metro in meeting high standards of public accountability.

To make a report, choose either of the following methods:

Dial 888-299-5460 (toll free in the U.S. and Canada)

File an online report at www.metroethicsline.org



SUZANNE FLYNN

Metro Auditor

600 NE Grand Avenue

Portland, OR 97232-2736

(503)797-1892 fax: (503)797-1831

MEMORANDUM

June 17, 2009

To: David Bragdon, Council President
Rod Park, Councilor, District 1
Carlotta Collette, Councilor, District 2
Carl Hosticka, Councilor, District 3
Kathryn Harrington, Councilor, District 4
Rex Burkholder, Councilor, District 5
Robert Liberty, Councilor, District 6

From: Suzanne Flynn, Metro Auditor

Re: Audit of IT Software Controls

The attached report covers our audit of the IT Software Controls at Metro. This audit was on our FY08-09 Audit Schedule.

Metro has many software systems that collect, maintain, and report data used to manage Metro operations and make decisions. Management of information technology systems is dispersed between Information Services and other departments throughout the agency. This audit looked at the actions taken by Metro departments to ensure that data was accurate. We used three systems as case studies to evaluate the agency's management of IT resources and the effectiveness of controls in software systems.

We have discussed our findings and recommendations with Michael Jordan, Chief Operating Officer, Scott Robinson, Deputy COO and management from Information Services, Finance and Regulatory Services, Oregon Zoo, Planning and Development, and Parks and Environmental Services. My office will schedule a formal follow-up to this audit within 1-2 years. We would like to acknowledge and thank the management and staff who assisted us in completing this audit.

A handwritten signature in black ink, appearing to read 'Suzanne Flynn', with a long, sweeping underline.

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Summary

Much of Metro's work is dependent on collecting, creating, and maintaining data in databases to inform decision-makers and to manage internal business functions. The management of information technology functions (IT) is dispersed between the Information Services Department (IS) and departments throughout the agency. IS supports agency-wide business process applications such as the financial accounting system and the payroll system and manages a Help Desk for desktop applications. Other software applications specific to functions that operate in individual departments are primarily managed outside of the IS Department.

The purpose of this audit was to assess whether procedures designed to ensure data quality were effective and whether Metro followed key practices that are important to successfully manage its information technology. Auditors examined three software applications from different service areas at Metro.

In the preliminary work for this audit, we found examples of software that were not integrated with agency-wide financial and human resources software (side systems). The use of these side systems resulted in duplicative data sets, increased reliance on manual processes, and increased complexity of data management and accountability. We chose three of these systems to examine:

- **Weighmaster** – used to calculate incoming and outgoing loads at Metro's waste transfer stations and calculate fees owed;
- **Custom Zoo Attendance and Revenue (CZAR)** – used to collect, consolidate and report on data from each of the Zoo's revenue centers;
- **Grant Management System (GMS)** – used to allocate expenses to grants and projects for billing purposes and to monitor projects.

Based on our review, we concluded that the process of developing new systems was not as strong as it could be. Because IT management is dispersed, Metro's security policy was not effectively protecting electronic data. In addition, the effectiveness of several of Metro's IT systems was dependent on a small number of persons due to a lack of operating manuals and system documentation.

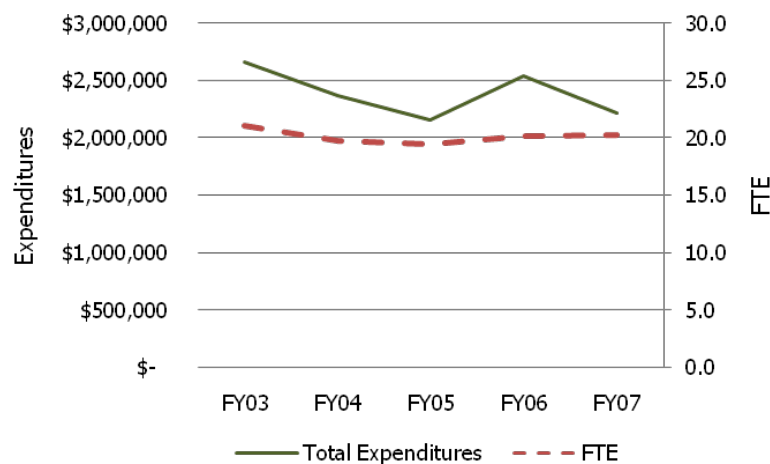
Metro was missing some key organizational elements of successful IT management. The IS Department's strategic plan is out of date and several elements have not been implemented after six years. Metro also lacked a high level IT governance body that could prioritize projects and set agency-wide standards. We also found that Metro was not able to monitor the total cost of ownership of its IT systems. We recommend that Metro take the steps necessary to put these elements into place.

Background

Metro employees rely heavily on information technology (IT) to do their jobs. Much of the agency's work is dependent on collecting, creating and maintaining data to inform decision making, and provide effective and efficient governance. The management of IT at Metro is dispersed between the Information Services Department (IS) and functional departments throughout the agency. IS supports agency-wide (i.e. enterprise) applications, such as PeopleSoft and Kronos, and manages a Help Desk for desktop applications. Other software applications are primarily managed outside of IS by individual departments.

Expenditures for the Information Services Department have declined slightly over the five year period from FY03-FY07. Expenditures on materials and services declined 35% during that period, a drop that may be due to a decline in the cost of hardware. Expenditures for staff remained fairly constant, declining 3%.

Exhibit 1
Information Services
Department expenditures
and FTE
(adjusted for inflation)



Source: Auditor's Office analysis

Many Metro systems are developed and maintained outside of the IS Department. While some costs for IT hardware and software are captured in the accounting system, the cost of staff and IT consulting services are not systematically tracked by other Metro departments. Therefore, it is not easy for Metro to determine the total amount spent on IT.

This audit examined selected controls for three software systems (applications) managed by staff outside of the IS Department to determine if they were operating effectively. The three systems we used as case studies were:

1. *Weighmaster*: Used at Metro's solid waste transfer stations to collect disposal fees and record tonnage and revenue for material coming in and leaving the facilities.

2. *Custom Zoo Attendance and Revenue (CZAR)*: Used at the Oregon Zoo to consolidate and report data on revenue generating operations.
3. *Grants Management System (GMS)*: Used to allocate expenses and generate billing data for contracts and grants in Metro's Planning and Development department.

Our analysis indicated that together, these systems are used to process about 35% of Metro's revenue each year. The systems were critical applications for collecting and reporting data about Metro's operations to management, the public and other stakeholders. Detailed flow charts for each system can be found in Appendix I.

Scope and methodology

This audit examined software applications from different service areas at Metro. The scope of this audit included Weighmaster, Custom Zoo Attendance Revenue (CZAR) and Grants Management System (GMS). We looked at the Service or Center where the application was housed and the IS Department to the extent that IS staff manage or support the application.

The objectives of this audit were to:

1. Identify where the process of data input, processing, storage, output and management trail presented barriers to operating efficiently and effectively;
2. Determine whether Metro monitored the cost of its IT applications so that it can strategically deploy its IT resources;
3. Determine whether Metro had effective controls to ensure data quality, including guidance and documentation, procedures and edit checks, and monitoring;
4. Evaluate whether Metro followed key practices that are important to successfully manage its information technology; and
5. Make recommendations to improve IT management and software controls based on weaknesses found.

To test the software controls in the systems, we developed process maps for the three systems, conducted a risk assessment to select controls for testing and evaluated controls for effectiveness. The majority of testing and analysis was based on data organized by calendar year to provide consistency across all systems. Fiscal year data was not available for all systems. We collected cost information where available.

Based on information gathered in our review of these three systems, we documented observations about Metro's IT management in five areas: (1) investment management, (2) system development, (3) enterprise architecture management, (4) information security and (5) human capital management. General recommendations for IT management at Metro are included in this report.

We also presented additional information, and made recommendations, for each of the case study systems in a letter to management. This information was not included in this report due to the sensitive and/or confidential nature of the information as it relates to security and system operation.

This audit was included in the FY09 audit schedule. We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Results

Information technology (IT) is a critical component of Metro's ability to provide efficient and effective governance in the region. Much of Metro's work is dependent on creating, managing and retaining information about the region to guide efforts and inform decision making. As a knowledge agency, Metro collects and generates a high volume of data. Data comes from a wide variety of sources and is used for many different purposes. Metro operations span a diverse set of functions including transportation and land use planning, event and educational facility management, and solid waste processing. Each of these functions has differing business processes and needs for IT.

A previous audit by this office found that Metro's IT effort is almost entirely focused on operations and maintenance of existing systems. The report recommended that a first step in moving toward best-of-class status would be to encourage and enable Metro's IT leadership to reorient its focus to developing strategic capabilities. During this audit, we also found indications of weaknesses in strategic IT management. For example, the amount of money Metro spends on information technology across the agency was not tracked. Metro did not have a process for selecting and prioritizing IT projects, and key business applications were developed outside of the IS Department.

Critical information in side systems

Metro's IT systems lack an agency-wide (enterprise) focus. Key information is created and managed in software applications (side systems) that are not integrated with its main financial and human resources software – PeopleSoft. The use of side systems has created duplicative data sets, increased reliance on manual processes, and increased the complexity of data management and accountability. Reliance on side systems has reduced opportunities to gain efficiency from IT and decreased the utility of Metro's investments in enterprise resource planning (ERP) systems like PeopleSoft.

During the audit, we found examples of side systems in all Metro departments. Based on our review of IT systems, we selected three systems to examine in depth. The systems were selected to provide examples from across the agency and demonstrate the critical role side systems play in functional departments and the agency as a whole.

Our analysis indicated that together, these systems were used to process about 35% of Metro's revenue each year. The systems were critical software applications for collecting and reporting data about Metro's operations to management, the public and other stakeholders. Our analysis and testing of controls for these systems demonstrated the impacts of decentralized IT management. Moreover, it provided information and recommendations to help improve the individual applications and Metro's IT environment overall.

Weighmaster

Weighmaster is used at Metro’s solid waste transfer stations to collect disposal fees and record tonnage and revenue for material coming in and leaving the facilities. The system is attached to scales, ticket printers, automatic gates, radio-frequency ID tags and touch screen displays. Weighmaster was developed by Information Systems Incorporated.

When customers bring loads to the transfer stations, they follow either a staffed (i.e. manual) or automated process. In the manual process, customers go to a scalehouse where a Metro employee uses Weighmaster to weigh the load and collect payment. In the automated process, the Weighmaster system receives information from trucks automatically using radio frequency identification tags which contain vehicle and billing information. The automated system allows the transaction to occur without staff assistance.

In addition to processing transactions and recording them in a database, Weighmaster is used for billing and accounting purposes. The system creates summary reports to management, other Metro programs, and the contractor that manages the transfer stations. In calendar year 2008, the system processed over 580,000 inbound and outbound tons totaling \$44 million in revenue. This amounts to about 20% of Metro’s total revenue. Metro paid Information Systems, Inc. \$19,000 for system support and maintenance in calendar year (CY) 2008.

Exhibit 2
Weighmaster
information CY08

Business purpose	Process incoming and outgoing loads at Metro’s waste transfer stations and calculate fees owed
Users	30
Number of transactions	405,497
Value of transactions	\$44,123,791
Custom vs. off-the-shelf	Off-the-shelf with customized elements
Sources of technical support	Vendor: Information Systems, Inc. System Administrator: Parks & Environmental Services Network and Hardware: Information Services
Cost of system support	\$19,000 (Information Systems, Inc.)

Source: Auditor’s Office analysis

*Custom Zoo Attendance
and Revenue (CZAR)*

CZAR is a database used by the Zoo to collect data from each of its point-of-sale systems and other data sources. The system stores data from a variety of sources including ticketing, retail sales, food sales, education programs, vending machines and donations. CZAR was built in Microsoft Access over two years by a volunteer. The system was put into use in January 2008.

The CZAR system is based primarily on manual processes to record attendance and revenue data, and transfer it to Metro’s Finance and Administrative Services Department. CZAR is also used to generate weekly and monthly reports for managers at the Zoo. These reports provide detailed information on the productivity, profit and loss, and per capita revenue for each of the Zoo’s revenue centers.

In CY08, CZAR was used to process almost \$19 million in revenue from the Zoo. The system recorded 15,500 cashier reports and was used to generate cash packets each day of the year. The hours and cost of system development and support were not tracked.

Exhibit 3
CZAR
information CY08

Business purpose	Collect, consolidate and store data from each of the Zoo’s revenue centers to facilitate daily accounting functions and reporting
Users	14 (4 regular users; 8 temps)
Number of transactions	15,500 cashier’s reports; 364 cash packets and bank deposits
Value of transactions	\$18,888,162 (about \$52,000 per day)
Custom vs. off-the-shelf	Custom software built in Microsoft Access in 2003
Sources of technical support	System developer and primary technical support: Volunteer System Administrator: Oregon Zoo Network and hardware: Information Services
Cost of system support	Not available

Source: Auditor’s Office analysis

Grants Management System (GMS)

GMS is used by Metro’s Planning and Development department to generate billing information, generate financial reports, and allocate expenses for grants and projects. The system uses data from Metro’s adopted budget, PeopleSoft, and past billing amounts to track grant balances and manage project expenses. GMS was built in-house by Metro staff. It is a web-based software application written in ColdFusion with data stored in a PostgreSQL database.

The system manages the relationships between project expenses and sources of funding (grants and contracts). These relationships can be complex, with multiple projects tied to one source of funding; multiple sources of funding tied to one project; or one project linked to one source of funding. GMS uses automated routines to allocate expenses but relies primarily on manual processes to generate billing reports and ensure correct invoice amounts. Data generated by GMS is also used in regular reports to management, state and federal agencies, and Metro Council to monitor grant balances and track project progress.

GMS was used to collect at least \$13.8 million in reimbursable expenses from grants and contracts in calendar year 2008. There are numerous sources of funding tracked by the system but the bulk of grant funds come from Oregon Department of Transportation and US Department of Transportation. Hours and costs for system development and support were not consistently tracked

Exhibit 4
GMS
information CY08

Business purpose	Allocate expenses to grants and projects for grant billing and project monitoring
Users	7
Number of transactions	n/a
Value of transactions	At least \$13.8 million
Custom vs. off-the-shelf	Custom application. Application is written in ColdFusion (developed by Adobe) and data sits on PostgreSQL database platform
Sources of technical support	System Developer: Planning & Development, Creative Services, Data Resource Center and Information Services System Administrator: Planning & Development; Information Services Network and Hardware: Information Services
Cost of system support	Not available

Source: Auditor's Office analysis

Effectiveness of IT management could be improved

Best practices indicate there are five key areas that influence the effectiveness of IT management:

- (1) investment management;
- (2) system development management;
- (3) enterprise architecture management;
- (4) information security; and
- (5) human capital management.

Based on our review of Metro's IT environment and in-depth analysis of case study systems, we concluded that IT management can be made more effective. Relative to the three systems we reviewed, our analysis ranked the agency at the lowest level of development for each of the five key management areas.

The table on the following page presents our ratings and provides potential next steps to incrementally increase the effectiveness of IT management at Metro.

Exhibit 5
IT management
scorecard

Management Area	Rating	General comments	Potential next steps
Investment	Stage 1 of 5	IT spending without disciplined investment approach. Project selection not part of budget process. Results of investments not monitored.	To move to Stage 2: <ul style="list-style-type: none"> • Develop project selection criteria. • Institute an investment board. • Identify business needs and associated users of each IT project. • Provide investment oversight. • Capture investment information.
System Development	Stage 1 of 5	System development processes were ad hoc; success depended on competence of individuals rather than use of proven processes. Tendency to over commit or abandon processes.	To move to Stage 2: <ul style="list-style-type: none"> • Establish & maintain project plans. • Monitor projects & communicate status. • Manage requirements to identify inconsistencies between requirements, plans and products.
Enterprise Architecture	Stage 1 of 5	The organization is aware of the value of enterprise architecture, but has not yet established the management foundation needed to develop one.	To move to Stage 2: <ul style="list-style-type: none"> • Identify a chief architect. • Vest accountability in a committee. • Commit resources. • Select a framework for developing the enterprise architecture. • Develop plans (as is, to be; describe enterprise, metrics).
Information Security	Basic	Repeatedly cited for security concerns.	Best practices: <ul style="list-style-type: none"> • Conduct risk assessment. • Promote awareness & training. • Implement controls. • Monitor and evaluate. • Coordinate security through central management.
Human Capital Management	Basic	No training. Staff vacancies and reliance on single staff person.	Best practices: <ul style="list-style-type: none"> • Identify knowledge and skills required. • Inventory IT staff skills. • Plan to fill gaps. • Evaluate progress in meeting needs.

Source: Auditor's Office analysis based on frameworks from Government Accountability Office (GAO), Control Objectives for Information and related Technology (COBIT), and Carnegie Mellon Software Engineering Institute.

Decentralized IT management has negative effects

IT system development and management is decentralized at Metro. Most IT projects occur outside of the IS Department and there is no centralized IT budget that captures all projects. As a result, funding for IT projects is dispersed throughout the agency, and authority, control and support for IT systems and data varies between departments.

Decentralized management reduced clarity about the role and authority of the IS Department and has led to a disparity between expectations and resources for IT at Metro. This limits Metro's ability to deploy IT resources strategically. Similar conclusions were reached in a 1999 audit that found

the existence of autonomous IT user groups was an obstacle to specifying and documenting standards for the IT environment. Lack of standards has a direct impact on software development and controls.

Best practices indicate that it is important to prioritize IT resources in line with business needs and provide transparent controls for IT system development. If roles, processes, policies and procedures aren't established or followed, the IS Department's ability to provide timely and effective support will be negatively affected. Moreover, the agency's ability to provide cost-effective IT management will be reduced.

During the audit, we learned of several examples of inadequate system development processes. GMS provided the clearest example of a project that was not well managed or controlled. Metro has a long history of managing grants dating back to the early 1980s. GMS is the latest iteration of software for grant management.

GMS was developed in-house beginning in FY04. The original scope of work for GMS was ambitious and broad. The purpose of the new system was to integrate several stand-alone but interrelated grant management systems (i.e. budget tracking, billing, forecasting/projections). During development of the system, the scope of work, timelines, and priorities changed several times. Similarly, project leadership changed several times. In total, at least 13 people in three different departments worked on development of GMS.

The resulting system has not met all of the expectations. There was very little documentation about how the system works and there were features that have never been implemented. About a year ago, the Budget and Finance Manager in Planning and Development decided to cease upgrades to GMS and only perform work necessary to maintain existing functions going forward due to the lack of system documentation and resources for IT projects.

There are many reasons for GMS' inadequate system development. Metro did not follow standard software development procedures and the processes used for system development were inconsistent among departments. GMS was designed without a clear understanding of the business needs for the system. As a result, the system is based on the manual processes of specific individuals similar to the system it replaced. Designing the system around a manual process reduced opportunities to gain efficiencies from automated IT systems.

Security We found Metro's security policy was not effectively protecting electronic data and other IT resources. The case studies highlighted security weaknesses in several IT systems. Metro's external auditor also documented several security concerns in their annual technical environment review. Similar security conclusions were also documented in a 2000 consultant's report that found "Enterprise security policies and procedures need to be formalized and implemented. Standards need to be applied in the area of security. Security needs to be actively administered rather than passively and should be monitored and reviewed."

Executive Order 76 is Metro's primary IT security policy. The policy has not been updated since 2004 and the language in the policy is confusing and vague. During the audit, we found that the level of security varied by department and software application. Some applications were not in compliance with Metro policy and guidelines. In addition, we found that access to network drives was a commonly used security feature for applications but there does not appear to be a policy related to how network drive access is governed.

Another security concern arose from the use of side systems which may contain data that is sensitive. Even if security is maintained for Metro's agency-wide systems (i.e. Kronos and PeopleSoft), side systems may compromise those security features by inadequately securing data. We were able to access sensitive data from PeopleSoft due to weak security controls in side systems.

To its credit, the IS Department included an objective in its FY09 budget to "develop and adopt revised policies and procedures for information security management and records retention to reflect current legal and regulatory requirements." At the time of this report, revised security policies had been drafted but not adopted.

*System documentation
and understanding*

The effectiveness of many of Metro's IT systems was dependent on a small number of key personnel. Reliance on key personnel puts business continuity at risk if key staff or contractors leave. In extreme cases, personnel changes could render IT systems inoperable.

Concentrating knowledge in a few key personnel also presents risks related to segregation of duties and system documentation. Lack of segregation of duties creates the opportunity for a person to commit fraud or error without detection. During the audit, several people expressed concerns about risks to key systems. Metro does not have a way of evaluating and addressing these risks.

All three case study systems depended on key personnel or contractors to varying degrees. CZAR appeared to be the least dependent on key personnel since the system and processes were well documented. Weighmaster may be at relatively higher risk because it is dependent on a contractor who is a sole proprietor. Nonetheless, the system and processes

were well documented, which provides some assurance that the system could remain operational during staff or contractor transitions. GMS presents the most risk among the case study systems. It was entirely dependent on the memory and experience of one or two employees to ensure that the system remains operational. Moreover, since there was very little documentation for GMS and the grant billing process in general, knowledge of critical system controls existed only in the source code (i.e. behind the scenes statements that tell the computer processor what to do).

We also discovered that operating manuals and system documentation for IT systems were not consistently available or current. Weighmaster and CZAR documentation had elements of guidance, procedures and monitoring. However, our testing of management controls to ensure data quality found areas where procedures should be clarified and monitoring improved.

Documentation for GMS was minimal. Few elements of guidance, procedures and monitoring existed. Controls for GMS were not well documented and did not provide reasonable assurance of data accuracy, validity and completeness. GMS also lacked the ability to review transactions and changes that were made to the data and software (management trail). This reduced the ability to oversee and ensure data accuracy. Testing found areas where guidance procedures and monitoring for GMS should be improved.

Application controls can be improved

During the audit, we found that methods to ensure data validity, accuracy and completeness (controls) varied considerably between software applications. Controls for GMS were weak and did not provide reasonable assurance of data validity, accuracy and completeness. Staff used manual processes to help maintain accurate billing data. Weighmaster and CZAR controls were relatively effective. Nonetheless, we found controls in each case study system that could be improved.

Weighmaster

Overall, application controls for Weighmaster were working as intended. The system appeared to be well designed to meet Metro's business needs. Testing of Weighmaster controls revealed opportunities for improvement in the following areas:

Data input:

- Inconsistent application of discounts for recyclable materials.
- Controls to prevent theft were weaker at Metro Central.
- Reasons for manual weight changes were not always documented.
- Use of same scale for entry and exit limits identification of manual transactions.

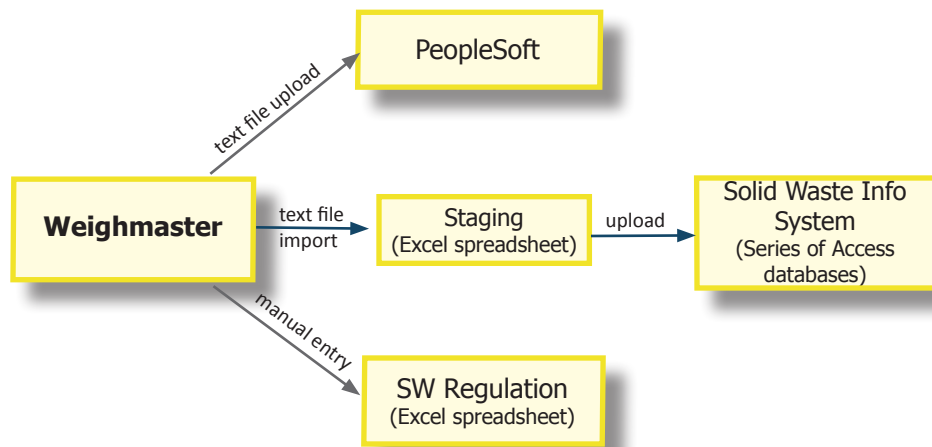
Data output:

- Manually entered weights were not routinely reviewed.
- Selected automated calculations in Weighmaster appeared to have minor errors.
- Frequency of random cash counts did not meet Metro's goal.

Management trail:

- Documentation for periodic updating of truck tare weights was not readily available or regularly reviewed.
- Insufficient segregation of duties for system administrator.
- Little automated integration with other IT systems increased staff time for manual data manipulation.
- Fragmented data management decreased Metro’s ability to get comprehensive data sets. Other systems used and manipulated Weighmaster data but there was no central repository or integration of these data sets. See exhibit 6 below.

Exhibit 6
Weighmaster data flow



CZAR Effective controls for CZAR are primarily the result of well designed manual processes for cash handling. Because CZAR is used to collect data from systems that “don’t talk to each other,” the need for manually intensive processes is required to ensure the validity, accuracy and completeness of data. Manual processes that were required for cash handling reduced opportunities to gain efficiencies from IT systems. Testing of CZAR controls revealed opportunities for improvement in the following areas:

Data input:

- Security of CZAR database can be improved.
- Procedures used to stage labor data for profit/loss statements could be improved to ensure consistency and accuracy of analysis.

Data output:

- Data transferred from CZAR to PeopleSoft can be streamlined by using electronic input files.

Management trail:

- Attendance data in CZAR was not easily tracked back to its original sources.

- There was very little coordination and communication between the CZAR system administrator and Metro's IS department. This decreased Metro's ability to manage risks associated with data security and disaster recovery. In addition, it decreased the agency's ability to create an agency wide (i.e. enterprise) data model.
- Little automated integration with other IT systems required staff time for manual data manipulation.

GMS Controls for GMS were not well established or documented. Lack of controls in the system raised doubts about the effectiveness of the system in terms of data accuracy, validity and completeness. The usefulness of the system was based almost entirely on the knowledge and manual processes of the Grant Accountant and Management Analyst. The genesis of the problem appeared to be twofold.

First, the business processes for grant management were not well understood or documented when the system was being developed. In effect, the system was designed to replicate the manual routines of one or two staff members while replacing the previous software. As a result, little time was spent identifying the most effective and efficient system for grant management.

Second, documentation for the system was incomplete. Knowledge about how the system works and was used was not available. This impacted staff that had to learn the system on their own and implement grant processes as they went. Lack of documentation also impacted technical support staff and managers. System administrators had to rely on source code to understand the system's controls. Managers are asked to make important decisions based on data from a system for which there is no transparency about how data is generated.

Based on our review and testing of application controls, we do not believe GMS is fully meeting Metro's business needs. Inadequate system development processes, and incomplete documentation for system functionality and grant procedures has reduced the utility of the system. In the long-term, Metro will need to evaluate the most cost effective plan to ensure grants management data is accurate, valid and complete. In the short-term, opportunities exist to improve application controls in the following areas:

Data input:

- There was no procedure manual for the GMS system.
- Data entry relied heavily on manual processes for which there were few controls to ensure consistency and prevent errors.
- Technical documentation for GMS was out of date and informally maintained.
- There was no policy to govern establishment of new GMS users and appropriate levels of access to system data and elements.

Metro missing elements of successful IT management

Data output:

- Data transfer from GMS to PeopleSoft can be streamlined by using electronic input files for data from the monthly invoice requests.
- There were no documented procedures for monthly invoice request review and approval.

Management trail:

- Policies and procedures for grant and project management are informal and inadequately documented.
- Many of the manual processes for GMS data input and output are replicated for other systems which may result in inconsistent data between systems.

Without strengthening the IS Department's role, authority and capability, Metro will be unable to reduce the negative impacts of decentralized IT management. Metro lacked three key elements of successful IT management: (1) strategy; (2) governance; and (3) data to monitor total cost of ownership. Focusing on strategy, governance and costs will provide a solid foundation for Metro to improve IT management and align with best practices. In order to accomplish this, Metro will need to either realign resources back to the IS Department or assign additional resources.

Strategy

The IS Department's strategic plan is out of date. Many elements of it have not been implemented after more than six years. Metro's Chief Information Officer (CIO) began to develop a new strategy for the IS Department in November 2007, but a new strategic plan has not been adopted or implemented. One of the objectives for the IS Department in the FY09 budget was to "develop and adopt a new five-year strategic Information Technology plan." In the absence of a documented strategic plan, the Director of IS used an informal roadmap to guide its near-term work. The roadmap focused on projects related to deploying new servers, managing the telephone system and planning for disaster recovery.

Creating and implementing a strategic plan for the IS Department that addresses Metro's IT management needs will not be an easy task. Historically, the IS Department has focused on supporting existing systems with few resources devoted to strategic development. This is partly because other government entities have transferred functions to Metro over time. As new functions were added, they brought their own processes and IT systems which were not fully integrated into existing systems.

A new strategic plan for IT will also have to address recent organizational changes as well. The CIO position was created in 2007 to provide high-level guidance and strategy for IT. Shortly thereafter, the CIO became Deputy Chief Operating Officer; a new position that includes the duties of the CIO position among other responsibilities. In addition, several changes to Metro's organizational structure occurred over the last two years. IS became its own department for the first time in FY09 after previously being

part of the Finance and Administrative Services Department. Also, the agency-wide restructuring in October 2008 created new responsibilities for the department.

These challenges and changes may provide an opportune time to make progress on defining a strategic plan for IT. Best practices indicate that information needs and related information systems should be reassessed as objectives change or as reporting deficiencies are identified. When objectives change, information needs may also change. To align with best practices it will be important to focus on incremental steps the agency can take to gradually improve over time.

A first step would be to establish a vision and long-term goal for Metro's IT environment. Ideally, IT should provide the tools necessary for an agency wide (i.e. enterprise) data model. An enterprise data model could reduce duplication of effort, decrease the need for side systems, and integrate systems to provide seamless and complete access to data. If an enterprise data model is the long-term goal, a key requirement will be to define the information architecture and classification scheme to ensure the integrity and consistency of all data. The need to upgrade or replace Metro's accounting and human resource system, PeopleSoft, in 2013 may provide a pivotal opportunity to make progress toward an enterprise data model.

Once a vision and goals are established, Metro will need to develop a plan to meet its IT objectives. A critical part of the plan will be to more clearly define the IS Department's role and authority. To effectively meet the IS Department's evolving role in the agency, Metro needs to define the IT process, organization and relationships so that expectations for IS will be clearly understood. One way to do this would be to use memorandums of understanding (MOUs) to formally document IS' relationships with other Metro departments.

Establishing formal roles and responsibilities may impact resource allocation. Best practices demonstrate that resources for IT management should be deployed in line with expectations and responsibilities. During the audit we learned that IS had been given additional responsibilities to manage the telephone system and centralize database administration duties. Given these changes, Metro may need to review resource levels to ensure that IT investments are aligned and delivered in accordance with the agency's strategies and objectives.

Governance Metro lacks a high level IT governance body to prioritize projects and establish agency-wide standards. In 2000, the Information Technology Steering Committee (ITSC) was established to serve as Metro's IT governance board. The group met semi-regularly and completed projects until about a year ago when it was disbanded by the CIO.

The ITSC was disbanded because there were questions about its effectiveness. We learned of several examples that indicate the governance group did not have sufficient authority or input from senior management to be successful. In late 2007, the CIO began developing a new framework for IT governance at Metro. The proposed framework recommended creating three committees:

- Information Technology Executive Committee to focus on aligning high level strategic and resource allocation decisions;
- Technical Advisory Group to establish standards and toolsets for application development; and
- Project Prioritization Committee to identify common business needs, evaluate project proposals, and track progress for approved projects.

The proposed framework has not been implemented and currently Metro doesn't have an IT governance body.

IT governance is important for any organization, but it is especially valuable at Metro because of the agency's decentralized IT management structure. IT governance ensures effective information management and security principles, policies, and processes are in place. Moreover, the body reviews performance and compliance metrics to ensure that the agency is managing IT systems in line with the governance framework.

Lack of an IT governance framework limits Metro's ability to integrate strategic business needs, set priorities and establish standards. As a result, Metro may be missing opportunities to improve services to its customers. Moreover, the agency may not be making efficient and effective use of its IT resources.

Total cost of ownership

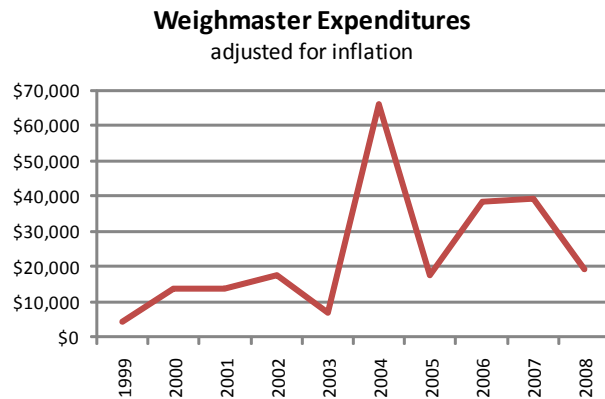
During the audit, we discovered that data is not available to monitor total cost of ownership of IT systems. Lack of expenditure data for system development, support and ongoing maintenance makes it difficult to manage and prioritize IT needs. In addition, it limits the agency's ability to determine if IT investments are generating benefits in excess of their costs.

Best practices indicate that understanding the status of IT systems is a basic need for every enterprise. A key aspect of IT management is to provide effective and efficient delivery of IT components and early warning of any deviations from plan, including cost, schedule or functionality that might impact expected outcomes. Monitoring total cost of ownership is one way to increase accountability for achieving the benefits, and controlling the costs of IT investments.

Our analysis of case study systems provided evidence that cost data was not consistently collected and monitored. Weighmaster was the only system where it was possible to determine the cost of support and maintenance. In calendar year 2008, Metro spent \$19,000 for Weighmaster support and maintenance, or about \$436 for every \$1 million in fees processed by Weighmaster.

Metro pays \$5,485 for annual support costs. Below is historic cost information for Weighmaster support, maintenance and improvements. The spike in expenditures in 2004 was the result of a system upgrade to add the ability to process credit card transactions and upgrade the point of sale functionality for Metro’s latex paint operation.

Exhibit 7
Weighmaster expenditures
(adjusted for inflation)



Source: Auditor’s Office analysis

Metro did not monitor the cost of CZAR development and ongoing maintenance. The Zoo did not track project hours or costs during the two year development of the system.

Similarly, Metro did not systematically monitor the cost of GMS development and ongoing maintenance. Some information was available to track system development costs. Based on available data it appears that Metro spent at least \$68,000 in staff time developing and upgrading GMS between FY04 and FY08. This data represents the staff costs of just two of at least thirteen Metro staff members who worked on the project. Within the last year, the technical support person for GMS has tracked projected and actual hours for system upgrade projects but this appears to be ad hoc.

Lack of consistent data to manage the total costs of ownership of IT systems results from several factors. The primary reason was that each department uses its discretion for how to code IT hardware and software costs. We found that some cost data is captured in the accounting system but this data is not specific to individual IT systems and is not consistent across departments. In addition, coding labor costs, and materials and service expenditures by project was not done by most of the departments at Metro, including IS. This makes it very difficult to monitor projects, and compare expected and actual outcomes.

RECOMMENDATIONS

Recommendations

1. In order to improve management of IT resources, Metro should define processes, organization and relationships of IT management which includes assigning leadership, creating a governance framework, establishing roles and responsibilities, and committing sufficient resources.
2. In order to create a strategic plan to gradually improve the effectiveness and efficiency of IT management in each of five key management areas Metro should:
 - a. Take steps to move the agency toward enterprise data management.
 - b. Collect data to enable departments and IT governance to evaluate the total cost of ownership of IT systems.
 - c. Standardize software development processes and procedures.
 - d. Develop written procedures and training plans.
 - e. Update and implement the information security policy for the agency.

MANAGEMENT RESPONSE

 Metro | Memo

Date: June 11, 2009

To: Suzanne Flynn, Metro Auditor

From: Michael Jordan, Chief Operating Officer
Scott Robinson, Deputy Chief Operating Officer
Rachel Coe, Director, Information Services
Teri Dresler, Director, Parks and Environmental Services
Tony Vecchio, Director, Oregon Zoo
Robin McArthur, Director of Planning and Development

cc: Margo Norton, Director of Finance and Regulatory Services
Diane Arakaki, Finance Manager, Planning and Development
Jeff Tucker, Finance Manager, Parks and Environmental Services
Craig Stroud, Finance Manager, Oregon Zoo
Carmen Hannold, Assistant Director of Operations, Oregon Zoo

Re: IT Software Controls Audit

This memorandum serves as management's response to the final audit report transmitted by your office on May 27, 2009. We appreciate the thorough research and thoughtful conclusions provided by your office in this audit.

The audit report further reinforces the rationale which led to hiring a CIO in November of 2007. Since that time, management focus has been placed on organizing Information Services resources, elevating the decision framework for information system investments and placing focus on leveraging investments to serve the greater enterprise. These efforts began in 2008 and have resulted in creation of an Information Services Department, elevating the department to the senior level, introduction of an information technology governance framework, leveraged investments in physical infrastructure to provide agency-wide efficiencies and leveraged investments in new applications which serve the agency-wide needs.

An important requisite of managing information resources of the agency involves managing a consolidated physical infrastructure. Efforts to consolidate the management of physical infrastructure began in 2008. In the coming months, nine main Metro and MERC sites will be upgraded to high speed fiber connections with centralized network management. The service will provide both Metro and MERC a wide variety of technology opportunities, including the ability to better manage enterprise systems and decentralized data and disaster recovery.

While these efforts have been undertaken, a significant body of work exists to address legacy information systems and bring the full vision of an enterprise data model to the agency. With existing resources this work will progress at a measured pace. Resource allocations required to support the modernization of the agency information services model will need on-going commitment to achieve a more rapid integration of data systems across the agency.

Response to Recommendations in the Auditor's Report

The following summarizes the Information Services response to the specific recommendations in the Auditor's report.

Recommendation 1:

In order to improve management of IT resources, Metro should define processes, organization and relationships of IT management which includes assigning leadership, creating a governance framework, establishing roles and responsibilities, and committing sufficient resources.

Response:

Management agrees and supports this recommendation overall. Information Technology provides a foundation for supporting essential data, financial, communication and administrative business systems throughout the agency. Recognition of this crucial role resulted in the development of the Information Services Department in 2008. As a new department, a number of technical and organizational issues needed to be addressed. The groundwork for policy revision, mission, vision and values, oversight, standards and a strategic plan were being laid just as work on the Sustainable Metro Initiative (SMI) began.

While the implementation of SMI delayed the creation of an IT strategic plan and implementation of the new IT governance structure, the organizational changes employed as a result of SMI allow a greater line of sight between a Metro IT strategic plan and IT related work being done throughout the agency. An example of this is the restructuring of general ledger coding in the financial and time keeping systems. This change will allow departments the ability to more accurately code IT work being done and facilitate better tracking of expenses, projects costs and technology investments. Further, the Sustainable Metro Initiative was able to identify and adjust a number of embedded FTE whose duties were primarily IT focused. The reconfiguration of these positions and greater reliance on the services and resources of the Information Services Department has provided the cornerstone for more formalized departmental agreements.

Work initiated, yet to be completed includes the 5 year strategic plan, business continuity and disaster recovery planning, memorandums of understanding between key stakeholder departments, refinement of the IT project intake, prioritization process and IT governance systems. In addition, the development and implementation of an agency wide enterprise data model will require on-going resource commitment. Development of policies including, security, remote access, telecommuting, email and guest wireless access has been ongoing.

The memorandums of understanding with agency departments will be formulated in tandem with business continuity planning, since both require a high level of understanding of the current data and information technology needs of each of the departments. Completion of IT policies will be done in conjunction with other policy re-work in the agency. Project intake and governance will be the next step undertaken. This is a crucial step in managing expectations, resources and costs of technology within the agency. Finally, the strategic plan will be written using departmental input and the new IT governance structure.

Recommendation 2:

In order to create a strategic plan to gradually improve the effectiveness and efficiency of IT management in each of five key areas Metro should:

- A. Take steps to move the agency toward enterprise data management

Response:

Management agrees that enterprise data management is essential to the future roadmap and success of the agency. While the agency has effectively pursued enterprise data management for core business processes (financial management, human resource management, time tracking and core productivity systems), additional work and focus is required to better incorporate systems designed and acquired to support the individual business lines of the agency. Work has begun to prioritize work efforts surrounding enterprise data management. While not reflecting one of the three systems audited, the Solid Waste Information System (SWIS) exhibits similar flaws in its lack of an enterprise approach. Due to the significant volume of business data managed by SWIS, Information Services has begun a work effort to develop an enterprise data management approach to SWIS as a springboard for the creation of a data warehouse. Because SWIS contains valuable information and is integrated with other software products, such as Weighmaster, it represents an appropriate model for centralized enterprise data management for the agency.

- B. Collect data to enable departments and IT governance to evaluate the total cost of ownership of IT systems.

Response:

One of the primary observations and subsequent recommendations out of the Sustainable Metro Initiative, was the recognition that, the standard chart of accounts were not being used consistently across the agency. As part of the SMI, renewed focus has been placed on standardizing the use of existing accounting codes across the agency to improve the ability to track appropriate costs associated with acquiring and subsequently supporting systems. In addition, appropriate system costs are being identified and moved to the Information Services department to improve the transparency surrounding overall cost of ownership associated with each system. With improved cost information, the IT governance framework presented in February of 2008 can be fully implemented in order to guide system investment decisions.

- C. Standardize software development processes and procedures.

Response:

Information Services has more recently adopted an agile software development methodology known as scrum. Scrum is an iterative framework for managing complex work and is particularly useful for new software development. It allows both flexibility of design and greater, more timely user input. Agile software development methods promote a disciplined project management process that encourages frequent inspection and adaptation, a leadership philosophy that encourages teamwork, self-organization and accountability, a set of engineering best practices that allow for rapid delivery of high-quality software and a business approach that aligns development with customer needs and agency goals.

- D. Develop written procedures and training plans.

Response:

Management agrees that business processes and system protocols need to be documented and subsequently supported with appropriate training to ensure business continuity. While appropriate in general, several systems and processes will require study to determine if the existing business process and supporting system are appropriate or require replacement. As we move increasingly towards an enterprise approach, side systems will be disposed of in deference to an integrated systems approach. This will require appropriate resources and time to fully transform the agency's management and system practices.

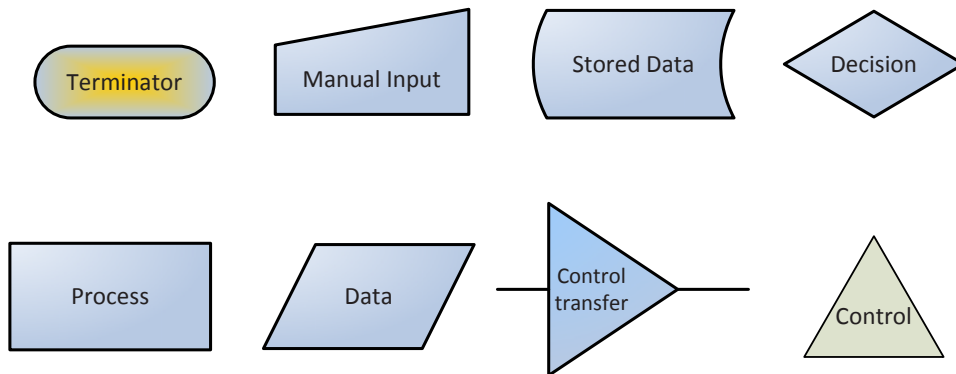
- E. Update and implement the information security policy for the agency.

Response:

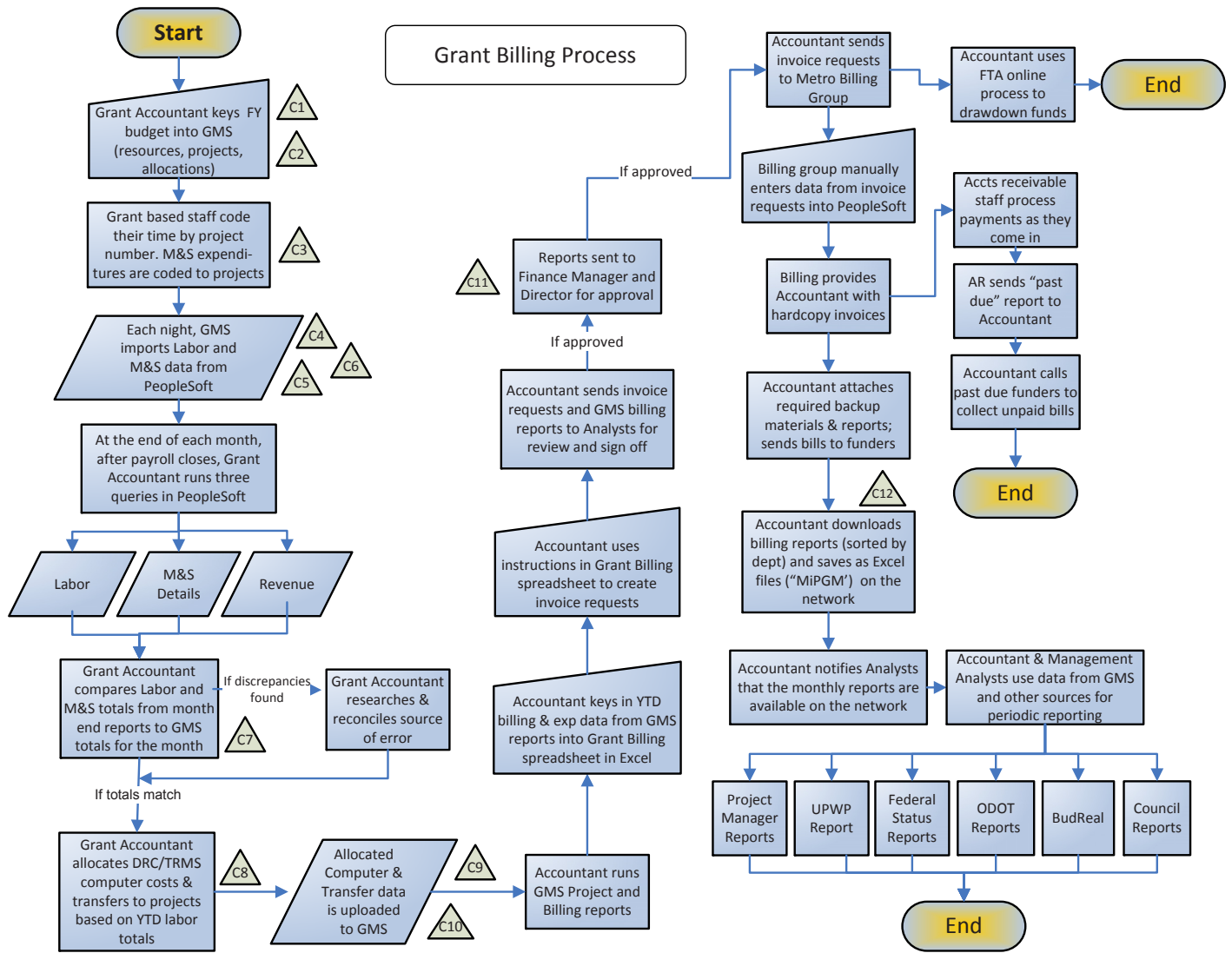
Management agrees that the information security policy is in need of an update in light of changing business practices, underlying technologies, and an overall move towards managing agency data within the context of enterprise data as Metro. This work will be continued within the context of the strategic planning work scheduled for 2009-10 fiscal year.

APPENDIX I

Process Map Key



Grants Management System (GMS)

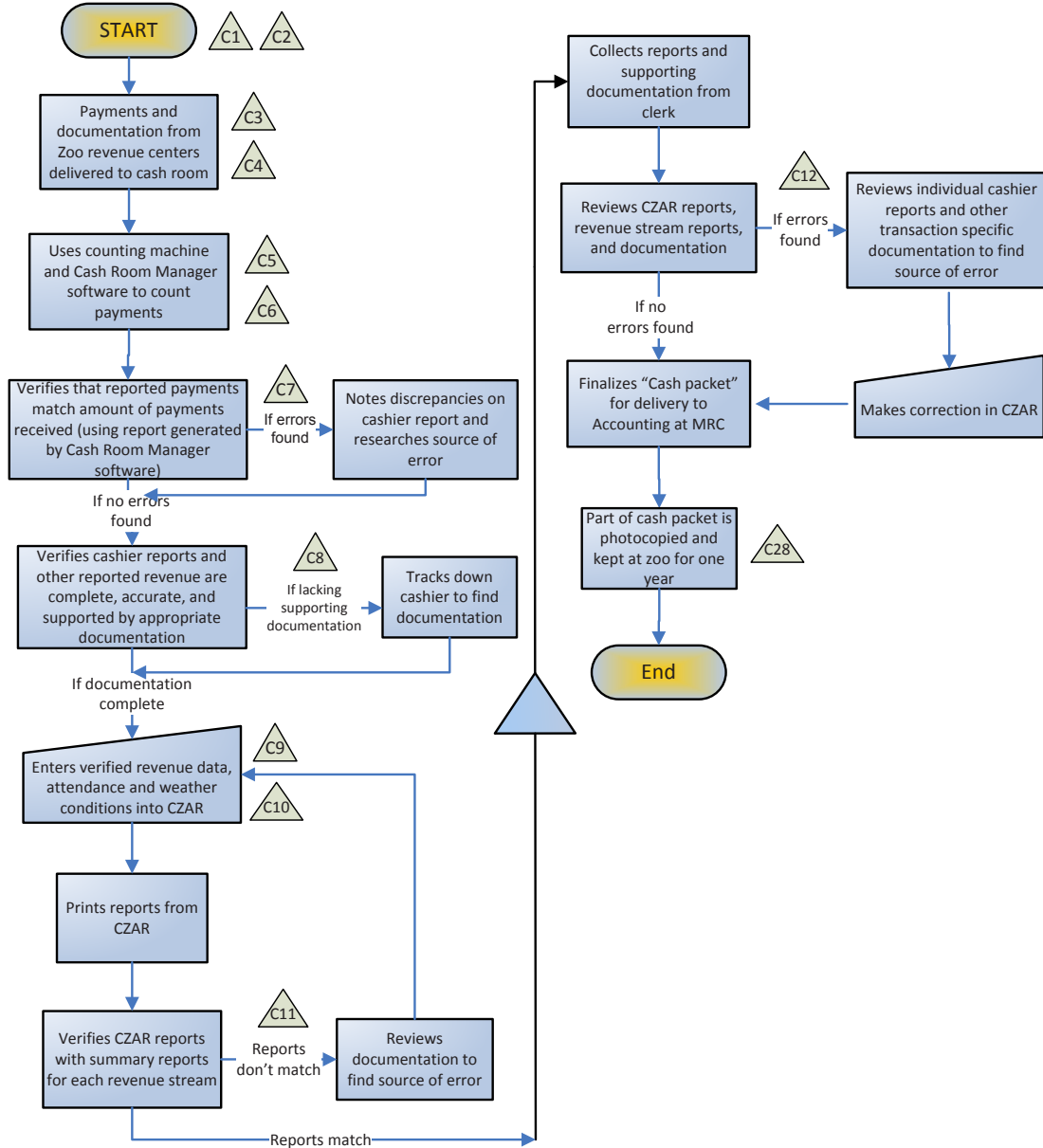


Custom Zoo Attendance and Revenue (CZAR)

CZAR Data Input – Cash Room Process

① Cash Room Clerk

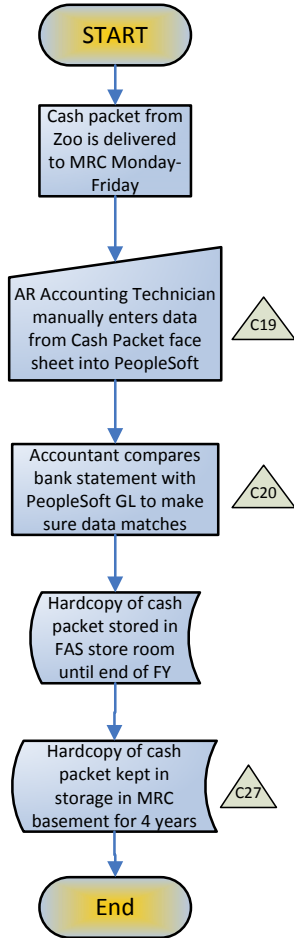
② Cash Room Supervisor or Financial Reporting Manager



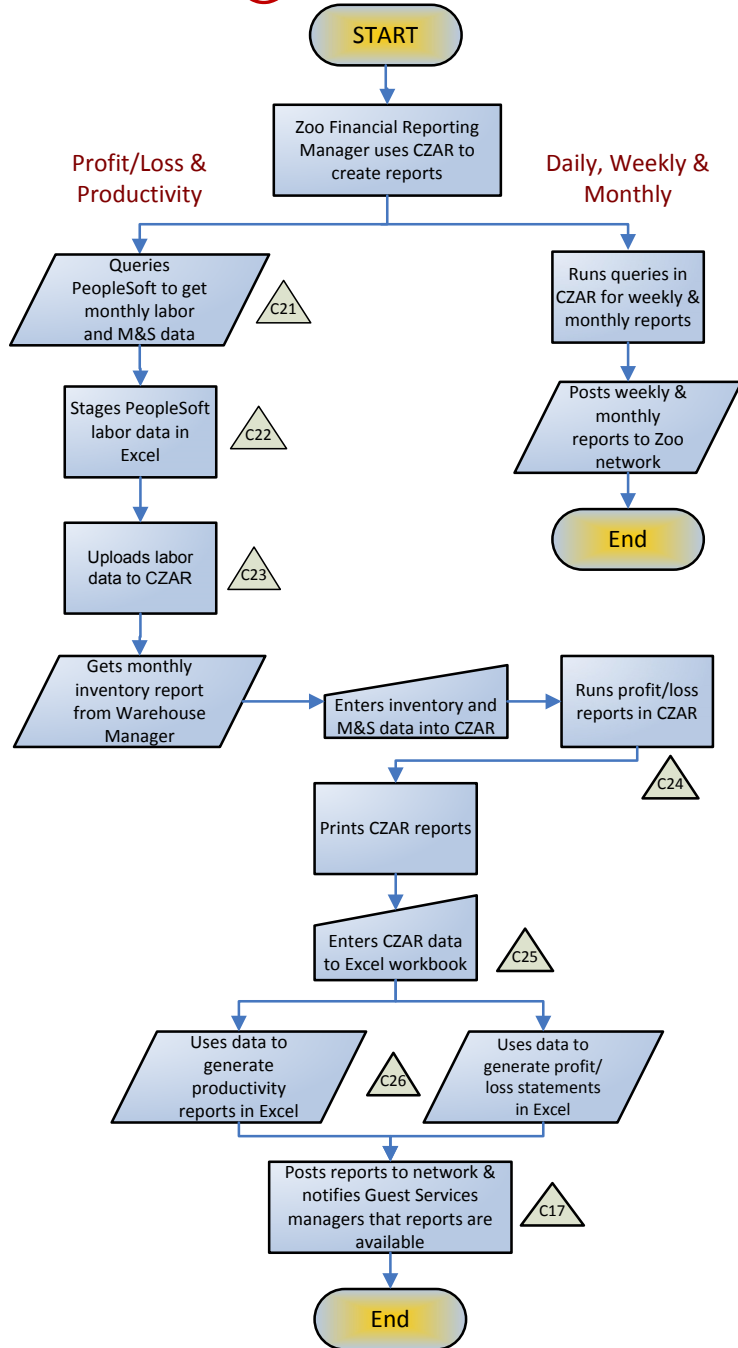
Custom Zoo Attendance and Revenue (CZAR)

Data Output – AR & Zoo Reporting Process

① Accounts Receivable

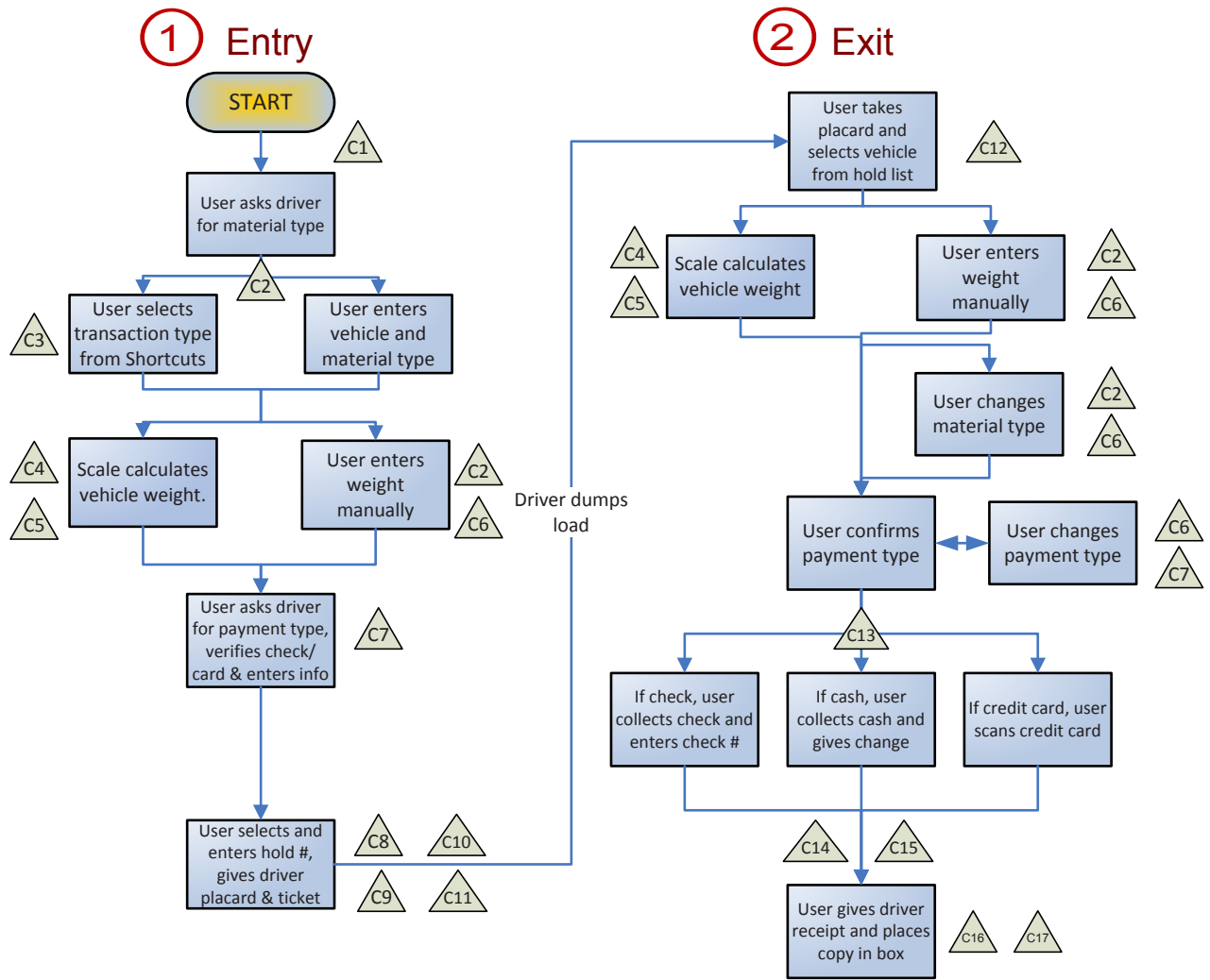


② Zoo Reports

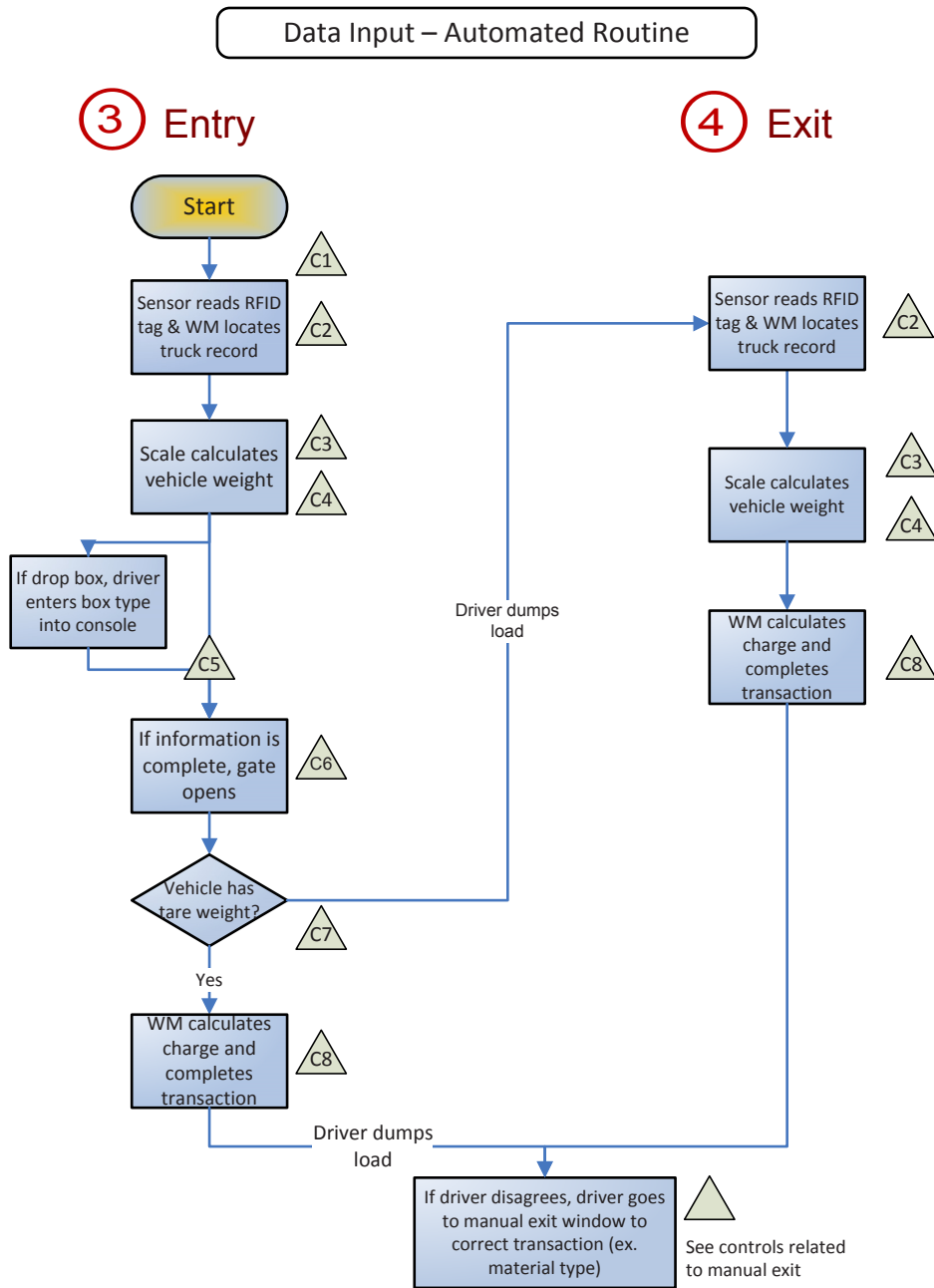


Weighmaster

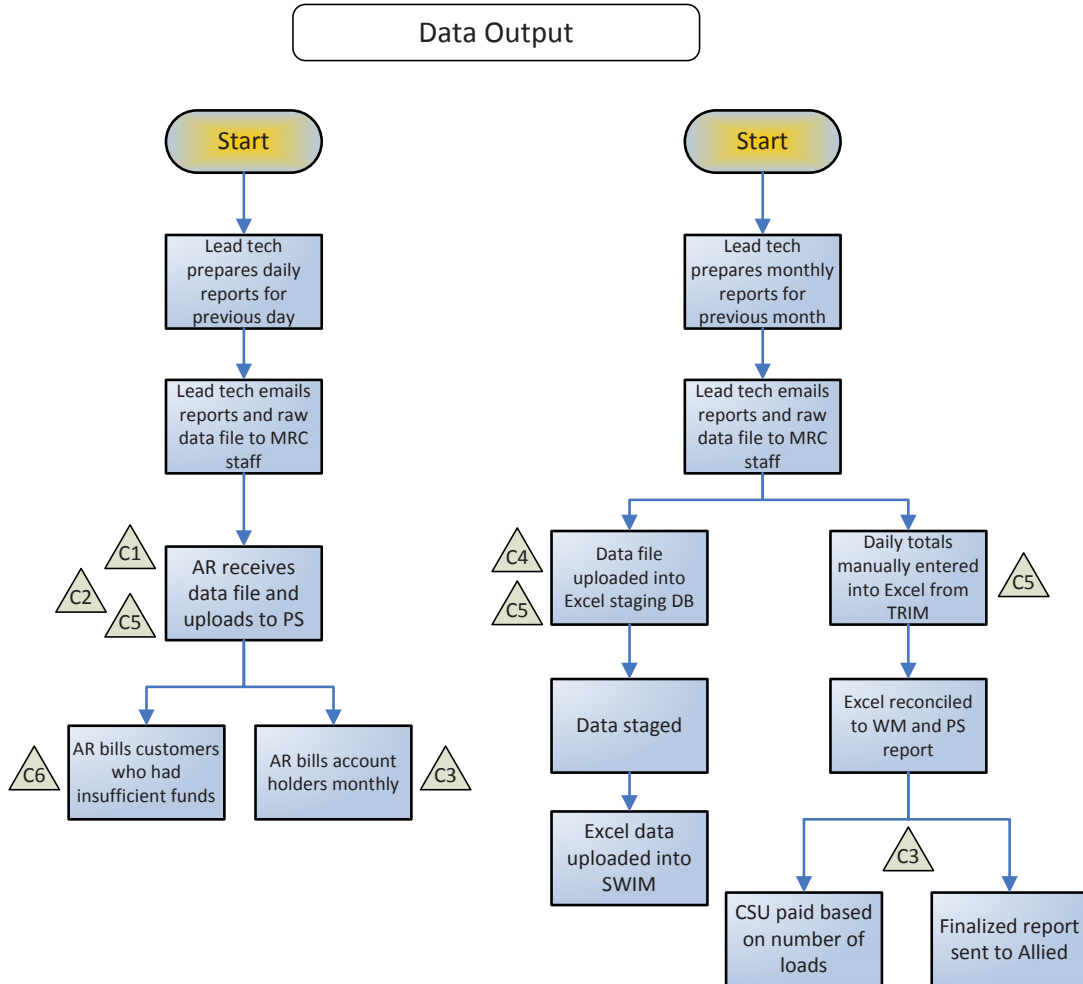
Data Input – Self-haul (Manual Routine) Process



Weighmaster



Weighmaster





METRO

Office of the Metro Auditor
600 NE Grand Avenue
Portland, Oregon 97232
503-797-1892
www.oregonmetro.gov

Agenda Item Number 4.1

Consideration of Minutes for the June 11, 2009 Metro Council Regular Meeting.

Consent Agenda

Metro Council Meeting
Thursday, June 25, 2009
Metro Council Chamber

MINUTES OF THE METRO COUNCIL MEETING

Thursday, June 11, 2009
Metro Council Chamber

Councilors Present: David Bragdon (Council President), Robert Liberty, Rex Burkholder, Rod Park, Carl Hosticka, Carlotta Collette

Councilors Absent: Kathryn Harrington (excused)

Council President Bragdon convened the Regular Council Meeting at 2:00 p.m.

1. INTRODUCTIONS

There were none.

2. CITIZEN COMMUNICATIONS

Ron Swaren, Portland, discussed Columbia River Crossing issues including the Freeway Loop plan.

Sharon Nassat, 1113 North Baldwin, discussed Columbia River Crossing issues (see attachments).

3. 2009-10 SLATE OF AWARDS, NORTH PORTLAND ENHANCEMENT GRANT PROGRAM

Councilor Burkholder introduced the “2009-10 Slate of Awards, North Portland Enhancement Grant Program” agenda item. Karen Blauer, Metro Grants Coordinator, provided a presentation and program overview to Councilors (see attachments). Cece Hughley Noel, North Portland neighborhood resident and Portsmouth neighborhood rep on NPEC, provided support for the North Portland Enhancement Grant Program and provided success stories. Mike Malone, Rebuilding Together Portland Executive Director, provided goals and a report on investment returns. He provided real-life accounts of improving inadequate homes. Ms. Noel discussed award results and selections. She said the total allocation was \$35,000. She described who and what organizations would benefit and how (see attachments). Councilor Collette and President Bragdon thanked the committee for their work. Councilor Burkholder described the amazing work accomplished with few resources and thanked the committee again for their work.

4. OREGON ZOO DIRECTOR TONY VECCHIO FAREWELL

Tony Vecchio, Oregon Zoo Director, came before Council before transitioning to a new position in Jacksonville, Florida. President Bragdon reviewed all of Mr. Vecchio’s accomplishments during his tenure as Zoo Director. He thanked Mr. Vecchio for his hard work and regional service.

Councilors Collette, Burkholder, Hosticka, Park, and Liberty expressed their gratitude for Mr. Vecchio’s work with the Oregon Zoo. Mr. Vecchio thanked Councilors for their kind comments. He said he was “all out of stories and moving on.” He thanked his dedicated staff at the zoo for their hard work and their incredible representation of the Oregon Zoo. He was happy for the

opportunity to accommodate underserved audiences during his time at the Oregon Zoo. He thanked the community for their passion and interest.

5. CONSENT AGENDA

- 5.1 Consideration of minutes of the June 4, 2009, Regular Council Meeting.
- 5.2 **Resolution No. 09-4057**, Resolution of Metro Council, Acting as the Metro Contract Review Board, For the Purpose of Approving Contract Amendments for the Predators of the Serengeti and Red Ape Reserve Exhibits at the Oregon Zoo.

Motion:

Councilor Park moved to adopt the meeting minutes of the June 4, 2009 Regular Metro Council meeting and Resolution No. 09-4057.

Vote:

Councilors Burkholder, Liberty, Park, Collette, Hosticka and Council President Bragdon voted in support of the motion. The vote was 6 aye, the motion passed.

6. ORDINANCES – FIRST READING

- 6.1 **Ordinance No. 09-1218**, Amending the FY 2008-09 Budget and Appropriations Schedule Transferring Appropriation in the MERC Fund for Oregon Convention Center Operations and Declaring an Emergency.

Council President Bragdon assigned Ordinance No. 09-1218 to Council, for 2nd reading on June 25th.

- 6.2 **Ordinance No. 09-1219**, Amending the FY 2008-09 Budget and Appropriations Schedule for the Oregon Zoo by Transferring Appropriations From Contingency, Recognizing Donations and Other Contributions, Amending The Capital Improvement Plan and Declaring an Emergency.

Council President Bragdon assigned Ordinance No. 09-1219 to Council, for 2nd reading on June 25th.

- 6.3 **Ordinance No. 09-1216**, For the Purpose of Amending and Re-adopting Metro Code 7.03 (Investment Policy) for Fiscal Year 2009-2010 and Declaring an Emergency.

Council President Bragdon assigned Ordinance No. 09-1216 to Council, for 2nd reading on June 25th.

- 6.4 **Ordinance No. 09-1221**, For the Purpose of Amending Metro Code Chapter 6.01.

Council President Bragdon assigned Ordinance No. 09-1221A to Council, for 2nd reading on July 9th.

7. ORDINANCES – SECOND READING

7.1 Ordinance No. 09-1220, An Ordinance Extending the Metro Construction Excise Tax and Amending Metro Code Chapter 7.04.

Motion:	Councilor Liberty moved to adopt Ordinance No. 09-1220
Seconded:	Councilor Collette seconded the motion.

Councilor Liberty provided background information and a summary on CET.

Council President Bragdon opened a public hearing on Ordinance No. 09-1220.

Greg Manning, NAIOP, provided testimony for the record (see attachments).

Councilor Burkholder asked about incorporation of equity concerns in projects. He asked about other related issues. Mr. Manning talked about job growth, and the need for edge planning. He discussed fund uses and needs. President Bragdon evaluated fund limitations and the idea of tying funds to implementation plans and completion. He talked about connections between dollars spent and development occurring. He discussed strategies for moving the development process further. He requested Mr. Manning help in working on criteria and inquired whether such collaboration would ease concerns. He said they were at the table to discuss appropriate use of funds. Councilor Park asked if Mr. Manning’s industry would look more favorably towards an immediate result or a long-term plan and result. Mr. Manning said it was important to address core problems and plan for the future, but also identify and find a balance. Councilor Park discussed making prioritization judgments and talking about industry involvement. Councilor Liberty asked about fund allocation. Mr. Manning discussed concept planning on the edge.

Ron Papsdorf, Government Affairs Director City of Gresham, supported Ordinance No. 09-1220. He argued benefits of the adopted ordinance, including expanded resources.

Mary Kyle McCurdy, 1000 Friends of Oregon, talked about the CET as a mechanism for identifying local aspirations. She noted it was a competitive process.

President Bragdon asked if she had any examples of criteria for development to occur. She talked about design types, and buy-in from local governments. President Bragdon asked her to think of some criteria over the summer. She said it was important to look at projects that succeeded as criteria parameters.

Craig Prosser, City of Tigard City Manager, testified in support of the Construction Excise Tax. He said they did not initially support because of the focus on the edge, but with changes they were in support. He talked about redevelopment in Tigard and other planned projects, including maintaining neighborhood vitality.

Councilor Liberty read a letter from the Mayor of Hillsboro for the record in support of adoption of Ordinance No. 09-1220 (see attachments).

Council President Bragdon closed the public hearing.

Councilor Burkholder discussed process and purpose. He further said there was a lot of need in communities for projects. He said the legislature forced the decision, and he said he felt the Council could not lose the tool to help development occur. Councilor Hosticka clarified what adoption did and asked for clarification on language in the ordinance. Michael Jordan, COO, clarified subsequent agreements. Councilor Collette talked about support statements she had heard. She talked about getting something on the ground, and she supported it if done right and functionally. Councilor Park said it would be nice if there were different tools. President Bragdon supported with some concerns to work out over the summer. Councilor Liberty reviewed the timeline and provided an overview of fund usage. He discussed investment recommendations.

Vote:

Councilors Park, Burkholder, Collette, Liberty, Hosticka and Council President Bragdon voted in support of the motion. The vote was 6 aye, the motion passed.

7.2 **Ordinance No. 09-1215A**, Adopting the Annual Budget for Fiscal Year 2009-10, Making Appropriations, Levying Ad Valorem Taxes, and Declaring an Emergency.

Motion:	Councilor Hosticka moved to adopt Ordinance No. 09-1215A including technical amendments.
Seconded:	Councilor Park seconded the motion

Council President Bragdon opened a public hearing on Ordinance No. 09-1215A

Council President Bragdon closed the public hearing.

Motion:	Councilor Liberty moved to include Substantive Amendment #11 (see attachments) within Ordinance No. 09-1215A as Ordinance No. 09-1215B
Seconded:	Councilor Park seconded the motion

Vote:

Councilors Park, Burkholder, Collette, Liberty, Hosticka and Council President Bragdon voted in support of the motion. The vote was 6 aye, the motion passed.

Motion:	Councilor Park moved to include Substantive Amendments #12a and 12b (see attachments) within Ordinance No. 09-1215A as Ordinance No. 09-1215B
Seconded:	Councilor Hosticka seconded the motion

Vote:

Councilors Park, Burkholder, Collette, Liberty, Hosticka and Council President Bragdon voted in support of the motion. The vote was 6 aye, the motion passed.

Councilor Hosticka clarified discussion on technical and substantive amendments. Councilors voted on Ordinance No. 09-1215A to include technical and substantive amendments and be final read on June 25th.

Vote:

Councilors Park, Burkholder, Collette, Liberty, Hosticka and Council President Bragdon voted in support of the motion. The vote was 6 aye, the motion passed.

President Bragdon discussed interfund and budget transfers.

8. CHIEF OPERATING OFFICER COMMUNICATION

There were none.

9. COUNCILOR COMMUNICATION

Councilor Liberty asked permission to represent Metro at a regional function. Councilors discussed events they had attended and meeting results.

There being no further business to come before the Metro Council, Council President Bragdon adjourned the regular Council meeting of June 11th, 2009 at 4:10 p.m. and resumed Executive Session at 4:20p.m.

ADJOURN

10. EXECUTIVE SESSION: COO AND METRO ATTORNEY ANNUAL REVIEW

Prepared by

A handwritten signature in black ink, appearing to read 'Tony Andersen', written in a cursive style.

Tony Andersen
Clerk of the Council

**ATTACHMENTS TO THE PUBLIC RECORD FOR THE MEETING OF
June 11, 2009**

Item	Topic	Doc. Date	Document Description	Doc. Number
2	E-mail and testimony	6/13/09	To: Metro Councilors From: Sharon Nasset Re: CRC Testimony for 6/11/2009 Metro hearing Date: Saturday, June 13, 2009	061109c-1
3	Report	6/1/09	Outcomes Report, 2008-09 funding cycle, North Portland community enhancement grant program, June 2009	061109c-2
6.1	Ordinance	6/1/09	Ordinance No. 09-1218A	061109c-3
6.4	Ordinance	6/10/09	Ordinance No. 09-1221A	061109c-4
7.1	Letter	6/11/09	To: Metro Council From: Gregory J. Manning, President Elect, NAIOP-Oregon Re: Testimony on Extending/Amending Construction Excise Tax Date: June 11, 2009	061109c-5
7.1	Letter	6/11/09	To: Metro Council From: City of Hillsboro, Mayor Jerry Willey Re: Ordinance No. 09-1220, Extending the Metro Construction Excise Tax Date: June 11, 2009	061109c-6
7.2	Memo	6/5/09	To: Metro Councilors From: Margo Norton, Director, Finance and Regulatory Services Re: Final budget amendments Date: Friday, June 5, 2009	061109c-7

Agenda Item Number 4.2

Resolution No. 09-4055, Resolution of Metro Council, Acting as the Metro Contract Review Board, For the Purpose of Approving a Sole Source Contract For Off-Site Records Storage and Services

Consent Agenda

Metro Council Meeting
Thursday, June 25, 2009
Metro Council Chamber

BEFORE THE METRO COUNCIL CONTRACT REVIEW BOARD

RESOLUTION OF METRO COUNCIL, ACTING)
AS THE METRO CONTRACT REVIEW BOARD,)
FOR THE PURPOSE OF APPROVING A SOLE)
SOURCE CONTRACT FOR OFF-SITE)
RECORDS STORAGE AND SERVICES

RESOLUTION NO. 09-4055

Introduced by Metro Chief Operating Officer
Michael Jordan, with the concurrence of
Council President David Bragdon.

WHEREAS, pursuant to ORS 279A.060 and Metro Code 2.04.010 the Metro Council is designated as the Public Contract Review Board for the agency; and

WHEREAS, Metro Code 2.04.062 requires Council approval for contracts awarded without competitive bidding when it has been determined that the goods or services are available from only one source; and

WHEREAS, Records and Information Management (RIM) Program staff assessed regional providers of off-site records storage and services; and

WHEREAS, The Metro Records Officer has determined that retaining the services of Iron Mountain to provide off-site records storage and services is in the best interests of Metro. If the agency were to switch providers it would incur significant costs for records removal and relocation; and

WHEREAS, the Metro Procurement Officer believes that the specialized knowledge, experience and expertise of Iron Mountain warrants the use of a sole source contract, and that such action is in accordance with the Oregon Public Contracting Code dealing with sole source procurements (ORS 279B.075) and Metro Code 2.04.062; and

WHEREAS, Iron Mountain has been Metro’s contract provider since 1999, and continues to provide satisfactory services in the area of records storage and service, and continues to be a leader in the area of records storage and protection, expertise that would make it impractical to compete this contract; now therefore

BE IT RESOLVED that the Metro Council acting as the Public Contract Review Board authorizes the Metro Procurement Officer to negotiate and execute a sole source contract with Iron Mountain for the purpose of providing off-site records storage and services for Metro. Contract shall be in the amount of \$26,000 and shall be substantially similar in form to the attached agreement.

ADOPTED by the Metro Council Contract Review Board this ____ day of June, 2009.

David Bragdon, Council President

Approved as to Form:

Daniel B. Cooper, Metro Attorney

STAFF REPORT

IN CONSIDERATION OF RESOLUTION NO. 09-4055, RESOLUTION OF METRO COUNCIL, ACTING AS THE METRO CONTRACT REVIEW BOARD, FOR THE PURPOSE OF APPROVING A SOLE SOURCE CONTRACT FOR OFF-SITE RECORDS STORAGE AND SERVICES

Date: June 1, 2009

Prepared by: Becky Shoemaker, x1740
Ken Begley, x1614

BACKGROUND

Competition for off-site records storage and services in the Portland Metro area is limited to four providers. Records and Information Management staff has visited and assessed all of them. Two of the providers were eliminated from consideration due to their inability to meet threshold industry standards for handling public records, such as facility conditions, security, and siting. A third provider meets industry standards, but is five times as distant as Metro's current provider, Iron Mountain. Additionally, Metro staff has concerns about the provider's ability to provide basic levels of customer service.

Iron Mountain has provided off-site storage and services to Metro since 1999; they have consistently met and continue to meet Metro's requirements for excellent stewardship of its public records. Iron Mountain is a recognized industry leader, whose fees are comparable to the competition's. Metro's Records Officer and Procurement Officer are of the opinion that Iron Mountain is uniquely qualified to provide the off-site storage and services Metro requires, and, therefore, recommend that a sole source contract be awarded, without a competitive bid process, for a period of one year beginning July 1, 2009.

ANALYSIS/INFORMATION

- 1. Known Opposition:** None known.
- 2. Legal Antecedents:** Oregon Public Contracting Code dealing with sole source procurements (ORS 279B.075); Metro Code 2.04.062, Sole Source Procurement.
- 3. Anticipated Effects:** Current service levels will continue uninterrupted by the preparation, transportation, and reprocessing of 1,400 boxes of records.
- 4. Budget Impacts:** If Metro retains the services of Iron Mountain, the budget impact of a one-year sole source contract (FY 2009-10) will be approximately \$26,000. If Metro were to change providers, additional costs associated with re-engineering current business processes would be incurred, including Metro staff time to oversee and audit such a move. Minimally, these direct costs (based on 1,400 boxes of records) would include:
 - Permanent removal from current provider: \$7,929.60 [retrieval/permanent withdrawal]
 - Intake by new provider: \$5,180.00 [est. based on proposal by competitor]
 - Transportation (amount unknown)

Metro's Personal Services Agreement including the Scope of Work is attached (Attachment 1), along with Iron Mountain's proposed Fee Schedule (Attachment 2).

RECOMMENDED ACTION

Metro Council, acting as Public Contract Review Board, approves the use of a sole source contract with Iron Mountain in the amount of \$26,000.

Last Updated: June 9, 2009



Personal Services Agreement

Contract # _____

THIS AGREEMENT is between Metro, a metropolitan service district organized under the laws of the State of Oregon and the Metro Charter, located at 600 N.E. Grand Avenue, Portland, OR 97232-2736, and Iron Mountain, referred to herein as "Contractor," located at 2116 NW 20th Avenue, Portland, OR 97209.

In exchange for the promises and other consideration set forth below, the parties agree as follows:

1. Duration. This personal services agreement shall be effective July 1, 2009 and shall remain in effect until and including June 30, 2010, unless terminated or extended as provided in this Agreement.

2. Scope of Work. Contractor shall provide all services and materials specified in the attached "Exhibit A -- Scope of Work," which is incorporated into this Agreement by reference. All services and materials shall be provided by Contractor in accordance with the Scope of Work, in a competent and professional manner. To the extent that the Scope of Work contains additional contract provisions or waives any provision in the body of this Agreement, the Scope of Work shall control.

3. Payment. Metro shall pay Contractor for services performed and materials delivered in the amount(s), manner and at the time(s) specified in the Scope of Work for a maximum sum not to exceed TWENTY-SIX THOUSAND DOLLARS (\$26,000).

4. Insurance.

a. Contractor shall purchase and maintain at the Contractor's expense, the following types of insurance, covering the Contractor, its employees, and agents:

(1) Broad form comprehensive general liability insurance covering bodily injury and property damage, with automatic coverage for premises, operations, and product liability, shall be a minimum of \$1,000,000 per occurrence. The policy must be endorsed with contractual liability coverage; and

(2) automobile bodily injury and property damage liability insurance coverage shall be a minimum of 1,000,000 per occurrence.

b. Metro, its elected officials, departments, employees, and agents shall be named as ADDITIONAL INSUREDS. Notice of any material change or policy cancellation shall be provided to Metro 30 days prior to the change or cancellation.

c. Contractor, its subcontractors, if any, and all employers working under this Agreement that are subject employers under the Oregon Workers' Compensation Law shall comply with ORS 656.017, which requires them to provide Workers' Compensation coverage for all their subject workers. Contractor shall provide Metro with certification of Workers' Compensation insurance including employer's liability. If Contractor has no employees and will perform the work without the assistance of others, a certificate to that effect may be attached, as Exhibit B, in lieu of the certificate showing current Workers' Compensation.

d. If required by the Scope of Work, Contractor shall maintain for the duration of this Agreement professional liability insurance covering personal injury and property damage arising from errors, omissions, or malpractice. Coverage shall be in the minimum amount of \$500,000. Contractor shall provide to Metro a certificate of this insurance, and 30 days' advance notice of material change or cancellation.



Personal Services Agreement

e. Contractor shall provide Metro with a Certificate of Insurance complying with this article, and naming Metro as an additional insured within fifteen (15) days of execution of this contract, or twenty-four (24) hours before services under this contract commence, whichever date is earlier.



Personal Services Agreement

5. Indemnification. Contractor shall indemnify and hold Metro, its agents, employees and elected officials harmless from any and all claims, demands, damages, actions, losses and expenses, including attorney's fees, arising out of or in any way connected with its performance of this Agreement, or with any patent infringement or copyright claims arising out of the use of Contractor's designs or other materials by Metro and for any claims or disputes involving subcontractors.

6. Maintenance of Records. Contractor shall maintain all of its records relating to the Scope of Work on a generally recognized accounting basis and allow Metro the opportunity to inspect and/or copy such records at a convenient place during normal business hours. All required records shall be maintained by Contractor for six years after Metro makes final payment and all other pending matters are closed.

7. Ownership of Documents. All documents of any nature including, but not limited to, reports, drawings, works of art and photographs, produced by Contractor pursuant to this Agreement are the property of Metro, and it is agreed by the parties that such documents are works made for hire. Contractor hereby conveys, transfers, and grants to Metro all rights of reproduction and the copyright to all such documents.

8. Project Information. Contractor shall share all project information and fully cooperate with Metro, informing Metro of all aspects of the project including actual or potential problems or defects. Contractor shall abstain from releasing any information or project news without the prior and specific written approval of Metro.

9. Independent Contractor Status. Contractor shall be an independent contractor for all purposes and shall be entitled only to the compensation provided for in this Agreement. Under no circumstances shall Contractor be considered an employee of Metro. Contractor shall provide all tools or equipment necessary to carry out this Agreement, and shall exercise complete control in achieving the results specified in the Scope of Work. Contractor is solely responsible for its performance under this Agreement and the quality of its work; for obtaining and maintaining all licenses and certifications necessary to carry out this Agreement; for payment of any fees, taxes, royalties, or other expenses necessary to complete the work except as otherwise specified in the Scope of Work; and for meeting all other requirements of law in carrying out this Agreement. Contractor shall identify and certify tax status and identification number through execution of IRS form W-9 prior to submitting any request for payment to Metro.

10. Right to Withhold Payments. Metro shall have the right to withhold from payments due to Contractor such sums as necessary, in Metro's sole opinion, to protect Metro against any loss, damage, or claim which may result from Contractor's performance or failure to perform under this Agreement or the failure of Contractor to make proper payment to any suppliers or subcontractors.

11. State and Federal Law Constraints. Both parties shall comply with the public contracting provisions of ORS chapters 279A, 279B and 279C and the recycling provisions of ORS 279B.025 to the extent those provisions apply to this Agreement. All such provisions required to be included in this Agreement are incorporated herein by reference. Contractor shall comply with all applicable requirements of federal and state civil rights and rehabilitation statutes, rules and regulations including those of the Americans with Disabilities Act.

12. Situs. The situs of this Agreement is Portland, Oregon. Any litigation over this agreement shall be governed by the laws of the State of Oregon and shall be conducted in the Circuit Court of the state of Oregon for Multnomah County, or, if jurisdiction is proper, in the U.S. District Court for the District of Oregon.

13. Assignment. This Agreement is binding on each party, its successors, assigns, and legal representatives and may not, under any circumstance, be assigned or transferred by either party.



Personal Services Agreement

14. Termination. This Agreement may be terminated by mutual consent of the parties. In addition, Metro may terminate this Agreement by giving Contractor seven days prior written notice of intent to terminate, without waiving any claims or remedies it may have against Contractor. Termination shall not excuse payment for expenses properly incurred prior to notice of termination, but neither party shall be liable for indirect or consequential damages arising from termination under this section.

15. No Waiver of Claims. The failure to enforce any provision of this Agreement shall not constitute a waiver by Metro of that or any other provision.

16. Modification. Notwithstanding and succeeding any and all prior agreement(s) or practice(s), this Agreement constitutes the entire Agreement between the parties, and may only be expressly modified in writing(s), signed by both parties.

_____	METRO
By _____	By _____
Title _____	Title _____
Date _____	Date _____



METRO
600 NE Grand Ave.
Portland, OR 97232-2736
(503) 797-1700

Personal Services Agreement

Contract No. _____

EXHIBIT A SCOPE OF WORK

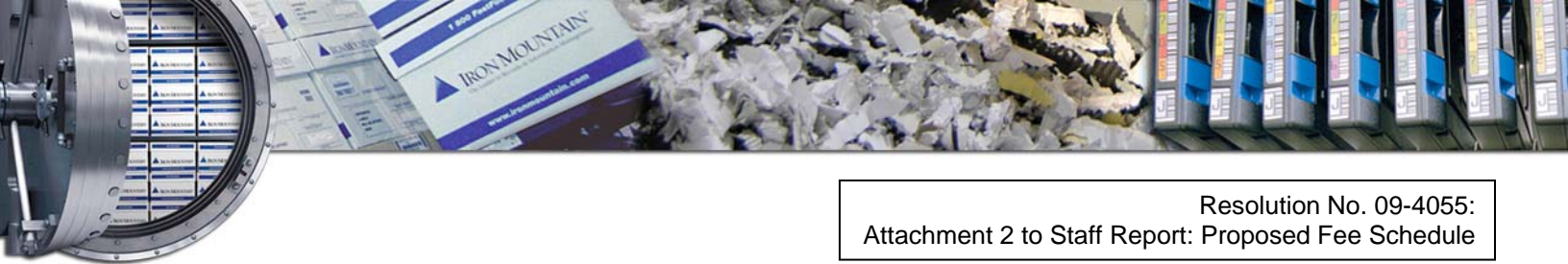
1. Description of Work

Contractor shall provide records storage, retrieval and destruction services at the unit prices specified in the attached Schedule A. Price adjustments for contract fees shall occur on the anniversary date of each year (as indicated in the rates sheet provided by Iron Mountain), and will remain fixed for the remainder of the year until the next anniversary date.

2. Payment and Billing

Contractor shall perform the above work for a maximum price not to exceed TWENTY-SIX THOUSAND DOLLARS (\$26,000.00).

The maximum price includes all fees, costs and expenses of whatever nature. Each of Metro's payments to Contractor shall equal the percentage of the work Contract accomplished during the billing period. Contractor's billing statements will include an itemized statement of work done and expenses incurred during the billing period, will not be submitted more frequently than once a month, and will be sent to Metro. Metro will pay Contractor within 30 days of receipt of an approved billing statement.



Renewal Schedule A: PROGRAM PRICING SCHEDULE

Records Management and Secure Shredding

This Records Management and Secure Shredding Pricing Schedule is incorporated into and made part of the Customer Agreement (“Agreement”) between Iron Mountain Information Management, Inc., (the “Company” or “Iron Mountain”) and METRO, (the “Customer”).

Please see our Customer Information Center at cic.ironmountain.com for a Glossary with definitions of the terms used in this Pricing Schedule and more detail regarding our services, standard processes, and billing practices. In addition, restrictions apply to volume and/or stated timeframes for some service transaction types and these may be found in the Glossary under each service type.

This Records Management and Secure Shredding Pricing Schedule supersedes and terminates any prior Records Management and Secure Shredding Pricing Schedule and/or Schedule A existing between Iron Mountain and the Customer for the accounts noted below.

METRO

District Name/Number: Portland - 01420 | Customer No. PDF11/6063Y
Effective Date: July 1, 2009

Standard Storage and Services

STORAGE		
Description	Effective Price	Per
■ Carton Storage	\$0.29	Cubic Foot

PROGRAM MANAGEMENT SERVICES — RECEIVING AND ENTERING		
Description	Effective Price	Per
■ Receiving and Entering - Carton	\$1.92	Cubic Foot



PROGRAM MANAGEMENT SERVICES — RETRIEVALS/REFILES

Description	Effective Price	Per
■ Regular Retrieval - Carton	\$2.08	Cubic Foot
■ Regular Retrieval - File from Carton	\$2.53	File
■ Regular Refile - Carton	\$2.08	Cubic Foot
■ Regular Refile - File to Carton	\$2.53	File

PROGRAM MANAGEMENT SERVICES — ARCHIVAL DESTRUCTION

Description	Effective Price	Per
■ Archival Destruction - Carton	\$2.06	Cubic Foot plus Regular Retrieval Charge

PROGRAM MANAGEMENT SERVICES — PERMANENT WITHDRAWAL

Description	Effective Price	Per
■ Permanent Withdrawal - Carton	\$2.64	Cubic Foot plus Regular Retrieval Charge
■ Permanent Withdrawal - File from Carton	\$1.29	File plus Regular Retrieval Charge

PROGRAM MANAGEMENT SERVICES — TRANSPORTATION SERVICES

Description	Effective Price	Per
■ Next Day Delivery	\$15.76	Transportation Visit plus Handling Charge
■ Regular Pickup	\$15.76	Transportation Visit plus Handling Charge
■ Handling Charge	\$1.76	Cubic Foot



Premium Storage and Services

PROGRAM MANAGEMENT SERVICES — RETRIEVALS/REFILES

Description	Effective Price	Per
■ Rush Retrieval - Carton	\$5.41	Cubic Foot
■ Rush Retrieval - File from Carton	\$6.62	File
■ Regular Interfile - Carton	\$2.55	Each

PROGRAM MANAGEMENT SERVICES — TRANSPORTATION SERVICES

Description	Effective Price	Per
■ Half Day Delivery	\$26.26	Transportation Visit plus Handling Charge
■ Rush Delivery - Business Day	\$52.52	Transportation Visit plus Handling Charge
■ Rush Delivery - Weekends/Holidays/After Hours	\$105.04	Transportation Visit plus Handling Charge
■ Rush Pickup - Business Day	\$52.52	Transportation Visit plus Handling Charge

PROGRAM MANAGEMENT SERVICES — INDIVIDUAL LISTING OF FILES

Description	Effective Price	Per
■ Individual Listing	\$0.30	File

PROGRAM MANAGEMENT SERVICES — MISCELLANEOUS SERVICES

Description	Effective Price	Per
■ Miscellaneous Services - Labor	\$42.60	Hour



Custom Storage and Services

STORAGE		
Description	Effective Price	Per
■ Storage Minimum	\$40.00	Month
■ Minimum Service Order Charge	\$3.00	Order



Schedule A:

PROGRAM PRICING SCHEDULE

Records Management Definition of Services

Storage

Storage at Iron Mountain facilities of Customer records (“Deposits” or “Items”).

Storage charges are billed monthly in advance.

Program Management Services

Regular Services are provided between 8:00 AM and 5:00 PM, local time, Monday through Friday, excluding holidays.

- **Receiving and Entering**
Receipt of new Cartons for storage.
 - **Retrievals/Refiles**
Temporary removal of Items from, or return of Items to, storage. Retrieval service may be “Regular” or “Rush.”
 - **Archival Destruction**
Retrieval, documentation, preparation, and secure shredding of Items stored at Iron Mountain.
 - **Permanent Withdrawal**
Retrieval, documentation, and preparation at Iron Mountain loading dock for permanent removal of Items stored at Iron Mountain facilities.
 - **Individual Listing of Files**
Data entry of file descriptions into Iron Mountain database.
 - **Miscellaneous Services**
Charges for Services not specifically listed on this Pricing Schedule, or at cic.ironmountain.com/additionalservices, are charged on the basis of hourly labor, in fifteen minute increments, plus materials consumed.
 - **Minimum Service Order Charge**
Minimum charge for an Order, excluding transportation related services.
 - **Administrative Fee**
Monthly fee for account maintenance, support, and administrative services.
- Minimum Storage accounts are not charged a monthly Administrative Fee.



Management Services are billed monthly in arrears.

Additional Services beyond those listed in this Pricing Schedule are available. For service descriptions, please go to Additional Services at cic.ironmountain.com/additionalservices.

Transportation Services

- **Next Day Delivery**
Order by 3:00 PM for delivery next Business Day.
- **Half Day Delivery**
Order by 10:00 AM for delivery same Business Day; or Order by 3:00 PM for delivery next Business Day by 12:00 PM.
- **Rush Delivery, Business Day**
Delivery within 3 hours of placement of Order (for Orders received not later than 2:00 PM) on a Business Day.
- **Rush Delivery, Weekends/Holidays/After Hours**
Delivery within 4 hours of placement of Order.
- **Regular Pickup**
Pickup orders placed before 4:00 PM on a Business Day will be picked up within the following two Business Days.
- **Rush Pickup, Business Day**
Pickup orders placed before 4:00 PM on a Business Day will be picked up on the following Business Day.

Fuel Surcharge Policy

A Fuel Surcharge is applied monthly based upon changes in the price of diesel fuel as published by the US Department of Energy. This charge is calculated monthly and included as a percentage of transportation related service charges. The current monthly Fuel Surcharge information can be found on the website at cic.ironmountain.com/FuelSurcharge.

Transportation Services are billed monthly in arrears.



Secure Shredding

Destruction of a customer's paper-based materials performed at an off-site facility or on-site at the customer's location. Service Fees are applied on a per work order basis for each collection container serviced.

Service Frequency

Preferred Service schedule will be mutually agreed upon and can be adjusted as necessary.

Initial On-Site Service Frequency — Bi-weekly

On-Site Secure Shredding Services

► COLLECTION CONTAINERS

LOCATIONS WITH	PRICE	PER
■ Security Consoles	\$20.00	Container
■ Per Box	\$6.19	Container

Minimum Shredding Service Charge

A Minimum Shredding Service Charge is applicable to all work orders. This charge will apply when the total work order fees do not meet the minimum charge set forth in this Pricing Schedule.

DESCRIPTION	PRICE	PER
■ Minimum On-Site Shredding Service Charge	\$50.00	Work Order

On-Call Service Fee

An additional fee charged to the work order for unscheduled service.

DESCRIPTION	PRICE	PER
■ On-Site Shred Trip	\$29.75	Work Order



Container Pickup/Delivery

Container Pickup/Delivery includes the delivery and placement, relocation, or pickup of collection containers at the Customer Location.

DESCRIPTION	PRICE	PER
■ Container Pickup/Delivery	\$0.00	Container

Plastic Media Destruction

Plastic Media Destruction service includes the destruction of non-paper based materials and is quoted on a per project basis. Additional Labor Fees and a Minimum Service Fee may apply. For a complete list of approved plastic media eligible for destruction services, please refer to the Customer Information Center (CIC) at cic.ironmountain.com.

Fuel Surcharge Policy

A Fuel Surcharge is applied monthly based upon changes in the price of diesel fuel as published by the US Department of Energy. This charge is calculated monthly and included as a percentage of transportation related service charges. The current monthly Fuel Surcharge information can be found on the website at cic.ironmountain.com/FuelSurcharge.

Secure Shredding Special Projects

Special Project Services provided outside the scope of routine services will be quoted on a per project basis. Pricing for transactional services listed on the Pricing Schedule may differ when they are part of a special project. Additional Labor Fees and a Minimum Service Fee may apply.

Labor

Labor charges may be assessed to perform services not specifically addressed in this schedule.

DESCRIPTION	PRICE	PER
■ Labor	\$42.00	Hour

Unless otherwise specified, pricing is for paper based shredding services. Shredding of other approved non paper-based media shall be quoted separately.

Customer Locations with restricted access or non-standard service requirements may be subject to additional fees.



Conclusion

Your records tell the story of your business and have operational, financial and legal value.

Yet they also represent risks, costs and management challenges. In addition to rising storage, labor and administrative expenses, today's changing legal climate brings liability — tough enforcement of new regulations adds a litigation-readiness focus to the complexity of records management.

As this proposal demonstrates, Iron Mountain has the expertise, the resources and the experience to solve METRO's unique challenges. Our professional, proven, cost-effective records management services have been tailored to address your specific needs.

Iron Mountain can provide you with:

- Responsive local service
- Proven technology
- Deep records management expertise
- Proactive account management
- National account capabilities
- Real estate and facilities resources
- Economies of scale
- Highly trained and dedicated professional staff

Customers choose Iron Mountain for one reason above all: value. This value extends beyond storage and management services; it rests with the confidence of knowing you have entrusted your records to the industry leader. Customers know Iron Mountain is committed to a long-term business relationship. Iron Mountain is here with answers for your records and information management needs today, and we will be here to help you with your challenges of tomorrow.

Agenda Item Number 5.1

Ordinance No. 09-1216, For the Purpose of Amending and Readopting
Metro Code 7.03 (Investment Policy) for Fiscal Year 2009-
2010 and Declaring and Emergency.

ORDINANCE – SECOND READING
COUNCILOR HARRINGTON

Metro Council Meeting
Thursday, June 25, 2009
Metro Council Chamber

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF AMENDING AND RE-	)	ORDINANCE NO. 09-1216
ADOPTING METRO CODE 7.03 (INVESTMENT)	
POLICY) FOR FISCAL YEAR 2009-2010 AND	)	Introduced by Michael Jordan, Chief
DECLARING AN EMERGENCY	)	Operating Office in concurrence with
	)	Council President Bragdon

WHEREAS, Metro Code Section 7.03 contains the investment policy which applies to all cash-related assets held by Metro; and

WHEREAS, the Investment Advisory Board reviews and approves the Investment Policy for submission to Metro Council; and

WHEREAS, the Investment Coordinator has proposed three changes to the Investment Policy:

- (1) Update scope language to remove hard dollar references to portfolio size as it constantly changes;
- (2) Update collateralization language to match new changes in ORS Chapter 295;
- (3) Update Competitive Selection of Investments Instruments language that formerly was restricted to oral bidding to include the use of electronic competitive bidding platforms; and

WHEREAS, on April 21, 2009, the Investment Advisory Board voted to recommend the three changes to Metro Code 7.03 as amended hereto and submit to the Metro Council for approval and readoption; now therefore,

THE METRO COUNCIL ORDAINS AS FOLLOWS:

That Metro Code Chapter 7.03 is hereby amended and readopted as attached hereto in Exhibit A to this ordinance.

That this Ordinance being necessary for the health, safety, or welfare of the Metro area, for the reason that the new fiscal year begins, July 1, 2009 and Oregon Budget Law requires the adoption of a budget prior to the beginning of the fiscal year, and that amending and readoption of the Investment Policy should coincide with the adoption of the annual budget, an emergency is declared to exist and this Ordinance shall take effect immediately, pursuant to Metro Charter Section 39(1).

ADOPTED by the Metro Council this 25th day of June 2009.

David Bragdon, Council President

Attest:

Approved as to Form:

Tony Andersen, Recording Secretary

Daniel B. Cooper, Metro Attorney

CHAPTER 7.03

INVESTMENT POLICY**

SECTIONS	TITLE
7.03.010	Scope
7.03.020	General Objectives
7.03.030	Standards of Care
7.03.040	Safekeeping and Custody
7.03.050	Suitable and Authorized Investments
7.03.060	Investment Parameters
7.03.070	Reporting
7.03.080	Policy Adoption and Re-Adoption
7.03.090	List of Documents Used in Conjunction with this Policy

**Former Chapter 2.06 (readopted April 9, 1998; amended December 10, 1998; readopted April 15, 1999; readopted April 27, 2000; readopted December 11, 2001; readopted October 3, 2002; renumbered by Ordinance No. 02-976, Sec. 1; readopted June 12, 2003; amended and readopted April 7, 2005, by Ordinance No. 05-1075; readopted April 20, 2006; readopted June 21, 2007; amended and readopted June 26, 2008, by Ordinance No. 08-1190.)

7.03.010 Scope

These investment policies apply to all cash-related assets included within the scope of Metro's audited financial statements and held directly by Metro.

~~Other than bond proceeds or other segregated revenues, the total of funds pooled for investments ranges from \$60 million to \$100 million with an average of \$80 million.~~ Funds held and invested by trustees or fiscal agents are excluded from these policies; however, such funds are subject to the regulations established by the state of Oregon.

Funds of Metro will be invested in compliance with the provisions of ORS 294.035 to 294.048; ORS 294.125 to 294.145; ORS 294.810; and other applicable statutes. Investments will be in accordance with these policies and written administrative procedures. Investment of any tax-exempt borrowing proceeds and of any debt service funds will comply with the 1986 Tax Reform Act provisions and any subsequent amendments thereto.

(Ordinance No. 90-365. Amended by Ordinance No. 97-684, Sec. 1; Ordinance No. 02-976, Sec. 1; Ordinance No. 05-1075.)

7.03.020 General Objectives

Due to Metro's fiduciary responsibility, safety of capital and availability of funds to meet payment requirements are the overriding objectives of the investment program. Investment yield targets are secondary.

(a) Safety. Investments shall be undertaken in a manner that seeks to ensure the preservation of principal in the overall portfolio and security of funds and investments. The objective will be to mitigate credit risk and interest rate risk.

(1) Credit Risk. Metro will minimize credit risk, the risk of loss due to the financial failure of the security issuer or backer, by:

- Limiting exposure to poor credits and concentrating the investments in the safest types of securities.
- Pre-qualifying the financial institutions, broker/dealers, and advisers with which Metro will do business.
- Diversifying the investment portfolio so that potential losses on individual securities will be minimized. For securities not backed by the full faith and credit of the federal government, diversification is required in order that potential losses on individual securities would not exceed the income generated from the remainder of the portfolio.
- Actively monitoring the investment portfolio holdings for ratings changes, changing economic/market conditions, etc.

(2) Interest Rate Risk. Metro will minimize the risk that the market value of securities in the portfolio will fall due to changes in general interest rates by:

- Structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need

to sell securities on the open market prior to maturity.

- Investing operating funds primarily in shorter-term securities or short-term investment pools.

(b) Liquidity. The investment officer shall assure that funds are constantly available to meet immediate payment requirements, including payroll, accounts payable and debt service.

(c) Yield. The investment portfolio shall be designed with the objective of regularly exceeding the average return on 90-day U.S. Treasury Bills. The investment program shall seek to augment returns above this level, consistent with risk limitations described in this policy and prudent investment principles.

This policy shall not preclude the sale of securities prior to their maturity in order to improve the quality, net yield, or maturity characteristic of the portfolio.

(d) Legality. Funds will be deposited and invested in accordance with statutes, ordinances and policies governing Metro.

(Ordinance No. 87-228, Sec. 3. Amended by Ordinance No. 90-365; Ordinance No. 02-976, Sec. 1; Ordinance No. 05-1075.)

7.03.030 Standards of Care

(a) Prudence. The standard of prudence to be applied by the investment officer shall be the "prudent investor" rule: "Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived." The prudent investor rule shall be applied in the context of managing the overall portfolio.

(b) Delegation of Authority. The Chief Operating Officer is the investment officer of Metro. The authority for investing Metro funds is vested with the investment officer, who, in turn, designates the investment manager to manage the day-to-day operations of Metro's investment portfolio, place purchase orders and sell orders with dealers and financial institutions, and prepare reports as required.

(c) Investment Advisory Board (IAB). There shall be an investment advisory board composed of five (5) members.

- (1) Terms of Service. The term of service for citizens appointed to the IAB shall be three (3) calendar years. The term of appointment shall be staggered so that not more than two (2) members' terms expire in any calendar year.
- (2) Appointment. The investment officer shall recommend to the Council for confirmation the names of persons for appointment to the IAB.
- (3) Duties. The IAB shall meet quarterly. The IAB will serve as a forum for discussion and act in an advisory capacity for investment strategies, banking relationships, the legality and probity of investment activities and the establishment of written procedures for the investment operations.

(d) Quarterly Reports. At each quarterly meeting, a report reflecting the status of the portfolio will be submitted for review and comment by at least three (3) members of the IAB. Discussion and comment on the report will be noted in minutes of the meeting. If concurrence is not obtained, notification will be given to the investment officer, including comments by the IAB.

(e) Monitoring the Portfolio. The investment manager will routinely monitor the contents of the portfolio comparing the holdings to the markets, relative values of competing instruments, changes in credit quality, and benchmarks. If there are advantageous transactions, the portfolio may be adjusted accordingly.

(f) Indemnity Clause. Metro shall indemnify the investment officer, chief financial officer, investment manager, staff and the IAB members from personal liability for losses that might occur pursuant to administering this investment policy.

The investment officer, acting in accordance with written procedures and exercising due diligence, shall not be held personally responsible for a specific security's credit risk or market price changes, provided that these deviations are reported to the council as soon as practicable.

(g) Accounting Method. Metro shall comply with all required legal provisions and Generally Accepted Accounting Principles (GAAP). The accounting principles are those contained in the pronouncements of authoritative bodies, including, but not necessarily limited to, the American Institute of Certified

Public Accountants (AICPA); the Financial Accounting Standards Board (FASB); and the Government Accounting Standards Board (GASB).

(Ordinance No. 05-1075.)

7.03.040 Safekeeping and Custody

(a) Authorized Financial Dealers and Institutions. The investment officer shall maintain a listing of all authorized dealers and financial institutions that are approved for investment purposes. Financial institutions must have a branch in Oregon. Any firm is eligible to apply to provide investment services to Metro and will be added to the list if the selection criteria are met. Additions or deletions to the list will be made by the investment officer and reviewed by the IAB. At the request of the investment officer, the firms performing investment services for Metro shall provide their most recent financial statements or Consolidated Report of Condition (call report) for review. Further, there should be in place proof as to all the necessary credentials and licenses held by employees of the broker/dealers who will have contact with Metro, as specified by but not necessarily limited to the National Association of Securities Dealers (NASD), Securities and Exchange Commission (SEC), etc. At minimum, the investment officer and the IAB shall conduct an annual evaluation of each firm's qualifications to determine whether it should be on the authorized list.

Securities dealers not affiliated with a Qualified Financial Institution, as defined in ORS 294.035, will be required to have headquarters located in the states of Oregon, Washington or Idaho and, if not headquartered in the state of Oregon, to have an office located in Oregon. Notwithstanding the above, securities dealers who are classified as primary dealers with the New York Federal Reserve Bank are also eligible.

(b) Internal Controls. The investment officer shall maintain a system of written internal controls, which shall be reviewed annually by the IAB and the independent auditor. The controls shall be designed to prevent loss of public funds due to fraud, error, misrepresentation or imprudent actions.

Metro's independent auditor at least annually shall audit investments according to generally accepted auditing standards and this ordinance.

(c) Delivery vs. Payment. All securities purchased pursuant to this investment policy will be delivered by either book entry or physical delivery to a third party for safekeeping

by a bank designated as custodian. Purchase and sale of all securities will be on a payment versus delivery basis. Delivery versus payment will also be required for all repurchase transactions and with the collateral priced and limited in maturity in compliance with ORS 294.035(11).

(d) Safekeeping. The trust department of the bank designated as custodian will be considered to be a third party for the purposes of safekeeping of securities purchased from that bank. The custodian shall issue a safekeeping receipt to Metro listing the specific instrument, rate, maturity and other pertinent information.

Notwithstanding the preceding, an exception to the delivery versus payment policy is made when purchasing State and Local Government Series Securities (SLGS) from the United States Treasury's Bureau of Public Debt to satisfy arbitrage yield restriction requirements of the Internal Revenue Code for tax-exempt bond issues.

(Ordinance No. 05-1075.)

7.03.050 Suitable and Authorized Investments

(Definitions of terms and applicable authorizing statutes are listed in the "Summary of Investments Available to Municipalities" provided by the State Treasurer.)

(a) Investment Types. The following investments are permitted by this policy and ORS 294.035 and 294.810.

- (1) U.S. Treasury Bills, Notes, Bonds, Strips
(Separate Trading of Registered Interest and Principal of Securities) and/or State and Local Government Series Securities (SLGS)
- (2) Securities of U.S. Government Agencies and U.S. Government Sponsored Enterprises
- (3) Certificates of Deposit (CD) from commercial banks in Oregon and insured by the Federal Deposit Insurance Corporation (FDIC)
- (4) Repurchase Agreements (Repo's)
- (5) Banker's Acceptances (BA)
- (6) Commercial Paper (CP) issued by a financial institution, commercial, industrial or utility business enterprise

- (7) State of Oregon and Local Government Securities with A ratings or better
- (8) State of Oregon Investment Pool
- (9) Market Interest Accounts and Checking Accounts

(b) Collateralization. Deposit-type securities (i.e., Certificates of Deposit) and all bank deposits for any amount exceeding FDIC coverage shall be collateralized through the ~~state collateral pool~~ Public Funds Collateralization Program as required by ORS ~~Chapter 295.015 and ORS 295.018 for any amount exceeding FDIC coverage, recognizing that ORS 295.015 requires only 25 percent collateralization and ORS 295.018 requires 110 percent collateralization when the institution is notified by the State Treasurer.~~ ORS Chapter 295 governs the collateralization of Oregon public funds and provides the statutory requirements for the Public Funds Collateralization Program. Bank depositories are required to pledge collateral against any public funds deposits in excess of deposit insurance amounts. ORS 295 sets the specific value of the collateral, as well as the types of collateral that are acceptable.

(Ordinance No. 05-1075.)

7.03.060 Investment Parameters

(a) Diversification by Maturity. Only investments which can be held to maturity shall be purchased. Investments shall not be planned or made predicated upon selling the security prior to maturity. This restriction does not prohibit the use of repurchase agreements under ORS 294.135(2).

Maturity limitations shall depend upon whether the funds being invested are considered short-term or long-term funds. All funds shall be considered short-term, except those reserved for capital projects (e.g., bond sale proceeds).

(1) Short-Term Funds.

(A) Investment maturities for operating funds and bond reserves shall be scheduled to meet projected cash flow needs. Funds considered short-term will be invested to coincide with projected cash needs or with the following serial maturity:

25% minimum to mature under three months
75% minimum to mature under 18 months

100% minimum to mature under five years

- (B) Investments may not exceed five (5) years. Investment maturities beyond 18 months may be made when supported by cash flow projections which reasonably demonstrate that liquidity requirement will be met. Maturities beyond 18 months will be limited to direct U.S. Treasury obligations.

(2) Long-Term Funds.

- (A) Maturity scheduling shall be timed according to anticipated need. ORS 294.135 permits investment beyond 18 months for any bond proceeds or funds accumulated for any purpose that the district is permitted by state law to accumulate and hold funds for a period exceeding one (1) year. The maturities should be made to coincide as nearly as practicable with the expected use of the funds.
- (B) Investment of capital project funds shall be timed to meet projected contractor payments. The drawdown schedule used to guide the investment of the funds shall evidence the approval of the investment officer and review of the Chief Financial Officer.

(b) Diversification by Investment. The investment officer will diversify the portfolio to avoid incurring unreasonable risks inherent in over-investing in specific instruments, individual financial institutions, or maturities.

The maximum percentages of the portfolio and the maximum maturities for investments are as follows:

Security	Maximum Percent of Portfolio	Maximum Maturity
U.S. Treasury Bills, Notes, Bonds, Strips and/or State and Local Government Series (SLGS)	100%	
Securities of U.S. Government Agencies and U.S. Government Sponsored Enterprises	100%	

Certificates of Deposit (CD) Commercial Banks in Oregon Insured by FDIC	100%	
Repurchase Agreements (Repo's)	50%	90-day maturity
Bankers Acceptances (BA)	25%	
Commercial Paper (CP) - Issued by a financial institution, commercial, industrial, or utility business enterprise. For a corporation headquartered in Oregon For a corporation headquartered outside of Oregon	35%	A-1 and P-1 only, 90-day maturity; A-2 and P-2, A-1/P-2, or A-2/P1, 60-day maturity A-1 and P-1 only; 90-day maturity
State of Oregon and Local Government Securities with A ratings or better	25%	
State of Oregon Investment Pool	100%	
Market Interest Accounts and Checking Accounts	Minimum necessary for daily cash management efficiency	

(c) Diversification by Financial Institution.

- (1) Qualified Institutions. The investment officer shall maintain a listing of financial institutions and securities dealers recommended by the IAB. Any financial institution and/or securities dealer is eligible to make an application to the investment officer and upon due consideration and approval hold available funds.

A listing of the eligible institutions shall be held by the investment officer and provided any fiduciary agent or trustee.

- (2) Diversification Requirements. The combination of investments in Certificates of Deposit and Banker's Acceptances invested with any one institution shall not exceed 25 percent of the total available funds or 15 percent of the equity of the institution.

The following limitations avoid over-concentration in securities from a specific issuer or business sector:

Type of Security	Limitation
U.S. Government Treasuries	No limitations
U.S. Government Agencies	Securities of U.S. Government Agencies and U.S. Government Sponsored Enterprises as defined under ORS 294.035 and/or 294.040. No more than 40 percent of the portfolio in any one agency.
Certificates of Deposit - Commercial Banks	No more than the lesser of 25 percent of the total available funds or 15 percent of the equity of the financial institution may be invested with any one institution.
Repurchase Agreements	<p>May be purchased from any qualified institution provided the master repurchase agreement is effective and the safekeeping requirements are met. All repurchase agreements will be fully collateralized by general obligations of the U.S. Government, the agencies and instrumentalities of the United States or enterprises sponsored by the United States government, marked to market.</p> <p>The investment officer shall not enter into any reverse repurchase agreements.</p>
Bankers Acceptances	<p>Must be guaranteed by, and carried on the books of, a qualified financial institution whose short-term letter of credit rating is rated in the highest category by one or more nationally recognized statistical rating organizations.</p> <p>Qualified institution means:</p>

	<p>i) A financial institution that is located and licensed to do banking business in the state of Oregon; or</p> <p>ii) A financial institution located in the states of California, Idaho, or Washington that is wholly owned by a bank holding company that owns a financial institution that is located and licensed to do banking business in the state of Oregon.</p> <p>No more than the lesser of 25 percent of the total available funds or 15 percent of the equity of the financial institution may be invested with any one institution.</p>
Commercial Paper	No more than 5 percent of the total portfolio with any one corporate entity.
State and Local Government Securities	No more than 15 percent of the total portfolio in any one local entity.
State of Oregon Investment Pool	Not to exceed the maximum amount established in accordance with ORS 294.810, with the exception of pass-through funds (in and out within 10 days)

(d) Total Prohibitions. The investment officer may not make a commitment to invest funds or sell securities more than 14 business days prior to the anticipated date of settlement of the purchase or sale transaction and may not agree to invest funds or sell securities for a fee other than interest. Purchase of standby or forward commitments of any sort are specifically prohibited.

(e) Adherence to Investment Diversification. Diversification requirements must be met on the day an investment transaction is executed. If due to unanticipated cash needs, investment maturities or marking the portfolio to market, the investment in any security type, financial issuer or maturity spectrum later exceeds the limitations in the policy, the investment officer is responsible for bringing the investment portfolio back into compliance as soon as is practical.

(f) Competitive Selection of Investment Instruments. Before the investment officer invests any surplus funds, a competitive offering solicitation shall be conducted orally, or |

alternatively through an electronic competitive bidding platform that compares several offers of the same security class like commercial paper, new issue GSE's and treasury issues. Offerings will be requested from financial institutions for various options with regards to term and instrument. The investment officer will accept the offering, which provides the highest rate of return within the maturity required and within the prudent investor rule. Records will be kept of offerings and the basis for making the investment decision.

(Ordinance No. 05-1075. Amended by Ordinance No. 08-1190.)

7.03.070 Reporting

(a) Methods. A transaction report shall be prepared by the investment manager not later than one business day after the transaction, unless a trustee, operating under a trust agreement, has executed the transaction. The trustee agreement shall provide for a report of transactions to be submitted by the trustee on a monthly basis.

Quarterly reports shall be prepared for each regular meeting of the IAB to present historical information for the past 12-month period. Copies shall be provided to the Chief Operating Officer and the Metro Council.

(b) Performance Standards. The overall performance of Metro's investment program is evaluated quarterly by the IAB using the objectives outlined in this policy. The quarterly report which confirms adherence to this policy shall be provided to the Metro Council as soon as practicable.

The performance of Metro's portfolio shall be measured by comparing the average yield of the portfolio at month-end against the performance of the 90-day U.S. Treasury Bill issue maturing closest to 90 days from month-end and the Local Government Investment Pool's monthly average yield.

(Ordinance No. 05-1075.)

7.030.080 Policy Adoption and Re-adoption

(a) The investment policy must be reviewed by the IAB and the Oregon Short-Term Fund Board prior to adoption by the Metro Council. Adoption of this policy supersedes any other previous Council action or policy regarding Metro's investment management practices.

(b) This policy shall be subject to review and re-adoption annually by the Metro Council in accordance with ORS 294.135.

(Ordinance No. 05-1075.)

7.030.090 List of Documents Used in Conjunction with this Policy

The following documents are used in conjunction with this policy and are available from the investment manager upon request:

- List of Authorized Brokers and Dealers
- List of Primary Dealers
- Calendar of Federal Reserve System Holidays
- Calendar of Local Government Investment Pool Holidays
- Broker/Dealer Request for Information
- Oregon State Treasury's Summary of Liquid Investments Available to Local Governments for Short-Term Fund Investment
- Oregon State Treasury's U.S. Government and Agency Securities for Local Government Investment Under ORS 294.035 and 294.040
- Oregon State Treasury's List of Qualified Depositories for Public Funds
- Attorney General's letter of advice: Certificates of Deposit, ORS 294.035 and ORS 295
- Oregon Revised Statute Chapter 294 - County and Municipal Financial Administration
- Oregon Revised Statute Chapter 295 - Depositories of Public Funds and Securities
- Government Finance Officers Association Glossary of Cash Management Terms

(Ordinance No. 05-1075.)

STAFF REPORT

IN CONSIDERATION OF ORDINANCE NO. 09-1216 FOR THE PURPOSE OF AMENDING AND READOPTING METRO CODE 7.03 (INVESTMENT POLICY) FOR FISCAL YEAR 2009-2010 AND DECLARING AN EMERGENCY

Date: May 22, 2009

Prepared by: Calvin Smith
Telephone: 503-797-1612

BACKGROUND

Metro Code, Chapter 7.03 contains the Investment Policy that applies to all cash-related assets held by Metro. This Investment Policy is being submitted to Council for review and readoption in accordance with Section 7.03.160 of Metro Code.

The format of Metro's Investment Policy conforms to the Oregon State Treasury's Sample Investment Policy for Local Governments and the Government Finance Officers Association's (GFOA) Sample Investment Policy. This allows Metro's policy to be readily compared to investment policies of other local governments that have adopted the same GFOA format.

Three changes to the investment policy are proposed as a part of this readoption. The Investment Manager proposes to (1) Update Scope language to remove hard dollar references to portfolio size as it constantly changes. (2) Update Collateralization language to match new changes in ORS Chapter 295. (3) Update Competitive Selection of Investments Instruments language that formerly was restricted to oral bidding to include use of electronic competitive bidding platforms. This amended policy has been submitted to the Oregon State Short Term Fund Board (OSTFB) for its concurrent review and approval. OSTFB staff has stated the proposed Metro policy meets the requisite due diligence with proposed processes. In the unlikely event that anything other than a positive review is received, the policy will be returned to the Metro Council for approval of any changes required by OSTFB.

ANALYSIS/INFORMATION

1. **Known Opposition:** None.
2. **Legal Antecedents:** Metro Code, Chapter 7.03, Investment Policy, Section 7.030.080(b) proscribes that the policy shall be subject to review and readoption annually by the Metro Council in accordance with ORS 294.135.

Chapter 7.03 was formerly Chapter 2.06 (readopted April 9, 1998; amended December 10, 1998; readopted April 15, 1999; readopted April 27, 2000; readopted December 11, 2001; readopted October 3, 2002; renumbered by Ordinance No. 02-976, Sec. 1; readopted June 12, 2003; amended and readopted April 7, 2005, by Ordinance No. 05-1075; readopted April 20, 2006, by Ordinance 06-1114; readopted June 21, 2007 by Ordinance 07-1149; readopted June 26, 2008 by Ordinance 08-1190).

3. **Anticipated Effects:** N/A
4. **Budget Impacts:** N/A

RECOMMENDED ACTION: Staff recommends readoption as amended of Metro Code Chapter 7.03 by Ordinance No. 09-1216.

Agenda Item Number 5.2

Ordinance No. 09-1219, Amending the FY 2008-09 Budget and Appropriations Schedule for the Oregon Zoo by Transferring Appropriations From Contingency, Recognizing Donations and Other Contributions, Amending the Capital Improvement Plan and Declaring an Emergency.

ORDINANCE – SECOND READING
COUNCILOR COLLETTE

Metro Council Meeting
Thursday, June 25, 2009
Metro Council Chamber

BEFORE THE METRO COUNCIL

AMENDING THE FY 2008-09 BUDGET AND) ORDINANCE NO. 09-1219
APPROPRIATIONS SCHEDULE FOR THE)
OREGON ZOO BY TRANSFERRING) Introduced by Michael Jordan, Chief
APPROPRIATIONS FROM CONTINGENCY,) Operating Officer, with the concurrence of
RECOGNIZING DONATIONS AND OTHER) Council President David Bragdon
CONTRIBUTIONS, AMENDING THE CAPITAL)
IMPROVEMENT PLAN AND DECLARING AN)
EMERGENCY)

WHEREAS, the Metro Council has reviewed and considered the need to increase appropriations within the FY 2008-09 Budget; and

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

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

THE METRO COUNCIL ORDAINS AS FOLLOWS:

1. That the FY 2008-09 Budget and Schedule of Appropriations are hereby amended as shown in the column entitled "Revision" of Exhibits A and B to this Ordinance for the purpose of transferring appropriations from contingency to operating expenses in the General Fund Oregon Zoo, recognizing donations and other contributions for the Oregon Zoo, and transferring appropriations from contingency to capital outlay in the Metro Capital Fund Oregon Zoo Account.
2. That the FY 2008-09 through FY 2012-13 Capital Improvement Plan is hereby amended to include the project shown in Exhibit C to this Ordinance.
3. This Ordinance being necessary for the immediate preservation of the public health, safety or welfare of the Metro area in order to meet obligations and comply with Oregon Budget Law, an emergency is declared to exist, and this Ordinance takes effect upon passage.

ADOPTED by the Metro Council this _____ day of _____ 2009.

David Bragdon, Council President

Attest:

Approved as to Form:

Anthony Andersen, Recording Secretary

Daniel B. Cooper, Metro Attorney

**Exhibit A
Ordinance No. 09-1219**

ACCT	DESCRIPTION	Current Budget		Revision		Amended Budget	
		FTE	Amount	FTE	Amount	FTE	Amount
General Fund							
Resources							
<i>Resources</i>							
<i>BEGBAL</i>	<i>Beginning Fund Balance</i>						
3500	Beginning Fund Balance						
	* Undesignated		4,094,902		0		4,094,902
	* Prior period audit adjustment: TOD		5,865,983		0		5,865,983
	* Reserved for Underspending		334,000		0		334,000
	* Project Carryover		1,481,337		0		1,481,337
	* Tourism Opportunity & Comp. Account		96,655		0		96,655
	* Recovery Rate Stabilization Reserve		1,012,884		0		1,012,884
	* Reserved for Local Gov't Grants (CET)		602,046		0		602,046
	* Reserve for Future Debt Service		2,397,852		0		2,397,852
	* Tibbets Flower Account		352		0		352
	* Reserved for Future Planning Needs		1,604,140		0		1,604,140
	* Reserved for Future Election Costs		290,000		0		290,000
	* Reserved for Nature in Neighborhood Grants		1,050,000		0		1,050,000
	* Reserved for Reg. Afford. Housing Revolving Fu		1,000,000		0		1,000,000
	* Reserved for Metro Regional Center Remodel		413,000		0		413,000
	* Reserve for Future Natural Areas Operations		764,453		0		764,453
	* Prior year PERS Reserve		2,782,174		0		2,782,174
<i>EXCISE</i>	<i>Excise Tax</i>						
4050	Excise Taxes		15,106,909		0		15,106,909
4055	Construction Excise Tax		1,497,954		0		1,497,954
<i>RPTAX</i>	<i>Real Property Taxes</i>						
4010	Real Property Taxes-Current Yr		10,618,031		0		10,618,031
4015	Real Property Taxes-Prior Yrs		318,541		0		318,541
<i>GRANTS</i>	<i>Grants</i>						
4100	Federal Grants - Direct		3,999,452		0		3,999,452
4105	Federal Grants - Indirect		5,578,045		0		5,578,045
4110	State Grants - Direct		1,351,000		0		1,351,000
4120	Local Grants - Direct		5,503,093		0		5,503,093
<i>LGSHRE</i>	<i>Local Gov't Share Revenues</i>						
4135	Marine Board Fuel Tax		114,000		0		114,000
4139	Other Local Govt Shared Rev.		447,967		0		447,967
<i>GVCNTB</i>	<i>Contributions from Governments</i>						
4145	Government Contributions		410,633		0		410,633
<i>LICPER</i>	<i>Licenses and Permits</i>						
4150	Contractor's Business License		412,000		0		412,000
<i>CHGSVC</i>	<i>Charges for Service</i>						
4160	Boat Ramp Use Permits		508		0		508
4165	Boat Launch Fees		150,000		0		150,000
4180	Contract & Professional Service		563,178		0		563,178
4200	UGB Fees		50,000		0		50,000
4230	Product Sales		387,519		0		387,519
4280	Grave Openings		179,325		0		179,325
4285	Grave Sales		144,675		0		144,675
4500	Admission Fees		7,759,908		0		7,759,908
4501	Conservation Surcharge		150,000		0		150,000
4510	Rentals		807,341		0		807,341
4550	Food Service Revenue		5,155,669		0		5,155,669
4560	Retail Sales		2,216,110		0		2,216,110
4580	Utility Services		2,000		0		2,000

**Exhibit A
Ordinance No. 09-1219**

ACCT	DESCRIPTION	Current Budget		Revision		Amended Budget	
		FTE	Amount	FTE	Amount	FTE	Amount
General Fund							
Resources							
4610	Contract Revenue		883,315		0		883,315
4620	Parking Fees		930,000		0		930,000
4630	Tuition and Lectures		1,239,645		0		1,239,645
4635	Exhibit Shows		1,049,986		0		1,049,986
4640	Railroad Rides		805,462		0		805,462
4645	Reimbursed Services		270,000		0		270,000
4650	Miscellaneous Charges for Service		13,831		0		13,831
4760	Sponsorships		57,000		0		57,000
<i>INTRST</i>	<i>Interest Earnings</i>						
4700	Interest on Investments		994,972		0		994,972
<i>DONAT</i>	<i>Contributions from Private Sources</i>						
4750	Donations and Bequests		1,346,495		119,924		1,466,419
<i>INCGRV</i>	<i>Internal Charges for Service</i>						
4670	Charges for Service		48,124		0		48,124
<i>MISCRV</i>	<i>Miscellaneous Revenue</i>						
4170	Fines and Forfeits		20,000		0		20,000
4890	Miscellaneous Revenue		151,000		0		151,000
4891	Reimbursements		1,411,973		0		1,411,973
<i>EQTREV</i>	<i>Fund Equity Transfers</i>						
4970	Transfer of Resources						
	* from MERC Pooled Capital Fund		97,174		0		97,174
<i>INDTRV</i>	<i>Interfund Reimbursements</i>						
4975	Transfer for Indirect Costs						
	* from MERC Operating Fund		1,842,802		0		1,842,802
	* from Natural Areas Fund		1,028,311		0		1,028,311
	* from Solid Waste Revenue Fund		3,681,110		0		3,681,110
<i>INTSRV</i>	<i>Internal Service Transfers</i>						
4980	Transfer for Direct Costs						
	* from Natural Areas Fund		128,513		0		128,513
	* from Smith & Bybee Lakes Fund		119,980		0		119,980
	* from Solid Waste Revenue Fund		738,056		0		738,056
TOTAL RESOURCES			\$103,571,385		\$119,924		\$103,691,309

**Exhibit A
Ordinance No. 09-1219**

ACCT	DESCRIPTION	Current		Revision		Amended	
		FTE	Amount	FTE	Amount	FTE	Amount
General Fund							
Oregon Zoo							
<i>Personal Services</i>							
<i>SALWGE Salaries & Wages</i>							
5010	Reg Employees-Full Time-Exempt						
	Administrative Specialist IV	1.00	48,991	-	0	1.00	48,991
	Associate Natural Resource Scientist	1.00	54,204	-	0	1.00	54,204
	Associate Visual Communications Designer	3.00	159,672	-	0	3.00	159,672
	Director II	1.00	132,605	-	0	1.00	132,605
	Education Coordinator II	1.00	44,468	-	0	1.00	44,468
	Events Coordinator	1.00	56,388	-	0	1.00	56,388
	Manager I	4.00	316,547	-	0	4.00	316,547
	Manager II	1.00	85,505	-	0	1.00	85,505
	Program Analyst II	2.00	113,029	-	0	2.00	113,029
	Program Analyst III	3.00	190,719	-	0	3.00	190,719
	Program Director II	2.00	230,990	-	0	2.00	230,990
	Program Supervisor II	3.00	253,950	-	0	3.00	253,950
	Project Coordinator	1.00	68,908	-	0	1.00	68,908
	Registrar	1.00	48,991	-	0	1.00	48,991
	Research Coordinator II	1.00	61,730	-	0	1.00	61,730
	Senior Public Affairs Specialist	1.00	65,592	-	0	1.00	65,592
	Service Supervisor I	3.00	143,536	-	0	3.00	143,536
	Service Supervisor II	10.00	532,544	-	0	10.00	532,544
	Service Supervisor III	5.00	330,357	-	0	5.00	330,357
	Service Supervisor IV	1.00	71,439	-	0	1.00	71,439
	Veterinarian I	1.00	70,271	-	0	1.00	70,271
	Veterinarian II	1.00	89,236	-	0	1.00	89,236
5015	Reg Empl-Full Time-Non-Exempt						
	Administrative Assistant III	1.00	39,902	-	0	1.00	39,902
	Administrative Specialist I	1.00	31,675	-	0	1.00	31,675
	Administrative Specialist II	1.00	34,890	-	0	1.00	34,890
	Administrative Specialist III	4.00	165,975	-	0	4.00	165,975
	Animal Keeper	31.00	1,377,766	-	0	31.00	1,377,766
	Custodian	6.00	241,999	-	0	6.00	241,999
	Education Coordinator I	2.00	88,990	-	0	2.00	88,990
	Exhibits Lead	1.00	60,322	-	0	1.00	60,322
	Exhibits Technician II	1.00	49,152	-	0	1.00	49,152
	Gardener I	7.00	307,524	-	0	7.00	307,524
	Maintenance Electrician	1.00	68,298	-	0	1.00	68,298
	Maintenance Lead	1.00	60,322	-	0	1.00	60,322
	Maintenance Technician	2.00	115,508	-	0	2.00	115,508
	Maintenance Worker 2	12.00	586,441	-	0	12.00	586,441
	Nutrition Technician	1.00	43,932	-	0	1.00	43,932
	Program Assistant I	2.00	67,150	-	0	2.00	67,150
	Program Assistant 2	2.00	68,131	-	0	2.00	68,131
	Safety and Security Officer	4.00	130,667	-	0	4.00	130,667
	Senior Animal Keeper	6.00	299,166	-	0	6.00	299,166
	Senior Gardener	1.00	52,409	-	0	1.00	52,409
	Storekeeper	1.00	46,646	-	0	1.00	46,646
	Typist/Receptionist-Lead	1.00	29,733	-	0	1.00	29,733
	Veterinary Technician	2.00	91,288	-	0	2.00	91,288
	Volunteer Coordinator I	2.00	113,378	-	0	2.00	113,378

**Exhibit A
Ordinance No. 09-1219**

ACCT	DESCRIPTION	Current Budget		Revision		Amended Budget	
		FTE	Amount	FTE	Amount	FTE	Amount
General Fund							
Oregon Zoo							
5020	Reg Emp-Part Time-Exempt						
	Assistant Public Affairs Specialist	0.63	30,865	-	0	0.63	30,865
	Associate Visual Communications Designer	0.50	28,342	-	0	0.50	28,342
	Video/Photography Technician	0.50	26,998	-	0	0.50	26,998
5025	Reg Employees-Part Time-Non-Exempt						
	Animal Keeper-PT	1.50	68,466	-	0	1.50	68,466
	Clerk/Bookkeeper	0.75	26,293	-	0	0.75	26,293
	Food Service/Retail Specialist	3.90	151,777	-	0	3.90	151,777
	Lead Cash Office Clerk	0.85	31,272	-	0	0.85	31,272
	Nutrition Technician I	0.50	21,966	-	0	0.50	21,966
	Nutrition Technician II	0.50	22,822	-	0	0.50	22,822
	Program Assistant 1	0.75	28,814	-	0	0.75	28,814
	Program Assistant 2	0.75	28,814	-	0	0.75	28,814
	Security Officer I	0.50	15,086	-	0	0.50	15,086
	Veterinary Technician	0.50	22,822	-	0	0.50	22,822
	Visitor Service Worker 3-reg	0.85	25,646	-	0	0.85	25,646
5030	Temporary Employees		1,631,394		300,000		1,931,394
5040	Seasonal Employees		1,500,000		0		1,500,000
5080	Overtime		346,313		79,000		425,313
5089	Salary Adjustments						
	Merit Adjustment Pool (non-represented)		40,783		0		40,783
	Step Increases (AFSCME)		25,598		0		25,598
	COLA (represented employees)		162,930		0		162,930
	Other Adjustments (non-represented)		40,783		0		40,783
	Other Adjustments (AFSCME)		7,529		0		7,529
	Other Adjustments (Class & Comp Study)		40,783		0		40,783
<i>FRINGE</i>	<i>Fringe Benefits</i>						
5100	Fringe Benefits						
	Base Fringe (variable & fixed)		3,768,825		60,000		3,828,825
5190	PERS Bond Recovery		325,798		0		325,798
Total Personal Services		153.98	\$15,761,655	0.00	\$439,000	153.98	\$16,200,655
<u>Materials & Services</u>							
<i>GOODS</i>	<i>Goods</i>						
5201	Office Supplies		115,715		0		115,715
5205	Operating Supplies		1,393,158		32,732		1,425,890
5210	Subscriptions and Dues		58,754		0		58,754
5214	Fuels and Lubricants		82,000		0		82,000
5215	Maintenance & Repairs Supplies		367,550		170,000		537,550
5220	Food		1,260,000		0		1,260,000
<i>SVCS</i>	<i>Services</i>						
5245	Marketing		6,650		48,192		54,842
5240	Contracted Professional Svcs		1,029,772		40,000		1,069,772
5251	Utility Services		2,228,970		0		2,228,970
5255	Cleaning Services		37,600		0		37,600
5260	Maintenance & Repair Services		160,775		0		160,775
5265	Rentals		179,350		0		179,350
5280	Other Purchased Services		940,091		0		940,091
5290	Operations Contracts		1,962,692		140,000		2,102,692
<i>CAPMNT</i>	<i>Capital Maintenance</i>						
5262	Capital Maintenance - Non-CIP		314,800		0		314,800

**Exhibit A
Ordinance No. 09-1219**

ACCT	DESCRIPTION	Current Budget		Revision		Amended Budget	
		FTE	Amount	FTE	Amount	FTE	Amount
General Fund							
Oregon Zoo							
<i>IGEXP</i>	<i>Intergov't Expenditures</i>						
	5300 Payments to Other Agencies		91,680		0		91,680
	5315 Grants to Other Governments		10,000		0		10,000
<i>OTHEXP</i>	<i>Other Expenditures</i>						
	5445 Grants		165,000		0		165,000
	5450 Travel		105,705		0		105,705
	5455 Staff Development		50,980		0		50,980
	5490 Miscellaneous Expenditures		135,265		0		135,265
	Total Materials & Services		\$10,696,507		\$430,924		\$11,127,431
	Total Capital Outlay		\$255,000		\$0		\$255,000
	TOTAL REQUIREMENTS	153.98	\$26,713,162	0.00	\$869,924	153.98	\$27,583,086

**Exhibit A
Ordinance No. 09-1219**

ACCT	DESCRIPTION	Current Budget		Revision		Amended Budget	
		FTE	Amount	FTE	Amount	FTE	Amount
General Fund							
General Expenditures							
<u>Interfund Transfers</u>							
<i>INDTEX Interfund Reimbursements</i>							
5800	Transfer for Indirect Costs						
	* to Risk Mgmt Fund-Liability		309,234		0		309,234
	* to Risk Mgmt Fund-Worker Comp		385,818		0		385,818
<i>EQTCHG Fund Equity Transfers</i>							
5810	Transfer of Resources						
	* to Smith & Bybee Lakes Fund		91,740		0		91,740
	* to General Revenue Bond Fund-Zoo		402,089		0		402,089
	* to Metro Capital Fund-FAS Capital Account		65,000		0		65,000
	* to Metro Capital Fund-IT Projects		140,000		0		140,000
	* to Gen'l Revenue Bond Fund-Debt Serv Acct		1,504,342		0		1,504,342
	* to MERC Operating Fund		11,937		0		11,937
	* to MERC Capital Fund (Tourism Opp. & Compt. Acce		746,146		0		746,146
	* to General R&R Fund-General R&R		404,459		0		404,459
	* to General R&R Fund-IT Renewal & Replacement		257,815		0		257,815
	* to Metro Capital Fund-Parks Capital		75,000		0		75,000
	* to General R&R Fund-Regional Center R&R		277,000		0		277,000
	* to Metro Capital Fund-Parks Cap (per ton on SW)		270,000		0		270,000
	* to General R&R Fund- Parks R&R (earned on SW rev)		200,000		0		200,000
	* to Solid Waste Revenue Fund		100,348		0		100,348
Total Interfund Transfers			\$5,240,928		\$0		\$5,240,928
<u>Contingency & Unappropriated Balance</u>							
<i>CONT Contingency</i>							
5999	Contingency						
	* Contingency		2,803,838		(750,000)		2,053,838
	* Opportunity Account		164,500		0		164,500
	* Reserved for Future Planning Needs		351,000		0		351,000
	* Reserved for Future Election Costs		290,000		0		290,000
	* Reserved for Nature in Neighborhood Grants		250,000		0		250,000
	* Reserved for Reg. Afford. Housing Revolving Fund		1,000,000		0		1,000,000
	* Reserved for Metro Regional Center Remodel		378,000		0		378,000
	* Recovery Rate Stabilization reserve		1,771,867		0		1,771,867
	* Reserved for Integrated Mobility Strategy		276,500		0		276,500
<i>UNAPP Unappropriated Fund Balance</i>							
5990	Unappropriated Fund Balance						
	* Stabilization Reserve		2,320,000		0		2,320,000
	* Reserve for Future Natural Areas Operations		1,023,070		0		1,023,070
	* PERS Reserve		2,782,174		0		2,782,174
	* Computer Replacement Reserve (Planning)		90,000		0		90,000
	* Tibbets Flower Account		201		0		201
	* Reserve for Future Debt Service		2,521,852		0		2,521,852
Total Contingency & Unappropriated Balance			\$16,023,002		(\$750,000)		\$15,273,002
TOTAL REQUIREMENTS		434.23	\$103,571,385	0.00	\$119,924	434.23	\$103,691,309

Exhibit A
Ordinance No. 09-1219

ACCT	DESCRIPTION	Current Budget		Revision		Amended Budget	
		FTE	Amount	FTE	Amount	FTE	Amount
Metro Capital Fund							
Total Personal Services		2.00	\$179,631	-	\$0	2.00	\$179,631
Total Materials & Services			\$540,000		\$0		\$540,000
<u>Capital Outlay</u>							
CAPNON	Capital Outlay (non-CIP Projects)						
5750	Office Furniture & Equip		25,000		0		25,000
CAPCIP	Capital Outlay (CIP Projects)						
5710	Improve-Oth thn Bldg		8,453,800		0		8,453,800
5720	Buildings & Related		100,000		0		100,000
5730	Exhibits and Related		5,852,625		750,000		6,602,625
5740	Equipment & Vehicles		315,959		0		315,959
5750	Office Furniture & Equip		265,000		0		265,000
Total Capital Outlay			\$15,012,384		\$750,000		\$15,762,384
Total Interfund Transfers			\$97,174		\$0		\$97,174
<u>Contingency & Unappropriated Balance</u>							
CONT	Contingency						
5999	Contingency						
	* General contingency		2,293,857		(750,000)		1,543,857
UNAPP	Unappropriated Fund Balance						
5990	Unappropriated Fund Balance						
	* Prior Year PERS Reserve		6,553		0		6,553
	* Oxbow Park Nature Center Account		351,151		0		351,151
Total Contingency & Unappropriated Balance			\$2,651,561		(\$750,000)		\$1,901,561
TOTAL REQUIREMENTS		2.00	\$18,480,750	-	\$0	2.00	\$18,480,750

Exhibit B
Ordinance 09-1219
Schedule of Appropriations

	<u>Current Appropriation</u>	<u>Revision</u>	<u>Revised Appropriation</u>
GENERAL FUND			
Council Office	3,168,046	0	3,168,046
Finance & Administrative Services	5,489,506	0	5,489,506
Human Resources	1,737,211	0	1,737,211
Information Technology	2,808,244	0	2,808,244
Metro Auditor	651,286	0	651,286
Office of Metro Attorney	1,997,616	0	1,997,616
Oregon Zoo	26,713,162	869,924	27,583,086
Planning	24,408,799	0	24,408,799
Public Affairs & Government Relations	1,993,617	0	1,993,617
Regional Parks & Greenspaces	8,350,902	0	8,350,902
Special Appropriations	3,538,480	0	3,538,480
Former ORS 197.352 Claims & Judgments	100	0	100
Non-Departmental			
Debt Service	1,450,486	0	1,450,486
Interfund Transfers	5,240,928	0	5,240,928
Contingency	7,285,705	(750,000)	6,535,705
Unappropriated Balance	8,737,297	0	8,737,297
Total Fund Requirements	\$103,571,385	\$119,924	\$103,691,309
METRO CAPITAL FUND			
Capital Program	15,732,015	750,000	16,482,015
Non-Departmental			
Interfund Transfers	97,174	0	97,174
Contingency	2,293,857	(750,000)	1,543,857
Unappropriated Balance	357,704	0	357,704
Total Fund Requirements	\$18,480,750	\$0	\$18,480,750

All other appropriations remain as previously adopted

Capital Project Request - Project Detail

Project Title: **Fund:**

Project Status: **Funding Status:** **FY First Authorized:** **Department:**

Project Number: **Active:** **Dept. Priority:** **Facility:** **Division:**

Source Of Estimat: **Source:** **Start Date:** **Date:** **Cost Type:**

Type of Project: **Request Type:** **Completion Date:** **Prepared By:**

Project Estimates	Actual	Budget/Est	Prior						
Capital Cost:	Expend	2007-2008	Years	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	Total
Design and Engineering	\$50,730	\$330,000	\$380,730	\$170,000	\$0	\$0	\$0	\$0	\$550,730
Construction	\$0	\$0	\$0	\$3,269,124	\$1,200,000	\$0	\$75,000	\$0	\$4,544,124
1% for Art	\$0	\$0	\$0	\$35,000	\$0	\$0	\$0	\$0	\$35,000
Total:	\$50,730	\$330,000	\$380,730	\$3,474,124	\$1,200,000	\$0	\$75,000	\$0	\$5,129,854

Funding Source:

Grants	\$0	\$0	\$0	\$104,973	\$0	\$0	\$0	\$0	\$104,973
Donations	\$50,730	\$330,000	\$380,730	\$3,369,151	\$1,200,000	\$0	\$75,000	\$0	\$5,024,881
Total:	\$50,730	\$330,000	\$380,730	\$3,474,124	\$1,200,000	\$0	\$75,000	\$0	\$5,129,854

Annual Operating Budget Impact

Annual Revenues				\$0	\$2,100,000	\$1,600,000	\$1,300,000	\$1,000,000	\$6,000,000
Annual Expenditures									
Personal Services				\$0	\$64,000	\$66,000	\$68,000	\$70,000	\$268,000
Materials and Services				\$0	\$30,000	\$32,000	\$33,000	\$34,000	\$129,000
Subtotal, Expenditures:				\$0	\$94,000	\$98,000	\$101,000	\$104,000	\$397,000
Net Operating Contribution (Cost):				\$0	\$2,006,000	\$1,502,000	\$1,199,000	\$896,000	\$5,603,000

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

Convert the existing Alaska Tundra exhibit into additional African exhibits, including lions, wild dogs, cheetahs, and caracals. The exhibit's name is 'Predators of the Serengeti'. The project includes upgrades to building structure, utilities and animal containment areas. The new exhibit will provide visitors with viewing opportunities for close-up interaction with exhibit predators. Included will be interpretive graphics that educate visitors about predators. These animals all have a strong conservation message and will contribute to the Zoo's mission. The exhibit will focus on in-situ environmental conservation projects and community education and sustainable economic practices. The existing Alaska Tundra exhibit will be completely renovated and incorporated into the Predators exhibit. The Oregon Zoo Foundation has committed to a capital campaign to finance the \$5.1 million exhibit renovations and \$1 million for an operating endowment. The exhibit will positively influence attendance.

The FY 2011-12 project is the addition of Hyenas to the exhibit. This expansion of the exhibit will use a portion of the prior Tundra exhibit that was not converted in the original construction.

STAFF REPORT

IN CONSIDERATION OF ORDINANCE NO. 09-1219 FOR THE PURPOSE OF AMENDING THE FY 2008-09 BUDGET AND APPROPRIATIONS SCHEDULE FOR THE OREGON ZOO BY TRANSFERRING APPROPRIATIONS FROM CONTINGENCY, RECOGNIZING DONATIONS AND OTHER CONTRIBUTIONS, AMENDING THE CAPITAL IMPROVEMENT PLAN AND DECLARING AN EMERGENCY

Date:

Presented by: Craig Stroud
503-220-2451

BACKGROUND

This action requests amended appropriation authority for the Oregon Zoo for three purposes:

- 1) To increase spending authority resulting from increased operating activity.
- 2) To recognize donations from IKEA, DEX, Idearc, and private sources.
- 3) To provide capital appropriation authority for the Predators of the Serengeti exhibit.

Increased Operating Activity - \$750,000

The zoo continues to experience record-breaking attendance and strong guest spending. Attendance through April is at 1.25 million guests, 123,000 ahead of the fiscal year forecast and significantly exceeding last year's near record of 1.5 million.

Financial analysis of operations through April 2009 results in a June 30, 2009, operating expenditure forecast that is \$300,000 greater than appropriations. The record number of guests visiting the zoo and the associated costs of providing services to guests is driving costs above budget. The increased activity requires increased spending for additional temporary Guest Services staffing (personal services) and more frequent maintenance and repairs in the high use guest areas (materials and services). Other cost drivers include the birth of baby elephant Samudra, grounds and maintenance costs for the wind, ice, and snow storms, commission expenses on robust Aramark retail sales, and staffing support of numerous renewal and replacement projects across zoo grounds.

In addition, the artist fees for the zoo's summer concert series are forecast to exceed budget. Budgeting for the series requires assumptions about the number of concerts in a fiscal year and variable artist fees. In the current fiscal year, the July and August 2008 concerts were extremely successful, and the zoo will take advantage of an opportunity to host an additional premium concert in June 2008 with artist 'The B-52s'. The zoo realizes positive financial return on concert expenditures.

Current revenue and expenditure forecasts through June 30, 2009 are based on trends through the end of April. If attendance is actually higher than currently projected the Zoo's appropriation authority will be insufficient to provide for operational needs. To ensure the zoo has adequate operating appropriation to support guest operations through the end of FY 2008-09, management requests the transfer of \$750,000 from General Fund contingency to zoo operations for personal services and materials and services. These funds will be used to support revenue-generating activities, and we expect a positive rate of return for every dollar spent in these operating areas. A similar amendment was required last year as a result of increased attendance. The transfer of contingency provides the legal spending authority and will be managed to the corresponding revenues. Any revenue in excess of actual expenditures will revert to FY 2009-10 operating fund beginning balance.

Recognizing Donation from IKEA - \$32,732

The Oregon Zoo received a generous in-kind donation from IKEA, which refurbished outdated and worn zoo classrooms 3 and 4 using IKEA equipment and furnishings. The installation was completed in March 2009, and the renovated space is both functionally improved and aesthetically pleasing. IKEA provided a similar donation in FY 2007-08. We are required to recognize the value of this gift as a resource and an expense for budgetary and accounting purposes.

Recognizing Donations from DEX and Idearc - \$48,192

The Oregon Zoo received in-kind donations from DEX totaling \$39,816 and Idearc totaling \$8,376 for publication in promotional and marketing materials. We are required to recognize the value of this gift as a resource and an expense for budgetary and accounting purposes.

Recognizing Donations from Private Sources - \$39,000

The Oregon Zoo received restricted donations totaling \$39,000 from private sources. These donations were originally made to The Oregon Zoo Foundation and subsequently transferred to the zoo. The donations are restricted to elephant husbandry.

Predators of the Serengeti Exhibit Construction - \$750,000

This action requests an increase to appropriation authority to the Oregon Zoo for the *Predators of the Serengeti* exhibit construction. The zoo is remodeling and expanding an existing exhibit to create a naturalistic exhibit for African lions, cheetahs, wild dogs, and other predators. Based on the theme "It's Hard to Be a Hunter," the interpretive elements make learning an integral part of the Zoo experience, enlightening visitors about why African predators are key to the entire Serengeti system ... and the wider world. *Predators of the Serengeti* has a two-year construction schedule and will open to the public late summer 2009.

In November 2008, the Metro Council amended the project's Capital Improvement Plan by increasing the total project budget from \$4 million to \$5.2 million. The CIP amendment was driven by The Oregon Zoo Foundation's capital campaign exceeding goal by \$1.2 million. At that time, management believed the project's adopted budget of \$3.67 million would be adequate to cover FY 2008-09 construction activity. The project's general contractor is slightly ahead of schedule and could complete work by June 30, 2009 that must be paid from FY 2008-09 appropriations. To ensure adequate appropriations exist, the zoo requests an amendment of the capital budget by increasing capital outlay and decreasing funds held in contingency by \$750,000. The total project budget remains \$5.2 million. Remaining funds at June 30 will revert to FY 2009-10 beginning fund balance and be used to finish construction in July and August 2009.

ANALYSIS/INFORMATION

- 1. Known Opposition:** None known.
- 2. Legal Antecedents:** ORS 294.450 provides for transfers of appropriations within a fund, including transfers from contingency, if such transfers are authorized by official resolution or ordinance of the governing body for the local jurisdiction. ORS 294.326(3) provides an exemption to Oregon Budget Law allowing for the expenditure in the year of receipt of grants, gifts and bequests received by a municipal corporation in trust for a specific purpose.

3. **Anticipated Effects:** This action provides the zoo operating appropriation for staff and supplies. This increase is needed to ensure guests receive a zoo experience that meets their expectations as we move from the FY 2008-09 to FY 2009-10 budgets. This ordinance will also allow the department to recognize the IKEA, DEX, Idearc, and private donations dedicated to the purposes described in this report. Finally, it provides the zoo capital appropriation for the Predators of the Serengeti exhibit construction. This increase is needed to ensure adequate appropriation as we move from the FY 2008-09 to FY 2009-10 budgets.

4. **Budget Impacts:** This action increases the personal services and materials and services operating appropriations in the zoo operating fund, and decreases the contingency appropriation in the General Fund by \$750,000 in the FY 2008-09 budget. These funds will be used to support revenue-generating activities, and we expect a positive rate of return for every dollar spent in these operating areas. Unused funds will revert to beginning fund balance in the FY 2009-10 budget year. This action also requests the recognition of \$119,924 in private contributions revenue and increases appropriation authority in the General Fund Expenditures by the same amount. Finally, it transfers \$750,000 from Contingency to Capital Outlay in the Metro Capital Fund, Oregon Zoo account to ensure adequate construction appropriation authority for the current fiscal year.

RECOMMENDED ACTION

The Chief Operating Officer recommends adoption of this Ordinance.

Agenda Item Number 5.3

Ordinance No. 09-1218A, Amending the FY 2008-09 Budget and Appropriations Schedule Transferring Appropriation in the MERC Fund for Oregon Convention Center Operations and Declaring an Emergency

ORDINANCE – SECOND READING
COUNCILOR PARK

Metro Council Meeting
Thursday, June 25, 2009
Metro Council Chamber

BEFORE THE METRO COUNCIL

AMENDING THE FY 2008-09 BUDGET AND	)	ORDINANCE NO. 09-1218A
APPROPRIATIONS SCHEDULE)	
TRANSFERRING APPROPRIATION IN THE	)	Introduced by Michael Jordan, Chief
MERC FUND FOR OREGON CONVENTION	)	Operating Officer, with the concurrence of
CENTER OPERATIONS AND DECLARING AN	)	Council President David Bragdon
EMERGENCY)	

WHEREAS, the Metro Council has reviewed and considered the need to increase appropriations within the FY 2008-09 Budget; and

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

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

THE METRO COUNCIL ORDAINS AS FOLLOWS:

1. That the FY 2008-09 Budget and Schedule of Appropriations are hereby amended as shown in the column entitled "Revision" of Exhibits A and B to this Ordinance for the purpose of transferring appropriation in the MERC Fund for Oregon Convention Center operations.
2. This Ordinance being necessary for the immediate preservation of the public health, safety or welfare of the Metro area in order to meet obligations and comply with Oregon Budget Law, an emergency is declared to exist, and this Ordinance takes effect upon passage.

ADOPTED by the Metro Council this _____ day of _____ 2009.

David Bragdon, Council President

Attest:

Approved as to Form:

Anthony Andersen, Recording Secretary

Daniel B. Cooper, Metro Attorney

Exhibit A
Ordinance No. 09-1218-A

ACCT	DESCRIPTION	Current		Revision		Amended	
		FTE	Amount	FTE	Amount	FTE	Amount
General Fund							
Resources							
<u>Resources</u>							
<i>BEGBAL</i>	<i>Beginning Fund Balance</i>						
3500	Beginning Fund Balance						
	* Undesignated		4,094,902		0		4,094,902
	* Prior period audit adjustment: TOD		5,865,983		0		5,865,983
	* Reserved for Underspending		334,000		0		334,000
	* Project Carryover		1,481,337		0		1,481,337
	* Tourism Opportunity & Comp. Account		96,655		0		96,655
	* Recovery Rate Stabilization Reserve		1,012,884		0		1,012,884
	* Reserved for Local Gov't Grants (CET)		602,046		0		602,046
	* Reserve for Future Debt Service		2,397,852		0		2,397,852
	* Tibbets Flower Account		352		0		352
	* Reserved for Future Planning Needs		1,604,140		0		1,604,140
	* Reserved for Future Election Costs		290,000		0		290,000
	* Reserved for Nature in Neighborhood Grants		1,050,000		0		1,050,000
	* Reserved for Reg. Afford. Housing Revolving Fun		1,000,000		0		1,000,000
	* Reserved for Metro Regional Center Remodel		413,000		0		413,000
	* Reserve for Future Natural Areas Operations		764,453		0		764,453
	* Prior year PERS Reserve		2,782,174		0		2,782,174
<i>EXCISE</i>	<i>Excise Tax</i>						
4050	Excise Taxes		15,106,909		0		15,106,909
4055	Construction Excise Tax		1,497,954		0		1,497,954
<i>RPTAX</i>	<i>Real Property Taxes</i>						
4010	Real Property Taxes-Current Yr		10,618,031		0		10,618,031
4015	Real Property Taxes-Prior Yrs		318,541		0		318,541
<i>GRANTS</i>	<i>Grants</i>						
4100	Federal Grants - Direct		3,999,452		0		3,999,452
4105	Federal Grants - Indirect		5,578,045		0		5,578,045
4110	State Grants - Direct		1,351,000		0		1,351,000
4120	Local Grants - Direct		5,503,093		0		5,503,093
<i>LGSHRE</i>	<i>Local Gov't Share Revenues</i>						
4135	Marine Board Fuel Tax		114,000		0		114,000
4139	Other Local Govt Shared Rev.		447,967		0		447,967
<i>GVCNTB</i>	<i>Contributions from Governments</i>						
4145	Government Contributions		410,633		0		410,633
<i>LICPER</i>	<i>Licenses and Permits</i>						
4150	Contractor's Business License		412,000		0		412,000
<i>CHGSVC</i>	<i>Charges for Service</i>						
4160	Boat Ramp Use Permits		508		0		508
4165	Boat Launch Fees		150,000		0		150,000
4180	Contract & Professional Service		563,178		0		563,178
4200	UGB Fees		50,000		0		50,000
4230	Product Sales		387,519		0		387,519
4280	Grave Openings		179,325		0		179,325
4285	Grave Sales		144,675		0		144,675
4500	Admission Fees		7,759,908		0		7,759,908
4501	Conservation Surcharge		150,000		0		150,000
4510	Rentals		807,341		0		807,341
4550	Food Service Revenue		5,155,669		0		5,155,669
4560	Retail Sales		2,216,110		0		2,216,110

Exhibit A
Ordinance No. 09-1218-A

ACCT	DESCRIPTION	<u>Current Budget</u>		<u>Revision</u>		<u>Amended Budget</u>	
		FTE	Amount	FTE	Amount	FTE	Amount
General Fund							
Resources							
4580	Utility Services		2,000		0		2,000
4610	Contract Revenue		883,315		0		883,315
4620	Parking Fees		930,000		0		930,000
4630	Tuition and Lectures		1,239,645		0		1,239,645
4635	Exhibit Shows		1,049,986		0		1,049,986
4640	Railroad Rides		805,462		0		805,462
4645	Reimbursed Services		270,000		0		270,000
4650	Miscellaneous Charges for Service		13,831		0		13,831
4760	Sponsorships		57,000		0		57,000
<i>INTRST</i>	<i>Interest Earnings</i>						
4700	Interest on Investments		994,972		0		994,972
<i>DONAT</i>	<i>Contributions from Private Sources</i>						
4750	Donations and Bequests		1,346,495		0		1,346,495
<i>INCGRV</i>	<i>Internal Charges for Service</i>						
4670	Charges for Service		48,124		0		48,124
<i>MISCRV</i>	<i>Miscellaneous Revenue</i>						
4170	Fines and Forfeits		20,000		0		20,000
4890	Miscellaneous Revenue		151,000		0		151,000
4891	Reimbursements		1,411,973		0		1,411,973
<i>EQTREV</i>	<i>Fund Equity Transfers</i>						
4970	Transfer of Resources						
	* from MERC Pooled Capital Fund		97,174		0		97,174
<i>INDTRV</i>	<i>Interfund Reimbursements</i>						
4975	Transfer for Indirect Costs						
	* from MERC Operating Fund		1,842,802		104,000		1,946,802
	* from Natural Areas Fund		1,028,311		0		1,028,311
	* from Solid Waste Revenue Fund		3,681,110		0		3,681,110
<i>INTSRV</i>	<i>Internal Service Transfers</i>						
4980	Transfer for Direct Costs						
	* from Natural Areas Fund		128,513		0		128,513
	* from Smith & Bybee Lakes Fund		119,980		0		119,980
	* from Solid Waste Revenue Fund		738,056		0		738,056
TOTAL RESOURCES			\$103,571,385		\$104,000		\$103,675,385

Exhibit A
Ordinance No. 09-1218-A

ACCT	DESCRIPTION	Current Budget		Revision		Amended Budget	
		FTE	Amount	FTE	Amount	FTE	Amount
General Fund							
General Expenditures							
Total Interfund Transfers			\$5,240,928		\$0		\$5,240,928
<u>Contingency & Unappropriated Balance</u>							
<i>CONT</i>	<i>Contingency</i>						
5999	Contingency						
	* Contingency		2,803,838		0		2,803,838
	* Opportunity Account		164,500		0		164,500
	* Reserved for Future Planning Needs		351,000		0		351,000
	* Reserved for Future Election Costs		290,000		0		290,000
	* Reserved for Nature in Neighborhood Grants		250,000		0		250,000
	* Reserved for Reg. Afford. Housing Revolving		1,000,000		0		1,000,000
	* Reserved for Metro Regional Center Remode		378,000		0		378,000
	* Recovery Rate Stabilization reserve		1,771,867		0		1,771,867
	* Reserved for Integrated Mobility Strategy		276,500		0		276,500
<i>UNAPP</i>	<i>Unappropriated Fund Balance</i>						
5990	Unappropriated Fund Balance						
	* Stabilization Reserve		2,320,000		0		2,320,000
	* Undesignated		0		104,000		104,000
	* Reserve for Future Natural Areas Operations		1,023,070		0		1,023,070
	* PERS Reserve		2,782,174		0		2,782,174
	* Computer Replacement Reserve (Planning)		90,000		0		90,000
	* Tibbets Flower Account		201		0		201
	* Reserve for Future Debt Service		2,521,852		0		2,521,852
Total Contingency & Unappropriated Balance			\$16,023,002		\$104,000		\$16,127,002
TOTAL REQUIREMENTS		434.23	\$103,571,385	0.00	\$104,000	434.23	\$103,675,385

Exhibit A
Ordinance No. 09-1218-A

ACCT	DESCRIPTION	Current		Revision		Amended	
		FTE	Amount	FTE	Amount	FTE	Amount
Metro Exposition-Recreation Commission Fund							
MERC Fund							
<u>Resources</u>							
<i>BEGBAL Beginning Fund Balance</i>							
	* MERC Admin		659,769		0		659,769
	* Expo Center		5,819,337		0		5,819,337
	* Oregon Convention Center		8,536,675		0		8,536,675
	* Portland Center for the Performing Arts		7,075,383		0		7,075,383
<i>LGSHRE Local Gov't Share Revenues</i>							
4130	Hotel/Motel Tax		11,114,685		0		11,114,685
4142	Intergovernment Misc. Revenue		43,955		0		43,955
<i>GVCNTB Contributions from Governments</i>							
4145	Government Contributions		962,449		0		962,449
<i>CHGSVC Charges for Service</i>							
4500	Admission Fees		1,759,268		0		1,759,268
4510	Rentals		7,473,243		0		7,473,243
4550	Food Service Revenue		12,579,134		0		12,579,134
4560	Retail Sales		15,000		0		15,000
4570	Merchandising		10,000		0		10,000
4575	Advertising		67,000		0		67,000
4580	Utility Services		1,456,200		0		1,456,200
4590	Commissions		624,000		0		624,000
4620	Parking Fees		2,503,325		0		2,503,325
4645	Reimbursed Services		3,179,641		0		3,179,641
4647	Reimbursed Services - Contract		445,758		0		445,758
4650	Miscellaneous Charges for Svc		316,000		0		316,000
<i>INTRST Interest Earnings</i>							
4700	Interest on Investments		860,366		0		860,366
<i>DONAT Contributions from Private Sources</i>							
4750	Donations and Bequests		405,000		0		405,000
4760	Sponsorship Revenue		18,500		75,000		93,500
<i>MISCRV Miscellaneous Revenue</i>							
4805	Financing Transaction		61,500		0		61,500
4890	Miscellaneous Revenue		22,500		0		22,500
4891	Refunds and Reimbursements		25,000		0		25,000
<i>EQTREV Fund Equity Transfers</i>							
4970	Transfer of Resources						
	* from General Fund		758,083		0		758,083
TOTAL RESOURCES			\$66,791,771		\$75,000		\$66,866,771
Total Personal Services		191.00	\$18,285,681	0.00	\$0	191.00	\$18,285,681
<u>Materials & Services</u>							
<i>GOODS Goods</i>							
5201	Office Supplies		211,295		0		211,295
5205	Operating Supplies		279,864		0		279,864
5210	Subscriptions and Dues		104,707		0		104,707
5214	Fuels and Lubricants		17,650		0		17,650
5215	Maintenance & Repairs Supplies		469,604		0		469,604
5225	Retail		8,000		0		8,000
<i>SVCS Services</i>							
5240	Contracted Professional Svcs		1,361,427		(29,000)		1,332,427
5245	Marketing Expense		2,619,362		0		2,619,362
5247	POVA Pass-Through		412,681		0		412,681
5251	Utility Services		2,595,590		0		2,595,590

Exhibit A
Ordinance No. 09-1218-A

ACCT	DESCRIPTION	Current		Revision		Amended	
		FTE	Amount	FTE	Amount	FTE	Amount
Metro Exposition-Recreation Commission Fund							
MERC Fund							
5255	Cleaning Services		31,500		0		31,500
5260	Maintenance & Repair Services		705,889		0		705,889
5265	Rentals		610,136		0		610,136
5270	Insurance		13,057		0		13,057
5280	Other Purchased Services		427,451		0		427,451
5281	Other Purchased Services - Reimb		382,292		0		382,292
5291	Food and Beverage Services		9,791,999		0		9,791,999
5292	Parking Services		288,553		0		288,553
<i>IGEXP Intergov't Expenditures</i>							
5300	Payments to Other Agencies		201,603		0		201,603
5310	Taxes (Non-Payroll)		12,000		0		12,000
<i>OTHEXP Other Expenditures</i>							
5450	Travel		161,050		0		161,050
5455	Staff Development		201,005		0		201,005
5490	Miscellaneous Expenditures		8,500		0		8,500
<i>GAAP GAAP Account</i>							
5520	Bad Debt Expense		3,000		0		3,000
Total Materials & Services			\$20,918,215		(\$29,000)		\$20,889,215
Total Capital Outlay			\$2,228,871		\$0		\$2,228,871
Total Debt Service			\$17,805		\$0		\$17,805
<u>Interfund Transfers</u>							
<i>INDTEX Interfund Reimbursements</i>							
5800	Transfer for Indirect Costs						
	* to General Fund-Support Services		1,755,551		104,000		1,859,551
	* to General Fund		87,251		0		87,251
	* to Risk Management Fund - Liability		429,822		0		429,822
	* to Risk Management Fund - Workers Comp.		152,939		0		152,939
<i>EQTCHG Fund Equity Transfers</i>							
5810	Transfer of Resources						
	* to General Revenue Bond Fund		1,192,232		0		1,192,232
Total Interfund Transfers			\$3,617,795		0.00		\$3,721,795
<u>Contingency and Ending Balance</u>							
<i>CONT Contingency</i>							
5999	Contingency						
	* General Contingency		2,064,067		(75,000)		1,989,067
	* Renewal and Replacement		815,000		0		815,000
	* Prior Year PERS Reserve		2,516,217		0		2,516,217
	* Reimbursable HQH Contingency		3,700,000		0		3,700,000
	* Contingency for Capital (TL TAX)		698,885		0		698,885
<i>UNAPP Unappropriated Fund Balance</i>							
5990	Unappropriated Fund Balance						
	* Restricted Fund Balance (User Fees)		1,154,728		0		1,154,728
	* Ending Balance		10,774,507		75,000		10,849,507
Total Contingency and Ending Balance			\$21,723,404		\$0		\$21,723,404
TOTAL REQUIREMENTS		191.00	\$66,791,771	0.00	\$75,000	191.00	\$66,866,771

Exhibit B
Ordinance 09-1218-A
Schedule of Appropriations

	<u>Current</u> <u>Appropriation</u>	<u>Revision</u>	<u>Revised</u> <u>Appropriation</u>
GENERAL FUND			
Council Office	3,168,046	0	3,168,046
Finance & Administrative Services	5,489,506	0	5,489,506
Human Resources	1,737,211	0	1,737,211
Information Technology	2,808,244	0	2,808,244
Metro Auditor	651,286	0	651,286
Office of Metro Attorney	1,997,616	0	1,997,616
Oregon Zoo	26,713,162	0	26,713,162
Planning	24,408,799	0	24,408,799
Public Affairs & Government Relations	1,993,617	0	1,993,617
Regional Parks & Greenspaces	8,350,902	0	8,350,902
Special Appropriations	3,538,480	0	3,538,480
Former ORS 197.352 Claims & Judgments	100	0	100
Non-Departmental			
Debt Service	1,450,486	0	1,450,486
Interfund Transfers	5,240,928	0	5,240,928
Contingency	7,285,705	0	7,285,705
Unappropriated Balance	8,737,297	104,000	8,841,297
Total Fund Requirements	\$103,571,385	\$104,000	\$103,675,385
MERC FUND			
MERC	41,432,767	(29,000)	41,403,767
Non-Departmental			
Debt Service	17,805	0	17,805
Interfund Transfers	3,617,795	104,000	3,721,795
Contingency	9,794,169	(75,000)	9,719,169
Unappropriated Balance	11,929,235	75,000	12,004,235
Total Fund Requirements	\$66,791,771	\$75,000	\$66,866,771

All other appropriations remain as previously adopted

STAFF REPORT

IN CONSIDERATION OF ORDINANCE NO. 09-1218A FOR THE PURPOSE OF AMENDING THE FY 2008-09 BUDGET AND APPROPRIATION SCHEDULE TRANSFERRING APPROPRIATION IN THE MERC FUND FOR OREGON CONVENTION CENTER OPERATIONS, AND DECLARING AN EMERGENCY

Date: April 27, 2009

Presented by: Kathy Taylor
503-731-7847

BACKGROUND

Oregon Convention Center Achieve Green Event

The Oregon Convention Center initiated this Ordinance to recognize expected revenue from an “Achieve Green Event” promoted by the Oregon Convention Center. Less than expected participation led to its cancellation. Rather than putting on the event, a webinar will be developed to move forward the goals of this event. This will be funded by sponsorship revenues of \$75,000.

Achieve Green NW is designed for business, government, education, environment and political leaders to engage in a range of topics associated with sustainable business practices. Webinar content will focus on environmentally responsible strategies through case studies and best practices to develop an actionable toolkit containing the resources unique and necessary to implement sustainable practices within individual businesses immediately.

Revenue	
Sponsorship	\$75,000
Total Revenue	\$75,000
Expenditures	
Contracted Personal Services	\$75,000
Total Expenditures	\$75,500
Net Decrease to Fund Balance	\$0
Fund Balance	
General Contingency	(\$75,000)
Ending Fund Balance	\$75,000

Metro Central Support for the Convention Center Hotel Project

The Adopted Budget included an additional \$104,000 held in reserve in the MERC budget for a potential increase in the Metro central services indirect support requirement charged to MERC. It was anticipated that the Convention Center Hotel project might require a substantially different level of support than historically provided to MERC. The Office of the Metro Attorney in particular has dedicated significant resources on the Headquarter Hotel Project. This amendment reclassifies \$104,000 from Contracted Personal Services to Interfund Transfers to provide for this additional appropriation requirement. All

indirect support transfers will be reconciled back to actual expenditures as part of the FY 2008-09 audit process.

<i>Expenditures</i>		
	Contracted Personal Services	(\$104,000)
<i>Interfund Transfers</i>		
	Metro Support Indirect	\$104,000

ANALYSIS/INFORMATION

- 1. Known Opposition:** None known.
- 2. Legal Antecedents:** ORS 294.450 provides for transfers of appropriations within a fund, including transfers from contingency, if such transfers are authorized by official resolution or ordinance of the governing body for the local jurisdiction.
- 3. Anticipated Effects:**
- 4. Budget Impacts:**

RECOMMENDED ACTION

The Chief Operating Officer recommends adoption of this Ordinance.

Agenda Item Number 5.4

Ordinance No. 09-1215B, Adopting the Annual Budget for Fiscal Year
2009-10, Making Appropriations, Levying Ad Valorem Taxes,
Authorizing an Interfund Loan and Declaring an Emergency

ORDINANCE – SECOND READING
COUNCIL PRESIDENT BRAGDON
PUBLIC HEARING

Metro Council Meeting
Thursday, June 25, 2009
Metro Council Chamber

BEFORE THE METRO COUNCIL

ADOPTING THE ANNUAL BUDGET FOR	)	ORDINANCE NO. 09-1215B
FISCAL YEAR 2009-10, MAKING)	
APPROPRIATIONS, LEVYING AD VALOREM	)	Introduced by Michael Jordan, Chief
TAXES, AUTHORIZING AN INTERFUND LOAN	)	Operating Officer, with the concurrence of
AND DECLARING AN EMERGENCY	)	Council President David Bragdon

WHEREAS, the Multnomah County Tax Supervising and Conservation Commission held its public hearing on the annual Metro budget for the fiscal year beginning July 1, 2009, and ending June 30, 2010; and

WHEREAS, recommendations from the Multnomah County Tax Supervising and Conservation Commission have been received by Metro (attached as Exhibit A and made a part of the Ordinance) and considered; now, therefore,

THE METRO COUNCIL ORDAINS AS FOLLOWS:

1. The "Fiscal Year 2009-10 Metro Budget," in the total amount of FOUR HUNDRED SIXTY ONE MILLION FIVE HUNDRED NINETY TWO THOUSAND EIGHTY DOLLARS (\$461,592,080), attached hereto as Exhibit B, and the Schedule of Appropriations, attached hereto as Exhibit C, are hereby adopted.

2. The Metro Council does hereby levy ad valorem taxes, as provided in the budget adopted by Section 1 of this Ordinance, at the rate of \$0.0966 per ONE THOUSAND DOLLARS (\$1,000) of assessed value for operations and in the amount of FORTY ONE MILLION FOUR HUNDRED SEVENTY FOUR THOUSAND THREE HUNDRED NINE DOLLARS (\$41,474,309) for general obligation bond debt, said taxes to be levied upon taxable properties within the Metro District for the fiscal year 2009-10. The following allocation and categorization subject to the limits of Section 11b, Article XI of the Oregon Constitution constitute the above aggregate levy.

SUMMARY OF AD VALOREM TAX LEVY

	Subject to the General Government <u>Limitation</u>	Excluded from <u>the Limitation</u>
Operating Tax Rate Levy	\$0.0966/\$1,000	
General Obligation Bond Levy		\$41,474,309

3. In accordance with Section 2.02.040 of the Metro Code, the Metro Council hereby authorizes positions and expenditures in accordance with the Annual Budget adopted by Section 1 of this Ordinance, and hereby appropriates funds for the fiscal year beginning July 1, 2009, from the funds and for the purposes listed in the Schedule of Appropriations, Exhibit C.

4. An interfund capital loan from the Solid Waste Revenue Fund to the Metro Capital Fund in an amount not to exceed \$10,650,000 million is hereby authorized. The loan will be made to fund the capital costs of the Blue Lake Nature and Golf Learning Center. The principal of the loan will be repaid in full no later than June 30, 2014 with an anticipated repayment during calendar year 2012. Annual interest payments will be made on the loan at a rate equal to the average yield on Metro's pooled investments.

5. The Smith and Bybee Lakes Fund is hereby renamed the Smith and Bybee Wetlands Fund. The purpose of the fund remains the same.

6. The Chief Operating Officer shall make the filings as required by ORS 294.555 and ORS 310.060, or as requested by the Assessor's Office of Clackamas, Multnomah, and Washington Counties.

7. This Ordinance being necessary for the health, safety, or welfare of the Metro area, for the reason that the new fiscal year begins July 1, 2009, and Oregon Budget Law requires the adoption of a budget prior to the beginning of the fiscal year, an emergency is declared to exist and the Ordinance takes effect upon passage.

ADOPTED by the Metro Council on this 25th day of June 2009.

David Bragdon, Council President

ATTEST:

Approved as to Form:

Anthony Andersen, Recording Secretary

Daniel B. Cooper, Metro Attorney

BEFORE THE METRO COUNCIL

ADOPTING THE ANNUAL BUDGET FOR) ORDINANCE NO. 09-1215~~A~~**B**
 FISCAL YEAR 2009-10, MAKING)
 APPROPRIATIONS, LEVYING AD VALOREM) Introduced by Michael Jordan, Chief
 TAXES, AUTHORIZING AN INTERFUND LOAN) Operating Officer, with the concurrence of
 AND DECLARING AN EMERGENCY) Council President David Bragdon

WHEREAS, the Multnomah County Tax Supervising and Conservation Commission held its public hearing on the annual Metro budget for the fiscal year beginning July 1, 2009, and ending June 30, 2010; and

WHEREAS, recommendations from the Multnomah County Tax Supervising and Conservation Commission have been received by Metro (attached as Exhibit A and made a part of the Ordinance) and considered; now, therefore,

THE METRO COUNCIL ORDAINS AS FOLLOWS:

1. The "Fiscal Year 2009-10 Metro Budget," in the total amount of FOUR HUNDRED SIXTY ONE MILLION ~~SEVEN FIVE~~ HUNDRED ~~TWENTY NINE NINETY TWO~~ THOUSAND ~~TWO HUNDRED THIRTYEIGHTY~~ DOLLARS (\$~~461,729,230~~461,592,080), attached hereto as Exhibit B, and the Schedule of Appropriations, attached hereto as Exhibit C, are hereby adopted.

2. The Metro Council does hereby levy ad valorem taxes, as provided in the budget adopted by Section 1 of this Ordinance, at the rate of \$0.0966 per ONE THOUSAND DOLLARS (\$1,000) of assessed value for operations and in the amount of FORTY ONE MILLION FOUR HUNDRED SEVENTY FOUR THOUSAND THREE HUNDRED NINE DOLLARS (\$41,474,309) for general obligation bond debt, said taxes to be levied upon taxable properties within the Metro District for the fiscal year 2009-10. The following allocation and categorization subject to the limits of Section 11b, Article XI of the Oregon Constitution constitute the above aggregate levy.

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67. This Ordinance being necessary for the health, safety, or welfare of the Metro area, for the reason that the new fiscal year begins July 1, 2009, and Oregon Budget Law requires the adoption of a budget prior to the beginning of the fiscal year, an emergency is declared to exist and the Ordinance takes effect upon passage.

ADOPTED by the Metro Council on this 25th day of June 2009.

David Bragdon, Council President

ATTEST:

Approved as to Form:

Anthony Andersen, Recording Secretary

Daniel B. Cooper, Metro Attorney

EXHIBIT A
Ordinance 09-1215B



**Tax Supervising
& Conservation
Commission**

PO Box 8428
Portland, Oregon
97207-8428

Telephone (503) 988-3054

Fax: (503) 988-3053

E-Mail:
TSCC@co.multnomah.or.us

Web Site:
www.co.multnomah.or.us/orgs/
/tsccl

June 4, 2009

Metro Council
600 NE Grand Avenue
Portland, Oregon 97232

Dear Councilors:

The Tax Supervising and Conservation Commission met on June 4, 2009 to review, discuss and conduct a public hearing on the Metro's 2009-10 Approved Budget. This hearing was conducted pursuant to ORS 294.605-705 to confirm compliance with applicable laws and to determine the adequacy of estimates necessary to support efficient and economical administration of the district.

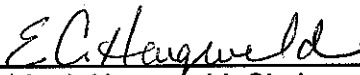
The budget was submitted timely on May 13, 2009. The Commission hereby certifies by a majority vote that it has no objections or recommendations to make with respect to the budget.

For 2009-10, estimates were judged to be reasonable for the purposes shown and the document was found to be in substantial compliance with Local Budget Law. The budget estimates and levy amounts, as shown in the approved budget, are shown on the attached page.

A request for an extension of time for filing the Adopted Budget with the Commission has previously been submitted and approved. Please file a complete copy of the adopted budget with the Commission no later than August 31, 2009.

We appreciate having the opportunity to discuss this budget with you.

Yours very truly,
TAX SUPERVISING & CONSERVATION COMMISSION



Elizabeth Hengeveld, Chair

Carl Farrington, Commissioner



Terry McCall, Commissioner



Roslyn Elms Sutherland, Commissioner

Steven B. Nance, Commissioner

Commissioners

Elizabeth Hengeveld, Chair
Carl Farrington
Terry McCall
Steven B. Nance
Dr. Roslyn Elms Sutherland

	Budget Estimates	Unappropriated Portion
General Fund	\$102,887,266	\$11,904,009
General Obligation Bond Debt Service Fund	52,578,851	12,045,829
General Renewal and Replacement Fund	8,558,558	6,002,964
General Revenue Bond Fund	3,314,841	2,373
Metro Capital Fund	17,240,518	385,615
MERC Fund	71,096,689	15,756,754
Natural Areas Fund	77,710,710	28,131
Open Spaces Fund	788,378	0
Zoo Infrastructurd Fund	14,875,667	15,162
Pioneer Cemetery Perpetual Care Fund	318,105	318,105
Rehabilitation & Enhancement Fund	2,450,507	1,665,196
Risk Management Fund	12,799,617	1,365,578
Smith & Bybee Lakes Trust Fund	4,400,188	3,808,549
Solid Waste Revenue Fund	92,709,335	17,065,474
Total Budget Estimates	\$461,729,230	\$70,363,739

Property Tax Levies:

Permanent Rate - Operating	\$ 0.0966 / \$ 1,000 AV
Debt Service - Not Subject to Limit	\$ 41,474,309

Budget Summary by Year

EXHIBIT B Ordinance 09-1215B

A full copy of the budget document will be available by August 31, 2009

	Audited FY 2006-07	Audited FY 2007-08	Adopted FY 2008-09	Amended FY 2008-09	Proposed FY 2009-10	Approved FY 2009-10	Adopted FY 2009-10	Change from FY 2008-09 Amended
Resources								
<i>Beginning Fund Balance</i>	\$117,952,035	\$249,586,416	\$208,717,449	\$208,717,449	\$198,159,640	\$201,222,737	\$202,203,722	(3.12%)
Current Revenues								
Real Property Taxes	28,669,527	46,312,638	45,559,516	45,559,516	50,733,057	50,910,057	50,910,057	11.74%
Excise Tax	16,640,732	16,824,900	16,604,863	16,604,863	13,981,818	13,665,381	14,865,381	(10.48%)
Other Derived Tax Revenue	33,000	23,267	22,000	22,000	23,300	23,300	23,300	5.91%
Grants	8,089,034	13,665,634	19,363,127	19,391,127	14,114,216	16,528,549	15,457,165	(20.29%)
Local Government Shared Revenues	10,539,973	11,701,562	11,720,607	11,720,607	11,547,484	11,547,484	11,547,484	(1.48%)
Contributions from other Governments	1,031,622	732,876	1,262,763	1,423,082	810,926	1,124,240	1,124,240	(21.00%)
Enterprise Revenue	108,372,067	110,626,376	121,672,808	121,672,808	118,764,972	118,057,217	115,313,595	(5.23%)
Interest Earnings	8,072,765	11,984,290	8,109,546	8,109,546	5,070,383	5,070,383	5,070,383	(37.48%)
Donations	2,761,551	3,666,252	5,432,422	6,129,647	6,117,600	6,117,600	4,387,600	(28.42%)
Other Misc. Revenue	1,721,379	2,254,082	4,592,919	4,592,919	10,033,673	10,033,673	2,124,294	(53.75%)
Bond and Loan Proceeds	131,270,869	0	0	0	10,000,000	10,000,000	10,000,000	0.00%
Interfund Transfers:								
Interfund Reimbursements	6,505,455	6,849,723	8,031,933	8,031,933	8,212,657	8,212,657	8,212,657	2.25%
Internal Service Transfers	677,798	870,759	1,016,634	1,016,634	2,847,999	2,847,999	2,847,999	180.14%
Interfund Loan	0	0	0	0	0	0	10,916,250	0.00%
Fund Equity Transfers	6,996,258	11,760,993	6,465,253	6,655,253	6,588,627	6,367,953	6,587,953	(1.01%)
Subtotal Current Revenues	331,382,030	237,273,352	249,854,391	250,929,935	258,846,712	260,506,493	259,388,358	3.37%
Total Resources	\$449,334,065	\$486,859,768	\$458,571,840	\$459,647,384	\$457,006,352	\$461,729,230	\$461,592,080	0.42%
Requirements								
Current Expenditures								
Personal Services	\$59,019,765	\$64,653,039	\$74,313,000	\$74,519,682	\$76,094,798	\$76,361,069	\$76,552,050	2.73%
Materials and Services	86,898,960	99,560,686	124,122,258	123,764,242	115,644,873	119,369,995	121,293,629	(2.00%)
Capital Outlay	15,256,264	30,626,417	59,891,615	60,743,240	78,005,702	81,229,829	80,878,286	33.15%
Debt Service	24,392,684	41,572,723	42,191,394	45,132,894	45,115,921	45,115,921	45,115,921	(0.04%)
Interfund Transfers:								
Interfund Reimbursements	6,505,456	6,849,722	8,031,932	8,031,932	8,212,657	8,212,657	8,212,657	2.25%
Internal Service Transfers	677,798	870,760	1,016,635	1,016,635	2,847,999	2,847,999	2,847,999	180.14%
Interfund Loan	0	0	0	0	0	0	10,916,250	0.00%
Fund Equity Transfers	6,996,258	11,760,993	6,465,253	6,655,253	6,588,627	6,367,953	6,587,953	(1.01%)
Contingency	0	0	51,504,759	48,748,512	53,723,358	51,860,068	51,168,293	4.96%
Subtotal Current Expenditures	199,747,185	255,894,340	367,536,846	368,612,390	386,233,935	391,365,491	403,573,038	9.48%
<i>Ending Fund Balance</i>	<i>249,586,880</i>	<i>230,965,428</i>	<i>91,034,994</i>	<i>91,034,994</i>	<i>70,772,417</i>	<i>70,363,739</i>	<i>58,019,042</i>	<i>(36.27%)</i>
Total Requirements	\$449,334,065	\$486,859,768	\$458,571,840	\$459,647,384	\$457,006,352	\$461,729,230	\$461,592,080	0.42%
Full-Time Equivalents (FTE)	680.69	725.40	748.98	750.06	757.13	760.23	762.98	1.72%

EXHIBIT C
Ordinance 09-1215B
FY 2009-10 SCHEDULE OF APPROPRIATIONS

GENERAL FUND

Communications	2,178,971
Council Office (includes COO & Strategy Center)	3,408,277
Finance & Administrative Services	3,334,056
Human Resources	1,904,090
Information Services	3,170,764
Metro Auditor	669,433
Office of Metro Attorney	1,995,694
Oregon Zoo	27,636,683
Parks & Environmental Services	6,831,562
Planning and Development	18,182,224
Research Center	4,200,843
Sustainability Center	4,490,128
Former ORS 197.352 Claims & Judgments	100
Special Appropriations	4,721,292
Non-Departmental	
Debt Service	1,472,340
Interfund Transfers	4,844,490
Contingency	3,998,894
Unappropriated Balance	11,716,126
Total Fund Requirements	\$104,755,967

GENERAL OBLIGATION BOND DEBT SERVICE FUND

Debt Service	40,533,022
Unappropriated Balance	12,045,829
Total Fund Requirements	\$52,578,851

GENERAL RENEWAL AND REPLACEMENT FUND

Renewal & Replacement Program	2,455,906
Non-Departmental	
Contingency	3,220,515
Unappropriated Balance	3,002,137
Total Fund Requirements	\$8,678,558

GENERAL REVENUE BOND FUND

Project Account	
Capital Outlay - Washington Park Parking Lot	219,167
Subtotal	219,167
Debt Service Account	
Debt Service - Metro Regional Center	1,500,849
Debt Service - Expo Center Hall D	1,188,632
Debt Service - Washington Park Parking Lot	403,820
Subtotal	3,093,301
Unappropriated Balance	2,373
Total Fund Requirements	\$3,314,841

EXHIBIT C
Ordinance 09-1215B
FY 2009-10 SCHEDULE OF APPROPRIATIONS

MERC FUND	
MERC	42,735,748
Non-Departmental	
Debt Service	17,258
Interfund Transfers	3,704,857
Contingency	8,805,905
Unappropriated Balance	15,387,799
Total Fund Requirements	\$70,651,567
METRO CAPITAL FUND	
Capital Program	13,427,140
Non-Departmental	
Interfund Transfers	907,080
Contingency	2,976,986
Unappropriated Balance	388,333
Total Fund Requirements	\$17,699,539
NATURAL AREAS FUND	
Sustainability Center	58,543,237
Non-Departmental	
Interfund Transfers	1,472,292
Contingency	17,667,050
Unappropriated Balance	28,131
Total Fund Requirements	\$77,710,710
OPEN SPACES FUND	
Sustainability Center	788,378
Total Fund Requirements	\$788,378
OREGON ZOO INFRASTRUCTURE AND ANIMAL WELFARE FUND	
Oregon Zoo	12,034,142
Non-Departmental	
Contingency	2,826,363
Unappropriated Balance	15,162
Total Fund Requirements	\$14,875,667
PIONEER CEMETERY PERPETUAL CARE FUND	
Unappropriated Balance	318,105
Total Fund Requirements	\$318,105
REHABILITATION & ENHANCEMENT FUND	
Sustainability Center	452,649
Non-Departmental	
Interfund Transfers	32,662
Contingency	300,000
Unappropriated Balance	1,665,196
Total Fund Requirements	\$2,450,507

EXHIBIT C
Ordinance 09-1215B
FY 2009-10 SCHEDULE OF APPROPRIATIONS

RISK MANAGEMENT FUND	
Finance & Administrative Services	11,434,039
Non-Departmental	
Unappropriated Balance	1,365,578
Total Fund Requirements	\$12,799,617
SMITH AND BYBEE LAKES FUND	
Parks & Environmental Services	266,740
Non-Departmental	
Interfund Transfers	124,899
Contingency	200,000
Unappropriated Balance	3,808,549
Total Fund Requirements	\$4,400,188
SOLID WASTE REVENUE FUND	
Operating Account	
Finance & Administrative Services	2,115,970
Sustainability Center	8,076,135
Parks & Environmental Services	38,052,014
Subtotal	48,244,119
Landfill Closure Account	
Parks & Environmental Services	2,250,783
Subtotal	2,250,783
Renewal and Replacement Account	
Parks & Environmental Services	1,770,000
Subtotal	1,770,000
General Account	
Parks & Environmental Services	1,377,800
Subtotal	1,377,800
General Expenses	
Interfund Transfers	17,478,579
Contingency	11,172,580
Subtotal	28,651,159
Unappropriated Balance	8,275,724
Total Fund Requirements	\$90,569,585
TOTAL BUDGET	\$461,592,080

STAFF REPORT

CONSIDERATION OF ORDINANCE NO. 09-1215 ADOPTING THE ANNUAL BUDGET FOR FISCAL YEAR 2009-10, MAKING APPROPRIATIONS AND LEVYING AD VALOREM TAXES, AND DECLARING AN EMERGENCY

Date: April 2, 2009

Presented by: Michael Jordan
Chief Operating Officer

BACKGROUND

I am forwarding to the Metro Council for consideration and approval my proposed budget for fiscal year 2009-10.

Metro Council action, through Ordinance No. 09-1215 is the final step in the process for the adoption of Metro's operating financial plan for the forthcoming fiscal year. Final action by the Metro Council to adopt this plan must be completed by June 30, 2009.

Once the budget plan for fiscal year 2009-10 is approved by the Metro Council, the number of funds and their total dollar amount and the maximum tax levy cannot be amended without review and certification by the Tax Supervising and Conservation Commission. Adjustments, if any, by the Metro Council to increase the level of expenditures in a fund are limited to no more than 10 percent of the total value of any fund's expenditures in the period between Metro Council approval in early May 2009 and adoption in June 2009.

Exhibit A to this Ordinance will be available subsequent to the Tax Supervising and Conservation Commission hearing June 4, 2009. Exhibits B and C of the Ordinance will be available at the public hearing on April 2, 2009.

ANALYSIS/INFORMATION

1. **Known Opposition** – Metro Council hearings will be held on the Proposed Budget during the month of April 2009. Opportunities for public comments will be provided. Opposition to any portion of the budget will be identified during that time.
2. **Legal Antecedents** – The preparation, review and adoption of Metro's annual budget is subject to the requirements of Oregon Budget Law, ORS Chapter 294. Oregon Revised Statutes 294.635 requires that Metro prepare and submit its approved budget to the Tax Supervising and Conservation Commission by May 15, 2009. The Commission will conduct a hearing on June 4, 2009 for the purpose of receiving information from the public regarding the Metro Council's approved budget. Following the hearing, the Commission will certify the budget to the Metro Council for adoption and may provide recommendations to the Metro Council regarding any aspect of the budget.
3. **Anticipated Effects** – Adoption of this ordinance will put into effect the annual FY 2009-10 budget, effective July 1, 2009.
4. **Budget Impacts** – The total amount of the proposed FY 2009-10 annual budget is \$457,006,352 and 757.13 FTE.

RECOMMENDED ACTION

The Chief Operating Officer recommends adoption of Ordinance No. 19-1215

M:\Asd\Finance\Confidential\BUDGET\FY09-10\Budord\Ordinance 09-1215 - Adopting Ordinance\Staff Report For Adoption Ord 09-1215.Doc

Agenda Item Number 6.1

Resolution No. 09-4060A, For the Purpose of Adopting the Capital Improvement Plan for Fiscal Years 2009-10 Through 2013-14; and Readopting Metro's Financial Policies.

COUNCIL PRESIDENT BRAGDON

Metro Council Meeting
Thursday, June 25, 2009
Metro Council Chamber

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF ADOPTING THE) RESOLUTION NO. 09-4060 A
CAPITAL IMPROVEMENT PLAN FOR FISCAL) Introduced by Michael Jordan, Chief
YEARS 2009-10 THROUGH 2013-14; AND) Operating Officer with concurrence of
READOPTING METRO'S FINANCIAL POLICIES) the Council President

WHEREAS, Metro recognizes the need to prepare a long-range plan estimating the timing, scale and cost of its major capital projects & equipment purchases; and

WHEREAS, Metro centers and services have inventoried existing major capital assets, prepared status reports on current capital projects and assessed future capital needs; and

WHEREAS, Metro's Chief Operating Officer has directed the preparation of a Capital Improvement Plan for fiscal years 2009-10 through 2013-14 that projects Metro's major capital spending needs over the next five years, assesses the impact of capital projects on the forecasted financial condition of Metro funds, and assesses the impact on operating costs; and

WHEREAS, the Metro Council has reviewed the FY 2009-10 through FY 2013-2014 Capital Improvement Plan; and

WHEREAS, the Metro Council has conducted a public hearing on the FY 2009-10 budget including the FY 2009-10 through FY 2013-14 Capital Improvement Plan; and

WHEREAS, the Metro Council has reviewed its Comprehensive Financial Policies including the Capital Asset Management Policies in accordance with the provision calling for annual review and inclusion in the adopted budget; now therefore

BE IT RESOLVED that the Metro Council hereby authorizes the following:

1. That the FY 2009-10 through FY 2013-14 Capital Improvement Plan (CIP), summarized on Exhibit A, is hereby adopted.
2. That the FY 2009-10 capital projects from the FY 2009-10 through FY 2013-14 Capital Improvement Plan be included and appropriated in the FY 2009-10 budget.
3. That the Comprehensive Financial Polices, included as Exhibit B to this Resolution, are re- adopted and published in the FY 2009-10 budget.

ADOPTED by the Metro Council this ____ day of _____ 2009.

David Bragdon, Metro Council President

Approved as to Form:

Daniel B. Cooper, Metro Attorney

Total Project Summary with Major Funding Source

Exhibit A Resolution 09-4060 A

Information Services	Prior Years	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	Grand Total	Funding Source
All Funds								
1 Replace/Acquire Desktop Computers	\$539,966	\$80,000	\$80,000	\$80,000	\$80,000	\$80,000	\$939,966	Fund Balance - Capital Reserve
General Fund Capital Fund - 612								
1 Develop Enterprise Business Applications Software	\$334,528	\$150,000	\$0	\$0	\$0	\$0	\$484,528	Fund Balance - Capital Reserve
2 Learning Management System	\$67,100	\$47,900	\$0	\$0	\$0	\$0	\$115,000	Fund Balance
General Fund Renewal and Replacement Fund								
1 Net Appliance Alex File Server	\$0	\$0	\$132,600	\$0	\$0	\$0	\$132,600	Fund Balance - Renewal and Replacement
2 Upgrade of Business Enterprise Software (PeopleSoft)	\$114,805	\$133,365	\$71,101	\$67,652	\$73,973	\$70,385	\$531,281	Fund Balance - Renewal and Replacement
3 Enterprise Productivity Platform Upgrade and Licensi	\$407,260	\$205,167	\$209,270	\$10,824	\$0	\$0	\$832,521	Fund Balance - Renewal and Replacement
4 Information Technology R&R Projects	\$389,198	\$412,179	\$270,431	\$390,458	\$223,033	\$218,859	\$1,904,158	Fund Balance - Renewal and Replacement
Total - Information Services	\$1,852,857	\$1,028,611	\$763,402	\$548,934	\$377,006	\$369,244	\$4,940,054	

Total Project Summary with Major Funding Source

Exhibit A Resolution 09-4060 A

Oregon Zoo		Prior Years	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	Grand Total	Funding Source
Zoo Infrastructure and Animal Welfare									
1	Construction Bond Issuance-Master Planning	\$50,000	\$600,000	\$1,250,000	\$1,100,000	\$1,100,000	\$1,300,000	\$5,400,000	GO Bonds Zoo
2	Veterinary Hospital	\$1,000,000	\$4,500,000	\$3,700,000	\$0	\$0	\$0	\$9,200,000	GO Bonds Zoo
3	Upgrading Zoo Facilities to Save Water and Energy	\$500,000	\$500,000	\$1,500,000	\$2,000,000	\$2,000,000	\$2,000,000	\$8,500,000	GO Bonds Zoo
4	Improving Elephants On Site Facilities	\$0	\$1,500,000	\$1,500,000	\$6,000,000	\$6,000,000	\$4,600,000	\$19,600,000	GO Bonds Zoo
5	Penguin Filtration System Replacement	\$0	\$1,000,000	\$1,100,000	\$0	\$0	\$0	\$2,100,000	GO Bonds Zoo
6	More Humane Enclosures for Apes & Monkeys	\$0	\$3,000,000	\$3,000,000	\$3,000,000	\$3,300,000	\$3,300,000	\$15,600,000	GO Bonds Zoo
7	Conservation Education "Discovery Zone"	\$0	\$250,000	\$450,000	\$4,000,000	\$4,000,000	\$4,000,000	\$12,700,000	GO Bonds Zoo
8	Elephant Offsite Facility	\$0	\$0	\$5,000,000	\$5,000,000	\$2,000,000	\$0	\$12,000,000	GO Bonds Zoo
9	Polar Bear Space Renovation	\$0	\$0	\$0	\$0	\$0	\$4,500,000	\$4,500,000	GO Bonds Zoo
General Fund Renewal and Replacement Fund									
1	Zoo Renewal and Replacement Projects	\$550,000	\$639,647	\$584,262	\$386,002	\$467,209	\$766,942	\$3,394,062	Fund Balance - Renewal and Replacement
2	Zoo Micros POS System	\$0	\$183,600	\$0	\$0	\$0	\$0	\$183,600	Fund Balance - Renewal and Replacement
3	Perimeter USDA Fence	\$55,080	\$56,182	\$57,305	\$58,451	\$59,620	\$60,813	\$347,451	Fund Balance - Renewal and Replacement
4	Zoo Parking Lot Replacement	\$0	\$20,808	\$21,224	\$21,649	\$22,082	\$22,523	\$108,286	Fund Balance - Renewal and Replacement
5	Primate Building Roof Replacement	\$11,755	\$120,000	\$0	\$0	\$0	\$0	\$131,755	Fund Balance - Capital Reserve
6	Zoo Railroad Track Replacement	\$0	\$45,255	\$23,308	\$23,775	\$24,250	\$24,735	\$141,323	Fund Balance - Renewal and Replacement
7	750 kw Generator	\$0	\$0	\$149,630	\$0	\$0	\$0	\$149,630	Fund Balance - Renewal and Replacement
8	Roof Replacement Africafe	\$0	\$0	\$0	\$0	\$131,165	\$0	\$131,165	Fund Balance - Renewal and Replacement
Zoo Capital Projects Fund									
1	Predators of the Serengeti	\$3,175,000	\$1,950,000	\$0	\$75,000	\$0	\$0	\$5,200,000	Donations
2	Red Ape Reserve "Orangutan"	\$1,592,849	\$750,000	\$0	\$0	\$0	\$0	\$2,342,849	Fund Balance - Capital Reserve
Total - Oregon Zoo		\$6,934,684	\$15,115,492	\$18,335,729	\$21,664,877	\$19,104,326	\$20,575,013	\$101,730,121	

Total Project Summary with Major Funding Source

Exhibit A Resolution 09-4060 A

Parks and Environmental Services	Prior Years	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	Grand Total	Funding Source
General Fund Renewal and Replacement Fund								
1 M. James Gleason - Parking Lot Repaving	\$0	\$0	\$0	\$337,500	\$0	\$0	\$337,500	Fund Balance - Renewal and Replacement
2 Regional Parks Renewal and Replacement	\$62,302	\$169,267	\$161,994	\$464,355	\$16,250	\$80,000	\$954,168	Fund Balance - Renewal and Replacement
3 M. James Gleason Boat Ramp - Phase III & IV	\$0	\$0	\$1,300,000	\$0	\$0	\$0	\$1,300,000	Grants - State Marine Board
4 Blue Lake Wetland, Pathway, Trail	\$0	\$0	\$0	\$0	\$0	\$211,719	\$211,719	Fund Balance - Renewal and Replacement
General Fund								
1 Council/COO Building Space Remodel	\$64,983	\$100,000	\$0	\$0	\$0	\$0	\$164,983	Fund Balance - Capital Reserve
General Fund Renewal and Replacement Fund								
1 Carpet Replacement	\$54,000	\$125,040	\$106,121	\$120,150	\$0	\$0	\$405,311	Fund Balance - Renewal and Replacement
2 Parking Structure Waterproofing	\$0	\$125,000	\$0	\$0	\$0	\$0	\$125,000	Fund Balance - Renewal and Replacement
3 Council Chamber Audio/Visual Upgrades	\$152,418	\$0	\$0	\$0	\$140,851	\$0	\$293,269	Fund Balance - Renewal and Replacement
4 Metro Regional Center Roof Replacement	\$0	\$0	\$0	\$0	\$0	\$512,404	\$512,404	Fund Balance - Renewal and Replacement
5 Renewal and Replacement Property Services	\$63,085	\$220,396	\$26,530	\$17,935	\$84,361	\$194,141	\$606,448	Fund Balance - Renewal and Replacement
Solid Waste General Account								
1 Metro Central - Chimney Removal	\$35,824	\$500,000	\$0	\$0	\$0	\$0	\$535,824	Fund Balance - Capital Reserve
2 Metro Central - Rainwater Harvesting	\$150,000	\$160,000	\$0	\$0	\$0	\$0	\$310,000	Fund Balance - Capital Reserve
3 Metro South - New Operations Supervisors' Office	\$0	\$100,000	\$0	\$0	\$0	\$0	\$100,000	Fund Balance - Capital Reserve
4 Metro Central - Tarping Station	\$0	\$200,000	\$0	\$0	\$0	\$0	\$200,000	Fund Balance - Capital Reserve
5 Power Surge Protection for scalehouses at MSS & M	\$0	\$150,000	\$0	\$0	\$0	\$0	\$150,000	Fund Balance - Capital Reserve
6 Metro South - Wood Staging Structure	\$0	\$0	\$80,000	\$570,000	\$0	\$0	\$650,000	Fund Balance - Capital Reserve
7 Metro South - Wood Processing Capacity	\$53,500	\$0	\$60,000	\$595,000	\$150,000	\$0	\$858,500	Fund Balance - Capital Reserve
8 Metro South - Install High Capacity Baler	\$0	\$0	\$255,000	\$375,000	\$0	\$0	\$630,000	Fund Balance - Capital Reserve
9 Sort Line for Metro Central Station	\$0	\$0	\$864,000	\$0	\$0	\$0	\$864,000	Fund Balance - Capital Reserve
10 Expansion of MCS-HHW facility	\$0	\$0	\$0	\$0	\$863,000	\$0	\$863,000	Fund Balance - Capital Reserve
11 Improvements to Metro South truck entrance/exit	\$0	\$110,000	\$0	\$0	\$0	\$0	\$110,000	Fund Balance - Capital Reserve
12 Reader Board at MSS entrance	\$0	\$0	\$0	\$0	\$0	\$200,000	\$200,000	Fund Balance - Capital Reserve
13 Metro South- Installation of Compactor for Public Un	\$0	\$0	\$200,000	\$680,000	\$0	\$0	\$880,000	Fund Balance - Capital Reserve
14 Future Master Facility Plan Improvements	\$0	\$0	\$0	\$0	\$1,000,000	\$0	\$1,000,000	Fund Balance - Capital Reserve
Solid Waste Landfill Closure								
1 St John's - Perimeter Dike Stabilization and Seepage	\$60,681	\$1,666,783	\$6,000	\$3,000	\$3,000	\$3,000	\$1,742,464	Grants
2 St. John's - Re-establish Proper Drainage	\$616,365	\$252,000	\$5,000	\$5,000	\$0	\$0	\$878,365	Fund Balance - Landfill Closure
3 St. John's - Landfill Remediation	\$0	\$0	\$1,000,000	\$1,000,000	\$1,000,000	\$0	\$3,000,000	Fund Balance - Landfill Closure
SW Renewal & Replacement Account								
0 SW Renewal and Replacement Acct Non CIP	\$0	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$500,000	Fund Balance - Renewal and Replacement
1 Metro Central Bay 2 Concrete Floor	\$0	\$250,000	\$0	\$0	\$0	\$0	\$250,000	Fund Balance - Renewal and Replacement
2 Metro Central HHW - Roof replacement	\$0	\$0	\$150,000	\$0	\$0	\$0	\$150,000	Fund Balance - Renewal and Replacement
3 Metro Central - Truckwash	\$35,000	\$350,000	\$0	\$0	\$0	\$0	\$385,000	Fund Balance - Renewal and Replacement
4 Metro Central-HHW- Ventilation System Replacemen	\$75,000	\$65,000	\$0	\$0	\$0	\$0	\$140,000	Fund Balance - Renewal and Replacement
5 Metro South Transfer Station - Roof replacment	\$0	\$0	\$0	\$0	\$335,000	\$0	\$335,000	Fund Balance - Renewal and Replacement
6 Metro South - Compactor Replacement	\$3,638	\$600,000	\$600,000	\$0	\$0	\$0	\$1,203,638	Fund Balance - Renewal and Replacement
7 Metro South- Replace Ventilation System Component	\$0	\$140,000	\$0	\$0	\$0	\$0	\$140,000	Fund Balance - Renewal and Replacement

Total Project Summary with Major Funding Source

Exhibit A Resolution 09-4060 A

Priority
Fund
Dept

Parks and Environmental Services	Prior Years	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	Grand Total	Funding Source
8 Metro South - Modify Entry Way to Operations Bld.	\$0	\$175,000	\$0	\$0	\$0	\$0	\$175,000	Fund Balance - Renewal and Replacement
9 Metro Central - Scalehouse "C" Scale Replacement	\$0	\$0	\$100,000	\$0	\$0	\$0	\$100,000	Fund Balance - Renewal and Replacement
10 Metro Central - Replace metal wall system	\$0	\$0	\$0	\$170,000	\$0	\$0	\$170,000	Fund Balance - Renewal and Replacement
11 Metro Central - Baler Conveyor	\$0	\$0	\$0	\$220,000	\$0	\$0	\$220,000	Fund Balance - Renewal and Replacement
12 Metro Central - Replace Slow Speed Shredder	\$0	\$0	\$0	\$0	\$600,000	\$0	\$600,000	Fund Balance - Renewal and Replacement
13 Metro Central Station - High Speed Shredder Replace	\$0	\$0	\$0	\$0	\$0	\$300,000	\$300,000	Fund Balance - Renewal and Replacement
14 Metro Central Standby Power Generator	\$0	\$0	\$0	\$0	\$135,000	\$0	\$135,000	Fund Balance - Renewal and Replacement
Total - Parks and Environmental Services	\$1,426,796	\$5,558,486	\$5,014,645	\$4,657,940	\$4,427,462	\$1,601,264	\$22,686,593	

Total Project Summary with Major Funding Source

Exhibit A Resolution 09-4060 A

Priority	Fund	Dept
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Research Center	Prior Years	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	Grand Total	Funding Source
Planning Fund								
1 Regional Land Information System (RLIS)	\$794,667	\$42,000	\$32,000	\$27,000	\$23,000	\$32,000	\$950,667	Other Capital Lease
2 Transportation Modeling Services Cluster Upgrade	\$25,000	\$80,000	\$25,000	\$68,200	\$25,000	\$25,000	\$248,200	Other
Total - Research Center	\$819,667	\$122,000	\$57,000	\$95,200	\$48,000	\$57,000	\$1,198,867	

Total Project Summary with Major Funding Source

Exhibit A Resolution 09-4060 A

Sustainability Center		Prior Years	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	Grand Total	Funding Source
Natural Areas Fund									
1	Natural Areas Acquisition	\$33,724,753	\$40,937,532	\$35,682,296	\$36,005,264	\$21,292,644	\$0	\$167,642,489	G.O. Bonds - Open Spaces
Natural Areas Fund									
1	40-Mile Loop Trail Construction at Blue Lake Park	\$0	\$939,000	\$0	\$0	\$0	\$0	\$939,000	Grants
2	Graham Oaks Nature Park	\$577,818	\$2,843,080	\$0	\$0	\$0	\$0	\$3,420,898	G.O. Bonds - Open Spaces
3	Cooper Mountain Nature Park	\$2,478,188	\$400,000	\$75,000	\$0	\$0	\$0	\$2,953,188	G.O. Bonds - Open Spaces
4	Willamette Cove Nature Park	\$0	\$0	\$300,000	\$0	\$0	\$0	\$300,000	G.O. Bonds - Open Spaces
Regional Parks Capital Fund									
1	Nature and Golf Learning Center at Blue Lake Park	\$1,041,609	\$10,650,000	\$0	\$0	\$0	\$0	\$11,691,609	Other
Total - Sustainability Center		\$37,822,368	\$55,769,612	\$36,057,296	\$36,005,264	\$21,292,644	\$0	\$186,947,184	

Capital Asset Management Policies

In FY 2000–01 the Metro Council raised concerns about the lack of comprehensive agency asset management policies. The Presiding Officer established a Systems Performance Task Force to review the differing departmental approaches to capital asset management and make recommendations. The major finding of the task force was a need to have capital management policies for three principal reasons:

- To provide a general framework for capital asset management.
- To provide minimum standards and requirements related to capital asset management for all Metro departments.
- To have established written policies against which the Council can review the capital asset management programs of individual departments; these policies also require additional fiscal information be included in the capital budget and the budget that will give the Council a clearer picture of the total capital needs of the agency.

In 2001 via Resolution No. 01-3113, Council approved the Metro Capital Asset Management Policies. During FY 2002–03, operating procedures were developed to ensure consistent application of these policies.

CAPITAL ASSET MANAGEMENT POLICIES

The following policies provide guidance for current practices and a framework for evaluation of proposals for future projects. These policies also seek to improve Metro's financial stability by providing a consistent approach to fiscal strategy. Adopted financial policies show the credit rating industry and prospective investors (bond buyers) the agency's commitment to sound financial management and fiscal integrity. Adherence to adopted policies ensures the integrity and clarity of the financial planning process and can lead to improvement in bond ratings and lower cost of capital.

1. Metro shall operate and maintain its physical assets in a manner that protects the public investment and ensures achievement of their maximum useful life.
Ensuring the maximum useful life for public assets is a primary agency responsibility. Establishing clear policies and procedures for monitoring, maintaining, repairing and replacing essential components of facilities is central to good management practices. It is expected that each Metro department will have written policies and procedures that address:
Multi-year planning for renewal and replacement of facilities and their major components.
Annual maintenance plans.
2. Metro shall establish a Renewal and Replacement Reserve account for each operating fund responsible for major capital assets.
Ensuring that the public receives the maximum benefit for its investments in major facilities and equipment requires an ongoing financial commitment. A Renewal and Replacement Reserve should initially be established based on the value of the asset and consideration of known best asset management practices. Periodic condition assessments should identify both upcoming renewal and replacement projects and the need to adjust reserves to support future projects. If resources are not sufficient to fully fund the Reserve without program impacts, the Council will consider alternatives during the annual budget process. Establishing and funding the Reserve demonstrates Metro's ongoing capacity and commitment to these public investments.
3. Metro shall prepare, adopt and update at least annually a five-year Capital Improvement Plan (hereto referred as the capital budget). The Plan will identify and set priorities for all major capital assets to

be acquired or constructed by Metro. The first year of the adopted capital budget shall be included in the proposed budget.

The primary method for Metro departments to fulfill the need for multi-year planning is the capital budget process. The capital budget allows a comprehensive look at Metro's capital needs for both new facilities and renewal and replacement of existing ones, and allows the Council to make the necessary decisions to ensure financial resources match forecasted needs.

4. Capital improvement projects are defined as facility or equipment purchases or construction which results in a capitalized asset costing more than \$100,000 and having a useful (depreciable life) of five years or more. Also included are major maintenance projects of \$100,000 or more that have a useful life of at least five years.

A clear threshold ensures that the major needs are identified and incorporated in financial plans.

5. An assessment of each Metro facility will be conducted at least every five years. The report shall identify repairs needed in the coming five years to ensure the maximum useful life of the asset. This information shall be the basis for capital improvement planning for existing facilities and in determining the adequacy of the existing Renewal and Replacement Reserves.

A foundation step for capital planning is an understanding of the current conditions of Metro facilities. It is expected that Metro departments have a clear, documented process for assessing facility condition at least every five years. The assessment processes may range from formal, contracted engineering studies to in-house methods such as peer reviews. The assessment should identify renewal and replacement projects that should be done within the following five years. The Renewal and Replacement Reserve account should be evaluated and adjusted to reflect the greater of the average renewal and replacement project needs over the coming five years or two percent of the current facility replacement value.

6. The capital budget will identify adequate funding to support repair and replacement of deteriorating capital assets and avoid a significant unfunded liability from deferred maintenance.

Using the information provided by facility assessments, Metro departments should use the capital budget process to identify the resources necessary to keep facilities in an adequate state of repair. In situations where financial resources force choices between programs and facility repair, the annual budget process should highlight these policy choices for Council action.

7. A five-year forecast of revenues and expenditures will be prepared in conjunction with the capital budgeting process. The forecast will include a discussion of major trends affecting agency operations, incorporate the operating and capital impact of new projects, and determine available capacity to fully fund the Renewal and Replacement Reserve.

Incorporation of capital needs into agency five-year forecasts ensures that problem areas are identified early enough that action can be taken to ensure both the maintenance of Metro facilities and integrity of Metro services.

8. To the extent possible, improvement projects and major equipment purchases will be funded on a pay-as-you-go basis from existing or foreseeable revenue sources. Fund Balances above established reserve requirements may be used for one-time expenditures such as capital equipment or financing of capital improvements.

Preparing a capital budget and incorporating it into five-year forecasts enables Metro to plan needed capital spending within foreseeable revenues. This minimizes the more costly use of debt for capital financing and ensures renewal and replacement of facility components takes place without undue financial hardship to operations.

9. Debt (including capital leases) may only be used to finance capital, including land acquisition, not ongoing operations. Projects that are financed through debt must have a useful service life at least equal to the debt repayment period.

Because interest costs impact taxpayers and customers, debt financing should be utilized only for the creation or full replacement of major capital assets.

10. When choosing funding sources for capital items, every effort should be made to fund enterprise projects either with revenue bonds or self-liquidating general obligation bonds. For the purpose of funding non-enterprise projects, other legally permissible funding sources such as systems development charges should be considered.
11. Acquisition or construction of new facilities shall be done in accordance with Council adopted facility and/or master plans. Prior to approving the acquisition or construction of a new asset, Council shall be presented with an estimate of the full cost to operate and maintain the facility through its useful life and the plan for meeting these costs. At the time of approval, Council will determine and establish the Renewal and Replacement Reserve policy for the asset to ensure resources are adequate to meet future major maintenance needs.

New Metro facilities should be planned within the overall business and service objectives of the agency. To ensure that the public gains the maximum utility from the new facility or capital asset, Metro should identify the full cost of building and operating the facility throughout its useful life. Resources generated from its operation or other sources should be identified to meet these needs.

Note: Beginning with FY 2005-06, the Capital Improvement Plan (CIP) is referred to as the five-year capital budget.

Metro's Financial Policies

In 2004 the Metro Council voted unanimously in favor of Resolution No. 04-3465, "adopting comprehensive financial policies for Metro." The policies contained in this resolution are included below, in their entirety.

Each year as part of the annual budget adoption process the Metro Council reviews the financial policies which provide the framework for the overall fiscal management of the agency. Operating independently of changing circumstances and conditions, these policies are designed to help safeguard Metro's assets, promote effective and efficient operations and support the achievement of Metro's strategic goals.

These policies establish basic principles to guide Metro's elected officials and staff in carrying out their financial duties and fiduciary responsibilities. The Chief Financial Officer shall establish procedures to implement the policies established in this document.

General policies

1. Metro's financial policies shall be reviewed annually by the Council and shall be published in the adopted budget.
2. Metro shall prepare its annual budget and Comprehensive Annual Financial Report consistent with accepted public finance professional standards.
3. The Chief Financial Officer shall establish and maintain appropriate financial and internal control procedures to assure the integrity of Metro's finances.
4. Metro shall comply with all applicable state and federal laws and regulations concerning financial management and reporting, budgeting and debt administration.

Accounting, auditing and financial reporting

1. Metro shall annually prepare and publish a Comprehensive Annual Financial Report including financial statements and notes prepared in conformity with generally accepted accounting principles as promulgated by the Governmental Accounting Standards Board.
2. Metro shall maintain its accounting records on a basis of accounting consistent with the annual budget ordinance.
3. Metro shall have an independent financial and grant compliance audit performed annually in accordance with generally accepted auditing standards.

Budgeting and financial planning

1. As prescribed in Oregon budget law, total resources shall equal total requirements in each fund, including contingencies and fund balances. However, Metro considers a budget to be balanced whenever budgeted revenues equal or exceed budgeted expenditures. Beginning fund balances shall not be considered as revenue, nor shall contingencies or ending fund balances be considered expenditures, in determining whether a fund is in balance.
2. Metro shall maintain fund balance reserves that are appropriate to the needs of each fund. Targeted reserve levels shall be established and reviewed annually as part of the budget process. Use of fund balance to support budgeted operations in the General Fund, an operating fund, or a central service fund shall be explained in the annual budget document; such explanation shall describe the nature of the budgeted reduction in fund balance and its expected future impact. Fund balances in excess of future needs shall be evaluated for alternative uses.

3. Metro staff shall regularly monitor actual revenues and expenditures and report to Council at least quarterly on how they compare to budgeted amounts, to ensure compliance with the adopted budget. Any significant changes in financial status shall be timely reported to the Council.
4. Metro shall use its annual budget to identify and report on department or program goals and objectives and measures of performance.
5. A new program or service shall be evaluated before it is implemented to determine its affordability.
6. Metro shall authorize grant-funded programs and associated positions for a period not to exceed the length of the grant unless alternative funding can be secured.
7. Each operating fund will maintain a contingency account to meet unanticipated requirements during the budget year. The amount shall be appropriate for each fund.
8. Metro shall prepare annually a five-year forecast of revenues, expenditures, other financing sources and uses, and staffing needs for each of its major funds, identifying major anticipated changes and trends, and highlighting significant items which require the attention of the Council.
9. Metro will annually prepare a cost allocation plan prepared in accordance with applicable federal guidelines to maintain and maximize the recovery of indirect costs from federal grants, and to maintain consistency and equity in the allocation process.

Capital asset management

1. Metro shall budget for the adequate maintenance of capital equipment and facilities and for their orderly replacement, consistent with longer-term planning for the management of capital assets.
2. The Council's previously-adopted policies governing capital asset management are incorporated by reference into these policies. [See note]

Cash management and investments

1. Metro shall maintain an investment policy in the Metro Code, which shall be subject to annual review and re-adoption.
2. Metro shall schedule disbursements, collections and deposits of all funds to ensure maximum cash availability and investment potential.
3. Metro shall manage its investment portfolio with the objectives of safety of principal as the highest priority, liquidity adequate to needs as the second highest priority and yield from investments as its third highest priority.

Debt management

1. Metro shall issue long-term debt only to finance capital improvements, including land acquisition, that cannot be readily financed from current revenues, or to reduce the cost of long-term financial obligations.
2. Metro will not use short-term borrowing to finance operating needs unless specifically authorized by the Council.
3. Metro shall repay all debt issued within a period not to exceed the expected useful life of the improvements financed by the debt.
4. Metro shall fully disclose financial and pertinent credit information as it relates to Metro's outstanding securities.
5. Metro shall strive to obtain the highest credit ratings to ensure that borrowing costs are minimized and Metro's access to credit is preserved.
6. Equipment and vehicles should be financed using the least costly method, including comparison to direct cash expenditure. This applies to purchase using operating leases, capital leases, bank financing, company financing or any other purchase programs.

Revenues

1. Metro shall estimate revenues through an objective, analytical process.
2. Metro shall strive to maintain a diversified and balanced revenue system to protect it from short-term fluctuations in any one revenue source.
3. One-time revenues shall be used to support one-time expenditures or increase fund balance.
4. Metro shall pursue appropriate grant opportunities; however, before accepting any grant, Metro will consider the current and future implications of either accepting or rejecting it. The Chief Financial Officer may establish criteria to be used in evaluating the potential implications of accepting grants.

Note: On June 26, 2008, Metro Council readopted these financial policies to incorporate, by reference, a change in its capital asset management policies.

STAFF REPORT

IN CONSIDERATION OF RESOLUTION NO. 09-4060 A, FOR THE PURPOSE OF ADOPTING THE CAPITAL IMPROVEMENT PLAN FOR FISCAL YEARS 2009-10 THROUGH 2013-14; AND READOPTING METRO'S FINANCIAL POLICIES

Date: May 30, 2009

Presented by: Margo Norton, Director, Finance and Regulatory Services

BACKGROUND

A. The Capital Improvement Plan (CIP) for Fiscal Years 2009-10 through 2013-14 represents Metro's long-range capital planning process. Metro has established a sound base to forecast the agency's capital needs and balance those needs with available resources. As a result, Metro has been able to coordinate the financing and timing of its capital improvements in a way that maximizes the benefits to the public and provides opportunities to save money. If a project comes up unexpectedly during the year, departments must follow an established amendment process to submit the project to Council for approval. The Council usually has given prior direction for the project, and the amendment comes forward in conjunction with a contract award or, if no contract is required, through a separate resolution.

Exhibit A provides a listing of the CIP projects and major funding source. The resolution approves the entire capital budget and directs that projects for FY 2009-10 be approved, and project expenditures for FY 2009-10 be appropriated, as amended, in the FY 2009-10 budget. New projects are highlighted. Yellow projects are new projects that have expenditures in FY 2009-10, green projects are new projects with expenditures after FY 2009-10 and blue projects are projects funded by renewal and replacement reserves. During the Fiscal Year 2008-09 budget process, Council approved raising the individual project amount needing Council approval from \$50,000 to \$100,000 and this CIP fully reflects that change. Of the 26 new projects, the majority are renewal and replacement (16). Of the remaining ten, nine are a result of the Zoo Infrastructure and Animal Welfare Bond; one is the grant funded 40-Mile Loop Trail Construction at Blue Lake Park. The fifty remaining projects received Council approval in prior years. The five year total for this CIP is \$268.2 million. Two areas dominate the CIP, the Zoo Bond expenditures of \$88.1 million and the Natural Area Bond expenditures of \$175.8 million

B. This resolution also provides for the annual review and re-adoption of Metro's financial policies, including the Capital Asset Management Policies which are incorporated by reference. The policies are attached as Exhibit B to the resolution.

The current policies address six specific areas of financial management as well as a series of general policies. Several of these simply echo federal or state laws and regulations, or establish as policy certain practices that are currently being done. Highlights of those policies include:

- The policies will be reviewed annually by the Council and published in the adopted budget.
- The Chief Financial Officer will develop guidelines and procedures in a number of areas, including determination of fund balances appropriate to each major fund, determination of appropriate contingencies to be maintained, and internal controls.
- A definition of a balanced budget is one in which current year revenues meet or exceed current year expenditures.
- Any use of fund balance in an operating fund will be fully explained in the adopted budget document.

- A study to assess the affordability of any new program will be done before the program is implemented.
- The Council's existing capital asset management policies are incorporated into this document, by reference.
- One-time revenues will be used to pay for one-time costs or add to fund balance.

ANALYSIS/INFORMATION

1. **Known Opposition:** None
2. **Legal Antecedents:** Metro's adopted financial policies require the annual adoption of a Capital Improvement Plan and the annual review of Metro's Comprehensive Financial Policies.
3. **Anticipated Effects:** The resolution signifies the Council has reviewed and approved the CIP covering the years FY 2010-2014.

Within the 76 projects planned during the five years covered by this CIP, 36 are projects for replacing or improving existing facilities (\$15.7 million); the remaining 44 projects purchase land, purchase equipment and create new facilities. The total cost for all projects during the five years is estimated to be \$268.6 million.

This Resolution is the formal instrument by which the five-year plan will be adopted. Projects with planned expenditures in FY 2009-10 will be incorporated into the Adopted Budget.

4. **Budget Impacts:** The plan's FY 2009-10 expenditures will be appropriated in the FY 2009-10 Adopted Budget.

RECOMMENDED ACTION

Resolution No. 09-4060 A is an important component of the annual budget process. The Chief Operating Officer with the concurrence of the Council President recommends adoption.

Agenda Item Number 7.1

Resolution No. 09-4058, For the Purpose of Considering a Contract
Amendment to Contract No. 926509 with PT3, INC.
For Continuation of the Travel Options Marketing Campaign

CONTRACT REVIEW BOARD
COUNCILOR HARRINGTON

Metro Council Meeting
Thursday, June 25, 2009
Metro Council Chamber

BEFORE THE METRO CONTRACT REVIEW BOARD

FOR THE PURPOSE OF CONSIDERING A)	RESOLUTION NO. 09-4058
CONTRACT AMENDMENT TO CONTRACT)	
NO. 926509 WITH PT3, INC. FOR)	Introduced by Chief Operating Officer
CONTINUATION OF THE TRAVEL OPTIONS)	Michael J. Jordan, with the concurrence of
MARKETING CAMPAIGN)	Council President David Bragdon

WHEREAS, beginning in 2005 Metro entered into Metro Contract No. 926509 with PT3, Inc., also known as Pac/West Communications, in the amount of \$840,025 to develop and implement a multi-year marketing campaign to increase public awareness of alternatives to driving alone and of techniques for driving wisely in the Portland metropolitan area; and,

WHEREAS, the original contract with PT3, Inc. was awarded as a result of an open competitive Request for Proposal (RFP) process in which PT3, Inc. was the highest ranked proposer as determined by the evaluation committee; and

WHEREAS, on December 15, 2005, the Metro Council adopted Resolution No. 05-3624, authorizing the Chief Operating Officer to execute Amendment 1 to Contract No. 926509 with PT3, Inc. for the provision of additional advertising for the travel options marketing campaign, thereby approving an increase in the amount of the contract to \$1,890,000.00; and

WHEREAS, on December 13, 2007, the Metro Council adopted Resolution No. 07-3870, authorizing the Chief Operating Officer to execute Amendment 3 to Contract No. 926509 with PT3, Inc. for the provision of additional advertising for the travel options marketing campaign, thereby approving an increase in the amount of the contract to \$3,495,165.00; and

WHEREAS, The Oregon Department of Transportation (ODOT) had planned to take over management of the travel options marketing campaign on July 1, 2009, but has requested that Metro continue management of the campaign and related consultant contracts from July 1, 2009 to June 30, 2010; and

WHEREAS, ODOT has agreed to provide revenue to Metro to support the continuation of the campaign through Intergovernmental Agreement No. 926234 and intends to amend that agreement to include funds to support Amendment 4 to the PT3, Inc contract; and

WHEREAS, the Regional Travel Options 2008-2013 Strategic Plan, adopted by the Metro Council in March 2008, calls for continuation of the Drive Less/Save More campaign and staff have determined that continuation of the campaign is in the best interests of Metro; and

WHEREAS, PT3, Inc. has effectively implemented the campaign resulting in increased public awareness of travel options and reported changes in travel behavior; and

WHEREAS, pursuant to ORS 279A.060 and Metro Code 2.04.010 the Metro Council is designated as the Public Contract Review Board for the regional government; and

WHEREAS, Metro Code 2.04.046 requires Metro Council approval for contract amendments for personal services that exceed twice the amount of the original contract; and

WHEREAS, the Metro Procurement Officer believes that the amending the existing contract with PT3, Inc. is appropriate and that such action is in the best interests of Metro; and

BE IT RESOLVED that the Metro Council, acting as the Metro Contract Review Board, authorizes the Chief Operating Officer to negotiate and execute Amendment 4 to Metro Contract No. 926509 with PT3, Inc. in a form substantially similar to that set forth as the attached Exhibit "A," *provided that* the Chief Operating has first received written confirmation from the Oregon Department of Transportation of the intent of ODOT to provide funding for the additional services set forth in Amendment 4.

ADOPTED by the Metro Contract Review Board this _____ of June, 2009.

David Bragdon, Council President

Approved as to Form:

Daniel B. Cooper, Metro Attorney

**AMENDMENT NO. 4 TO
Personal Services Contract No. 24838 (Metro Contract #926509)
Title: Travel Options Marketing Campaign**

1. This is Amendment No. 4 to Personal Services Contract No. 24838 (as amended from time to time) effective date June 24, 2005 between the Metro, a metropolitan service district organized under the law of the State of Oregon and the Metro Charter, hereafter called "Agency," and PT3, Inc., hereafter called "Contractor."
2. The Contract is hereby amended as follows:
 - Section 1, "Effective Date and Duration", of the Terms and Conditions shall be amended to extend the expiration date of this Personal Services Contract from June 30, 2009 until **June 30, 2010**.
 - Section 3, "Consideration," of the Terms and Conditions shall be amended to increase the maximum not to exceed sum by **\$900,000 to \$4,392,775**.
 - Exhibit H, "Contract Statement of Work," is hereby amended as set forth on the attached Exhibit H.
 - Exhibit I, "Delivery Schedule," is hereby amended as set forth on the attached Exhibit I.
3. Except as expressly amended above, all other terms and conditions of the original Contract and any previous amendments are still in full force and effect. Contractor certifies that the representations, warranties and certifications contained in the original Contract are true and correct as of the effective date of this Amendment and with the same effect as though made at the time of this Amendment.

Certification: **The individual signing on behalf of Contractor hereby certifies and swears under penalty of perjury: (a) the number shown on the above-referenced Contract is Contractor's correct taxpayer identification;** (b) Contractor is not subject to backup withholding because (i) Contractor is exempt from backup withholding, (ii) Contractor has not been notified by the IRS that Contractor is subject to backup withholding as a result of a failure to report all interest or dividends, or (iii) the IRS has notified Contractor that Contractor is no longer subject to backup withholding; (c) s/he is authorized to act on behalf of Contractor, s/he has authority and knowledge regarding Contractor's payment of taxes, and to the best of her/his knowledge, Contractor is not in violation of any Oregon tax laws, including any state tax imposed by ORS 401.792 to 401.816 (Tax For Emergency Communications), 118 (Inheritance Tax), 314 (Income Tax), 316 (Personal Income Tax), 317 (Corporation Excise Tax), 318 (Corporation Income Tax), 320 (Amusement Device and Transient Lodging Taxes), 321 (Timber and Forestland Tax), 323 (Cigarettes and Tobacco Products Tax), and the elderly rental assistance program under ORS 310.630 to 310.706, and any local taxes administered by the Department of Revenue under ORS 305.620; (d) Contractor is an independent contractor as defined in ORS 670.600, and (e) if required by 40 CFR 1506.5(c), Contractor has no financial or other interest in the outcome of the Project.

CONTRACTORS: PAYMENT SHALL NOT BE ISSUED FOR SERVICES RENDERED PRIOR TO NECESSARY STATE APPROVALS

CONTRACTOR

Name/Title	(PT3, Inc.)	Date
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LEGAL REVIEW

Approved for Legal Sufficiency by	Date
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AGENCY

Approved by or designee	Date
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Approved by or designee

Date

Concurrence as to Process by ODOT Procurement Manager or designee

Date

EXHIBIT H
Contract Statement of Work
July 2009 through June 30, 2010

Introduction

This is the Statement of Work (SOW) for Amendment 4 to Metro Personal Services Contract 926509. All twelve tasks authorized in the original contract as amended are complete or will be complete by the original contract expiration date of June 30, 2009. The following tasks are within the advertised scope of RFP No. 05-1144-PLAN. Because the following tasks are not the same as their original counterparts, that is, Task 2A below is similar to but not the same as Task 2 in the original SOW, an "A" has been assigned to each Task number to designate the uniqueness of the Task.

Task 2A - Develop ongoing project evaluation and measurement; conduct awareness survey(s)
Contractor shall:

Develop methods to measure outcomes. Maintain system of gathering statistical data to report monthly progress on each task. Seek evaluation and measurement opportunities through partner research. Develop project evaluation and/or campaign awareness instrument(s) with Metro's approval and conduct post-campaign mail, or telephone surveys as needed with a representative sample of residents to obtain reliable information. Develop a reporting mechanism to match up with on-going, independent member agencies' measurement systems. Provide overall progress reports on a monthly basis. Provide Metro with a copy of all raw survey responses in an Excel spreadsheet.

Task 2A deliverables: monthly progress reports to Metro project manager; evaluation and measurement plan; report on results of relevant partner research; report on results of project evaluation and/or campaign awareness survey(s); Excel spreadsheet copies of all raw data.

Task 4A - Develop partners and recruit sponsors**Contractor shall:**

Identify potential sponsors, partners and in-kind contributors to provide additional resources for the campaign. Develop a cover letter and supporting information that describes sponsorship benefits. Contact and, when appropriate, meet with potential sponsors, partners and in-kind contributors, and prepare needed meeting materials. When evaluating possible sponsors or partners, look to establish long-term involvement fostering participating through the course of the multi-year program.

Task 4A deliverables: partnership/sponsorship recruitment plan; sponsorship benefits cover letter and supporting information

Task 6A - Create and test campaign message and materials, and purchase paid media**Contractor shall:**

Develop a paid media strategy and schedule that includes placement of television and radio advertising. Develop media strategies concurrently to provide maximum impact and cost efficiency. Leverage schedules for maximum exposure, based on the best practice of realizing effective reach/frequency targets. Negotiate partnerships and value-added media support with each placement opportunity. Paid media may include radio, newspapers, outdoor, transit, original branded programming, and other out-of-home media. Materials may include newsletters, posters, point-of-purchase displays, door hangers, direct mail, fact sheets, videos, and other presentations including print and PowerPoint applications. Recommend how to apply the campaign theme to the campaign partner's existing marketing programs and materials. Maintain and enhance web site that provides information to support the campaign call to action.

Task 6A deliverables: campaign advertising and collateral materials; media strategy and

schedules; web site enhancements

Task 7A - Earned media implementation and outreach

Contractor shall:

Review earned media possibilities and plans for all appropriate transportation agencies. Generate editorial and news coverage. Create pro-active earned media opportunities to frame and convey key messages. Develop shared media calendar and provide consultation on what transportation agencies already have planned. Expand the earned media plan and calendar to include generation of earned media coverage in key markets outside of the Portland metropolitan area. Earned media includes opinion editorials, news releases and working with television, print and radio outlets throughout the duration of campaign. Develop and implement an outreach strategy that involves businesses, retail stores, local neighborhoods and communities and employers in the campaign.

Task 7A deliverables: earned media plans; progress reports on earned media activities; shared media calendar; outreach strategy and related collateral materials

Task 13 - Implement years five and six of the campaign

Contractor shall:

Provide administrative support for years five and six of the campaign. Maintain communication with Metro and campaign partners. Schedule and conduct ODOT Travel Options Marketing Steering Committee meetings to review overall program goals, activities and expenditures. Develop meeting agendas and meeting reports for Metro review and approval. Recommend adjustments to the campaign plan based on results. Provide monthly progress reports.

Task 13 deliverables: monthly progress reports; agendas and reports.

EXHIBIT I
Delivery Schedule
July 2009 through June 30, 2010

Task 2A – Develop ongoing project evaluation and measurement

Progress reports - monthly; evaluation and measurement plan - 30 days from Notice to Proceed (NTP); report on results of relevant partner research - 45 days from conclusion of research; report on results of campaign awareness surveys – 45 days from end of surveys; Excel spreadsheet copies of all raw survey responses – 45 days from end of surveys.

Task 4A - Develop partners and recruit sponsors

Estimated time requirement for plan development: 60 to 90 days from NTP, to be implemented on a continual basis throughout the campaign.

Task 6A - Create and test campaign message and materials, and purchase paid media

Estimated time requirement for plan development: 60 to 90 days from NTP, to be implemented on a continual basis throughout the campaign.

Task 7A - Earned media implementation and outreach

Estimated time required for development: Earned media activities will be developed concurrently with paid media and creative materials, and implemented on a continual basis throughout the campaign.

Task 13 - Implement years three and four of the campaign

Estimated time for development: Ongoing administrative services; ODOT meeting agendas drafted and submitted to Metro Project Manager no later than seven days prior to meeting; meeting minutes provided to Metro within seven work days following meeting.

(PT3 / Travel Options Marketing Campaign / ODOT Contract No. PSK # 24838/ Metro Contract No. 926509)

2009-2010 Costs by Task

<u>Classifications</u>	<u>Task Description</u>	<u>Pac/West</u>	<u>Expenses</u>	<u>Cappelli Miles Spring</u>	<u>DBE/ESB Contractor***</u>	<u>Amendment #4 Total (cost plus expenses)</u>
Task 2*	Project evaluation and measurement	\$900.00	\$7,100.00	-	-	\$8,000.00
Task 4	Develop partnerships and recruit sponsors	\$2,000.00	-	-	PDX: \$3,000.00 Other \$3,000.00	\$8,000.00
Task 6	Paid media, collateral, web site	PDX:\$45,000.00 OTHER:\$4,000.00	PDX:\$0.00 OTHER:\$11,000.00	PDX: \$392,900.00 OTHER:\$107,000.00	\$35,000.00	\$594,900.00
Task 7	Earned media and outreach	PDX: \$190,000.00 OTHER:\$18,000.00	PDX:\$0.00 OTHER:\$10,000.00	-	\$31,000.00	\$249,000.00
Task 13	Implement year five and six of the campaign	\$40,100.00	-	-	-	\$40,100.00
Subtotals		\$300,000.00	\$28,100.00	\$499,900.00	\$72,000.00	\$900,000.00
				<u>New Contract Not-To-Exceed = \$4,392,775.00</u>		
<u>Direct Non-labor Costs</u> Mileage: 2,880 miles @ .58 = \$1,670.40 Copies/reproduction = \$1,325.00 Subtotal = \$2,995.40		<u>Soft Match (estimated)</u> Minimum required in donated media for soft match = \$99,980.00		<u>Estimated Budget Breakdown by Fiscal Year</u> July 1, 2009 through June 30, 2010=		

Total Budget Estimate = \$999,980.00

Budget Notes

- **Task 2*** Pac/West will contract as needed with Moore Information, the research firm that has conducted previous surveys and focus groups on behalf of the campaign.
- **Task 3**** Includes the placement of existing television ads and paid sponsorship of radio traffic reports. Pac/West is responsible for any additional collateral materials, as well as web site maintenance and updates.
- **DBE/ESB Contractor***** Factored at 8 percent of total budget.

STAFF REPORT

IN CONSIDERATION OF RESOLUTION NO. 09-4058, RESOLUTION OF METRO COUNCIL, ACTING AS THE METRO CONTRACT REVIEW BOARD, FOR THE PURPOSE OF APPROVING A CONTRACT AMENDMENT FOR CONTINUATION OF THE DRIVE LESS/SAVE MORE CAMPAIGN

Date: June 15, 2009

Prepared by: Darin Matthews (x. 1626)
Pam Peck (x. 1866)

BACKGROUND

The Drive Less/Save More campaign was launched in February 2006 and is combined effort of Metro, the Oregon Department of Transportation (ODOT), TriMet, Washington County and other regional and local partners. A statewide steering committee co-chaired by Metro Councilor Rex Burkholder and Washington County Commission Chair Tom Brian provides campaign oversight. Metro is managing the campaign and related consultant contracts on behalf of the campaign partners. ODOT provides revenue to support the campaign through an intergovernmental agreement (IGA #22211) with Metro.

A Request For Proposals (RFP) was issued for the development and implementation of a marketing campaign to promote travel options and change travel behavior in March 2005. The published RFP included an initial cost estimate of \$840,025. Metro and ODOT project staff reviewed all proposals and conducted interviews with finalists, selecting Pac/West Communications (PT3, Inc.) as the preferred candidate.

In December 2005, the project steering committee directed an additional \$1,040,000 to the campaign effort for the purpose of purchasing television and radio advertising. ODOT's IGA with Metro was amended to include the additional funds and amended scope of work. A subsequent amendment was made to the PT3, Inc. contract to reflect the amended scope of work. In December 2007, the steering committee directed an additional \$1,615,140 to the campaign to support implementation in the Portland metropolitan area through June 30, 2009. The ODOT IGA with Metro and PT3, Inc. contracts were amended to continue implementation of the campaign.

ODOT planned to take over management of the campaign on July 1, 2009 and to expand the campaign to additional cities in Oregon. However, ODOT has determined that they do not have the staff capacity to take on management of the campaign at this time and have requested that Metro continue management of the campaign and related consultant contracts from July 1, 2009 to June 30, 2010.

It would be impractical and inefficient to conduct a competitive procurement process for the additional year of campaign implementation and is in the best interest of Metro to amend the existing agreement with PT3, Inc. Therefore, it is recommended that a contract amendment of \$900,000 for the full contract amount of \$4,392,775 be awarded without an additional competitive RFP process.

Metro will act as contract administrator for the PT3, Inc. contract and will be compensated ODOT for the services provided by PT3, Inc. through an intergovernmental agreement.

A summary of the scope of services to be performed and related costs is included as Attachment 1.

ANALYSIS/INFORMATION

1. **Known Opposition** None known.
2. **Legal Antecedents** Metro Code 2.04.046, 2.04.010, ORS 279A.060, ORS 279B.060.
3. **Anticipated Effects** The Drive Less/Save More campaign will continue to be implemented in the Portland metropolitan region under Metro's management.
4. **Budget Impacts** None.

RECOMMENDED ACTION

Metro Council, acting as Public Contract Review Board, approves the contract amendment with PT3, Inc.