



# Metro | Agenda

**\*Note early start time**

Meeting: Metro Policy Advisory Committee (MPAC)  
Date: Wednesday, July 22, 2009  
Time: **4 to 7 p.m. \***  
Place: Council Chambers

4 PM	1.	<b><u>CALL TO ORDER</u></b>	Shane Bemis, Vice Chair
4:02 PM	2.	<b><u>SELF INTRODUCTIONS &amp; COMMUNICATIONS</u></b>	Shane Bemis, Vice Chair
4:05 PM	3.	<b><u>CITIZEN COMMUNICATIONS ON NON-AGENDA ITEMS</u></b>	
4:10 PM	4.	<b><u>CONSENT AGENDA</u></b>	Shane Bemis, Vice Chair
	*	• Consideration of the MPAC Minutes for July 8, 2009	
4:15 PM	5.	<b><u>COUNCIL UPDATE</u></b>	
	6.	<b><u>INFORMATION / DISCUSSION ITEMS</u></b>	
4:20 PM	6.1 *	Construction Excise Tax Administrative Rules – <u>INFORMATION</u>	Andy Shaw
4:35 PM	6.2	Comments on July 8 <sup>th</sup> Small Group Discussions on Employment and Benefits and Burdens – <u>DISCUSSION</u>	All
5:05 PM	6.3 *	Making the Greatest Place Small Group Discussion on: <i>Infrastructure and Investments:</i> <ul style="list-style-type: none"><li>• Do you have a funding/investment strategy that allows you to achieve your aspirations? Why or why not?</li><li>• What proportion of your dollars will be spent in centers, corridors or employment areas vs. other areas?</li><li>• For those communities that want UGB expansions, what proportion of your dollars do you anticipate spending in those expansion areas?</li><li>• How do we link regional commitments to local aspirations and local commitments?</li><li>• How do we pay for infrastructure needed to achieve local aspirations?</li><li>• How can we use public investments to leverage private investments?</li></ul>	All
6:20PM	6.4	Small Group Reports – <u>DISCUSSION</u>	All
6:55 PM	7.	<b><u>MPAC MEMBER COMMUNICATIONS</u></b>	
7 PM	8.	<b><u>ADJOURN</u></b>	Shane Bemis, Vice Chair

\* Material available electronically.

# Material provided at meeting.

All material will be available at the meeting.

For agenda and schedule information, call Kelsey Newell at 503-797-1916, e-mail: [kelsey.newell@oregonmetro.gov](mailto:kelsey.newell@oregonmetro.gov).

To check on closure or cancellations during inclement weather please call 503-797-1700.



***Tentative MPAC meeting agendas as of July 15, 2009 – subject to change***

All meetings are on Wednesdays, in the Metro Council Chamber, 600 NE Grand Ave., Portland, unless otherwise noted. For current agendas and materials, visit [www.oregonmetro.gov/mpac](http://www.oregonmetro.gov/mpac).

<b><u>MPAC Meeting</u></b> July 8, 2009, 5 to 7 p.m. <ul style="list-style-type: none"><li>• Comments on the June 24<sup>th</sup> small group discussions</li><li>• Making the Greatest Place small group discussions on employment urban growth report and equitable distribution of burdens and benefits</li></ul>	<b><u>MPAC Meeting</u></b> July 22, 2009, <b>4 to 7 p.m.</b> <ul style="list-style-type: none"><li>• Comments on the July 8<sup>th</sup> small group discussions</li><li>• Infrastructure and investments</li><li>• Construction excise tax administrative rules</li></ul>
<b><u>MPAC Meeting- Extended Meeting?</u></b> August 12, 2009, 5 to 7 p.m. <ul style="list-style-type: none"><li>• Discussion on draft Making the Great Place performance targets</li><li>• Information on RTP adoption packets, draft RTP project list and draft Freight Action Plan</li><li>• Urban and Rural Reserves small group discussions</li><li>• Discussion on construction excise tax administrative rules</li></ul>	<b><u>MPAC Meeting – Cancel?</u></b> August 26, 2009, 5 to 7 p.m. <ul style="list-style-type: none"><li>• Comments on the August 12<sup>th</sup> Small Group Discussions</li><li>• Transportation</li></ul>
<b><u>MPAC Meeting</u></b> September 9, 2009, 5 to 7 p.m. <ul style="list-style-type: none"><li>• Local Aspirations</li><li>• Efficiency measures</li></ul>	<b><u>MPAC Meeting</u></b> September 23, 2009, 5 to 7 p.m. <ul style="list-style-type: none"><li>• Introduce integrated Making the Greatest Place package</li></ul>
<b><u>MPAC Meeting – Cancel?</u></b> October 14, 2009, 5 to 7 p.m.  <b><u>MPAC Retreat:</u></b> October 23 <sup>rd</sup> , 8 a.m. to 3 p.m. Location To Be Determined	<b><u>MPAC Meeting</u></b> October 28, 2009, 5 to 7 p.m. <ul style="list-style-type: none"><li>• Discussion on RTP adoption package and public comments received</li></ul>

<p><b><u>November 11 (Veteran's Day Holiday – meeting canceled)</u></b></p>	<p><b><u>MPAC Meeting – Special meeting date – regular meeting date falls on Thanksgiving eve)</u></b> November 18, 2009, 5 to 7 p.m.</p> <ul style="list-style-type: none"> <li>• MPAC recommendation to Metro Council on draft RTP pending final findings and conformity – Action</li> <li>• Introduce resolution to authorize IGAs to designate urban and rural reserves</li> <li>• Introduce resolution accepting regional range forecast and urban growth report</li> </ul>
<p><b><u>MPAC Meeting</u></b> December 9, 2009, 5 to 7 p.m.</p> <ul style="list-style-type: none"> <li>• MPAC recommendation to Metro Council on resolution accepting regional range forecast and urban growth report (action)</li> <li>• MPAC recommendation to Metro Council on resolution to authorize IGAs to designate urban and rural reserves (action)</li> </ul>	



METRO POLICY ADVISORY COMMITTEE  
July 8, 2009  
Metro Regional Center, Council Chambers

MEMBERS PRESENT

Sam Adams  
Jody Carson  
Nathalie Darcy  
Amanda Fritz  
Jack Hoffman  
Dick Jones  
Richard Kidd  
Robert Liberty  
Alice Norris  
Judy Shiprack  
Rick VanBeveren  
Jerry Willey

AFFILIATION

City of Portland  
City of West Linn, representing Clackamas Co. Other Cities  
Washington Co. Citizen  
City of Portland  
City of Lake Oswego, representing Clackamas Co. Largest City  
Clackamas Co. Special Districts  
City of Forest Grove, representing Washington Co. Other Cities  
Metro Council  
City of Oregon City, representing Clackamas Co. 2<sup>nd</sup> Largest City  
Multnomah Co. Commission  
TriMet Board of Directors  
City of Hillsboro, representing Washington Co. Other Cities

MEMBERS EXCUSED

Ken Allen  
Shane Bemis, Vice Chair  
Tom Brian, Chair  
Richard Burke  
Pat Campbell  
Dennis Doyle  
Carl Hosticka  
Robert Kindel  
Charlotte Lehan, Second Vice Chair  
Don McCarthy  
Rod Park  
Wilda Parks  
Michelle Poyourow  
Steve Stuart  
Mike Weatherby  
Richard Whitman  
Dilafruz Williams

AFFILIATION

Port of Portland  
City of Gresham, representing the Multnomah Co. 2<sup>nd</sup> Largest City  
Washington Co. Commission  
Washington Co. Special Districts  
City of Vancouver  
City of Beaverton, representing Washington Co. 2<sup>nd</sup> Largest City  
Metro Council  
City of North Plains, City in Washington Co. outside UGB  
Clackamas Co. Commission  
Multnomah Co. Special Districts  
Metro Council  
Clackamas Co. Citizen  
Multnomah Co. Citizen  
Clark Co., Washington Commission  
City of Fairview, representing Multnomah Co. Other Cities  
Oregon Dept. of Land Conservation & Development  
Governing Body of School Districts

ALTERNATES PRESENT

Matt Berkow  
Bob Austin  
Jim Kight  
Keith Mays

AFFILIATION

Multnomah Co. Citizen  
Clackamas Co. Commission  
City of Troutdale, representing Multnomah Co. Other Cities  
City of Sherwood, representing Washington Co. other Cities

STAFF: Robin McArthur, Malu Wilkinson, Andy Cotugno, Stephan Lashbrook, Dan Cooper, Kelsey Newell, Kayla Mullis.

**1. CALL TO ORDER AND DECLARATION OF A QUORUM**

Mayor Alice Norris declared a quorum and called the meeting to order at 5:09 p.m.

**2. SELF INTRODUCTIONS AND COMMUNICATIONS**

Committee members and audience members introduced themselves.

**3. CITIZEN COMMUNICATIONS ON NON-AGENDA ITEMS**

There were none.

**4. CONSENT AGENDA**

**• Consideration of MPAC Minutes for June 24, 2009**

MOTION: Mayor Jack Hoffman moved, and Councilor Jody Carson seconded, to approve the MPAC minutes for June 24, 2009.

ACTION TAKEN: With all in favor, the motion passed.

**5. COUNCIL UPDATE**

Councilor Robert Liberty spoke to the following topics concerning the Metro Council:

- Launch of the Intertwine Alliance;
- Scheduled Council action on the High Capacity Transit (HCT) study on July 9, 2009;
- The Transportation System Management Operations (TSMO) presentation given to Council at the July 8, 2009 Council work session; and
- Call for transportation projects for the 2011-2035 Regional Transportation Plan.

**6. INFORMATION/ DISCUSSION ITEMS**

**6.1 Comments on June 24<sup>th</sup> Small Group Discussions**

Mr. Andy Cotugno of Metro, Mayor Alice Norris of Oregon City, and Mayor Jerry Willey of Hillsboro summarized the results of the small group discussions held at the June 24, 2009 MPAC meeting.

The committee comments on the “Forecasts” small group discussion were as follows:

- Recognition that land cannot be added to the UGB at any given time and location if, for example, a company is looking for industrial land that is not available within the current UGB;

- Providing options for industries looking to come to the region, specifically eliminating difficult processes for obtaining land for industrial use;
- Understanding the consequences of adding too much land and not just focusing on having a shortage from the outset;
- Evaluating costs of both adding too much land and not adding enough land;
- Need for jurisdictions to commit to using incorporated land for the intended purpose;
- Ensuring that there is a good mix of new and existing land to work with by identifying underutilized land in the region; and
- Recognition that offering concessions to businesses often compromises local aspirations.

The committee comments on “Conditions for UGB Expansion” were as follows:

- Recognition that conditions will depend on where infrastructure dollars are spent;
- Need to ensure that barriers are not being created in attracting industry;
- Determinants for deciding where to add land include whether there is a concept plan and where funding is coming from;
- Need for concept planning during the urban reserve phase;
- Recognition that there is funding for urban reserves area planning;
- Need for more clarity and consistency in the expansion process; and
- Observation that guidelines often inhibit growth.

The committee comments on “Investments in redevelopment and infill” were as follows:

- Analyzing the private sector stance on redevelopment and refill; and
- Recognition that this is a demographic discussion as well.

## **6.2 2009 Preliminary Employment Urban Growth Report**

Ms. Malu Wilkinson of Metro briefed the committee on the 2009 preliminary employment Urban Growth Report (UGR). When Councilor Hosticka presented the preliminary UGR to MPAC in May the committee expressed concern in meeting employment goals and the need for large parcel lots. It has been suggested that an MPAC subcommittee be created to further discuss this issue and focus on the following four possibilities for addressing it:

- Pursue land assembly and brownfield redevelopment in existing industrial areas;
- Target infrastructure investments to make land inside the UGB shovel-ready, and identify approaches to protect the public’s investment;
- Bring parcels into the UGB and severely restrict conversion; and
- Leave parcels in an Urban Reserve and create a fast-track process to bring it into the UGB when needed.

Included in the technical analysis UGR is an analysis of current employers in the region including the size and location of their space and when they came to the area. Through

analysis of supply and demand based on current inventory, the projected demand for land in three ranges of lot sizes was determined.

MTAC has been going over the technical elements of the employment analysis and their comments and suggestions will be incorporated in the September draft of the UGR. In general MTAC supports the Employment UGR with the recognition that the Portland metropolitan area capture rate it is a result of policy choices and will change over time.

MPAC will be giving the Metro Council a recommendation on the draft UGR at the end of 2009.

The committee then discussed the following topics:

- The factual content of the UGR; and
- How affordable housing fits into the UGR.

### **6.3 Making the Greatest Place Small Group Discussion**

Ms. Robin McArthur of Metro briefed the committee on the “Employment/ Urban Growth Report” topic for small group discussion. The first discussion question is about aligning regional and local aspirations. The group should focus on both large and small lot demands so that the committee can get a sense of the risks of planning for different economic futures.

Mr. Cotugno briefed the committee on the “Equitable distribution of benefits and burdens” topic for small group discussion. The group should discuss what can be done to ensure equity and what actions can be taken to guide the future of growth around the region.

The committee broke into previously assigned small groups to discuss specific topics related to Making the Greatest Place.

### **6.4 Small Group Reports**

Mr. Cotugno and Commissioner Amanda Fritz reported the results of the small group discussions. Please see attachment A to the minutes for a full report of these comments.

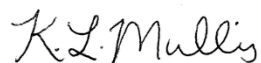
## **7. MPAC MEMBER COMMUNICATIONS**

There were none.

## **8. ADJOURN**

Chair Norris adjourned the meeting at 7:04 p.m.

Respectfully submitted,



Kayla Mullis  
Recording Secretary

ATTACHMENTS TO THE PUBLIC RECORD FOR JULY 8, 2009

The following have been included as part of the official public record:

ITEM	DOCUMENT TYPE	DOC DATE	DOCUMENT DESCRIPTION	DOCUMENT No.
5.0	Publication	June 09'	Regional Transportation Plan: Call for Projects	070809m-01
6.2	Handout	6/16/09	MPAC Employment Subcommittee	070809m-02
6.3	Handout	7/08/09	MPAC Small group assignments for June 8, 2009	070809m-03
6.3	Map	N/A	Cost Burden Households in the Metro region- 2005	070809m-04
6.3	Map	N/A	Projected cost burden households in the Metro Region- 2030	070809m-05
6.3	Graph	N/A	Taxable property value per capita by city in the Metro region	070809m-06
6.3	Graph	N/A	Total jobs in 2005 and total projected jobs in 2030 by subarea	070809m-07
--	Letter	6/23/09	To: The Honorable Tom Brian From: John Keizur, Home Builders Association Re: MTAC Discussion and Recommendation- June 17, 2009.	070809m-08

## Topic: employment urban growth report

### Group questions:

- How do we balance local desires or aversions with a regional perspective to promote a strong and balanced economy? (For example, what if all jurisdictions aspire to attract solar industries, but no jurisdictions want to accommodate warehousing and distribution?)
- What are the risks of assuming that future employment trends will be the same or different, compared with today? Can the region minimize these risks by targeting industries or clusters that are expected to see high growth? Or, should there be less attention to identifying potential winners and more emphasis on ensuring the region's competitive ability to serve the increasingly diverse needs of future employers?

### Background:

Cities often have specific ideas for the types of industries that they would or would not like to attract. Today, many cities see the potential for growth in high technology and clean (green) technology. Setting these goals is a worthwhile exercise and is a crucial first step towards making them a reality. However, it is difficult to predict which industries will grow in the future and where they may choose to locate. Many variables will influence these outcomes, including global factors and local and regional choices that can shape this region's place in the global economy. In addition to physical capacity to support job growth, factors that contribute to a strong regional economy include an educated workforce, above average wage levels, a diverse mix of jobs, successful economic development efforts by private- and public-sector leaders, a balanced transportation system, infrastructure investments and a vibrant quality of life.

### Group decision:

How do we balance local desires or aversions with a regional perspective to promote a strong and balanced economy?

- State and understand other jurisdictions' desires and aversions;
- All jurisdictions should think regionally to play into regional synergy and balance;
- Let the market drive decisions- Metro cannot micromanage;
- Recognize that transportation decisions affect employment development decisions;
- Target regional money to regional infrastructure need that support employment (and also regional designations, like Town Centers).

What are the risks of assuming that future employment trends will be the same or different, compared with today?

- Incorrect zoning driving the market;
- Too much land that with the inability to provide services;
  - Too much land that is appropriately zoned but has no development;
- Recognize that land banking may happen and not penalize companies as long as subdividing doesn't take place.

### Group's reasoning for decision:

- Would like to look at what we have done wrong so far to determine why there is imbalance between jobs and housings in some jurisdictions.

### MPAC Reaction:

## Topic: equitable distributions of benefits and burdens

### Group question:

- Are local elected officials willing to address inequity in the distribution of cost-burdened households? Can public investments minimize the impact?
- In order to help ensure housing affordability throughout the region, are cities and counties willing to make coordinated investments in housing and transportation in centers and corridors?
- What are some ways that policies could be tailored so that they encourage the market to provide more housing choices such as accessory dwellings, cottage housing, and high-quality manufactured housing?

### Background:

Modeled scenarios indicate that if current policies and investments are continued, the number of cost-burdened<sup>1</sup> households in the region may more than double from 95,500 in the year 2005 to 198,400 in the year 2030. This would mean that the percentage of households that are cost-burdened could increase from 17 percent in 2005 to between 18 to 23 percent in 2030. The regional distribution of these cost-burdened households is likely to be uneven with concentrations in some cities and few in other cities. Many of these cost burdened households will be seniors on fixed incomes and the working class, some of which will have school-aged children. There appears to be sufficient zoned capacity inside the UGB. Likely causes of cost increases include:

**Inadequate funding for infrastructure:** this constrains housing capacity, which in turn makes it unaffordable for some households.

**High market demand in urban centers and transportation corridors:** this increases the value of land and the per-square-foot cost of housing. Multi-story development often requires more expensive construction materials and structured parking. Without public investments or choices of smaller residences, these higher costs get passed on to residents.

**Insufficient transportation cost savings:** transportation cost savings offset housing price increases, but our current investments are not enough to guarantee affordability.

### Group decision:

Are local elected officials willing to address inequity in the distribution of cost-burdened households? Can public investments minimize the impact?

- There was a strong willingness to acknowledge the need for public bodies to take action to reduce the distribution of burdens and increase the distribution of benefits of growth.

In order to help ensure housing affordability throughout the region, are cities and counties willing to make coordinated investments in housing and transportation in centers and corridors?

- Tax-base sharing on a county basis was recommended at a vehicle for providing these jurisdictions with the resources to meet these burdens. The argument in support is that low cost labor is being provided to jurisdictions that enjoy the benefits of a growing tax base without the burden of low income households.
- Transit was called on as a way to reduce cost burdens. Both increased use of land around existing high quality transit and extending high quality transit to cost burdened areas are tactics that should be pursued. It was recommended that LRT extensions should be rated based upon the ability to increase affordable housing around stations, not just increased general housing density. It was also recognized that a small amount of land in public ownership provides substantial leverage on the whole station area.

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<sup>1</sup> Cost-burdened households are defined as renters who spend more than half of their income on housing and transportation.

## Attachment A to the July 8, 2009 MPAC Minutes

What are some ways that policies could be tailored so that they encourage the market to provide more housing choices such as accessory dwellings, cottage housing, and high-quality manufactured housing?

- The use of inclusionary zoning should be revisited.
- Use of a variety of tools to reduce housing cost was advocated, including development agreements, zoning to permit flag lots, zero lot lines, granny flats, changes in building codes, etc.

### **Group's reasoning for decision:**

- There was a recognition that many inner-city Portland neighborhoods are gentrifying and pushing lower income households out into the suburbs.
- There was a recognition that cities that have a high proportion of cost burdened households and a low tax base are taking responsibility for the burdens but not realizing the benefits to meet these burdens.
- Care should be given to not create new concentrations of low income housing.

### **MPAC Reaction:**

## MPAC Worksheet

**Agenda Item Title** Construction Excise Tax (CET) Administrative Rules

**Presenter:** Andy Shaw

**Contact for this worksheet/presentation:** Andy Shaw

**Council Liaison Sponsor:** Robert Liberty

**Purpose of this item (check no more than 2):**

Information	<u>  X  </u>
Update	<u>  X  </u>
Discussion	<u>      </u>
Action	<u>      </u>

**MPAC Target Meeting Date:** July 22<sup>nd</sup>, 2009

Amount of time needed for: 10-15 minutes

Presentation   10-15 min.  

Discussion       

**Purpose/Objective**

The purpose of this presentation is to provide an update on the Administrative Rules for the CET program.

**Action Requested/Outcome**

The purpose of this presentation is to provide information in preparation for discussion at the August 12 MPAC meeting.

**What has changed since MPAC last considered this issue/item?**

On June 11, 2009 the Metro Council adopted Ordinance 09-1220 to extend the CET for the purpose of funding regional and local planning that is required to make land ready for development after inclusion in the UGB. This action followed the recommendations of both an advisory group and MPAC. The final advisory group recommendation, ordinance, and staff report considered by the Metro Council are available online at: <http://www.oregonmetro.gov/index.cfm/go/by.web/id=21730>

While ordinance 09-1220 extends the CET tax, the Administrative Rules governing the program need to be updated to reflect a new process for the allocation of CET revenue. Metro's Chief Operating Officer (COO) is responsible for adopting the administrative rules. On July 15<sup>th</sup>, 2009 the Metro Technical Advisory Committee (MTAC) discussed and considered the rules during their regular meeting.

**What packet material do you plan to include?**

Copies of draft Administrative Rules and a summary of MTAC feedback will be distributed at the meeting.

**What is the schedule for future consideration of item**

Metro Council: July 30 (public testimony)

MPAC: August 12, 2009

Metro Council: August 13, 2009 (Council Work Session)

## Topic: infrastructure and investments

### Group questions:

- Do you have a funding/investment strategy that allows you to achieve your aspirations? Why or why not?
- What proportion of your dollars will be spent in centers, corridors or employment areas vs. other areas?
- For those communities that want UGB expansions, what proportion of your dollars do you anticipate spending in those expansion areas?
- How do we link regional commitments to local aspirations and local commitments?
- How do we pay for infrastructure needed to achieve local aspirations?
- How can we use public investments to leverage private investments?

### Background:

The *Regional Infrastructure Analysis* conducted in 2008 identified funding needs of between \$27 and \$41 billion for a broad range of infrastructure to upgrade current systems and accommodate new growth over the next 30 years. Currently available revenue sources can finance about half of that amount, leaving the region with an infrastructure funding gap of roughly \$15-\$20 billion. A series of development and redevelopment case studies have shown that the cost of infrastructure for all types of development is very high. The shortage of infrastructure finance is frequently cited as the reason little development has occurred in recent UGB expansion areas. The region's work on the UGR, the HCT Plan, and updating the RTP, as well as the local aspirations process have highlighted some of the kinds of local and regional investments we aspire to make.

### Group decision:

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### Group's reasoning for decision:

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Materials following this page were distributed at the meeting.



# Metro | Agenda **REVISED, 7/22/09**

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5:00 PM	6.3	State Perspectives – <b><u>INFORMATION</u></b>	Richard Whitman, DLCD
5:15 PM	6.4	* Making the Greatest Place Small Group Discussion on: <i>Infrastructure and Investments:</i> <ul style="list-style-type: none"><li>• Do you have a funding/investment strategy that allows you to achieve your aspirations? Why or why not?</li><li>• What proportion of your dollars will be spent in centers, corridors or employment areas vs. other areas?</li><li>• For those communities that want UGB expansions, what proportion of your dollars do you anticipate spending in those expansion areas?</li><li>• How do we link regional commitments to local aspirations and local commitments?</li><li>• How do we pay for infrastructure needed to achieve local aspirations?</li><li>• How can we use public investments to leverage private investments?</li></ul>	All
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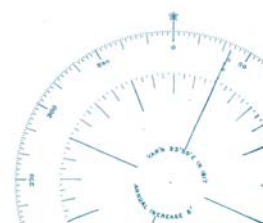
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# Infrastructure finance



## Regional infrastructure analysis

presented by Andy Shaw



## Regional infrastructure analysis

- Identify the region's current and 2040 infrastructure needs
- Assess costs for a variety of infrastructure types
- Explore strategies and options



Infrastructure finance

## Infrastructure needs

Vibrant communities require a range of infrastructure types:

- **Pipes, Pavement and Wires:** transportation, transit, sewer, water, stormwater and energy
- **Spaces and Structures:** urban parks and greenspaces, parking, schools, civic buildings and facilities (including police and fire stations, libraries, and plazas)

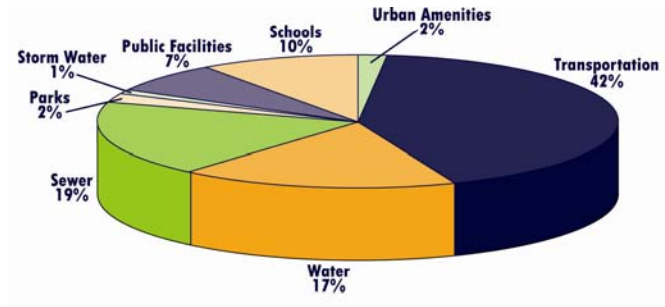
Infrastructure finance

## The region's challenge

- Significant deferred maintenance backlog
- Tens of billions in costs to expand capacity
- Existing funding mechanisms insufficient
  - Federal spending continuing decades-long decline
  - State investments declining
  - Local revenues limited
- 30-year population growth estimate: one million more residents in the 7-county region

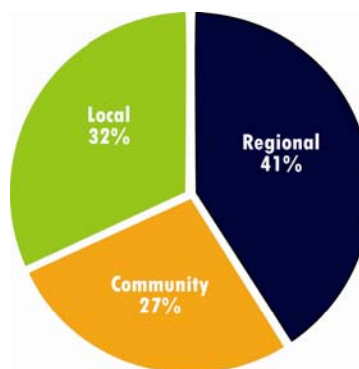
Infrastructure finance

## Infrastructure needs



Infrastructure finance

## Infrastructure needs



Infrastructure finance



## Transportation

- Largest single infrastructure expense
- 75 percent of existing budgets spent on maintenance and preservation of existing assets
- Metro 2035 Regional Transportation Plan has a gap of more than \$7 billion
- Transportation funding sources well developed, but experiencing new pressures

Infrastructure finance



## Water, sewer, stormwater

- Rate system provides stable source for operations, but upfront capital is hard to obtain
- New treatment facilities and new sources of water needed
- Coordination of service, water reuse and recycling, and more compact development could reduce costs

Infrastructure finance

## Schools



- Up to 150 new school facilities required by 2035
- Existing capacity and future demand not well aligned
- Cost of land and size of school facilities impacts siting
- Creative facility design, building reuse, and coordination could reduce cost estimates

Infrastructure finance

## Parks, open space, civic buildings



- Urban park land increasingly important asset
- Region needs over 5,000 acres of new urban parks and over 8,000 acres of natural areas
- Urban amenities such as plazas and streetscapes support redevelopment
- Challenging to identify funding

Infrastructure finance

## Energy



- Business as usual would require two to three new 400 Mw power plants
- Demand management and pricing can help reduce peak demand
- Coordination with other service providers can increase efficiencies

Infrastructure finance

## Strategies and options

- Encouraging efficiency and innovation in service delivery
- Exploring demand management
- Identifying and supporting new investment strategies

Infrastructure finance

# CLICK HERE FOR REPORT

## REGIONAL INFRASTRUCTURE ANALYSIS

### EXECUTIVE SUMMARY

As a number of recent incidents have graphically illustrated, the United States faces an infrastructure crisis of epic proportions. Congressman Earl Blumenauer has observed that the nation has no plan for building the roads, bridges, water and sewer lines, energy facilities, and other physical projects that support our communities.

"We're losing this battle," says Blumenauer. "We're investing less in infrastructure than in any time in our history."



The Portland region is not immune to this serious problem. Past plans that guided investments are outdated. The lack of adequate financing mechanisms has led to maintenance being postponed and neglected. Despite widespread recognition that sound infrastructure is critical to maintaining and enhancing regional economic growth, competitiveness, productivity and quality of life, current approaches to the planning, development and financing of critical community support systems are not working.

To make matters worse, approximately one million more people are expected to live in the seven-county Portland metropolitan area within thirty

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years. The estimated cost of building the public and private facilities needed to accommodate growth in jobs and housing in the three-county Portland region through 2035 is \$27-41 billion. Traditional funding sources are expected to cover only about half that amount. Even if the region does not experience this projected growth, \$10 billion is needed just to repair and rebuild our existing infrastructure.

Systems development charges, gas taxes and other revenue sources are not keeping pace with rising infrastructure costs, while voter-approved tax limitations and other ballot initiatives have crippled the ability of communities to fund these services. Rate-funded services tend to enjoy more stable and predictable funding, but can face significant difficulties in obtaining large amounts of up-front capital needed to make major improvements or expand capacity.



All of this leads to one unavoidable conclusion: we cannot continue to do things as we have in the past. New and creative solutions are essential.

MPAC Assignments to Small Group Discussions  
Infrastructure and Investments  
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**ADMINISTRATIVE RULES: METRO CODE CHAPTER 7.04**

Effective July 1, 2006, and extended through September 30, 2014, Metro has established as Metro Code Chapter 7.04 a Construction Excise Tax ("CET"). These Administrative Rules establish the procedures for administering this tax as mandated in Metro Code Section 7.04.050 and Metro Code Section 7.04.060. For ease of reference a copy of Metro Code Chapter 7.04 is attached to these administrative rules.

**I. Metro Administrative Matters.**

- A. Definitions. These administrative rules incorporate the definitions as set forth in Metro Code Section 7.04.030.
- B. Designated Representatives (Metro Code Section 7.04.060). The Metro Chief Operating Officer ("COO") is responsible for the administration and enforcement of the Metro Code Chapter 7.04 and these administrative rules.
  - 1. The COO may delegate his authority in administration and enforcement of the Code chapter and these administrative rules as he determines and as set forth herein.
  - 2. The COO shall appoint a Hearings Officer(s), which appointment shall be confirmed by the Metro Council. The Hearings Officer(s) shall have the authority to order refunds or rebates of the Construction Excise Tax or waive penalties as a result of the hearings process. Upon appointing a Hearings Officer, the Chief Operating Officer shall delegate authority to the Hearings Officer to administer oaths, certify to all official acts, to subpoena and require attendance of witnesses at hearings to determine compliance with this chapter, rules and regulations, to require production of relevant documents at public hearings, to swear witnesses, to take testimony of any Person by deposition, and perform all other acts necessary to adjudicate appeals of Construction Excise Tax matters.
- C. Internal Flow of Funds. Funds will be accounted for in a Construction Excise Tax account that will be created by the effective date of Metro Code Chapter 7.04.
- D. Rate Stabilization Reserves. Metro Code Chapter 7.04.200 states that the Council will, each year, as part of the Budget process, create reserves from revenues generated by the CET. These reserves are to even out collections thereby stabilizing the funds needed to support the applicable programs despite industry building activity fluctuation. These reserves can only be drawn on to support the specific budgeted activities as discussed in Section I.E. of these administrative rules. Due to their restricted nature, these reserves shall be reported as designations of fund balance in Metro's General Fund.
- E. Dedication of Revenues. Revenues derived from the imposition of this tax, netted after deduction of authorized local jurisdiction costs of collection and administration, will be solely dedicated to grant funding of the regional and local planning that is required to make land ready for development after inclusion in the Urban Growth Boundary.
- F. Rule Amendment. The Chief Operating Officer retains the authority to amend these administrative rules as necessary for the administration of the Construction Excise Tax.

**II. Construction Excise Tax Administration.**

- A. Imposition of Tax (Metro Code Section 7.04.070).

1. The CET is imposed on every Person who engages in Construction within the Metro jurisdiction, unless an Exemption applies as set forth herein.
  2. The tax shall be due and payable at the time of the issuance of any building permit, or installation permit in the case of a manufactured dwelling, by any building authority, unless an Exemption applies as set forth herein.
  3. The CET shall be calculated and assessed as of the application date for the building permit. Persons obtaining building permits based on applications that were submitted prior to July 1, 2006 shall not be required to pay the CET, unless the building permit issuer normally imposes fees based on the date the building permit is issued.
  4. If no permit is issued, then the CET is due at the time the first activity occurs that would require issuance of a building permit under the State of Oregon Building Code.
- B. Calculation of Tax (Metro Code Section 7.04.080). The CET is calculated by multiplying the Value of New Construction by the tax rate of 0.12%
- (0.0012 x Value of New Construction)
- a. In the case of a Manufactured Dwelling for which no Exemption is applicable, and for which there is no building code determination of valuation of the Manufactured Dwelling, the applicant's good faith estimate of the Value of New Construction for the Manufactured Dwelling shall be used.
- C. Exemptions (Metro Code Section 7.04.040).
1. Eligibility for Exemption. No obligation to pay the CET is imposed upon any Person who establishes, as set forth below, that one or more of the following Exemptions apply:
    - a. The Value of New Construction is less than or equal to One Hundred Thousand Dollars (\$100,000); or
    - b. The Person who would be liable for the tax is a corporation exempt from federal income taxation pursuant to 42 U.S.C. 501(c)(3), or a limited partnership the sole general partner of which is a corporation exempt from federal income taxation pursuant to 42 U.S.C. 501(c)(3), the Construction is used for residential purposes AND the property is restricted to being occupied by Persons with incomes less than 50 percent (50%) of the median income for a period of 30 years or longer; or
    - c. The Person who would be liable for the tax is exempt from federal income taxation pursuant to 42 U.S.C. 501(c)(3) AND the Construction is dedicated for use for the purpose of providing charitable services to Persons with income less than 50 percent (50%) of the median income.
  2. Procedures for Establishing and Obtaining an Exemption; Exemption Certificates:

- a. For exemption (a) above, the exemption will be established at the building permit counter where the Value of New Construction as determined in the building permit is less than or equal to One Hundred Thousand Dollars (\$100,000).
- b. For exemptions (b) and (c) above, prior to applying for a building permit a Person claiming an exemption may apply to Metro for a Metro CET Exemption Certificate, by presenting the appropriate documentation for the exemption as set forth herein, and upon receiving a Metro CET Exemption Certificate the Person may present the certificate to the building permit issuer to receive an exemption from paying the CET; or
- c. For exemptions (b) and (c) above, instead of going to Metro to obtain a Metro CET Exemption Certificate, a Person claiming an exemption from the CET when applying for a building permit may submit to the building permit issuer Metro's CET Exemption Certificate application form. Upon receiving a Person's Metro CET Exemption Certificate application, the building permit issuer shall preliminarily authorize the exemption and shall not collect the CET. The building permit issuer shall forward the Person's Metro CET Exemption Certificate application to Metro along with the quarterly CET report. It shall be Metro's responsibility to determine the validity of the exemption and to institute collection procedures to obtain payment of the CET, as well as any other remedy Metro may have under law, if the Person was not entitled to the exemption;
- d. To receive a Metro CET Exemption Certificate from Metro, or to substantiate to Metro the validity of an exemption received from a local building permit issuer, an applicant must provide the following:
  - i. IRS tax status determination letter evidencing that the Person seeking the building permit is exempt from federal income taxation pursuant to 42 U.S.C. 501(c)(3); and
  - ii. In the case of residential property, proof that the property is to be restricted to low income persons, as defined, for at least 30 years. Proof can be in the form of loan covenants; rental agreements or grant restrictions; a certification from the entity's corporate officer attesting that the exemption is applicable; or any other information that may allow the exemption determination to be made; and
  - iii. In the case of a qualified tax-exempt entity providing services to Persons with incomes less than 50 percent of the median income, the applicant must provide information that will allow such tax exempt status to be verified, and proof that the property will be restricted to such uses. Proof can be in the form of loan covenants; rental agreements or grant restrictions; certification from the entity's corporate officer attesting that the exemption is applicable; or any other information that may allow the exemption determination to be made; and
  - iv. In the case of a limited partnership with a tax-exempt sole general partner corporation, verification from the partnership's attorney of that status is required; and

v. Authorization to audit the records to verify the legal status and compliance with Metro qualifications of all entities claiming exempt status.

- e. Partial Applicability of Exemption. If an exemption is applicable to only part of the Construction, then only that portion shall be exempt from the CET, and CET shall be payable for the remainder of the Construction that is not eligible for an exemption, on a pro-rata basis. It shall be the responsibility of the Person seeking the partial exemption to fill out a Metro CET Exemption Certificate application for the partial exemption, declaring on that application the proportion of the Construction qualifies for the exemption. Upon receiving a Person's Metro CET Exemption Certificate application claiming a partial exemption, the building permit issuer shall preliminarily authorize the partial exemption and shall only collect the pro-rata CET as declared by the applicant. The building permit issuer shall forward the Person's Metro CET Exemption Certificate application to Metro along with the quarterly CET report. It shall be Metro's responsibility to determine the validity of the partial exemption and to institute collection procedures to obtain payment of the remainder of the CET, as well as any other remedy Metro may have under law, if the Person was not entitled to the partial exemption.

D. Ceiling (Metro Code Section 7.04.045).

1. If the CET imposed would be greater than \$12,000.00 (Twelve Thousand Dollars) as measured by the Value of New Construction that would generate that amount of tax, then the CET imposed for that Construction is capped at a Ceiling of \$12,000.00 (Twelve Thousand Dollars).
2. The Ceiling applies on a single structure basis, and not necessarily on a single building permit basis. For example:
  - a. If a single building permit is issued where the Value of New Construction is greater than or equal to Ten Million Dollars (\$10,000,000), then the CET for that building permit is capped at Twelve Thousand Dollars (\$12,000.00).
  - b. If Construction in a single structure will require multiple building permits during the pendency of the CET program, and the total CET that would be imposed for those building permits would add up to more than Twelve Thousand Dollars (\$12,000.00), then the total CET for those building permits within the same structure during the pendency of the CET program is capped at Twelve Thousand Dollars (\$12,000.00). Once a total of \$12,000.00 has been paid in CET for a particular structure, then no additional CET will be collected for that structure during the pendency of the CET program.

E. Rebates (Metro Code Section 7.04.120). If a CET has been collected and a CET Exemption or the CET Ceiling was applicable, a rebate for the CET may be obtained from Metro.

1. Procedures for obtaining rebate are:
  - a. Within thirty (30) days of paying the CET, the Person who believes that the CET was not applicable due to a CET exemption or CET Ceiling, shall apply for a rebate in writing to Metro and provide verification that the exemption eligibility provisions of Metro Code Section 7.04.040, or that the CET Ceiling provisions of Metro Code

Section 7.04.045, have been met. Failure to seek a rebate within the thirty (30) day time limit will terminate a Person's right to seek a rebate.

- b. Applicant shall provide proof that the CET was paid, in the form of a paid receipt from the building permit issuer showing the tax was paid. All supporting documentation for the exemption or ceiling shall be submitted at the time of the rebate claim. The rebate will only be made to the name that is listed on the receipt unless the applicant has a written assignment of rebate.
- c. A rebate or a letter of denial shall be issued by Metro within thirty (30) days of receipt of a written request for rebate provided that the request includes all required information. The rebate will be calculated based upon the paid receipt, less the 5% administrative fee already retained by the building permit issuer and the 2.5% Metro administration fee.

F. Refunds (Metro Code Section 7.04.150). If a CET has been collected and the Construction was not commenced and the building permit was cancelled, a refund for the CET may be obtained from Metro.

1. Eligibility is determined by the absence of Construction and cancellation of the building permit.
2. Procedures for obtaining refund:
  - a. Apply in writing to Metro within thirty (30) days of permit cancellation.
  - b. Provide copy of canceled permit.
  - c. Provide proof of payment of the tax in the form of the paid receipt.
  - d. A refund or a letter of denial shall be issued by Metro within thirty (30) days of receipt of the written request for refund provided that the request includes all required information. The refund will be calculated based upon the paid receipt, less the 5% administrative fee already retained by the building permit issuer and the 2.5% Metro administration fee.
  - e. Failure to seek a rebate within the thirty (30) day time limit will terminate a Person's right to receive a refund.

G. Appeals. The Hearings Officer shall conduct hearings related to enforcement or appeals of the CET. The appeal to the Hearings Officer must be:

1. In writing;
2. Made within ten (10) calendar days of denial of a refund, rebate, or exemption request. Notice of denial to the party denied, is deemed to have occurred three days after the mailing of the certified denial letter from Metro;
3. Tax must be paid prior to appeal;

4. Directed to the Office of Metro Attorney, who will contact the Hearings Officer to schedule a hearing upon receipt of a written appeal. The Hearings Officer will at that time provide further information as to what documentation to bring to the hearing.
- H. Review. Review of any action of the Chief Operating Officer or Hearings Officer, taken pursuant to the Construction Excise Tax Ordinance, or the rules and regulations adopted by the Chief Operating Officer, shall be taken solely and exclusively by writ of review in the manner set forth in ORS 34.010 through 34.100, provided, however, that any aggrieved Person may demand such relief by writ of review.
- I. CET Sunset (Metro Code Section 7.04.230).
1. The CET shall not be imposed on and no person shall be liable to pay any tax for any Construction activity that is commenced pursuant to a building permit issued on or after September 30, 2014.
  2. Local governments collecting CETs shall remit the CETs to Metro on a quarterly or monthly basis, based on the jurisdiction's CET Collection IGAs with Metro. Each quarter, within thirty days of receiving CET remittances from all collecting local jurisdictions, Metro will issue a written statement of the total CET that Metro has received that quarter and cumulatively.
  3. CET remittance to Metro shall be net of the local government's administrative expenses in collecting the CET, up to 5% of the CET collected by the local government as set forth in the Metro CET Collection IGA. This net amount of CET remitted to Metro shall be the basis for Metro's calculations of CET cumulative totals and for the calculation of when the \$6.3 million CET has been reached.
  4. The CET shall cease to be imposed by local governments on September 30, 2014, and shall be remitted by the local governments to Metro as soon thereafter as possible.

**III. CET Collection Procedures.**

- A. Local Government CET Collection and Remittance Via Intergovernmental Agreements (Metro Code Section 7.04.110). For those local governments collecting the CET pursuant to Intergovernmental Agreements with Metro, the following procedures shall apply:
1. CET Report; Information Required. Each quarter (unless a local government prefers to report monthly), along with its CET remittance to Metro, the local government shall prepare and submit to the Metro Chief Operating Officer a report of the CETs and building permits issued for the previous quarter's construction activities. The report shall include: the number of building permits issued that quarter; the aggregate value of construction; the number of building permits for which CET exemptions were given; the aggregate value of construction for the exempted construction; the aggregate amount of CET paid; and the amount of CET administrative fee retained by the local government pursuant to this CET Collection IGA.
  2. CET Remittance to Metro. Local governments collecting CET via IGAs with Metro shall remit the collected CET to Metro. Remittance shall be quarterly, unless a jurisdiction prefers to remit the CET monthly, by the 30<sup>th</sup> of the month following the quarter (or month) ending. Quarters end on September 30, December 31, March 31 and June 30 of each year.

CET remittance and the CET Report shall be sent to Metro, attn Construction Excise Tax Accounting Specialist, 600 NE Grand, Portland, Oregon 97232.

3. Remuneration to Local Government for Collecting CET. As consideration for collecting the CET, each local government collecting the CET shall retain no more than five percent (5%) of the tax collected by that local government. This payment is intended to be a reimbursement of costs incurred. Prior to submitting the CET to Metro, the local government shall deduct the remuneration agreed upon directly from the collected tax, and the amounts deducted and retained shall be identified on the report submitted to Metro.
  4. Metro Administrative Fee. To partially reimburse Metro for its costs in implementing and administering the CET program, Metro will retain 2.5% of the net CET funds remitted by local governments to Metro.
  5. Audit and Control Features. Each local government shall allow the Chief Operating Officer, or any person authorized in writing by the Chief Operating Officer, to examine the books, papers, building permits, and accounting records relating to any collection and payment of the tax, during normal business hours, and may investigate the accuracy of reporting to ascertain and determine the amount of CET required to be paid.
  6. Failure to Pay. Upon a Person's refusal to or failure to pay the CET when due, the local government administering that Person's building permit shall notify Metro in writing within five (5) business days of such failure, with information adequate for Metro to begin collection procedures against that Person, including the Person's name, address, phone numbers, Value of New Construction, Construction Project, and building permit number. Upon a Person's refusal or failure to pay the CET, it shall be Metro's responsibility to institute collection procedures to obtain payment of the CET as well as any other remedy Metro may have under law.
- B. Metro Collection Procedures in Event of Non-payment. The CET is due and payable upon issuance of a building permit. It is unlawful for any Person to whom the CET is applicable to fail to pay all or any portion of the CET. If the tax is not paid when due, Metro will send a letter notifying the non-payer of his obligation to pay the CET along with the following information:
1. Penalty. In addition to any other fine or penalty provided by Chapter 7.04 of the Metro Code, penalty for non- payment will be added to the original tax outstanding. That penalty is equal to \$50.00 or the amount of the tax owed, whichever is greater.
  2. Misdemeanor. In addition to any other civil enforcement, non- payment of the CET is a misdemeanor and shall be punishable, upon conviction, by a fine of not more than five hundred dollars (\$500.00). This fine shall be charged to any officer, director, partner or other Person having direction or control over any Person not paying the tax as due.
  3. Enforcement by Civil Action. If the tax is not paid, Metro will proceed with collection procedures allowable by law to collect the unpaid tax, penalties assessed and fines due, including attorney fees.

**IV. Revenue Distribution (Metro Code Section 7.04.220).**

A. Grant Cycles. After allocation of the initial \$6.3 million, additional CET funds shall be allocated as grants in two new application assessment cycles, for funds anticipated to be received by the CET through September 2014:

1. The first shall be an allocation cycle in FY 2009-2010, which shall allocate up to \$3.5 million in grants. The second new allocation cycle shall begin in approximately December 2011, which shall allocate the remainder of the CET collections expected to be collected by September 30, 2014.

2. The second allocation cycle shall earmark 50% of projected second-cycle CET revenues for New Urban Areas and Urban Reserves, contingent upon receipt of Grant Requests for New Urban Areas and Urban Reserves that equal or exceed the earmarked funds. If Grant Requests are not submitted for New Urban Areas and Urban Reserves that equal or exceed the earmarked funds, the excess earmarked funds shall be used for other CET Grant Requests.

3. Metro may delay these cycles if the actual CET receipts remitted by the local governments are not as high as projected, or if CET revenue projections are modified due to market conditions.

B. CET Grant Screening Committee ("Committee").

1. Role. A CET Grant Screening Committee ("the Committee") shall be created, which Committee shall review Grant Requests submitted by local governments. The Committee shall advise and recommend to the Metro Chief Operating Officer ("COO") the ranking and recommended grant amounts, in accordance with the CET Grant Evaluation Criteria set forth below. The COO shall review the Committee's recommendations and shall forward his own grant recommendations, along with the recommendations of the CET Grant Screening Committee, to the Metro Council. The Metro Council shall make final grant decisions in a public hearing.

2. CET Grant Screening Committee Members. The Committee, including the Committee Chair, will be selected by the Metro COO. The Committee will be comprised of nine individuals representing a variety of expertise from public and private interests, plus one non-voting Metro Councilor to serve as a Metro Council liaison. The Committee shall be comprised of:

- One member with expertise in economic development;
- One member with expertise in urban planning;
- At least one member with expertise in real estate and finance;
- One member representing local government
- One member with expertise in urban renewal and redevelopment
- One member representing business interests
- One member from a Neighborhood Association or Community Planning Commission with an understanding of community livability issues
- One member with expertise in environmental sustainability.

C. Metro Council Grant Approval. The Metro Chief Operating Officer ("Metro COO") shall review the Committee's recommendations and shall forward his own grant recommendations, along with the recommendations of the CET Grant Screening Committee, to the Metro Council. The Metro Council shall make final grant decisions in a public hearing.

D. Procedures for Distribution.

1. **Step One: Pre-Grant-Letter of Intent.** Prior to making a written request to Metro for CET grant funds, each local government that anticipates requesting CET grant funds in the initial cycle shall submit a Letter of Intent to Metro within three (3) months of the effective date of the extension to the CET program, i.e., by December 9th, 2009, unless a different date is mutually agreed upon by Metro and the local government. The Letter of Intent shall set forth the local government's proposed planning project, the requested grant amount, how the project will address the CET Grant Evaluation Criteria, and proposed milestones for grant payments. Grant requests to reimburse local governments for planning work already completed shall not be considered. Metro staff shall review the Letter of Intent and work with the proposer, if necessary, to revise the proposal if additional information is needed for the Grant Request.

2. **Step Two: Grant Request.** After submitting the Letter of Intent, and after working with Metro staff, if necessary, to revise the proposal, local governments seeking distribution of CET expected revenues shall submit a written Grant Request to the Metro Chief Operating Officer, with a copy for each member of the CET Grant Screening Committee.

**A. Grant Evaluation Criteria.** The Grant Request shall specifically address how the proposed grant satisfies the following criteria ("CET Grant Evaluation Criteria"), which are proxies for compliance with the Urban Growth Management Functional Plan:

- 1) **Expected Development Outcomes:** Explain how the proposed planning grant will increase ability to achieve on-the-ground development/redevelopment outcomes, and state the expected probability that due to this planning grant, development permits will be able to be pulled within two years, and within five years. Considerations include:
  - a) Development sites of adequate scale to generate critical mass of activity;
  - b) Existing and proposed transportation infrastructure to support future development;
  - c) Existing urban form provides strong redevelopment opportunities;
  - d) Sound relationship to adjacent residential and employment areas;
  - e) Compelling vision and long-term prospects;
  - f) Community readiness and local commitment.
- 2) **Regionally Significant:** Clearly identify how the proposed planning grant will benefit the region in achieving established regional development goals and outcomes, expressed in the 2040 Growth Concept and the six Desired Outcomes adopted by the region to guide future planning, which include:
  - a) People live and work in vibrant communities where they can choose to walk for pleasure and to meet their everyday needs.
  - b) Current and future residents benefit from the region's sustained economic competitiveness and prosperity.
  - c) People have safe and reliable transportation choices that enhance their quality of life.
  - d) The region is a leader in minimizing contributions to global warming.
  - e) Current and future generations enjoy clean air, clean water and healthy ecosystems.
  - f) The benefits and burdens of growth and change are distributed equitably.
- 3) **Location:** Discuss whether and how the proposed planning grant facilitates planning for development in:
  - a) Centers;
  - b) Corridors/Main Streets;
  - c) Station Centers; and/or
  - d) Employment & Industrial Areas
  - e) Consideration will also be given to applications that can be easily replicated in other locations and demonstrate best practices.

- 4) Leverage/Matching Potential: Discuss whether and how the proposed planning grant will leverage outcomes across jurisdictions and service providers, and that have opportunities for additional private/public investment.
- 5) Equity: Discuss whether and how the proposed planning grant will further the equitable distribution of funds, based on collections of revenues, past funding, and planning resource needs.

B. Proposed Scope of Work, Milestones, and Budget. The Grant Request shall include a proposed scope of work and budget, setting forth the expected completion dates and costs for achieving the Urban Growth Management Functional Plan milestones proposed in the Grant Request. Milestones and grant payment allocations should follow the following general guidelines:

- 1) Execution of the CET Grant IGA;
- 2) Local government staff's draft or proposed plan, report, code change, zoning change, redevelopment plan, Urban Growth Diagram, Concept Plan, urban services delivery plan, or other plan or agreement consistent with the CET Grant;
- 3) Local government staff's final recommended plan, report, code change, redevelopment plan, zoning change, Comprehensive Plan or Comprehensive Plan amendment, urban services delivery plan, or other plan or agreement consistent with the CET Grant, addressing compliance with the Urban Growth Management Functional Plan, the applicable conditions of the CET Grant, and applicable state laws and regulations; and
- 4) Local government's adoption of final plan, report, code change, redevelopment plan, zoning change, Comprehensive Plan or Comprehensive Plan amendment, urban services delivery plan, or other plan or agreement consistent with the CET Grant, consistent with the Functional Plan, the applicable conditions of the CET Grant, and applicable state law.

C. Grant Screening Committee Review of Grant Request.

- 1) Metro staff shall forward the Grant Request to the members of the Grant Screening Committee, and will provide staff assistance and a staff recommendation to the Committee.
- 2) The CET Grant Screening Committee shall then review the Grant Requests and evaluate them based on the CET Grant Evaluation Criteria set forth above. The Committee may consult with the proponent of the Grant Request or any others in reviewing the request.
- 3) After analyzing the Grant Requests, the Committee shall forward to the Metro COO the Committee's recommended ranking and grant amounts for each of the Grant Requests.
- 4) The Metro COO shall review the Committee's recommendations and shall forward his own grant recommendations, along with the recommendations of the CET Grant Screening Committee, to the Metro Council. The Metro Council shall decide, in a public hearing, whether or not to approve funding of any grants, and the amount of each grant.

3. **Step Three: Grant Agreement ("Grant IGA")**. Metro and the local government shall enter into a Grant Agreement ("Grant IGA") or, at the local government's request, the Metro Chief Operating Officer shall issue a Grant Letter, for the grant amount determined by the Metro Council.

The IGA shall set forth an agreed-upon scope of work and budget, expected milestone completion dates, and Grant payment dates.

A. Grant Payment Dates. Grant payments shall be made upon the completion of those milestones set forth in the Grant Agreements, as determined by Metro in accordance with the requirements of the Metro Code and the Grant Agreement. In general, a portion of the Grant funds shall be distributed upon execution of a Grant Agreement with Metro, with the remainder of the Grant being paid out as progress payments upon completion of the milestones set forth above and in the Grant Agreement.

B. Eligible Expenses.

1. The following expenses shall be considered Eligible Expenses for CET Grant consideration:
  - a. Materials directly related to project;
  - b. Consultants' work on project;
  - c. Local government staff support directly related to project; and
  - d. Overhead directly attributable to project;
2. If the total Grant Requests from participating local governments exceed the total CET actual revenues, Metro shall first consider awarding funds for eligible direct costs, which will have priority for funding over indirect costs.

## CET Administrative Rules Comments

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### Grant Cycle

- Make explicit the section that discusses earmarked funding for expansion/reserve area planning in the second grant cycle. Specifically, state that if not enough applications are received for expansion/reserve areas in second cycle, surplus funds will be redirected to fund other planning proposals.
- Clarify what happens to surplus funds, if any, which have not been allocated at the end of the second grant cycle.

### Screening Committee

- Make sure that Screening Committee members are not concentrated from one specific geographic area.
- Review the issue of 'experts' v. 'advocates' in the Screening Committee. We should be appointing experts and not advocates.
- The Screening Committee should include a transportation planning expert.

### Application

- Make the language on who is eligible to apply clearer. This language should not be open to interpretation.
- In cross-jurisdictional projects, who becomes the responsible party for the planning? Who will receive the funds and enter into an IGA with Metro?
- Clarify the language in the section discussing the probability of pulling permits in 2yrs/5yrs.
- Make the probability of pulling permits in 2yrs/5yrs to a measure/consideration of Expected Development Outcomes (make it into a bullet).
- Applicants for projects that have been previously planned should provide a history of that work.

### Criteria

- Take out the word "transportation" under Expected Development Outcomes so that it refers only to general infrastructure (i.e. – don't discount other forms of infrastructure by calling out only one form).
- Include evaluation criteria for expansion/reserve area projects
- Criteria should be weighted so the Screening Committee knows where to place emphasis during application evaluation.
- Clarify and state what qualifies as "planning".
- Grant applications should require applicants to outline how their proposed project can address each of the Regionally Significant evaluation criteria.

### Milestones

- Include language that gives Metro the option to reassess funding for applications that are not meeting goal/milestones or do not show signs of achieving outcomes stated in the application.