 **Metro** | *Agenda*

MEETING: METRO COUNCIL
DATE: January 28, 2010
DAY: Thursday
TIME: 2:00 PM
PLACE: Metro Council Chamber

CALL TO ORDER AND ROLL CALL

1. INTRODUCTIONS

2. CITIZEN COMMUNICATIONS

**3. INDEPENDENT AUDIT REPORT FOR FINANCIAL ACTIVITY
DURING FY 2008-2009: PRESENTATION**

Flynn

4. CONSENT AGENDA

4.1 Consideration of Minutes for the January 21, 2010 Metro Council Regular Meeting.

5. ORDINANCES - SECOND READING

5.1 **Ordinance No. 09-1229**, Amending Metro Code Title VI, Chapter 6.01; Metro Code Chapter 2.02 Personal Code, Section 2.02.010; and Metro Code Chapter 2.04, Section 2.04.024 Metro Contract Policies, Relating to the Metropolitan Exposition-Recreation Commission.

Bragdon

6. CHIEF OPERATING OFFICER COMMUNICATION

7. COUNCILOR COMMUNICATION

ADJOURN

Television schedule for January 28, 2010 Metro Council meeting

<p>Clackamas, Multnomah and Washington counties, and Vancouver, Wash. Channel 11 – Community Access Network www.tvctv.org – (503) 629-8534 2 p.m. Thursday, Jan. 28 (Live)</p>	<p>Portland Channel 30 (CityNet 30) – Portland Community Media www.pcmv.org – (503) 288-1515 8:30 p.m. Sunday, Jan. 31 2 p.m. Monday, Feb. 1</p>
<p>Gresham Channel 30 – MCTV www.mctv.org – (503) 491-7636 2 p.m. Monday, Feb. 1</p>	<p>Washington County Channel 30 – TVC-TV www.tvctv.org – (503) 629-8534 11 p.m. Saturday, Jan. 30 11 p.m. Sunday, Jan. 31 6 a.m. Tuesday, Feb. 2 4 p.m. Wednesday, Feb. 3</p>
<p>Oregon City, Gladstone Channel 28 – Willamette Falls Television www.wftvaccess.com – (503) 650-0275 Call or visit website for program times.</p>	<p>West Linn Channel 30 – Willamette Falls Television www.wftvaccess.com – (503) 650-0275 Call or visit website for program times.</p>

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

Agenda items may not be considered in the exact order. For questions about the agenda, call the Metro Council Office @ (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 Clerk of the Council to be included in the decision record. Documents can be submitted by e-mail, fax or mail or in person to the Clerk of the Council. For additional information about testifying before the Metro Council please go to the Metro website www.oregonmetro.gov and click on public comment opportunities. For assistance per the American Disabilities Act (ADA), dial TDD 797-1804 or 797-1540 (Council Office).

Agenda Item Number 3.0

**INDEPENDENT AUDIT REPORT FOR FINANCIAL ACTIVITY
DURING FY 2008-2009: PRESENTATION**

SUZANNE FLYNN, METRO AUDITOR, AND STAFF

Metro Council Meeting
Thursday, January 28, 2010
Metro Council Chamber

December 22, 2009

To Margo Norton, Director of Finance and Administration
Metro
Portland, Oregon

**Exhibit "A" to Resolution
10-4110**

Dear Ms Norton:

We have completed our audit of the financial statements of Metro for the year ended June 30, 2009 and have issued our report thereon dated December 7, 2009. In planning and performing our audit of the financial statements of Metro as of and for the year ended June 30, 2009, in accordance with auditing standards generally accepted in the United States of America, we considered Metro's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Metro's internal control. Accordingly, we do not express an opinion on the effectiveness of Metro's internal control.

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

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

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

FINDINGS FROM LAST YEAR - MATERIAL WEAKNESSES

None

FINDINGS FROM LAST YEAR - SIGNIFICANT DEFICIENCIES

Health insurance payable - resolved: Last year, we found that Metro had accrued the July employee health insurance premium in error. During the current year, Metro developed a programmatic solution through the accounting software to correct the timing of the accrual for health insurance premiums that effectively resolved this control deficiency. We expanded our procedures this year over year-end accrued expenses and noted that the health insurance premiums that covered July 2009 were correctly excluded from year-end accrued expenses.

Federal contract language – repeat finding: In our testing of Metro’s compliance with federal grant provisions last year, we identified five out of 15 instances where vendor contracts did not contain the necessary federal clauses informing the vendor of the federal source funding the project and that there were additional federal compliance requirements. During the current year, the Planning Department implemented a review process and began using a checklist for new and amended contracts to ensure all proper language is included when appropriate. This change appears to only be effectively implemented for projects administered by the Planning department, as we noted two more instances in our current year testing related to the Parks department where federally sourced projects did not contain the necessary federal clauses.

Recommendation: We recommend that Metro provide some training to departments outside of Planning on federal grant compliance requirements, establishing effective internal controls, and on the use of checklists or other procedures to assist in meeting federal compliance requirements.

OBSERVATIONS FROM LAST YEAR - MANAGEMENT ADVISORY COMMENTS

Cash controls at Blue Lake – resolved: Last year, we determined there was a lack of adequate segregation of duties over the handling and accounting for cash. In the current year, we found that improvements were made effectively addressing the issue.

Payroll timecard approval - resolved: In our testing of payroll last year, we found 325 occurrences out of roughly 50,000 records where certain management employees approved their own time cards. Effective for the April 15, 2009 payroll run, Metro had changes made to its Kronos time entry system such that managers must have their time reviewed by another person. During our payroll control testing, we noted no instances in which an employee approved their own time.

Splitting of purchasing card transactions – partially resolved: We tested the use of purchase cards in each of the prior two fiscal year audits and found that certain purchase transactions were split to circumvent the \$5,000 limit on individual purchases primarily to avoid the additional approval processes required. During the current year, we learned that in light of our findings, the Metro Auditor’s Office conducted a P-card audit to expand the number of P-card transactions tested. That audit resulted in additional recommendations made by the Auditor’s office.

Recommendation: We recommend management implement improvements as suggested by the Metro Auditor and report the status periodically to the Auditor’s Office as well as the Audit Committee.

Opportunity to improve Zoo cash controls - resolved: In each of the past two audits, we identified certain lack of segregation of duties over handling cash at the Zoo received for educational classes. In the current year, the Oregon Zoo purchased a web-based system to track classes and receive payments for educational classes. All classes, whether paid by mail or paid online are entered into the new system. We found that attendees are cross-checked with payments received to ensure the Zoo received payment.

Opportunity to improve the accounting for grant revenues and expenditures - resolved: In our prior year testing of grant receivables and related payables, we found that grant receivables and revenues were being recorded prior to the determination that all eligibility requirements had been met. In our discussions with Metro’s Accounting Compliance Officer, we found that Finance and Planning have

significantly improved communication of grant activity, and our testing of grant receivables did not result in any such findings in the current year.

CURRENT YEAR OBSERVATIONS AND RECOMMENDATIONS

SIGNIFICANT DEFICIENCIES

The following significant deficiencies were identified during our audit of the June 30, 2009 financial statements.

Accuracy of the Schedule of Expenditures of Federal Awards: Metro is required to identify all expenditures for programs funded with federal grants sufficient to prepare an accurate Schedule of Expenditures of Federal Awards (SEFA). The SEFA is required to be filed with the Federal Government when total federally funded program expenditures exceed certain thresholds. In addition, the SEFA becomes the basis for Metro's external auditor to determine which grants are required to be tested under the Single Audit Act and OMB Circular A-133. During our testing of the current year SEFA and related grant records, we identified two additional grant programs that were federally sourced, that were not identified by management as federal grants, and were therefore, originally omitted from the SEFA in error.

Recommendation: As noted earlier, we recommend that Metro provide training to its managers and personnel responsible for administering federal grants on the development and implementation of policies to assist in the preparation of an accurate SEFA. Such policies should include mechanisms for the timely and accurate identification of federal funds received from all sources along with necessary communications to accounting staff responsible recording grants in the general ledger.

MANAGEMENT ADVISORY COMMENTS

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

PeopleSoft Access: During our review of access controls to PeopleSoft, we noted that twelve employees have access to create and post a journal entry in the general ledger. We did find that Metro had previously implemented manual procedures including the recording of all adjusting journal entries into a Journal Entry log by the initiator of the entry, the posting of the entry into the general ledger by a second person, and the review monthly of all adjusting journal entries by a third person.

Recommendation: The manual procedures implemented by Metro will be effective in mitigating the access control weakness identified provided the procedures are routinely followed. We recommend that Metro evaluate the merits of implementing an additional automated control through the PeopleSoft system that limits roles within the system so that the initiator of an entry is not also able to post the entry into the general ledger.

Payables cut off: During our search for unrecorded liabilities, we noted three exceptions in which invoices relating to goods or services received prior to the year-end were not recorded as payables in the proper period. Performing an accurate cutoff of accounts payable is critical for recording goods and services in the year for which they were budgeted to demonstrate Oregon legal compliance, as well as proper matching of expenses against the revenues to which they relate to comply with applicable governmental accounting standards. Two of the errors appeared to be the result of the late receipt of invoices from suppliers, and one appeared to be the result of an error in determining the correct period for recording an invoice received timely.

Recommendation: We recommend that Metro revise its controls over purchases so that receipt of vendor invoices is not required to start the expenditure recognition process in the accounting system. Instead, purchase orders and receiving reports could be used to verify that a purchase transaction has been completed and a liability has been incurred sufficient to start the accounting entries

Implementing new accounting pronouncements:

We would like to highlight two accounting pronouncements that will be effective for Metro over the next two years. Both of these new standards will require significant staff time and resources to implement, as well as the development of additional policies and procedures.

GASB Statement No. 51. GASB 51 on Accounting and Financial Reporting for Intangible Assets is effective for the year ending June 30, 2010. This statement outlines accounting and financial reporting requirements for intangible assets such as water rights, patents and internally generated assets like computer software. It is required to be applied retroactively. The standard will require that Metro meet certain criteria before it can begin capitalizing costs incurred. It would be prudent for Metro to adopt certain policies and procedures to assist in its efforts to properly comply with requirements of this standard. In addition, given the standard is to be adopted retroactively for certain intangibles acquired in prior years, there will be significant time and effort required to conduct the studies and analysis of prior year transactions to properly determine if any require capitalization under the standard.

Recommendation: We recommend that Metro establish a formal plan to address the requirements of this standard, determine the effort involved, and secure the resources necessary to perform the required analysis. Any adjustments found to be necessary could be posted well before the year-end closing process to remove the risk to the timing of completing the accounting and financial statements for the year.

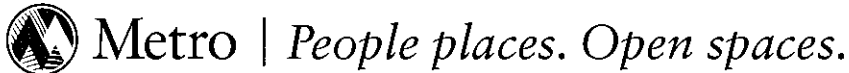
GASB Statement No. 54. GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, will be effective for Metro for fiscal year ended June 30, 2011. This standard provides clearer fund balance classifications in order to allow for consistency in accounting and reporting. It also clarifies the proper use of special revenue, debt service, and capital projects funds, that may be different from Metro's current use of these fund types. This statement will require management to more closely review governmental fund resources and establish a formalized decision hierarchy on the level of restriction associated with resources based primarily on the extent to which a government is bound to observe constraints imposed by external parties. It will also require Metro to formalize certain policies about the highest decision making level of authority required to internally restrict a resource, the bodies or individuals that can create 'assigned resources', and certain other policies to properly meet the requirements of this standard.

Recommendation: We recommend that Metro establish a formal plan to address the requirements of this standard, determine the effort involved, and secure the resources necessary. Implementing this standard will require the creation of certain policies and procedures, as well as an analysis of the current use of governmental funds to identify changes to current reporting that will be required. Any changes to the use of existing funds will likely require changes in budget practices as well.

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

Moss Adams, LLP

Eugene, Oregon
December 22, 2009



January 12, 2010

Ms. Suzanne Flynn
Metro Auditor

The independent audit firm of Moss Adams LLP, certified public accountants, has completed the audit of the financial statements of Metro for the year ended June 30, 2009. The financial statements for MERC are incorporated in the Metro report and are an integral part of the review. As part of that audit Moss Adams reviewed accounting policies and procedures, evaluated the effectiveness of the existing system of internal control, and made findings, observations and recommendations relating to this review. Moss Adams reviewed the Natural Areas Bond program and the Oregon Zoo Infrastructure and Animal Welfare Bond program, as required by the bond ordinances, and performed a separate review of federal grants for federal compliance reporting purposes.

The independent auditor's responsibility under the auditing standards generally accepted in the United States has become increasingly rigorous in both the private and public sectors. The Governmental Accounting Standards Board (GASB), now in its 25th year, issues standards that help Metro demonstrate to the region our accountability and stewardship over public resources. This year Metro successfully implemented the new pollution remediation standard (GASB 49) and issued its first updated calculation of Other Post Employment Benefits obligations (GASB 43 and 45), a new standard implemented successfully last year. I am deeply appreciative that our accounting group, led by Don Cox, CPA, CGFM, Accounting Manager and Accounting Compliance Officer, and Karla Lenox, CPA, Financial Reporting and Control Supervisor, continues to ensure that Metro meets these new standards, receives an unqualified audit opinion and produces an award winning Comprehensive Annual Financial Report. I also appreciate the professional work of the MERC accounting group, led by Kathy Taylor, CPA, MERC Chief Operating Officer, and Julia Fennell, Controller. We also thank the audit staff of Moss Adams LLP for its careful and professional review. Each year we gain new insights into maintaining and sustaining best practices through the audit process and our professional discussions with Moss Adams.

Moss Adams made recommendations to management in its letter dated December 22, 2009. In addition Moss Adams reviews the prior year's report and comments on Metro's excellent progress. We have reported this "inmanagement letter" to the Audit Committee and to the Metro Council with management's response.

We wish to thank the Audit Committee, an external professional review body organized by your office to assist both you and me in evaluating and improving our business and accounting processes.

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

Sincerely,

A handwritten signature in black ink that reads "Margo Norton". The signature is written in a cursive, flowing style.

Margo Norton
Finance and Regulatory Services Director

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

FINDINGS FROM LAST YEAR (FY 2007-08) - MATERIAL WEAKNESSES

None

FINDINGS FROM LAST YEAR (FY 2007-08) - SIGNIFICANT DEFICIENCIES

Health insurance payable - resolved: Last year, we found that Metro had accrued the July employee health insurance premium in error. During the current year, Metro developed a programmatic solution through the accounting software to correct the timing of the accrual for health insurance premiums that effectively resolved this control deficiency. We expanded our procedures this year over year-end accrued expenses and noted that the health insurance premiums that covered July 2009 were correctly excluded from year-end accrued expenses.

Federal contract language – repeat finding: In our testing of Metro's compliance with federal grant provisions last year, we identified five out of 15 instances where vendor contracts did not contain the necessary federal clauses informing the vendor of the federal source funding the project and that there were additional federal compliance requirements. During the current year, the Planning Department implemented a review process and began using a checklist for new and amended contracts to ensure all proper language is included when appropriate. This change appears to only be effectively implemented for projects administered by the Planning department, as we noted two more instances in our current year testing related to the Parks department where federally sourced projects did not contain the necessary federal clauses.

Recommendation # 1: We recommend that Metro provide some training to departments outside of Planning on federal grant compliance requirements, establishing effective internal controls, and on the use of checklists or other procedures to assist in meeting federal compliance requirements.

Response # 1: The contract process checklist developed and used by the Planning Department for contracts using federal funds has worked successfully this year and will be offered to other departments who utilize federal grants. This will also be incorporated into contract training classes offered by Finance and Regulatory Services. The specific instances arose

because Parks and Environmental Services contracts were not initially classified as using federal funding grants (see Recommendation #3). Once correcting this misclassification, the checklist will become effective. Parks and Environmental Services has also implemented new procedures for federal grant compliance to ensure that correct language is associated with contracts using federal grants.

OBSERVATIONS FROM LAST YEAR (FY 2007-08) - MANAGEMENT ADVISORY COMMENTS

Cash controls at Blue Lake – resolved: Last year, we determined there was a lack of adequate segregation of duties over the handling and accounting for cash. In the current year, we found that improvements were made effectively addressing the issue.

Payroll timecard approval - resolved: In our testing of payroll last year, we found 325 occurrences out of roughly 50,000 records where certain management employees approved their own time cards. Effective for the April 15, 2009 payroll run, Metro had changes made to its Kronos time entry system such that managers must have their time reviewed by another person. During our payroll control testing, we noted no instances in which an employee approved their own time.

Splitting of purchasing card transactions – partially resolved: We tested the use of purchase cards in each of the prior two fiscal year audits and found that certain purchase transactions were split to circumvent the \$5,000 limit on individual purchases primarily to avoid the additional approval processes required. During the current year, we learned that in light of our findings, the Metro Auditor's Office conducted a P-card audit to expand the number of P-card transactions tested. That audit resulted in additional recommendations made by the Auditor's office.

Recommendation # 2: We recommend management implement improvements as suggested by the Metro Auditor and report the status periodically to the Auditor's Office as well as the Audit Committee.

Response #2: Metro responded to the internal audit's finding in May 2009, agreeing that improvements were needed within the procurement card program, including the development of new policies suggested by the Metro Auditor. In March 2009 the Director of Finance and Regulatory Services issued a special notice to all P-card holders reaffirming the rules for food and beverage expense, meeting expense, cash refunds and personal reimbursements. In April 2009 the Procurement Officer issued a special notice to all P-card holders and P-card approvers, defining a split transaction, restating Metro's prohibition of such transactions, and describing the action that would be taken if future split transactions were discovered. Metro will continue to utilize the Bank of America's

reporting software to identify and remedy any split transactions in the future. These reminders have been emphasized in subsequent periodic trainings of users and approvers. Finance and Regulatory Services has drafted revised policies for 2010 and will be communicating these to all Metro departments.

Opportunity to improve Zoo cash controls - resolved: In each of the past two audits, we identified certain lack of segregation of duties over handling cash at the Zoo received for educational classes. In the current year, the Oregon Zoo purchased a web-based system to track classes and receive payments for educational classes. All classes, whether paid by mail or paid online are entered into the new system. We found that attendees are cross-checked with payments received to ensure the Zoo received payment.

Opportunity to improve the accounting for grant revenues and expenditures - resolved: In our prior year testing of grant receivables and related payables, we found that grant receivables and revenues were being recorded prior to the determination that all eligibility requirements had been met. In our discussions with Metro's Accounting Compliance Officer, we found that Finance and Planning have significantly improved communication of grant activity, and our testing of grant receivables did not result in any such findings in the current year.

MATERIAL WEAKNESSES (FY 2008-09)

No material weaknesses were reported in the current audit.

SIGNIFICANT DEFICIENCIES (FY 2008-09)

The following significant deficiencies were identified during our audit of the June 30, 2009 financial statements.

Accuracy of the Schedule of Expenditures of Federal Awards: Metro is required to identify all expenditures for programs funded with federal grants sufficient to prepare an accurate Schedule of Expenditures of Federal Awards (SEFA). The SEFA is required to be filed with the Federal Government when total federally funded program expenditures exceed certain thresholds. In addition, the SEFA becomes the basis for Metro's external auditor to determine which grants are required to be tested under the Single Audit Act and OMB Circular A-133. During our testing of the current year SEFA and related grant records, we identified two additional grant programs that were federally sourced, that were not identified by management as federal grants, and were therefore, originally omitted from the SEFA in error.

Recommendation #3: As noted earlier, we recommend that Metro provide training to its managers and personnel responsible for administering federal grants on the development and implementation of policies to assist in the preparation of an accurate SEFA. Such policies should include mechanisms for the timely and accurate identification of federal funds received from all sources along with necessary communications to accounting staff responsible recording grants in the general ledger.

Response #3: The primary and initial source for recording grant revenues is the responsibility of the operating department which receives the funds and is aware of the specific contract and grant requirements. Finance and Regulatory Services provides chart of accounts and consultative assistance and written definitions for department staff to classify transactions correctly. For the FY 2009 transactions that led to this recommendation, Parks and Environmental Services staff found it necessary to contact the granting entity to ascertain the specific source of funding as it was unclear from the grant award documents. Upon receiving confirmation from the grantor agency, the classification was corrected in Metro's reporting. Any open contracts related to these grants were amended to incorporate the necessary federal contract language (see Recommendation #1). Management will work with staff to assure funding sources are more clearly identified in contract documents to enable the initial recording of transactions to be correct. Parks and Environmental Services has implemented steps to ensure that state agencies are contacted at the beginning of the grant process for the correct identification of the sources of funds.

MANAGEMENT ADVISORY COMMENTS (FY 2008-09)

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

PeopleSoft Access: During our review of access controls to PeopleSoft, we noted that twelve employees have access to create and post a journal entry in the general ledger. We did find that Metro had previously implemented manual procedures including the recording of all adjusting journal entries into a Journal Entry log by the initiator of the entry, the posting of the entry into the general ledger by a second person, and the review monthly of all adjusting journal entries by a third person.

Recommendation #4: The manual procedures implemented by Metro will be effective in mitigating the access control weakness identified provided the procedures are routinely followed. We recommend that Metro evaluate

the merits of implementing an additional automated control through the PeopleSoft system that limits roles within the system so that the initiator of an entry is not also able to post the entry into the general ledger.

Response #4: Metro has established policy and procedure that the individual who prepares and initially enters a journal entry (JE) cannot also post the JE. The detective controls, while only partially automated, are effective. Accounting Services will continue to investigate any available system controls or reviews that could be implemented as appropriate. Business process efficiencies and limited staff size do not make it possible to segregate all job duties and processes across the board.

Payables cut off: During our search for unrecorded liabilities, we noted three exceptions in which invoices relating to goods or services received prior to the year-end were not recorded as payables in the proper period. Performing an accurate cutoff of accounts payable is critical for recording goods and services in the year for which they were budgeted to demonstrate Oregon legal compliance, as well as proper matching of expenses against the revenues to which they relate to comply with applicable governmental accounting standards. Two of the errors appeared to be the result of the late receipt of invoices from suppliers, and one appeared to be the result of an error in determining the correct period for recording an invoice received timely.

Recommendation #5: We recommend that Metro revise its controls over purchases so that receipt of vendor invoices is not required to start the expenditure recognition process in the accounting system. Instead, purchase orders and receiving reports could be used to verify that a purchase transaction has been completed and a liability has been incurred sufficient to start the accounting entries

Response #5: The Accounting Compliance Officer and agency Finance Managers have reviewed the identified transactions and circumstances. The transactions in question were expenditures under formal contracts which do not result in "purchase orders" or "receiving reports," but rather require the project manager's awareness of contractor work performance and billing status. The Finance Managers will conduct additional training of staff to have them monitor and solicit expenditure data from contractors on a timelier basis at fiscal year end, with increased emphasis and attention to fiscal period cutoff dates. Accounting Services will continue to issue instructions on year end cutoff and accrual procedures and will continue to review post-year end transactions for accrual.

Metro CAFR

Comprehensive Annual Financial Report

For the year ended June 30, 2009

*Front cover only - entire report
may be downloaded from Metro's
website (184 pages)*

Finance and Regulatory Services Department

Director of Finance and Regulatory Services
Margaret Norton

Prepared by
Accounting Services Division

Accounting Compliance Officer
Donald R. Cox Jr., CPA, CGFM

Financial Reporting Supervisor
Karla J. Lenox, CPA



Metro | *People places. Open spaces.*

600 NE Grand Ave., Portland, Oregon 97232

In its management letter, Moss Adams also included advice about two new accounting standards that will be implemented. Metro has an excellent record of implementing new standards timely, and we have already considered our strategy.

Implementing new accounting pronouncements:

We would like to highlight two accounting pronouncements that will be effective for Metro over the next two years. Both of these new standards will require significant staff time and resources to implement, as well as the development of additional policies and procedures.

GASB Statement No. 51. GASB 51 on Accounting and Financial Reporting for Intangible Assets is effective for the year ending June 30, 2010. This statement outlines accounting and financial reporting requirements for intangible assets such as water rights, patents and internally generated assets like computer software. It is required to be applied retroactively. The standard will require that Metro meet certain criteria before it can begin capitalizing costs incurred. It would be prudent for Metro to adopt certain policies and procedures to assist in its efforts to properly comply with requirements of this standard. In addition, given the standard is to be adopted retroactively for certain intangibles acquired in prior years, there will be significant time and effort required to conduct the studies and analysis of prior year transactions to properly determine if any require capitalization under the standard.

Recommendation # 6: We recommend that Metro establish a formal plan to address the requirements of this standard, determine the effort involved, and secure the resources necessary to perform the required analysis. Any adjustments found to be necessary could be posted well before the year-end closing process to remove the risk to the timing of completing the accounting and financial statements for the year.

GASB Statement No. 54. GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, will be effective for Metro for fiscal year ended June 30, 2011. This standard provides clearer fund balance classifications in order to allow for consistency in accounting and reporting. It also clarifies the proper use of special revenue, debt service, and capital projects funds, that may be different from Metro's current use of these fund types. This statement will require management to more closely review governmental fund resources and establish a formalized decision hierarchy on the level of restriction associated with resources based primarily on the extent to which a government is bound to observe constraints imposed by external parties. It will also require Metro to formalize certain policies about the highest decision making level of authority required to internally restrict a resource, the bodies or individuals that can create 'assigned resources', and certain other policies to properly meet the requirements of this standard.

Recommendation # 7: We recommend that Metro establish a formal plan to address the requirements of this standard, determine the effort involved, and secure the resources necessary. Implementing this standard will require the creation of certain policies and procedures, as well as an analysis of the current use of governmental funds to identify changes to current reporting that will be required. Any changes to the use of existing funds will likely require changes in budget practices as well.

Response #6 and #7: Metro began its policy work for the upcoming GASB Statements last year, including direct consultation with GASB regarding the unusual aspects of TOD easements. FRS staff has reviewed the GASB statements and has advised agency Finance Managers of the provisions and necessary requirements. Accounting Services will develop a written accounting policy incorporating GASB 51 requirements and will assist operating departments in identifying and accounting for intangible assets. Accounting Services staff will work with Financial Planning staff to develop appropriate fund balance budget policies as part of the development of the FY 2010-11 budget. Accounting Services has worked with Financial Planning staff in prior years to correctly classify funds by type in anticipation of the final statement issued by GASB. The most recent result was the segregation of the General Renewal and Replacement Fund budgetary fund from Metro's Capital Fund and its consolidation within the General Fund on a GAAP-reporting basis in order to be in compliance with this statement. Governmental accounting continues to become increasingly complex and requires increased resources to assure Metro continues to comply with generally accepted accounting principles for all its diversified activities.

Note: Single Audit

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

The report provided an unqualified opinion in the financial reporting, identified no questioned costs, and disclosed essentially the same findings of "significant deficiency" as those included above. The management response to those findings is included in the Schedule of Findings and Questioned Costs, a part of the single audit.

Agenda Item Number 4.1

**Consideration of Minutes for the January 21, 2010 Metro Council
Regular Meeting.**

Consent Agenda

Metro Council Meeting
Thursday, January 28, 2010
Metro Council Chamber

Agenda Item Number 5.1

Ordinance No. 09-1229, Amending Metro Code Title VI, Chapter 6.01; Metro Code Chapter 2.02 Personal Code, Section 2.02.010; and Metro Code Chapter 2.04, Section 2.04.024 Metro Contract Policies, Relating to the Metropolitan Exposition-Recreation Commission.

ORDINANCES – SECOND READING

Metro Council Meeting
Thursday, January 28, 2010
Metro Council Chamber

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF AMENDING METRO CODE TITLE VI, CHAPTER 6.01; METRO CODE CHAPTER 2.02 PERSONNEL CODE, SECTION 2.02.010; AND METRO CODE CHAPTER 2.04, SECTION 2.04.024 METRO CONTRACT POLICIES, RELATING TO THE METROPOLITAN EXPOSITION-RECREATION COMMISSION) ORDINANCE NO. 09-1229) Introduced by Chief Operating Officer Michael J. Jordan, with the concurrence of Council President David Bragdon

WHEREAS, the Metro Council has requested that the Metro Chief Operating Officer (COO) consult with the Metropolitan Exposition-Recreation Commission (MERC) and make recommendations to the Metro Council regarding possible revisions to Metro Code Title VI, Chapter 6.01 and related sections in order to provide a more effective relationship between the Metro Council and MERC in order to enhance the operations and competitiveness of the MERC venues; and

WHEREAS, the COO has conducted a series of meetings with MERC and the COO and MERC have revealed consensus on revisions to the Metro Code Chapter 6.01 to achieve this purpose; and

WHEREAS, amendments to Metro Code Chapter 2.02 Personnel Code, Section 2.02.010 and Metro Code Chapter 2.04 Metro Contract Policies will additionally achieve this purpose; now therefore,

THE METRO COUNCIL ORDAINS that the following amendments to the Metro Code legislation relating to MERC will enhance the operations and competitiveness of the MERC venues:

- 1. Metro Code Title VI, Chapter 6.01 Metropolitan Exposition-Recreation Commission is amended as set forth in Exhibit A;
2. Metro Code Chapter 2.02, Section 2.02.010 Personnel Code is amended as set forth in Exhibit B; and
3. Metro Code Chapter 2.04 Metro Contract Policies, Section 2.04.024 is amended as set forth in Exhibit C.

ADOPTED by the Metro Council this _____ day of _____ 2010.

David Bragdon, Council President

Attest:

Approved as to Form:

Tony Andersen, Recording Secretary

Daniel B. Cooper, Metro Attorney

Exhibit A to Ordinance No. 09-1229
Metro Code Title VI, Chapter 6.01
Metropolitan Exposition-Recreation Commission

TITLE VI

COMMISSIONS

CHAPTERS	TITLE
6.01	Metropolitan Exposition Recreation- Commission

CHAPTER 6.01

METROPOLITAN EXPOSITION-RECREATION COMMISSION

SECTIONS	TITLE
6.01.010	Purpose
6.01.020	Definitions
6.01.030	Commission Created
6.01.040	Powers
6.01.050	Budget and Accounts
6.01.060	Commission Meetings
6.01.070	Delegation
6.01.080	Filing and Effective Date of Commission Resolutions
6.01.090	Initial Charge to Commission (repealed Ord. 97-677B §3)
6.01.100	Commission Business Plans
<u>6.01.110</u>	<u>Commission Relationship to Metro Council</u>

6.01.010 Purpose

(a) This chapter establishes a metropolitan commission pursuant to Section 25(4) of the Metro Charter. The purpose of the Commission is to provide oversight and direction to the Chief Operating Officer for the management and operation of convention, trade and spectator facilities owned by Metro and such other facilities as the Metro Council may determine. Facilities assigned to the Commission may include other facilities owned by Metro or facilities that Metro has agreed to manage.

(b) The Metro Council intends and directs that such facilities be operated in a cost effective, independent, entrepreneurial and accountable manner so as to provide the greatest benefit to the residents of the Metro Area.

(c) This chapter sets forth the powers and duties of the Commission. This chapter delegates to the Commission certain authority held by the Metro Council under the Metro Charter.

(d) The Metro Council retains all authority not delegated including the authority to amend or repeal this chapter.

~~The purpose of this chapter is to establish a metropolitan commission to renovate, maintain, operate, and manage metropolitan convention, trade and spectator facilities pursuant~~

~~to the Metro Charter. The commission established by this chapter is intended by the Metro Council to operate in a cost effective, independent, entrepreneurial and accountable manner, so as to provide the greatest benefit to the residents of the Metro region. The provisions of this chapter shall therefore be liberally construed so as to achieve these ends. The commission is subject to the authority of the Metro Auditor to perform the duties of that office.~~

(Ordinance No. 87-225, Sec. 1. Amended by Ordinance No. 97-677B, Sec. 3; Ordinance No. 02-975, Sec. 1.)

6.01.020 Definitions

As used herein:

(a) Chief Operating Officer means the Metro Chief Operating Officer;

(b) "Commission" means the Metropolitan Exposition-Recreation Commission established hereunder;

~~(c)~~ "Council" means the Metro Council;

~~(d)~~ "Councilor" means a member of the Council;

~~(e)~~ "Council President" means the Council President of Metro;

(f) "Metro Area" means the territory within the Metro jurisdictional boundary.

~~(g)~~ "Metro Auditor" means the Office of Metro Auditor created pursuant to the Metro Charter; and-

~~(h)~~ "MERC General Manager or General Manager" means the person designated by the Chief Operating Officer to hold such position. The Chief Operating Officer may delegate additional responsibilities to the General Manager. ~~chief administrative officer of the Commission or any other position employed by the Commission that directly reports to the Commission.~~

(Ordinance No. 87-225, Sec. 1; Ordinance No. 97-677B, Sec. 3; Ordinance No. 01-888B, Sec. 1; Ordinance No. 02-975, Sec. 1.; and Ordinance No. 09-1221C)

6.01.030 Commission Created

There is hereby created a Metropolitan Exposition-Recreation Commission consisting of seven (7) voting members and one Metro Councilor who shall serve ex-officio in a non-voting capacity. All members shall be residents of the Metro Area.

(a) The Council President will make all appointments.

(b) The Council President may reject a nomination. Appointments of all voting members are subject to confirmation by the Metro Council.

(c) All voting members shall serve four (4) year-terms. Members may be re-appointed. Prior to December 31, 2001, a voting member may serve until the successor is confirmed; thereafter, upon the expiration of a term, the position shall be considered vacant until a member is appointed or re-appointed and confirmed.

(d) Nomination Process for Voting Members. The Council President will accept nominations to the Ceommission as follows:

(1) The County Commissions of Clackamas, Multnomah and Washington counties each shall nominate one (1) candidate. The candidates must be residents of the Metro Area district and nominating county.

(2) The City Council of the City of Portland shall nominate one (1) candidate for each of two (2) positions. The candidates must be residents of the Metro Area and the City of Portland.

(3) Two (2) nominees shall be at the sole discretion of the Council President. The candidates must be residents of the Metro Area.

(e) Appointment Process for Voting Members.

(1) For those positions on the Ceommission which are subject to nomination by a local governmental body, the Council President will receive the nominations from the relevant governing body and review the nomination prior to submitting the nomination to the Metro Council for confirmation. If the Council President fails to concur with any candidate so nominated by a local government, the

Council President shall so notify the jurisdiction, which shall then nominate another candidate. This process shall continue until such time as the Council President agrees to transmit the name of the individual nominated by the local government. If an appointment submitted to the Council for confirmation as a result of this process is rejected by the Council, the Council President shall so notify the local government which shall nominate another candidate and the process shall continue until such time as a candidate nominated by a local government has been forwarded by the Council President to the Council for confirmation and has been confirmed.

- (2) If the Council fails to confirm an appointment made at the sole discretion of the Council President, the Council President may submit the name of another person for confirmation by the Council.

(f) A vacancy shall occur from the death, resignation, failure to continue residency within the Metro Area and in the case of voting members nominated by a local government residency within the boundaries of the nominating government, or inability to serve of any voting member or from the removal of a voting member by the Council President, subject to approval of the removal by a majority of the members of the Council.

(g) Vacancies shall be filled pursuant to the procedure governing the initial appointment of voting members. A vacancy occurring prior to the expiration of a term shall be filled only until the end of the term.

(h) No person who is elected to a public office, or appointed to fill a vacancy in a public office, shall be eligible to serve as a voting member.

(i) The Commission may adopt its own rules of organization and procedure and may elect its own officers for such terms and with such duties and powers necessary for the performance of the functions of such offices as the Commission determines appropriate. However, the Commission may not delegate powers and duties as set out in this chapter to an individual Commissioner or a committee.

Exhibit A to Ordinance No. 09-1229
Metro Code Title VI, Chapter 6.01
Metropolitan Exposition-Recreation Commission

(Ordinance No. 87-225, Sec. 1. Amended by Ordinance No. 89-325, Sec. 1; Ordinance No. 97-677B, Sec. 3; Ordinance No. 01-888B, Sec. 1; Ordinance No. 02-975, Sec. 1.)

6.01.040 Powers

(a) The Commission is responsible for oversight of all facilities for which it is responsible. In exercising this oversight it has power to direct and control the authority of the Chief Operating Officer to enter into contracts; and to establish policies, including business plans, marketing plans, and strategic plans, for the Chief Operating Officer to follow regarding the operation and marketing of the facilities. The Commission establishes and approves all charges for the rent or use of the facilities and may delegate authority to the Chief Operating Officer to establish rents and charges and negotiate and enter into agreements for the rent or use of the facilities subject to policies established by the Commission.

(b) The Commission shall advise the Chief Operating Officer regarding the designation and all performance reviews of the General Manager. The General Manager shall provide support to the Commission and shall be responsible for acting on behalf of the Chief Operating Officer on all matters entrusted to the General Manager. The Commission advises the Chief Operating Officer and the General Manager regarding the preparation of the annual budget for the Commission prior to the adoption of a proposed budget by the Commission as set forth in Section 6.01.050 as well as on proposals to acquire or dispose of real property.

(c) The Commission advises the Metro Council on the adoption of the annual budget and on the Metro Council's adoption of policies, goals or objectives for the facilities or the Commission.

~~The commission shall have the following power and authority:~~

~~(a) To renovate, equip, maintain and repair any convention, trade, and spectator buildings and facilities for which the commission is responsible, and to advise the public owners of these facilities on financial measures which may be necessary or desirable with respect to initial construction or major capital projects;~~

Exhibit A to Ordinance No. 09-1229
Metro Code Title VI, Chapter 6.01
Metropolitan Exposition-Recreation Commission

~~(b) To manage, operate and market the use of the convention, trade, and spectator buildings and facilities for which the commission is responsible;~~

~~(c) To acquire in the name of Metro by purchase, devise, gift, or grant real and personal property or any interest therein as the commission may find necessary for its purposes. The commission may recommend to the Council the condemnation of property for use by the commission but may not itself exercise the condemnation power;~~

~~(d) To lease and dispose of property in accordance with ORS 271.300 to 271.360;~~

~~(e) To maintain and repair any real and personal property acquired for the purposes of the commission;~~

~~(f) To lease, rent, and otherwise authorize the use of its buildings, structures and facilities; to fix fees and charges relating to the use of said buildings, structures and facilities; to establish any other terms and conditions governing use of its buildings and facilities; and to adopt any regulations deemed necessary or appropriate for the protection of users and for the protection and public use and enjoyment of its buildings and facilities;~~

~~(g) To perform planning and feasibility studies for convention, trade, and spectator facilities within Metro;~~

~~(h) To employ, manage, and terminate such personnel as the commission may find necessary, appropriate, or convenient for its purposes under personnel rules adopted by the commission. Notwithstanding the foregoing, however, the Metro Chief Operating Officer shall employ, manage, and terminate the General Manager. Neither the Metro Council nor any of its members shall direct or request the appointment of any person to, or removal from, office by the General Manager or any of the General Manager's subordinates;~~

~~(i) To employ professional, technical, and other assistance as the commission may find necessary, appropriate, or convenient for its purposes;~~

~~(j) To enter into contracts of such types and in such amounts, including intergovernmental agreements, as the commission may deem necessary, appropriate, or convenient for~~

Exhibit A to Ordinance No. 09-1229
Metro Code Title VI, Chapter 6.01
Metropolitan Exposition-Recreation Commission

~~the renovation, equipment, maintenance, repair, operation, and marketing of the use of buildings and facilities for which it is responsible, and for professional and other services, under contracting rules adopted by the commission;~~

~~—— (k) To enter into intergovernmental agreements for the transfer of convention, trade, or spectator buildings and facilities to Metro, or for the transfer of operating and administrative responsibilities for such buildings and facilities to the commission, provided that the Council has approved such acquisition or transfer;~~

~~—— (l) To accept gifts and donations and to contract for and receive federal and other aid and assistance;~~

~~—— (m) To determine the type, quality, and scope of services required by the commission in order to conduct its business in a cost effective, entrepreneurial, and independent manner, as required by this chapter. Services of Metro including accounting, personnel, risk management, public affairs, and other services shall be provided by Metro subject to compensation being provided by the commission to Metro. The commission may acquire such services by other means, provided that the Council determines by duly adopted resolution that the provision of such services by other means is cost effective and results in a net benefit to the residents of Metro and the regional facilities managed by the commission. The commission's legal services shall be provided to the commission by the Metro Attorney. The commission may purchase legal services outside of Metro only with the permission of the Metro Attorney;~~

~~—— (n) To recommend to the Council and to the other public owners of buildings and facilities managed by the commission such long term revenue and general obligation measures and other revenue-raising measures for the benefit of the commission's purposes as the commission may deem appropriate for consideration by the Council, by the other public owners of buildings or facilities managed by the commission, or the electors of Metro, but the commission may not adopt such measures itself;~~

~~—— (o) To recommend to the Council the adoption of ordinances carrying criminal and civil penalties for their violation, but the commission may not adopt such ordinances itself;~~

~~(p) To do all other acts and things necessary, appropriate, or convenient to the exercise of the powers of the commission.~~

(Ordinance No. 87-225, Sec. 1. Amended by Ordinance No. 97-677B, Sec. 3; Ordinance No. 01-888B, Sec 1; Ordinance No. 02-975, Sec. 1; and Ordinance No. 09-1221C)

6.01.050 Budget and Accounts

(a) General Requirements. The Ceommission accounts shall be kept in conformity with generally accepted accounting practices and in accordance with the local budget law, provided that the local budget law shall control in the event of a conflict with generally accepted accounting practices, and the accounts shall be audited yearly at the same time and by the same auditor as are Metro's accounts.

(b) Procedure for Commission Approval of Proposed Budget. The Ceommission annually shall prepare a proposed budget and shall approve the proposed budget by duly adopted resolution. The Ceommission's deliberations and actions on its budget, including any work sessions or subcommittee sessions, shall be conducted as public meetings as required by the Oregon statutes governing public meetings. Prior to approving any proposed budget, the Ceommission shall provide a reasonable opportunity for interested persons to testify and make their views known with respect to the proposed budget. The Ceommission shall include in its budget necessary cost allocations for services provided by Metro as recommended by the Chief Operating Officer.

(c) Procedure for Submission of Commission Budget to Metro. The Ceommission shall transmit its proposed budget to the Metro Chief Operating Officer at the same time that Metro departments do so. The Chief Operating Officer shall review the submitted budget and submit the Ceommission's proposed budget to the Council with the Chief Operating Officer's general budget submission to the Council, together with any recommendations the Chief Operating Officer may have for changes in the Ceommission's proposed budget. The Chief Operating Officer shall include in the submitted budget the necessary cost allocation for providing services to the Ceommission. The Ceommission's budget shall be subject to review and approval by the Council. The Council shall make the final determination of cost allocations for services provided by Metro.

(d) Content of Commission's Budget. To the maximum extent permitted by law, the Ceommission's budget shall consist of one Ceommission-wide series of appropriations in those categories which are required by local budget law, applicable to all buildings, facilities, and programs managed by the Ceommission. Once the Ceommission's budget has been adopted by the Council, any changes in the adopted appropriations not previously approved by the Council must be ratified in advance by the Council.

(Ordinance No. 87-225, Sec. 1. Amended by Ordinance No. 97-677B, Sec. 3; Ordinance No. 01-888B, Sec. 1; Ordinance No. 02-975, Sec. 1; Ordinance No. 07-1164A, Sec. 5.)

6.01.060 Commission Meetings

All meetings of the Ceommission shall be conducted as public meetings as required by Oregon law, except where executive sessions are permitted by law. The Ceommission shall provide adequate notice of its meetings as required by law. All Metro elected officials shall receive notice of all meetings in the same form, manner and substance given to all Ceommission members.

(Ordinance No. 87-225, Sec. 1. Amended by Ordinance No. 97-677B, Sec. 3; Ordinance No. 01-888B, Sec. 1.)

6.01.070 Delegation

The Ceommission may delegate to the Chief Operating Officer ~~its employees~~ any of the power and authority of the Ceommission subject to those limitations the Ceommission deems appropriate. Any delegation shall be by resolution of the Ceommission.

(Ordinance No. 87-225, Sec. 1.)

6.01.080 Filing and Effective Date of Commission Resolutions

(a) Within five (5) days after the passage of any resolution, the Ceommission shall file a copy of the resolution with the Council Clerk, or such other officer as the Council may designate, who shall maintain a special record of the Ceommission's resolutions which shall be accessible to the public under like terms as the ordinances of Metro. The Council Clerk or such other officer as the Council may designate shall immediately notify the Council of the receipt of the resolution.

(b) Resolutions of the Commission shall be effective upon adoption or at such other time as specified by the Commission.

(Ordinance No. 87-225, Sec. 1. Amended by Ordinance No. 97-677B, Sec. 3; Ordinance No. 02-975, Sec. 1.)

6.01.100 Commission Business Plans

(a) The Commission shall prepare business plans for each of its facilities and shall update those plans as needed. The Commission shall provide all Metro elected officials with copies of its business plans.

(b) The Commission regularly shall report to the Council. Such reports shall occur as directed by the Council, but in no event less than quarterly.

(c) The Commission shall, on an annual basis, set goals and benchmarks for the performance of the buildings, facilities and services managed by the Commission. Such goals and benchmarks shall be discussed in public meetings with reasonable opportunity for public input and shall be adopted by duly adopted resolutions of the Commission. Copies of proposed goals and benchmarks shall be provided to all Metro elected officials no later than ten (10) working days prior to formal adoption by the Commission. The Commission shall include in its quarterly reports to the Council progress reports on the Commission's progress towards meeting its adopted goals and benchmarks.

(Ordinance No. 87-225, Sec. 1. Amended by Ordinance No. 97-677B, Sec. 3; Ordinance No. 01-888B, Sec. 1; Ordinance No. 02-975, Sec. 1.)

6.01.110 Commission Relationship to Metro Council

(a) The Commission shall meet at least once annually in a joint meeting with the Council to recommend policies and to consult on the operations of the facilities. The Commission shall adopt policies consistent with the policies adopted by the Council.

(b) The Metro Councilor member who serves as the ex-officio member, with the General Manager and the Chief Operating Officer shall regularly report to the Council the activities of the Commission.

Exhibit A to Ordinance No. 09-1229
Metro Code Title VI, Chapter 6.01
Metropolitan Exposition-Recreation Commission

(c) The Metro Council President and Metro Council shall consult with the Commission regarding the employment of the Chief Operating Officer, including but not limited to, any review of the Chief Operating Officer's performance.

2.02.010 Personnel Code

Sections 2.02.001 to 2.02.120 of this Metro Code shall be known as and may be cited as the "Metro Personnel Code."

The provisions in this chapter do not constitute a contract of employment. Moreover, in order to meet future challenges, the Council retains the flexibility to change, substitute, and discontinue the policies and benefits described herein, at any time, with or without notice to employees. No person shall be deemed to have a vested interest in, or legitimate expectation of, continued employment with Metro, or any policy or benefit described herein or otherwise generally followed by Metro. No contract of employment can be created, nor can an employee's status be modified, by any oral or written agreement, or course of conduct, except by a written agreement signed by the Council President or Chief Operating Officer and the employee, and subject to the approval of the Council.

(a) Duties of Chief Operating Officer

Administration and enforcement of the personnel code shall be the responsibility of the Chief Operating Officer. The Chief Operating Officer, or his or her delegee, shall:

(1) Establish and maintain:

- (A) a record of all employees in Metro service;
- (B) the Metro employee classification plan;
- (C) the salary plan and salary administration policies, including employee benefits, including employee benefits.

(2) Prepare such rules, policies, and procedures as are necessary to carry out the duties, functions and powers of this personnel code, and to effectively administer Metro personnel.

(3) Establish a system of personnel administration based on merit, governing recruitment, appointment, tenure, transfer, layoff, separation, discipline of employees.

Exhibit B to Ordinance No. 09-1229
Metro Code Chapter 2.02, Section 2.02.010 Personnel Code
Relating to Metropolitan Exposition-Recreation Commission

(4) Devise and employee training programs, for the purpose of improving the quality of service rendered by Metro personnel.

(5) Conduct labor negotiations with the authorized collective bargaining representatives of Metro employees

(6) Serve as the final grievance adjustment officer in personnel matters.

(7) Make quarterly reports to the Council regarding the personnel administration of Metro.

(b) The Metropolitan Exposition-Recreation Commission shall adopt personnel rules consistent with and subject to Sections 6.01.040 ~~(h) and (m)~~ of the Metro Code notwithstanding any provision of this chapter to the contrary. ~~For this purpose, the authority and duties of the~~The Chief Operating Officer shall through the General Manager administer the policies adopted by the Commission. ~~to employ, manage and terminate employees referred to in this chapter shall reside with the commission for employees of the commission.~~

(Ordinance 05-1082, Sec. 1.)

Exhibit C to Ordinance No. 09-1229
Metro Code Chapter 2.04 Metro Contract Policies
Contracts in General, Section 2.04.024
Relating to Metropolitan Exposition-Recreation Commission

2.04.024 Metropolitan Exposition-Recreation Commission

The Metro Council delegates to the Commission the authority to approve contracts, independent of the authority it has granted to the Chief Operating Officer pursuant to Section 2.04.020. The Commission may adopt rules or regulations which delegate to the Chief Operating Officer authority to enter into contracts on behalf of the Commission and may require Commission approval of contracts. The Metro Council is the local Contract Review Board for the Commission.

~~The Metropolitan Exposition-Recreation Commission has authority to enter into contracts pursuant to Metro Code Section 6.01.040(j). Notwithstanding any provision of this chapter to the contrary, the Commission may without the prior approval of the Chief Operating Officer enter into contracts in any amount in accordance with contracting rules adopted by the Commission pursuant to the authority contained in Section 6.01.040(j). However, pursuant to ORS 279A.060, the Metro Council shall be the local Contract Review Board for the Commission.~~

(Ordinance No. 96-635B, Sec. 3. Amended by Ordinance No. 02-966A, Sec. 1; Ordinance No. 04-1065A, Sec. 2.)

STAFF REPORT

In consideration of Ordinance No. 09-1229 for the purpose of amending Metro Code Title VI, Chapter 6.01; Metro Code Chapter 2.02 Personnel Code, Section 2.02.010; and Metro Code Chapter 2.04, Section 2.04.024 Metro Contract Policies, relating to the Metropolitan Exposition-Recreation Commission

Date: 12/10/2009

Prepared by: Michael Jordan,
503-797-1541

BACKGROUND

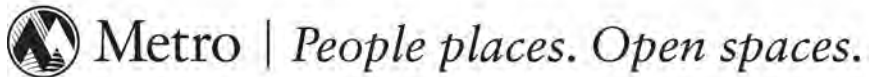
On August 6, 2009, the Metro Council approved a recommendation from the Chief Operating Officer to improve the Metro/MERC structure. On August 13, 2009 the Council passed Ordinance No. 09-1221C giving the Chief Operating Officer the authority to employ, manage, and terminate the General Manager. In acting further pursuant to the direction given by Council, the Chief Operating Officer has prepared a revision to Metro Code Chapter 6.01 in order to revise and clarify the roles and responsibilities of MERC and establish increased communication with the Council. The amendments proposed for Title VI are the product of a series of meetings between the Commission and Metro's Chief Operating Officer. This revised code reflects issues and concerns discussed in these joint meetings. The intention of these amendments are to clarify accountability, define the roles and responsibilities of MERC, and strengthen the relationship between the Metro Council and MERC, while preserving the Commission's ability to interact dynamically with the private sector. In addition these amendments direct the COO to be responsible for the management of the day to day affairs. The COO may delegate authority but not ultimate responsibility to General Manager who may be assigned other duties as well.

ANALYSIS/INFORMATION

1. **Known Opposition:** No opposition known
2. **Legal Antecedents:** Metro Charter section 26 authorizes the Council to adopt ordinances creating commissions with duties and responsibilities as specified by the Council. Chapter 6.01 of the code establishes the Metropolitan Exposition Recreation Commission. This ordinance would be one in a series of amendments to that code chapter that the Council has adopted from time to time as it has exercised its authority under the Charter. Pursuant to an agreement with the City of Portland which provides for Metro to operate the Portland Center for the Performing Arts Metro has agreed to give the City 30 days notice prior to amending Chapter 6.01. Notice of this proposed ordinance was given to the City on Dec. 10th 2009. A copy of the notice is attached. The most recent action to Title VI was Ordinance No. 09-1221C giving the Chief Operating Officer the authority to employ, manage, and terminate the General Manager.
3. **Anticipated Effects:** The intention of these amendments are to clarify accountability, define the roles and responsibilities of MERC, and strengthen the relationship between the Metro Council and MERC, while preserving the Commission's ability to interact dynamically with the private sector.
4. **Budget Impacts** There are no budget impacts associated with this ordinance.

RECOMMENDED ACTION

It is recommended that the Council approve amendments to Metro Code Title VI, Chapter 6.01; Metro Code Chapter 2.02 Personnel Code, Section 2.02.010; and Metro Code Chapter 2.04, Section 2.04.024 Metro Contract Policies, relating to the Metropolitan Exposition-Recreation Commission.



December 10, 2009

City of Portland
Attn: Mayor Sam Adams
Commissioner in Charge
1221 SW 4th Avenue, Bldg. 131, Room 340
Portland, Oregon 97204

City of Portland
Attn: City Auditor
LaVonne Griffin-Valade
1221 SW 4th Avenue, Bldg. 131, Room 140
Portland, Oregon 97204

Re: Metro Council Ordinance No. 09-1229
FOR THE PURPOSE OF AMENDING METRO CODE TITLE VI, CHAPTER
6.01; METRO CODE CHAPTER 2.02 PERSONNEL CODE, SECTION
2.02.010; AND METRO CODE CHAPTER 2.04, SECTION 2.04.024 METRO
CONTRACT POLICIES, RELATING TO THE METROPOLITAN
EXPOSITION-RECREATION COMMISSION

Dear Mayor Adams:

Metro Council Ordinance No. 09-1229 is enclosed and has been filed for first reading by the Metro Council on December 17, 2009. Second reading and possible adoption is currently scheduled for January 14, 2010. Metro is required by Section 2F of the Agreement between Metro and the City of Portland providing for the ongoing operation of the City's PCPA facility by Metro and Metro's Metropolitan Exposition-Recreation Commission (MERC) is to give the City 30 days' prior notice of any proposed amendments to Metro Code Chapter 6.01.

If you have any questions on the foregoing, please do not hesitate to contact me.

Sincerely,

Michael J. Jordan
Chief Operating Officer

MJJ/sm
Enclosure

cc: Dan Cooper, Metro Attorney