

A G E N D A

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METRO

Agenda

MEETING: METRO COUNCIL REGULAR MEETING
DATE: June 26, 2003
DAY: Thursday
TIME: 2:00 PM
PLACE: Metro Council Chamber

CALL TO ORDER AND ROLL CALL

1. INTRODUCTIONS

2. CITIZEN COMMUNICATIONS

3. INDIVIDUALIZED MARKETING TO CHANGE TRAVEL BEHAVIOR: THE HILLSDALE PROJECT

Brog

4. AUDITOR COMMUNICATION ▪ Accounts Payable ACL Audit

5. CONSENT AGENDA

5.1 Consideration of Minutes for the June 19, 2003 Metro Council Regular Meeting.

6. ORDINANCES - FIRST READING

6.1 **Ordinance No. 03-1013**, Amending the FY 2003-04 Budget and Appropriations Schedule for the Purpose of Transferring \$47,000 from the Support Services Contingency to the Office of the Auditor Materials and Services.

7. ORDINANCES - SECOND READING

7.1 **Ordinance No. 03-1005A**, For the Purpose of Amending Title 7 of the Urban Growth Management Functional Plan to Clarify and Revise City and County Responsibilities.

Burkholder

7.2 **Ordinance No. 03-1011**, For the Purpose of Annexing Territory in the Vicinity of the City of Hillsboro to the Metro Jurisdictional Boundary.

McLain

8. RESOLUTIONS

- 8.1 **Resolution No. 03-3278**, For the Purpose of Directing the Chief Operating Officer to Submit a Regional Economic Impact Analysis for all Metro Council Policies with Significant Economic Impact. Newman
- 8.2 **Resolution No. 03-3345**, For the Purpose of Providing a Cost of Living Adjustment for Metro's Non-represented employees effective July 1, 2003. McLain

9. CONTRACT REVIEW BOARD

- 9.1 **Resolution No. 03-3344**, For the Purpose of Authorizing the Chief Operating Officer to Execute Amendment No. 1 to Metro Contract Agreement No. 924538, a designated facility agreement between Metro and Valley Landfills, Inc. McLain

10. COUNCILOR COMMUNICATION

ADJOURN

Cable Schedule for Week of June 26, 2003 (PCA)

	Sunday (6/29)	Monday (6/30)	Tuesday (7/1)	Wednesday (7/2)	Thursday (6/26)	Friday (6/27)	Saturday (6/28)
CHANNEL 11 (Community Access Network) (most of Portland area)						2:00 PM (previous meeting)	
CHANNEL 30 (TVTV) (Washington County, Lake Oswego)	12:00 PM (previous meeting)			11:00 PM (previous meeting)		6:30 AM 7:00 PM 11:00 PM (previous meeting)	3:30 PM (previous meeting)
CHANNEL 30 (CityNet 30) (most of City of Portland)		2:00 PM					
CHANNEL 30 Willamette Falls Television (West Linn, Rivergrove, Lake Oswego)	5:30 AM 2:30 PM	12:30 AM 3:30 PM 10:31 PM		12:30 AM 3:00 PM 10:30 PM		12:30 AM 3:30 PM 10:31 PM	5:30 AM 2:30 PM
CHANNEL 23/18 Willamette Falls Television (23- Oregon City, West Linn, Gladstone; 18- Clear Creek)							
CHANNEL 23 Milwaukie Public Television (Milwaukie)			10:00 AM 9:00 PM				

PLEASE NOTE THAT ALL SHOWING TIMES ARE TENTATIVE BASED ON THE INDIVIDUAL CABLE COMPANIES' SCHEDULES. PLEASE CALL THEM OR CHECK THEIR WEB SITES TO CONFIRM SHOWING TIMES.

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Agenda items may not be considered in the exact order. For questions about the agenda, call Clerk of the Council, Chris Billington, 797-1542. 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 considered included in the decision record. Documents can be submitted by email, fax or mail or in person to the Clerk of the Council. For assistance per the American Disabilities Act (ADA), dial TDD 797-1804 or 797-1540 (Council Office).

Agenda Item Number 4.0

ACCOUNTS PAYABLE ACL AUDIT

Auditor Report

Metro Council Meeting
Thursday, June 26, 2003
Metro Council Chamber

METRO

Accounts Payable ACL Audit

June 2003

A Report by the Office of the Auditor



METRO

PEOPLE PLACES
OPEN SPACES

Alexis Dow, CPA
Metro Auditor



METRO
OFFICE OF THE AUDITOR

June 12, 2003

To the Metro Council:

New emphasis is being given to the importance of transaction testing in the wake of corporate malfeasance that has plagued the American economy over the last two years. Such problems are not limited to the private sector. Frauds at governments regularly come to light. There is increased focus on governance responsibilities to ensure a sound structure of controls and oversight to protect stakeholders' interests, the interests of Metro area citizens.

In light of this, the Metro Auditor engaged a contractor to perform specific data analysis and analytical review of Metro accounts payable and payroll data. This testing and ongoing recurrence of such testing will help provide the assurances sought by the public that its resources are being well spent.

As a result of this testing and analysis, we are making several recommendations to Metro management, including:

- expanding use of purchasing cards for small purchases and optimizing controls available through the program
- reviewing purchasing strategies Metro-wide to maximize buying power, streamline processes and improve controls

- performing duplicate payment analysis internally on a periodic basis
- continuing to review vendor invoices to determine whether discounts are offered and pay within discount terms to reduce costs
- enhancing management of the vendor master files

We appreciate the cooperation and assistance provided by the Metro staff we worked with during this survey, particularly staff from the Finance Department and Information Technology Division.

Very truly yours,

Alexis Dow, CPA
Metro Auditor

Auditor: Protiviti LLC



Accounts Payable ACL Audit – FINAL REPORT

Metro

June 2003

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Project Overview

Protiviti was engaged to perform a data analysis and analytical review of Metro accounts payable and payroll data. **The audit testing period included 18 months beginning 07/01/01 through 12/31/02.** The data was provided to Protiviti by Metro accounting management. Specific data analysis tests were performed by Protiviti using ACL. The testing results are summarized in this report.

This document provides management with information about the condition of risks and internal controls at a single point in time. Future changes in environmental factors and actions by personnel will impact these risks and internal controls in ways that this report cannot anticipate. Protiviti would like to thank the Metro Accounting Department for their cooperation and assistance in completing this review.

Project Scope Testing and analysis for the audit period included the following:

- Duplicate payment testing
- Lost discount analysis
- Unused credit memos review
- Analysis of the vendor master file and payables data to identify potential inefficiencies, such as excessive number of checks, small payment amounts and potential consolidation of vendor activity
- Review of the sequence of invoices, purchase orders and check numbers for gaps
- Comparison of the vendor master file to the payroll file to identify potentially fictitious vendors, or employees who may also be Metro vendors. This included comparing files to identify common addresses and federal identification numbers.
- Analysis of the data for other unusual trends or anomalies

Summary of Recommendations

- Expand the use of Purchasing Cards (P-Cards) for small dollar purchases to increase efficiency of purchasing process. Optimize controls available through the program.
- Review purchasing strategies Metro-wide to maximize buying power, streamline processes, and improve controls. If purchasing strategies become more centralized, consider transitioning vendor setup responsibilities from Accounting to the Purchasing Department to improve segregation of duties.
- Consider performing duplicate payment analysis internally on a periodic basis.
- Continue to review vendor invoices to determine whether discounts are offered. If offered, pay within discount terms to reduce costs.
- Enhance management of the vendor master files:
 - Establish a policy that limits the amount of time a vendor can remain in active status since last time used. Once the policy is established and communicated, inactivate the vendors who do not fall within the policy of active vendors.
 - Review the vendors in the vendor master file without a street address (i.e. PO Box only) to determine validity; add a street address whenever possible.
 - Develop a new vendor setup form for requesting departments to help ensure all appropriate information is captured consistently for new vendors.
 - Create new vendors when names are modified to properly maintain history and 1099 integrity

Purchasing Card (P-card) Controls

Business Risk Technology Risk Internal Audit

Observations & Risks: Appropriate use of purchasing cards (P-cards) can enhance efficiencies and improve processing time for purchasing and accounts payable. Reports provided with P-Card programs also summarize valuable information to negotiate better pricing and terms on larger purchases. Management can maintain improved controls over purchases. Savings can be realized through the reduction or elimination of costs associated with forms, envelopes, postage and labor.

There are certain benefits to be gained by expanding the usage of the P-card program at Metro. 57% of Metro's disbursements made outside of the P-Card program are below \$250 (See disbursements section on page 14). Our interviews with purchasing personnel indicated that features and controls offered through the P-Card program could be enhanced. For example, the optimal use of *vendor classification codes* matches the disbursements made from the card to the appropriate general ledger account. This creates efficiency and accuracy in recording the expenditures. *Point of use restrictions* help limit which vendors the P-Cards can be used for. Without this control, a broad array of vendors can be used, for categories which a business expense may not be appropriate (such as clothing stores). Additionally, *period restrictions* are currently very broad at Metro. Using period restrictions helps ensure that reasonable limits are in place about how much an individual can spend per day, week, or month. Implementing such vendor and dollar restrictions can help ensure that purchases are appropriately limited to expected purchases for specific job responsibilities. As purchasing needs change, most P-card systems allow for changes to be implemented within 24 hours by authorized individuals. Our duplicate payment testing revealed a p-card purchase that was paid twice (page 8).

Specific risks inherent to a poorly controlled P-card system can include:

Duplicate Payments

Overspending

Improper Accounting

Uncontrolled Vendor Usage

Mismanaged Tracking

Transactional Errors

Unplanned Purchases

Unauthorized Purchases

Fraud

Recommendation: Consider reviewing the P-card program to ensure that controls are appropriate, and purchasing opportunities for the program are optimized. The risks mentioned above could be minimized and the purchasing power available through the program optimized.

Observations & Risks: Metro's decentralized purchasing strategy limits its ability to perform the following key purchasing controls essential to an effective purchasing department

Vendor Management – Metro has no standard methods for qualifying vendors and setting them up in the system. Decentralized purchasing permits vendors to be determined by requisitioning departments without regard of previous history of quality, delivery and pricing performance. Potential discounts available to Metro may not be maximized.

Restricting vendor usage – Poor vendor performance is not communicated across the organization. Departments may unknowingly continue to use vendors with poor history. As indicated above, vendor selection is driven by the requisitioning department.

Monitoring vendor performance (quality and delivery) – In order to communicate vendor performance, this information must be captured and monitored. A method for monitoring a vendor's performance is not in place.

Negotiating vendor price – Decentralization has prevented Metro from taking advantage of economies-of-scale. Pricing is not centrally negotiated and Metro may be losing out on opportunities.

Approving requisitions – The current process does not allow for large purchases to be centrally approved. Organizationally, the purchasing department does not have oversight of purchasing activity by departments and cannot negotiate price accordingly.

Recommendation: Consider empowering the Purchasing department through increased centralization for certain aspects of purchases. Effective centralized vendor management can improve vendor maintenance, negotiation opportunities and internal controls. Increased controls surrounding its P-card program should allow Metro to target its purchasing strategy towards high dollar and/or high quantity purchases. Small purchases should be monitored closely for consolidation opportunities and increased P-card activity.

Observation & Risk: Relatively few duplicates were identified in our duplicate payment testing of the "Invoices Paid File". Duplicate payment testing steps are as follows.

1. Various duplicate tests were run using the "Invoices Paid" data provided by Metro.
2. Test results with amounts greater than \$500 were manually reviewed to identify potential duplicates.
3. Invoices were selected for *system review* (a review of the invoices in PeopleSoft with Metro Accounting personnel).
4. Specific invoices were selected for *invoice review*. Invoices were obtained and analyzed and determinations were made if each invoice appeared to be a duplicate.

Testing Results: 7 ACL tests were performed

41,000+ invoice lines were scanned/reviewed electronically

204 invoices were reviewed in PeopleSoft financial system with Metro Accounting personnel

85 physical invoices were reviewed and analyzed

4 duplicate invoices were identified for a total of \$9,428

	VENDOR NAME	CHECK NUMBER	NET AMOUNT	INVOICE_NUM	INV_DATE	PMT_DATE	FUND	DEPT NAME
1	Aramark/Giacometti	56830	4,035.00	1560	11/30/2001	2/15/2002	161	MERC
2	Ross Electric Company Inc	57466	4,035.00	1560	11/30/2001	3/8/2002	161	MERC
3	Aramark/Giacometti	56830	1,955.00	1550	11/21/2001	2/15/2002	161	MERC
4	Ross Electric Company Inc	57466	1,955.00	1550	11/21/2001	3/8/2002	161	MERC
5	Aramark/Giacometti	56830	490.00	1598	1/1/2002	2/15/2002	161	MERC
6	Ross Electric Company Inc	57466	490.00	1598	1/1/2002	3/8/2002	161	MERC
7	Event Solutions International	59046	2,948.40	Refund	4/15/2002	4/26/2002	554	MERC
8	Event Solutions International	61480	2,948.40	Refund	6/26/2002	7/5/2002	161	MERC
			18,856.80					
			9,428.40					

Observation, continued: Our testing was not expected to identify all duplicate payments. The risk continues that duplicate payments may exist within the provided data file, and can occur into the future.

Recommendation: Consider developing a quality assurance process to perform duplicate payment analysis periodically to ensure that duplicate payments are not being made on a go-forward basis. The complete detail of our ACL tests will be provided for reference and possible further review by Metro.

Benchmarking Analysis

Average Percentage of Invoices Paid Twice by Company Size

Company Size (based on # of Employees)	0%	<.1%	.1% -.5%	Over .5%
Up to 99	41.8%	50.8%	5.7%	80%
100 – 249	22.1%	72.7%	5.2%	0 %
250 – 499	17.1%	73.7%	9.2%	0 %
500 – 999	9.0 %	71.6%	16.4%	3%
1,000 – 4,999	9.6%	64.4%	21.9%	2.7%
Over 5,000	2.3%	68.2%	22.7%	6.8%
Overall	20.6%	65.6%	11.5%	1.6%

Metro's
Category

Observation & Risk: The number of vendors offering a discount is lower than expected. From our review of the invoices paid file, discounts were realized from the following seven vendors:

RH Brown Co., Xpedx, Printix, Tangent Toy Co, Dover Publications Inc, Russ Berrie & Co West Inc, & Overhead Door.

Testing was performed to validate that relatively few vendors offer discounts by selecting 20 vendor invoices at random to determine if discounts were offered but not realized by Metro. None of the 20 invoices reviewed for this test offered a discount

Potential risk exists that Metro is not aware of all possible vendor discounts.

Recommendation: In the future, continue to review vendor invoices in detail to determine if discounts are offered. Determining vendor discounts could be part of a vendor application process if implemented. Additionally, Purchasing may be able to facilitate the addition of additional vendor discounts through a more centralized purchasing strategy.

Observation: As credit invoices are received at Metro they are reviewed by A/P personnel to determine if they are true credits. The credit amount is entered into the adjustment screen in the PeopleSoft financial system and is automatically placed in system hold status. The amount remains in system hold status until it has a larger invoice amount (due to vendor) entered into the system.

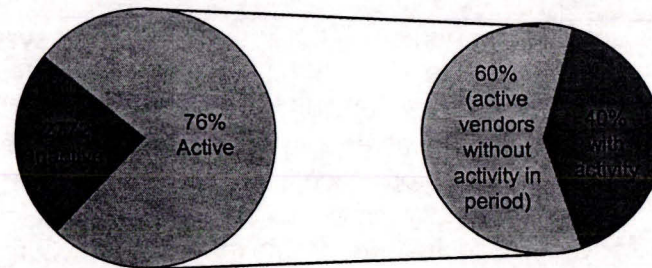
If it is determined that Metro will use the vendor again in the near future, the credit will remain in system hold status until subsequent invoices are received. If it is determined that Metro will not be using the vendor in the near future or if the amount is significant, Metro will request a refund for the credit amount. Upon receipt of the credit amount, the credit in the system is then manually adjusted.

Testing: We reviewed Metro's aging report for Invoice Credits / Invoice Holds to determine the existence and age of any credits. Our results show that currently Metro has one credit outstanding for \$51.14 processed on 3/31/2003. It has been determined that Metro will wait for subsequent invoices to be received from this vendor to resolve this credit.

It appears that credit memos/invoices are worked in an effective and timely manner. No issues noted.

Observation & Risk:

- 11,604 vendors exist in the Vendor Master File including **8832** Active Vendors (76%) and **2772** Inactive Vendors (24%).
- Of the 8832 Active Vendors, only 3577 (40%) had activity during the audit period 7/1/01 through 12/31/02. The remaining 60% had no activity.



Policies do not exist regarding when a vendor should be inactivated from the vendor master file. Risk of improper usage exists if numerous vendors remain in active status but are not actively being used. Examples include potential fictitious vendors and incorrect vendors being selected.

Recommendation: Establish a policy which will limit the amount of time a vendor can remain in active status but not be used. Once the policy is established and communicated, inactivate the vendors who do not fall within the policy of active vendors.

Observation & Risk: Vendors are currently being set up by email from the requesting department to A/P. Information provided includes name, address, phone number and contact information at the company. A/P then sends the vendor a questionnaire for further information. A result of the vendor master file analysis, we noted that 1115 active vendors were listed without a street address, having only a PO Box address. Of these vendors, 338 had activity during the audit period. Significant risk exists for fraudulent vendors to be established when only PO Boxes are provided, since street addresses are not verified.

106 active 1099-vendors did not have a tax identification number (TIN) in the PeopleSoft system. Additionally, Metro management had identified 37 active vendors with duplicate TINs but unique vendor identification numbers. We also identified them as part of our audit, but Metro stated it was in the process of working through these. In order to avoid adding duplicate vendors, the Accounting Department currently runs a query on vendor names and addresses before setting up a new vendor. However, TINs are not included in the query because TIN information is not obtained until after the vendor is set up. Regulatory compliance risk exists if appropriate tax ID information is not captured in the system. Additionally, under law, payors may be required to withhold 31% from all reportable payments made to recipients (payees) for whom an information return is required to be filed that has either a missing or incorrect taxpayer identification number (TIN).

Recommendations:

- Review the provided list of vendors without street addresses (i.e. PO Box only) to determine validity and actual street address if possible.
- When requesting a new vendor setup, the *requesting department(s)* should be required to complete a new vendor setup form. This will help ensure that all the appropriate information (i.e. complete address and 1099 information/ tax identification number) is captured before setting up the vendor in the system. This will allow management to include TIN information in the criteria when running the duplicate vendor query which will mitigate the risk of setting up vendors with duplicate/inaccurate TINs.

Observation & Risk: The Accounting Department is responsible for both vendor setup and payment. Ideally these functions should not be performed by the same department to protect segregation of duties. However, adequate compensating controls have been created within the accounting department to segregate these duties under the circumstances. .

Recommendation: As policies and procedures are developed regarding new vendor setup (i.e. new vendor setup forms recommended on pg 12), consider transferring the responsibility of vendor setup from the Accounting Department to the Purchasing Department. This will mitigate the risk of Metro personnel having access to both set-up and pay vendors.

Observation & Risk: Currently, the PeopleSoft system allows for vendor names to be modified in the Vendor Master File. An instance was observed for the audit period when an ownership change transferred the history of the prior vendor to the new vendor. The audit trail of past payment history was inaccurate. There may be data integrity issues if this has been a common practice at Metro. Accounting personnel noted that nothing is changed in the vendor master file without documentation / explanation.

Recommendation: Vendor names should not be modified in the system. Best practices indicate that if significant changes occur, new vendors should be established in the system. This will help ensure the integrity of the vendor data and an accurate audit trail for payment history.

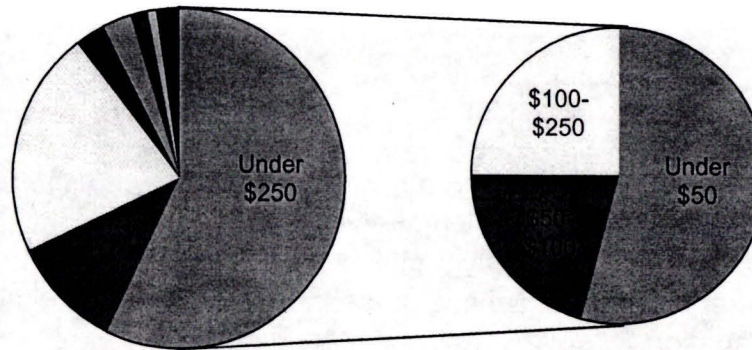
Analysis on Payables Data: Disbursement Amounts

Business Risk | Technology Risk | Internal Audit

Observation & Risk:

- Regular check runs are processed weekly. For the period tested, Metro processed 17,889 disbursements.
- 57% of Metro disbursements were for less than \$250
- As noted below, of the 57% of disbursements less than \$250, 54% were less than \$50. Goods in this price range should be obtained with a P-Card to reduce the amount of work required to process an invoice and produce a check.

Disbursement Amt	Count	% of Total
\$0 – \$250	34576	57%
\$250 – \$500	6400	11%
\$500 – \$1000	5642	9%
\$1000 – \$5000	7304	12%
\$5000 – \$10,000	1816	3%
\$10,000 – \$20,000	1649	3%
\$20,000 – \$50,000	1127	2%
Over \$50,000	546	1%
Credits	1257	2%
	60317	100%



Disbursement Amt	Count	% of Total
\$0 – \$50	18753	54%
\$50 – \$100	7197	21%
\$100 – \$250	8600	25%
	34550	100%

Recommendation: As the P-Card process is strengthened by additional controls (recommended on page 5), expand the use of the P-Card system for small dollar purchases. This will help to reduce the amount of work required to process an invoice and produce a check. Reducing the number of vendors can also help reduce the number of disbursements

Analysis on Payables Data: Top 25 Vendors by Disbursement Amount

In order to show what vendors have the most activity, these tables list the Top 25 vendors in order of **total amount disbursed** (table on the left) and in order of **quantity of disbursements** (table on the right) during the audit period. Also listed is average dollar amount per disbursement.

#	Vendor	Total amount disbursed	Qty of disburse- ments	Avg disbursement
407	Hoffman Construction Company	18,306,331	35	523,038
334	Browning-Ferris Industries	3,282,811	20	164,141
6693	Aramark/Giacometti	2,925,576	82	35,678
1993	Public Employee Retirement System	2,620,937	39	67,204
240	City of Portland	1,667,136	286	5,829
1844	ODS Health Plan	1,631,827	84	19,427
2715	The Bank of New York	1,468,054	20	73,403
220	Portland Oregon Visitors Assoc	1,265,219	20	63,261
452	Washington County	1,042,085	34	30,650
4926	Zimmer Gunsul Frasca Partnership	764,351	17	44,962
369	State of Oregon	719,016	360	1,997
2178	Kaiser Foundation Health Plan	624,458	19	32,866
39	Devin Oil Company	464,265	75	6,190
1856	Onyx Environmental Services LLC	449,030	47	9,554
375	Multnomah County	446,686	174	2,567
1491	Portland General Electric	389,684	119	3,275
9915	Inquip Associates Inc	380,073	4	95,018
1566	The Oregon Zoo Foundation	379,072	60	6,318
1489	Pacific Power	377,083	46	8,197
366	JBL&K Insurance Inc	337,419	3	112,473
9169	Silco Construction Company	317,421	6	52,903
9548	Reischman Concerts LLC	287,097	26	11,042
1059	PeopleSoft Inc	274,854	7	39,265
2037	PACE	255,501	36	7,097
1126	SYSCO	241,424	74	3,262

#	Vendor	Total amount disbursed	Qty of disburse- ments	Avg disbursement
369	State of Oregon	719,016	360	1,997.27
240	City of Portland	1,667,136	286	5,829.15
375	Multnomah County	446,686	174	2,567.16
1060	Petty Cash	12,899	170	75.88
9327	Qwest	68,455	153	447.42
1238	Najdek Produce Co Inc	96,159	144	667.77
940	Ikon Office Solutions Inc	105,656	137	771.21
1486	AT&T	44,573	135	330.17
1140	The Oregonian	63,289	131	483.12
249	St Vincent de Paul	215,932	124	1,741.39
1491	Portland General Electric	389,684	119	3,274.65
25	Walter E Nelson Co	83,808	92	910.96
1844	ODS Health Plan	1,631,827	84	19,426.51
6693	Aramark/Giacometti	2,925,576	82	35,677.76
2904	Airgas-Norpac Inc	70,444	81	869.68
1282	Food Services of America	67,529	79	854.79
1521	United Parcel Service Inc	5,949	76	78.27
39	Devin Oil Company	464,265	75	6,190.20
1126	SYSCO	241,424	74	3,262.49
1306	FedEx	4,656	74	62.91
2055	New System Laundry	29,397	74	397.26
1536	Northwest Natural Gas	178,398	72	2,477.75
1159	Waste Management of Oregon Inc	43,485	71	612.46
1485	AT&T Wireless Services	7,260	71	102.25
1550	United States Postmaster	121,368	70	1,733.82

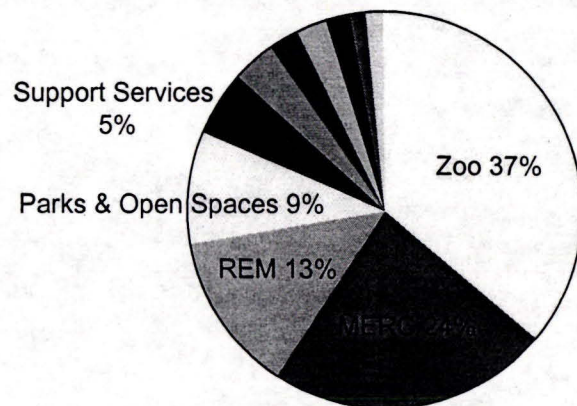
Analysis on Payables Data: Totals by Department / Fund

Business Risk | Technology Risk | Internal Audit

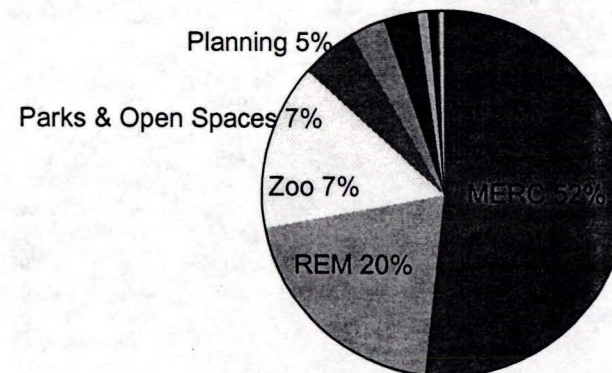
The following data represents the invoice activity by Metro department / fund and shows the number of invoice lines and total dollar amount of invoices processed for each department (sorted by invoice count).

Name of Fund(s)	Invoice Count	% of Total	Tot. # of Inv. Lines	% of Total
Zoo	22,264	37	20,662,387	7
MERC	14,181	24	138,687,858	52
REM	8,060	13	54,592,515	20
Parks & Open Spaces	5,655	9	18,494,600	7
Support Services	3,244	5	8,263,367	3
Planning	2,161	3	13,459,659	5
General	1,560	2	2,275,553	1
Risk Mgmt	1,454	2	2,131,499	1
Metro Admin	1,212	2	891,870	0
Building Management	941	1	956,875	0
All Other	821	1	8,115,696	3

Graph by Invoice Count



Graph by Total Amount of Invoices Processed



Additional Testing Results

Business Risk Technology Risk Internal Audit

- A **sequence review** was performed on the disbursements file provided by Metro to identify any gaps in the check sequence. No gaps were identified.
- The **vendor master file was compared to the payroll file** to determine if duplicate addresses exist. This may indicate situations where employees are also vendors. However, after reviewing the list with accounting management it was determined that no issues exist, since the personnel are no longer employed by Metro and/or the vendors have not received payment since the PeopleSoft implementation in 1999.
- **Benford's Law** was applied to the Invoices Paid File and no signs of fraudulent activity were noted. Benford's Law works under the premise that, in an unconstrained data set such as AP disbursements, the distribution of first digits should be highly skewed, with one being the most common and nine being the least common. This is useful as a method of fraud detection because falsified (or repeating) data is unlikely to closely follow this distribution. Typically when employees falsify AP disbursements, their digit patterns (which have been artificially added to the list of the true numbers) cause the data set to appear unnatural. It appears that the Metro AP data follows a natural pattern per Benford's law.
- A review of the **Oregon State's unclaimed property report** showed two listings for Metro. The first was listed as "Metro Installations" and the second was listed only as "Metro". Both listings were flagged as being recoverable amounts in excess of \$50. It was noted that Metro does have a procedure to regularly monitor and follow-up on any unclaimed property reports listed by the state. Subsequent follow-up to these two listings showed that they were not associated with Metro and that follow-up action is unnecessary.

Response to the Report




METRO

600 NORTHEAST GRAND AVENUE | PORTLAND, OREGON 97232 2736
TEL 503 797 1541 | FAX 503 797 1793

CHIEF OPERATING OFFICER

MEMORANDUM

DATE: May 23, 2003
TO: Alexis Dow, Metro Auditor
FROM: Michael J. Jordan, Chief Operating Officer 
SUBJECT: ACL Audit

Thank you for the opportunity to respond to the draft report of Accounts Payable ACL Audit. We are very reassured that after Protiviti scanned and reviewed some 41,000 invoice lines that no significant errors were found and that, based on industry standards, Metro does a good job minimizing duplicate payments. We are proud of our Accounting Division and will acknowledge their fine work.

Implementation of the report's recommendations will proceed as described in specific responses to the recommendations that follow:

P-card Controls

Recommendation #1. Consider reviewing the P-card program to ensure that controls are appropriate, and purchasing opportunities for the program are optimized. The risks mentioned above could be minimized and the purchasing power available through the program optimized.

Management Response: Thank you for noting that the use of purchasing cards is a best practice. Metro averages 1,100 P-card transactions a month totaling \$275,000. The cardholder and the cardholder's supervisor approves each transaction and receipts are individually audited in Purchasing. Card abuse and duplicate payments are very rare and identified quickly. Vendors with whom Metro has no reason to do business, are blocked. Vendors who sell products which are not to be purchased on a P-card, are also blocked. Each card has a per transaction limit (most \$1,000) and monthly purchasing limit (most \$5,000) (*period restrictions*). Directors are provided regular utilization reports. P-card policies and procedures were recently updated and will be on the intranet shortly.

Our current transaction level was set in 1998 based on recommendations from The Hackett Group to the Auditors Office and Metro Administration regarding purchasing practices. At that time, it was

recommended we increase our limits to the current levels in order to reduce the use of more costly purchase orders.

Metro participates in a consortium of some 25 local governments in the P-card program. Purchasing staff attends training and annual purchasing card conferences to keep abreast of new issues and interact with other jurisdictions. Purchasing is currently upgrading to an internet based reporting program to streamline the process.

P-card transactions default into one account code. Departments can change the account coding to match "budget with actuals". While this creates inefficiencies in coding, it provides a requested service to departments.

Management regularly reviews the P-card program to ensure that controls are appropriate and opportunities for efficiency are realized, and will continue to do so.

Purchasing Strategy

Recommendation #2: Consider empowering the Purchasing department through increased centralization for purchases. Effective centralized vendor management can improve vendor maintenance, negotiation opportunities and internal controls. Increased controls surrounding the P-card program should allow Metro to target its purchasing strategy towards high dollar and/or high quantity purchases. Small purchases should be monitored closely for consolidation opportunities and increased P-card activity.

Management Response: Metro is making advances towards centralized purchasing. A few years ago, Metro hired a purchasing analyst to operate the PeopleSoft purchasing module, approve all purchases over \$5,000, and coordinate on an agency wide basis the purchase of selected products used by all departments. Three years ago, the Executive Office determined the best purchasing model, given the unique needs of each department, was to centralize purchasing within departments. Each department has appointed a "Departmental Purchasing Coordinator" (DPC). The DPC's meet monthly with Purchasing for training and coordination. The Executive Office also recently implemented vendor performance program.

Management has identified several additional products and services lending themselves to be purchased centrally. Efforts advancing centralized purchasing will be an on-going process as resources allow.

Duplicate Payment Testing

Recommendation #3: Consider developing a quality assurance process to perform duplicate payment analysis periodically to ensure that duplicate payments are not being made on a go-forward basis.

Management Response: As noted by the audit findings, Metro ranks in the top ten percentile of companies in minimizing duplicate payments, which is due to the proactive actions by Accounting staff to develop procedures to identify potential duplicate payments. Accounting staff will continue to fine tune procedures as needed to provide quality assurance

Metro will work with MERC to recover from their vendors the duplicate payments processed. Metro will encourage MERC to develop procedures to identify invoices submitted by subcontractors to Aramark/Giacometti and included in their invoicing for assurance they are not also processed as stand alone invoices.

Lost Discounts

Recommendation #4: In the future, continue to review vendor invoices in detail to determine if discounts are offered. Determining vendor discounts could be part of a vendor application process if implemented.

Management Response: Vendor terms (discount) are established within the PeopleSoft Accounts Payable application on a vendor-by-vendor basis, which assures invoices take the discounts if available and processed in accordance with terms. Accounting staff will continue to monitor this process for accuracy and timeliness.

Thank you for noticing that Metro took advantage of vendor discounts when known. Management must balance speedy payments with its fiduciary responsibility to assure accurate payments.

Metro will employ a summer intern to prepare a cost-benefit analysis of implementing a vendor application process.

Vendor Master File Analysis

Recommendation #5: Establish a policy which will limit the amount of time a vendor can remain in active status but not be used. Once the policy is established and communicated, inactivate the vendors who do not fall within the policy of active vendors.

Management Response: Time is currently not available to review and update the entire vendor database (of over 11,800 vendors) due to higher priorities. Accounting staff will review this data as part of the forthcoming upgrade of the PeopleSoft Financials project as part of the "data scrubbing" aspect of this project and in light of potential future capabilities to archive vendor data. This is expected to be completed by June 30, 2004. Once those capabilities are known, staff will determine an appropriate policy for active vendors.

Vendor Master File Analysis

Recommendation #6: Review the provided list of vendors without street addresses (i.e. PO Box only) to determine validity and actual street address if possible. When requesting a new vendor setup, the requesting department(s) should be required to complete a new vendor setup form. . . .

Management Response: Accounting staff currently solicit street addresses upon vendor setup and will continue to do so. Many vendors have multiple addresses that management maintains in the system (remit, order, correspondence addresses for example). Accounting staff will review the vendor database to identify vendors with only a PO box address for further follow-up.

Metro will discuss with departments the potential for, and requirements to be contained within, a vendor setup form. Due to the current decentralized nature of purchasing at Metro, it will not be possible to have W-9 information (for Form 1099 compliance) in all cases prior to vendor setup (which delays the ability to order). Accounting will continue its practice of placing vendor payments on hold until receipt of such information, however. Previous to this audit, Metro staff had developed a query of the database to avoid establishing unique vendor records with duplicate TINs.

Vendor Master File Analysis

Recommendation #7: As policies and procedures are developed regarding new vendor setup (i.e. new vendor setup forms recommended on pg 12), consider transferring responsibility of vendor setup from the Accounting Division to the Purchasing Section. This will mitigate the risk of Metro personnel having access to both set-up and pay vendors.

Management Response: While management agrees in theory, we have structured the current procedure to have strong compensating controls which segregates the duties for vendor setup and payment significantly enough to minimize risk. Further consideration of reassigning this responsibility will be undertaken during future system upgrade projects (business process review) and during any consideration of more centralized purchasing procedures at Metro.

Recommendation #8: Vendor names should not be modified in the system. Best practices indicate that if significant changes occur, new vendors should be established in the system. This will help ensure the integrity of the vendor data and an accurate audit trail for payment history.

Management Response: Management has chosen to ensure the integrity of the vendor identification number and the history associated with a vendor (including the tax identification number), irrespective of a name change (e.g., US West Communications changing its name to Qwest). Management looks to the software vendor to provide effective dating of the name field in the database to accomplish both objectives (data integrity and security over vendor name changes). Accounting staff has developed a procedure to note such name changes in the "Conversations" panel of the vendor database to explain and document any such changes, pending the hoped for software change.

Analysis on Payables Data: Disbursement Amounts

Recommendation #9: As the P-card process is strengthened by additional controls, expand the use of the P-card system for small dollar purchases. This will help to reduce the amount of work required to process an invoice and produce a check. Reducing the number of vendors can also help reduce the number of disbursements.

Management Response: Management reviewed YTD payments in FY 2003 under \$250. These payments represented 36 percent of total payments. Management observed that payments under \$250 were to 1) individuals, 2) local governments, 3) utilities, 4) vendors not taking the P-card 5) newspapers, 6) employee payroll donations to charities, and 7) contract payments. Only 2 percent of payments under \$250 were on Purchase Orders.

Management has advised Department Purchasing Coordinators to use P-cards when appropriate. Management will work with department staff to assess additional opportunities for improvement.



METRO

Metro Auditor Report Evaluation Form

Audit Report:
Accounts Payable ACL Audit

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Our mission at the Office of the Metro Auditor is to assist and advise Metro in achieving honest, efficient management and full accountability to the public. We strive to provide Metro with accurate information, unbiased analysis and objective recommendations on how best to use public resources in support of the region's well-being.

Your feedback helps us do a better job. If you would please take a few minutes to fill out the following information for us, it will help us assess and improve our work.

Please rate the following elements of this report by checking the appropriate box.

	Too Little	Just Right	Too Much
Background Information	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Details	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Length of Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Clarity of Writing	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Potential Impact	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Suggestions for our report format: _____

Suggestions for future studies: _____

Other comments, ideas, thoughts: _____

Name (optional): _____

**Thanks for taking the time to help us.
Sincerely, Alexis Dow, CPA, Metro Auditor**

600 NE Grand Avenue, Portland, OR 97232-2736 • Phone: 503.797.1891 • Fax: 503.797.1831 • Email: dowa@metro.dst.or.us

Suggestion Hotline: 503.230.0600 • MetroAuditor@metro.dst.or.us

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Agenda Item Number 5.1

Consideration of Minutes of the June 19, 2003 Regular Council meetings.

Metro Council Meeting
Thursday, June 26, 2003
Metro Council Chamber

Ordinance No. 03-1013, Amending the FY 2003-04 Budget and Appropriations Schedule for the Purpose of Transferring \$47,000 from the Support Services Contingency to the Office of the Auditor Materials and Services.

First Reading

Metro Council Meeting
Thursday, June 26, 2003
Metro Council Chamber

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF AMENDING THE FY
2003-04 BUDGET AND APPROPRIATIONS
SCHEDULE FOR THE PURPOSE OF
TRANSFERRING \$47,000 FROM THE SUPPORT
SERVICES CONTINGENCY TO THE OFFICE
OF THE AUDITOR MATERIALS AND
SERVICES.

ORDINANCE NO. 03-1013

Introduced by Councilor Monroe

WHEREAS, the Metro Council has reviewed and considered the need to transfer appropriations within the FY03-04 budget; and

WHEREAS, the need for the transfer of appropriations has been justified; and

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

THE METRO COUNCIL ORDAINS AS FOLLOWS:

That the FY 2003-04 Budget and Schedule of Appropriations are hereby amended as shown in the column entitled "Revision" of Exhibits A and B to this Ordinance for the purpose of transferring \$47,000 from the Support Services Contingency to the Office of the Auditor Materials and Services.

ADOPTED by the Metro Council this _____ day of _____, 2003.

David Bragdon, Council President

Attest:

Approved as to Form:

Christina Billington, Recording Secretary

Daniel B. Cooper, Metro Attorney

Exhibit A
Ordinance No. 03-1013

		FY 2003-04				FY 2003-04	
		Current				Amended	
		Budget				Budget	
ACCT	DESCRIPTION	FTE	Amount	FTE	Amount	FTE	Amount
Support Services Fund - Office of the Auditor							
Total Personal Services		5.0	\$495,979			5.0	\$495,979
<u>Materials & Services</u>							
GOODS							
	5201 Office Supplies		6,561				6,561
	5205 Operating Supplies		3,000				3,000
	5210 Subscriptions and Dues		2,000				2,000
SVCS Services							
	5240 Contracted Professional Svcs		90,000		45,000		135,000
	5251 Utility Services		0				0
	5260 Maintenance & Repair Services		500				500
	5280 Other Purchased Services		700				700
IGEXP Intergov't Expenditures							
	5300 Payments to other Agencies		300				300
OTHEXP Other Expenditures							
	5450 Travel		6,400		2,000		8,400
	5455 Staff Development		2,500				2,500
	5490 Miscellaneous Expenditures		0				0
Total Materials & Services			\$111,961		\$47,000		\$158,961
TOTAL REQUIREMENTS			\$607,940		\$47,000		\$654,940
Support Services Fund - General Expenses							
<u>Contingency and Ending Balance</u>							
CONT Contingency							
	5999 Contingency		465,276		(47,000)		418,276
UNAPP Unappropriated Fund Balance							
	5990 Unappropriated Fund Balance		151,974		0		151,974
Total Contingency and Ending Balance			617,250		(\$47,000)		570,250
TOTAL FUND			\$10,811,081		\$0		\$10,811,081

Exhibit B
Ordinance No. 03-1013
FY 2003-04 SCHEDULE OF APPROPRIATIONS

	<u>Adopted Budget</u>	<u>Revision</u>	<u>Amended Budget</u>
SUPPORT SERVICES FUND			
Finance Department			
Operating Expenses (PS & M&S)	\$2,552,507	\$0	\$2,552,507
Subtotal	2,552,507	0	2,552,507
Business Support Department			
Operating Expenses (PS & M&S)	4,241,749	0	4,241,749
Debt Service	34,620	0	34,620
Capital Outlay	309,000	0	309,000
Subtotal	4,585,369	0	4,585,369
Public Affairs - Creative Services			
Operating Expenses (PS & M&S)	538,375	0	538,375
Subtotal	538,375	0	538,375
Office of Metro Attorney			
Operating Expenses (PS & M&S)	1,153,083	0	1,153,083
Subtotal	1,153,083	0	1,153,083
Office of the Auditor			
Operating Expenses (PS & M&S)	607,940	47,000	654,940
Subtotal	607,940	47,000	654,940
General Expenses			
Interfund Transfers	756,557	0	756,557
Contingency	465,276	(47,000)	418,276
Subtotal	1,221,833	(47,000)	1,174,833
Unappropriated Balance	151,974	0	151,974
Total Fund Requirements	\$10,811,081	\$0	\$10,811,081

All other appropriations remain as previously adopted

STAFF REPORT

IN CONSIDERATION OF ORDINANCE NO. 03-1013, FOR THE PURPOSE OF AMENDING THE FY 2003-04 BUDGET AND APPROPRIATIONS SCHEDULE FOR THE PURPOSE OF TRANSFERRING \$47,000 FROM THE SUPPORT SERVICES CONTINGENCY TO THE OFFICE OF THE AUDITOR MATERIALS AND SERVICES.

Date: June 18, 2003

Prepared by: Auditor Dow

BACKGROUND

The Auditor Office technical amendment to carry forward funds from FY 02-03 to FY 03-04 for contracts underway was not included in the approval of the FY 03-04 Metro budget. Work on contracts in process for which the carry over funds are intended has ceased and will recommence after designated funds are again available.

There are several contracts contributing to the carryover. The financial statement audit contract covers three years and was approved last year. Fieldwork for the interim portion of the audit of the FY 2002-03 financial statements has not yet commenced due to the uncertainty of funding for the Auditor Office. This work will be undertaken in the first part of FY 2003-04. The full amount for this phase of the audit needs to be carried over just as it was last year when budget cutbacks caused the Auditor to seek new proposals for this work. The fees associated with this work will be paid in FY 2003-04. The actual cost of the interim phase of the financial statement audit was \$33,000 and \$35,000 in '01 and '00, respectively. Last year \$40,000 was carried over for this purpose. Payment for this work will be made when the work is completed. The RFP for the IT audit is prepared and released. This work will be undertaken in early FY 2003-04, as the auditor assigned to this project will become available at that time. Contributing to the delayed start is the reduction in Auditor Office resources resulting from the elimination of a 0.5 FTE last year. Payment will be made as work is completed. Fieldwork for the risk assessment project has commenced. This project forms the foundation for the audit planning process. This contract work will continue for the next month or two. Funds for the work occurring after July 1, 2003 need to be carried over, as services under this contract will be paid after services are rendered. Planning for the next audit cycle was anticipated to commence subsequent to the Metro budget process, which was extended this year due to the transition to a new governance structure. Also contributing to a delayed start is the reduction in Auditor Office resources resulting from the elimination of a 0.5 FTE as part of last year's budget. The contract for ACL training is signed and ACL software is purchased. ACL estimated there would be an additional charge of approximately \$2,000 for trainer travel incurred when the course is taught early in the next fiscal year. Payment will be made after actual costs are incurred and billed.

ANALYSIS/INFORMATION

1. **Known Opposition** – None known.

2. **Legal Antecedents** – Metro Auditor technical amendments for similar work in recent years have passed without issue. All other technical amendments were approved prior to FY 2003-04 budget adoption.
3. **Anticipated Effects** – Contracts underway will be able to resume and complete their work.
4. **Budget Impacts** – This action transfers \$47,000 from the Support Services Contingency to the Office of the Auditor Materials and Services budget as described in Exhibits A and B. As is the case with technical amendments, the \$47,000 will be included in the final cost allocation for FY 2002-03, increasing FY 2002-03 ending fund balance and FY 2003-04 beginning fund balance.

RECOMMENDED ACTION

Councilor Monroe recommends unanimous adoption of this ordinance.

Agenda Item Number 7.1

Ordinance No 03-1005A, For the Purpose of Amending Title 7 of the Urban Growth Management Functional Plan to Clarify and Revise City and County Responsibilities.

Second Reading

Metro Council Meeting
Thursday, June 26, 2003
Metro Council Chamber

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF AMENDING TITLE 7 OF)	Ordinance No. 03-1005A
THE URBAN GROWTH MANAGEMENT)	
FUNCTIONAL PLAN TO CLARIFY AND REVISE)	Introduced by Councilor Rex Burkholder
CITY AND COUNTY RESPONSIBILITIES)	

WHEREAS, Title 7 of the Urban Growth Management Functional Plan ("UGMFP"), section 3.07.740, requires cities and counties in the region to report to the Metro Council and the Metropolitan Policy Advisory Committee ("MPAC") on their progress toward incorporation of affordable housing tools and strategies into their comprehensive plans and implementing ordinances; and

WHEREAS, the Executive Officer, pursuant to Title 8 of the UGMFP, section 3.07.880A, reported to the Council on December 2, 2002, that many cities and counties did not submit reports on their progress to the Council or MPAC as required by Title 7; and

WHEREAS, upon receiving the report from the Executive Officer, the Council consulted MPAC about the noncompliance with the reporting requirements of Title 7 and learned that some cities and counties did not understand the nature of the requirement in subsection 3.07.730B that they "consider" amendment of their plans and ordinances to incorporate affordable housing tools and strategies; and

WHEREAS, the Council believes clarification of the requirement in subsection 3.07.730B and extension of reporting timelines in section 3.07.740 will improve compliance with both requirements and ultimately lead to better affordable housing tools and strategies in the region; and

WHEREAS, Metro's assessment of the region's progress toward achieving the affordable housing production goals in Table 3.07-7 will necessitate local governments' assistance in the compilation of subsidized units produced in 2001 and 2002; and

WHEREAS, Metro's assessment of the region's progress will also be based on local governments' three reports explaining the outcomes of affordable housing tools and strategies implemented; and

WHEREAS, local governments will need more time to assist Metro to compile subsidized units produced and to complete their reports explaining the outcomes of affordable housing tools and strategies implemented. Extension of reporting timelines in sections 3.07.740 and 3.07.750 is necessary to accommodate local governments' assistance in the compilation of subsidized units and submission of annual reports and Metro's assessment of the region's progress; and

WHEREAS, some local governments submitted reports that complied with Title 7, as amended by this ordinance, by the deadline specified in section 3.07.740B of Title 7 and should not have to submit new reports under that subsection; and

WHEREAS, the creation of an ad hoc task force to review the assessment of the region's progress and provide recommendations to the Metro Council is the appropriate means for Metro to decide any change to the process, tools and strategies for meeting the affordable housing needs of the region; now, therefore,

THE METRO COUNCIL HEREBY ORDAINS AS FOLLOWS:

1. Sections 3.07.730, 3.07.740 and 3.07.750 of Title 7 of the UGMFP are hereby amended as indicated in Exhibit A, attached and incorporated into this ordinance, to clarify the responsibility of cities and counties to consider adoption of affordable housing tools strategies and to revise the deadlines for reporting their progress in doing so.
2. The Findings of Fact and Conclusions of Law in Exhibit B, attached and incorporated into this ordinance, explain how this ordinance complies with state law and the Regional Framework Plan.

ADOPTED by the Metro Council this ____ day of _____ 2003.

David Bragdon, Council President

ATTEST:

Approved as to Form:

Recording Secretary

Daniel B. Cooper, Metro Attorney

TITLE 7: AFFORDABLE HOUSING

3.07.710 Intent

The Regional Framework Plan stated the need to provide affordable housing opportunities through: a) a diverse range of housing types, available within the region, and within cities and counties inside Metro's Urban Growth Boundary; b) sufficient and affordable housing opportunities available to households of all income levels that live or have a member working in each jurisdiction and subregion; c) an appropriate balance of jobs and housing of all types within subregions; d) addressing current and future need for and supply of affordable housing in the process used to determine affordable housing production goals; and e) minimizing any concentration of poverty. The Regional Framework Plan directs that Metro's Urban Growth Management Functional Plan include voluntary affordable housing production goals to be adopted by local jurisdictions in the region as well as land use and non-land use affordable housing tools and strategies. The Regional Framework Plan also directs that Metro's Urban Growth Management Functional Plan include local governments' reporting progress towards increasing the supply of affordable housing.

Title 1 of this functional plan requires cities and counties to change their zoning to accommodate development at higher densities in locations supportive of the transportation system. Increasing allowable densities and requiring minimum densities encourage compact communities, more efficient use of land and should result in additional affordable housing opportunities. These Title 1 requirements are parts of the regional affordable housing strategy.

3.07.720 Voluntary Affordable Housing Production Goals

Each city and county within the Metro region should adopt the Affordable Housing Production Goal indicated in Table 3.07-7 for their city or county as a guide to measure progress toward meeting the affordable housing needs of households with incomes between 0% and 50% of the regional median household family income in their jurisdiction.

3.07.730 Requirements for Comprehensive Plan and Implementing Ordinance Changes

- A. Cities and counties within the Metro region shall ensure that their comprehensive plans and implementing ordinances:
1. Include strategies to ensure a diverse range of housing types within their jurisdictional boundaries.
 2. Include in their plans actions and implementation measures designed to maintain the existing supply of affordable housing as well as increase the opportunities for new dispersed affordable housing within their boundaries.
 3. Include plan policies, actions, and implementation measures aimed at increasing opportunities for households of all income levels to live within their individual jurisdictions in affordable housing.

B. Cities and counties within the Metro region shall consider amendment of their comprehensive plans and implementing ordinances with the following affordable housing land use tools and strategies identified below. Compliance with this subsection is achieved when the governing body of a city or county undertakes and completes its consideration of the plan or ordinance amendment considers each tool or strategy in this subsection and either amends its comprehensive plan and implementing ordinances to adopt the tool or strategy or explains in writing why it has decided not to adopt it.

1. Density Bonus. A density bonus is an incentive to facilitate the development of affordable housing. Local jurisdictions could consider tying the amount of bonus to the targeted income group to encourage the development of affordable units to meet affordable housing production goals.
2. Replacement Housing. No-Net-Loss housing policies for local jurisdictional review of requested quasi-judicial Comprehensive Plan Map amendments with approval criteria that would require the replacement of existing housing that would be lost through the Plan Map amendment.
3. Inclusionary Housing.
 - a. Implement voluntary inclusionary housing programs tied to the provision of incentives such as Density Bonus incentives to facilitate the development of affordable housing.
 - b. Develop housing design requirements for housing components such as single-car garages and maximum square footage that tend to result in affordable housing.
 - c. Consider impacts on affordable housing as a criterion for any legislative or quasi-judicial zone change.
4. Transfer of Development Rights.
 - a. Implement TDR programs tailored to the specific conditions of a local jurisdiction.
 - b. Implement TDR programs in Main Street or Town Center areas that involve upzoning.
5. Elderly and People with Disabilities. Examine zoning codes for conflicts in meeting locational needs of these populations.
6. Local Regulatory Constraints; Discrepancies in Planning and Zoning Codes; Local Permitting or Approval Process.
 - a. Revise the permitting process (conditional use permits, etc.).
 - b. Review development and design standards for impact on affordable housing.
 - c. Consider using a cost/benefit analysis to determine impact of new regulations on housing production.

- d. Regularly review existing codes for usefulness and conflicts.
- e. Reduce number of land use appeal opportunities.
- f. Allow fast tracking of affordable housing.

7. Parking.

- a. Review parking requirements to ensure they meet the needs of residents of all types of housing.
- b. Coordinate strategies with developers, transportation planners and other regional efforts so as to reduce the cost of providing parking in affordable housing developments.

~~C. The "requirement to consider" means local governments shall report what actions were taken or not taken, including but not limited to the seven land use tools listed above in order to carry out Comprehensive Plan affordable housing policies, and also report on tools considered but not adopted, and why these tools were not adopted.~~

3.07.740 Requirements for Progress Report

Progress made by local jurisdictions in amending comprehensive plans and implementing ordinances and consideration of land use related affordable housing tools and strategies to meet the voluntary affordable housing production goals shall be reported according to the following schedule:

- A. ~~Within 12 months from the adoption of this requirement~~ By January 31, 2002, cities and counties within the Metro region shall submit a brief status report to Metro as to what items they have considered and which items remain to be considered. This analysis could include identification of affordable housing land use tools currently in use as well as consideration of the land use tools in Section 3.07.730(B).
- B. ~~Within 24 months from the adoption of this requirement~~ By December 31, 2003, cities and counties each city and county within the Metro region shall provide a report to Metro on the status of their its comprehensive plan and implementing ordinances amendments and adoption of land use related affordable housing tools explaining how each tool and strategy in subsection 3.07.730B was considered by its governing body. The report shall describe comprehensive plan and implementing ordinance amendments pending or adopted to implement each tool and strategy, or shall explain why the city or county decided not to adopt it.
- C. ~~Within 36 months from the adoption of this requirement~~ By June 30, 2004, cities and counties each city and county within the Metro region shall report to Metro on the outcome of the amendments to their its comprehensive plan and implementing ordinances, the outcomes of affordable housing tools and implemented, and any other affordable housing developed and expected pending at the time of submittal of the report described in subsection B of this section and on the public response, if any, to any implementation adopted by the city or county to increase the community's stock of affordable housing, including but not limited to the tools and strategies in subsection 3.07.730B.

3.07.750 Metro Assessment of Progress

- A. Metro Council and MPAC shall review progress reports submitted by cities and counties and may provide comments to the jurisdictions.
- B. Metro Council shall, in 2003:
1. In 2003, estimate 2000 baseline affordable housing units affordable to defined income groups (less than 30 percent, 31-50 percent, 51-80 percent of the region's median family income) using 2000 U.S. Census data;
 42. By December, 2004, Fformally assess the region's progress toward achieving made in 2001-2003 to achieve the affordable housing production goals in Table 3.07-7 using 2000 U.S. Census data and local data;
 23. By December, 2004, Rreview and assess affordable housing tools and strategies implemented by local jurisdictions governments and other public and private entities;
 34. By December, 2004, Eexamine federal and state legislative changes;
 45. By December, 2004, Rreview the availability of a regional funding source; and
 56. By December, 2004, Re-analyze update the estimate of the region's affordable housing need; and decide whether any changes are warranted to the process, tools and strategies, funding plans or goals to ensure that significant progress is made toward providing affordable housing for those most in need.
 7. By December, 2004, in consultation with MPAC, create an ad hoc affordable housing task force with representatives of MPAC, MTAC, homebuilders, affordable housing providers, advocate groups, financial institutions, citizens, local governments, state government, and U.S. Housing and Urban Development Department to use the assessment reports and census data to recommend by December, 2005, any studies or any changes that are warranted to the existing process, tools and strategies, funding plans or goals to ensure that significant progress is made toward providing affordable housing for those most in need.

3.07.760 Recommendations to Implement Other Affordable Housing Strategies

- A. Local jurisdictions are encouraged to consider implementation of the following affordable housing land use tools to increase the inventory of affordable housing throughout the region. Additional information on these strategies and other land use strategies that could be considered by local jurisdictions are described in Chapter Four of the Regional Affordable Housing Strategy and its Appendixes.
1. Replacement Housing. Consider policies to prevent the loss of affordable housing through demolition in urban renewal areas by implementing a replacement housing ordinance specific to urban renewal zones.
 2. Inclusionary Housing. When creating urban renewal districts that include housing, include voluntary inclusionary housing requirements where appropriate.

- B. Local jurisdictions are encouraged to analyze, adopt and apply locally-appropriate non-land use tools, including fee waivers or funding incentives as a means to make progress toward the Affordable Housing Production Goal. Non-land use tools and strategies that could be considered by local jurisdictions are described in Chapter Four of the Regional Affordable Housing Strategy and its Appendixes. Cities and Counties are also encouraged to report on the analysis, adoption and application of non-land use tools at the same intervals that they are reporting on land-use tools (in Section 3.07.740).
- C. Local jurisdictions are also encouraged to continue their efforts to promote housing affordable to other households with incomes 50% to 80% and 80% to 120% of the regional median household income.
- D. Local jurisdictions are encouraged to consider joint coordination or action to meet their combined affordable housing production goals.

Table 3.07-7
Five-Year Voluntary Affordable Housing Production Goals
 (Section 3.07.720)

Jurisdiction	2001-2006 Affordable Housing Production Goals		
	<i>Needed new housing units for households earning less than 30% of median household income</i>	<i>Needed new housing units for households earning 30-50% of median household income</i>	<i>Total</i>
Beaverton	427	229	656
Cornelius	40	10	50
Durham	6	4	10
Fairview	42	31	73
Forest Grove	55	10	65
Gladstone	43	10	53
Gresham	454	102	556
Happy Valley	29	28	57
Hillsboro	302	211	513
Johnson City	0	0	0
King City	5	0	5
Lake Oswego	185	154	339
Maywood Park	0	0	0
Milwaukie	102	0	102
Oregon City	123	35	158
Portland	1,791	0	1,791
Rivergrove	1	1	2
Sherwood	67	56	123
Tigard	216	103	319
Troutdale	75	56	131
Tualatin	120	69	189
West Linn	98	71	169
Wilsonville	100	80	180
Wood Village	16	1	17
Clackamas County, Urban, Unincorporated	729	374	1,103
Multnomah County, Urban, Unincorporated*	81	53	134
Washington County, Urban Unincorporated	1,312	940	2,252
Total	6,419	2,628	9,047

* Strategies and implementation measures addressing these housing goals are in the Progress Reports of the Cities of Portland, Gresham and Troutdale.

Exhibit B to Ordinance No. 03-1005A
Findings of Fact, Conclusions of Law

Ordinance No. 03-1005A revises the responsibilities of local governments under Title 7 (Affordable Housing) of the Urban Growth Management Functional Plan ("UGMFP"). The ordinance does not change the substance of Title 7.

I. STATEWIDE PLANNING GOALS

Goal 1 - Citizen Involvement: Metro followed its procedures for amendment to the UGMFP, including notification to the Oregon Department of Land Conservation and Development 45 days prior to Metro's first public hearing on Ordinance No. 03-1005, review of the proposed amendments by Metro's Metropolitan Policy Advisory Committee and its Metropolitan Technical Advisory Committee. The Metro Council held a public hearing on the ordinance on June 26³, 2003. Ordinance No. 03-1005 complies with Goal 1.

Goal 2 - Land Use Planning: Metro notified and sought review of the proposed amendments from all cities and counties within the region. Metro also sought review of the proposals by Metro's Metropolitan Policy Advisory Committee and its Metropolitan Technical Advisory Committee (both bodies composed largely of elected or appointed officials of cities and counties of the region). Metro considered and accommodated the interests and concerns of cities and counties in the formulation of the amendments.

As set forth below, the proposed amendments comply with Metro's Regional Framework Plan ("RFP").

Ordinance No. 03-1005 complies with Goal 2.

Goal 3 - Agricultural Land: Goal 3 does not apply to this amendment to Title 7, which applies only to land within Metro's UGB.

Goal 4 - Forest Land: Goal 4 does not apply to this amendment to Title 7, which applies only to land within Metro's UGB.

Goal 5 - Open Spaces, Scenic and Historic Areas and Natural Resources: The revisions to Title 7 do not affect resources protected by Goal 5.

Goal 6 - Air, Water and Land Resources Quality: The revisions to Title 7 do not affect resources protected by Goal 6.

Goal 7 - Areas Subject to Natural Disasters and Hazards: The revisions to Title 7 do not affect areas subject to natural disasters and hazards.

Goal 8 - Recreational Needs: The revisions to Title 7 do not affect recreational needs in the region.

Goal 9 - Economic Development: The revisions to Title 7 do not affect local economic development plans or economic development in the region.

Goal 10 - Housing: The revisions to Title 7 do not affect the supply of land for needed housing or the standards or criteria for review of needed housing. The revisions will facilitate city and county progress toward achievement of their affordable housing goals by clarifying their responsibility to consider strategies set forth in Title 7, and by setting deadlines for reporting their progress that conform more closely to the availability of data needed for their reports. Ordinance No. 03-1005 complies with Goal 10.

Goal 11 - Public Facilities and Services: The revisions to Title 7 do not affect local plans for public facilities and services or the ability of cities or counties to provide services.

Goal 12 - Transportation: The revisions to Title 7 do not affect local plans for transportation facilities or the facilities themselves.

Goal 13 - Energy Conservation: The revisions to Title 7 do not affect energy resources protected by Goal 13.

Goal 14 - Urbanization: The revisions to Title 7 do not affect the supply of land for housing in the region or the conversion of urbanizable land to urban use.

Goal 15 - Willamette River Greenway: The revisions to Title 7 do not affect the Willamette River Greenway.

II. REGIONAL FRAMEWORK PLAN

Policies 1.1 (Urban Form), 1.2 (Built Environment), 1.3 (Housing and Affordable Housing) and 1.4 (Economic Opportunity): Ordinance No. 03-1005 will facilitate city and county progress toward achievement of their affordable housing goals by clarifying their responsibility to consider strategies set forth in Title 7, and by setting deadlines for reporting their progress that conform more closely to the availability of data needed for their reports. These measures will help the region provide affordable housing on a "fair share" basis and maintain a variety of housing choices. More thorough compliance with Title 7 will better balance housing costs and the number and wage levels of jobs in the region.

Policy 1.5 - Economic Vitality: More thorough compliance with Title 7 will allow better monitoring of housing availability and the balance housing costs and wage levels of jobs in the region.

Policies 1.6 (Growth Management), 1.7 (Urban-Rural Transition), 1.9 (Urban Growth Boundary), 1.11 (Neighbor Cities), 1.2 (Protection of Agricultural and Forest Resource Lands), 1.14 (School Siting), 1.15 (Centers), 1.16 (Neighborhoods): The revisions to Title 7 do not invoke these policies.

Policy 1.8 - Developed Urban Land: Ordinance No. 03-1005 will facilitate city and county progress toward achievement of affordable housing goals by clarifying their responsibility to consider strategies set forth in Title 7, and by setting deadlines for reporting their progress that conform more closely to the availability of data needed for their reports. These measures will help the region use urban land more efficiently.

Policy 1.10 - Urban Design: Ordinance No. 03-1005 will facilitate city and county progress toward achievement of affordable housing goals by clarifying their responsibility to consider strategies set forth in Title 7, and by setting deadlines for reporting their progress that conform more closely to the availability of data needed for their reports. These measures will facilitate the development and preservation of affordable, mixed-income neighborhoods.

Policy 1.13 - Participation of Citizens: For the reasons that demonstrate compliance with statewide planning Goal 1, Ordinance No. 03-1005 complies with Policy 1.13.

STAFF REPORT

CONSIDERATION OF ORDINANCE NO. 03-1005 FOR THE PURPOSE OF AMENDING TITLE 7 OF THE OF THE URBAN GROWTH MANAGEMENT FUNCTIONAL PLAN TO CLARIFY AND REVISE CITY AND COUNTY RESPONSIBILITIES

Date: April 15, 2003

Prepared by: Gerry Uba

BACKGROUND

On January 18, 2001, the Metro Council adopted Ordinance 00-882C, amending the Regional Framework Plan housing and affordable housing policy and amending the Urban Growth Management Functional Plan Title 7, entitled "Affordable Housing." The amendment to Title 7 included actions to be taken by Metro and local governments.

Title 7 requires Local governments to:

- a) Adopt local affordable housing production goals;
- b) Ensure that their comprehensive plans and implementing ordinances include policies that encourage and increase affordable housing;
- c) Consider amendment of their comprehensive plans and implementing ordinances by adopting land use tools and strategies; and
- d) Prepare and submit progress reports at 12 month (January 2002), 24 month (January 2003) and 36 month (January 2004) intervals.

Title 7 requires Metro to do the following in 2003:

- a) Review progress reports submitted by cities and counties;
- b) Use 2000 Census data and local data to assess the region's progress toward achieving the affordable housing production goals in Title 7;
- c) Assess affordable housing tools and strategies implemented by local jurisdictions;
- d) Examine federal and state legislative changes;
- e) Review the availability of a regional funding source; and
- f) Re-analyze affordable housing need and decide changes to the process, tools and strategies, funding plans or goals to ensure more affordable housing.

Local response and Interpretation

Only nine jurisdictions submitted their first year (2002) report by the time staff prepared the Annual Compliance Report for the Urban Growth Management Functional Plan in early December 2002. On December 10, 2002 and January 30, 2003, the Council reviewed the Annual Compliance Report, including the Title 7 report, and held a public hearing. The Annual Compliance Report for Title 7 stated the difficulty that Metro staff was having with interpretation of the requirement of local governments to "consider amendment of their comprehensive plans and implementing ordinances with affordable housing tools and strategies."

Analysis and Conclusion

The proposed amendment of Title 7 provides a clarification to the term "consider" in section 3.07.730.B. This clarification enhances the comprehension of local governments' effort in complying with the requirements of Title 7.

Metro has not initiated the assessment of the region's progress in 2003 because of the following reasons: a) limited number of first and second year (2002 and 2003) reports submitted by local governments; b) all of the three years (2002, 2003, 2004) reports required of local governments would better explain the outcomes of affordable housing tools and strategies implemented; c)

the assistance of local governments in the compilation of subsidized housing units will be needed; d) local governments will need more time to complete their annual report explaining the outcomes of affordable housing tools and strategies implemented and assist Metro in the compilation of subsidized housing units produced.

The ordinance proposed that the deadline for local governments to submit their second year (2003) and third year (2004) reports should be moved to end of the fiscal year June 2003 and June 2004 respectively. The proposed amendment of Title 7 with the new reporting deadlines gives local governments more time to submit their annual reports and assist Metro in the compilation of subsidized housing units produced after 2000 that are needed to assess the region's progress.

The proposed amendment of Title 7 requires the estimation of a 2000 baseline housing units affordable to households in the 50% and below of the region's median family income prior to the assessment of the region's progress in affordable housing production. The amendment changes the date for Metro to assess the region's progress toward achieving the affordable housing production goals in Title 7, assess tools and strategies implemented, examine federal and state legislative changes, review availability of a regional funding source, and update the estimate of the region's affordable housing need, and thus accommodating local governments' assistance in the compilation of subsidized housing units and submission of annual reports. The amendment of Title 7 with new reporting deadlines for the preceding reports makes it possible staff to provide accurate information that Metro need to decide any changes to the process and tools and strategies for meeting the affordable housing need of the region.

ANALYSIS/INFORMATION

Known Opposition

Staff is not aware of any opposition to the proposed legislation

Legal Antecedents

Metro Code 3.07.710 established subjects for affordable housing for local governments and Metro to comply.

Anticipated Effects

Ordinance No. 03-1005 would amend Title 7 of the Urban Growth Management Functional Plan to help ensure complete local consideration of affordable housing progress and updated Metro analysis.

Budget Impacts

None

RECOMMENDED ACTION

Staff recommends the adoption of Ordinance No. 03-1005 to provide clarification for the evaluation of local governments' annual reports. The adoption of the Ordinance No. 03-1005 provides more time for local governments to submit the annual reports and assist to collect local data that is needed for the assessment of the region's progress, and provides more time for Metro to update the region's affordable housing need and complete the assessment of the region's progress.

Agenda Item Number 7.2

Ordinance No. 03-1011, For the Purpose of Annexing Territory in the Vicinity of the City of Hillsboro to the Metro Jurisdictional Boundary

Second Reading

Metro Council Meeting
Thursday, June 26, 2003
Metro Council Chamber

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF ANNEXING)
TERRITORY IN THE VICINITY OF)
THE CITY OF HILLSBORO TO THE)
METRO JURISDICTIONAL BOUNDARY)

ORDINANCE NO. 03-1011

Introduced by Councilor Susan McLain

WHEREAS, Metro received a petition to annex territory to the Metro jurisdictional boundary found to be complete under Metro Code 3.09.040; and

WHEREAS, Metro provided notice of the petition as required by Metro Code 3.09.030; and

WHEREAS, The Metro Council held a hearing on the petition to consider the matter on June 26, 2003; and

WHEREAS, The Metro Council concluded that the petition met the criteria for annexation to the district in the Metro Code at 3.09.050; now, therefore

THE METRO COUNCIL ORDAINS AS FOLLOWS:

1. The 40.16-acre territory described in petition AN 03-01 and shown on the map in the "Staff Report to the Metro Council" dated May 27, 2003, attached and incorporated into this Ordinance as Exhibit A, is annexed to the Metro jurisdictional boundary.
2. The Metro Council relies upon the "Staff Report to the Metro Council" dated May 27, 2003, attached and incorporated into this ordinance as Exhibit A, as its findings of fact and conclusions of law to explain how the petition complies with the criteria for annexation to the district in the Metro Code at 3.09.050.

ADOPTED by the Metro Council this _____ day of _____, 2003.

David Bragdon, Council President

Attest:

Approved as to Form:

Recording Secretary

Daniel B. Cooper, Metro Attorney

Case AN 03-01

Proposed Metro boundary

Annexation area

The information on this page and defined third-party information on Databy Ltd. Give particular to the analysis of the data. After several attempts to successfully be able, sometimes in practice, accuracy. These results sometimes, represented by different, including the accuracy of measurement to follow for a particular, because, sometimes, that results, however, sufficient to any more, sometimes, sometimes.

Lunch equals 500 kcal



Location Map



METRO DATA REFINANCING CORP.
 880 HIGHWAY 100, SUITE 100, FARMINGTON, CT 06030
 TEL: (860) 676-1740 FAX: (860) 676-1908
 WWW.METRODATA.COM

STAFF REPORT

IN CONSIDERATION OF ORDINANCE NO. 03-1011 FOR THE PURPOSE OF ANNEXING TERRITORY IN THE VICINITY OF THE CITY OF HILLSBORO TO THE METRO JURISDICTIONAL BOUNDARY

Date: May 27, 2003

Prepared by: Marci La Berge

BACKGROUND

On March 19, 2003, the petitioner, Rich Jones, submitted a petition for annexation of a 40.16-acre group of 9 parcels to the Metro jurisdictional boundary (please see attached map). Parcels 1 and 2 are located within a portion of Study Area 71, which was brought into the Urban Growth Boundary as part of the December 2002 Periodic Review decision and tentatively acknowledged by the Land Conservation and Development Commission. Parcels 3 through 9 were already within the Urban Growth Boundary and City of Hillsboro's jurisdictional boundary, but not in the Metro jurisdictional boundary. The nine parcels are located between SW 229th and SW 234th, south of Tualatin Valley Highway. The parcels are flat and gently sloping areas, and are developed with commercial, industrial and residential uses. Surrounding the subject area the uses are commercial, industrial, exclusive farm use and agricultural forest use.

ANALYSIS/INFORMATION

Criteria for annexation to the Metro jurisdictional boundary are contained in Metro Code 3.09.050(d). As part of the application the petitioner has addressed the following seven points and provided the requisite information.

- (1) Consistency with directly applicable provisions in an urban service provider agreement or annexation plan adopted pursuant to ORS 195.065.

According to the applicant, there are no urban service provider agreements for this area. Urban services are currently extended to parcels 3 through 9, which are located in the City of Hillsboro's jurisdictional boundary. Services located in a street adjacent to parcels 1 and 2 are in place and readily available.

- (2) Consistency with directly applicable provisions of urban planning or other agreements, other than agreements adopted pursuant to ORS 195.065, between the affected entity and a necessary party.

According to the applicant there are no specific directly applicable provisions of urban planning or other agreements for this application with which to be consistent.

- (3) Consistency with specific directly applicable standards or criteria for boundary changes contained in comprehensive land use plans and public facility plans.

According to the applicant Metro boundary changes are not identified in the Hillsboro Comprehensive Plan or in any public facility plan.

- (4) Consistency with specific directly applicable standards or criteria for boundary changes contained in the Regional Framework Plan or any functional plan.

According to the applicant there are no references to any requirements for annexations into the Metro jurisdictional boundary in the Regional Framework Plan or the Urban Growth Management Functional Plan.

(5) Whether the proposed change will promote or not interfere with the timely, orderly and economic provisions of public facilities and services.

The proposed change will not interfere with the timely, orderly and economic provisions of public facilities and services because the services are already in place. Properties 3 through 9 are fully served by public facilities and these same services are immediately available to properties 1 and 2. The providers that are currently serving this area include: Fire District, City of Hillsboro; Sanitary District, Clean Water Services; School District, Hillsboro School District; Library District, Hillsboro Library District; Water District, City of Hillsboro; Park District, Tualatin Hills Parks and Recreation District; Drainage District, City of Hillsboro; Road District, Washington County (properties 1 and 2), City of Hillsboro (properties 3 through 9); Other Districts, Enhanced Sheriff's District (properties 1 and 2). The City of Hillsboro has indicated that it will annex properties 1 and 2 once they have been annexed into the Metro jurisdictional boundary.

(6) The territory lies within the Urban Growth Boundary.

The subject territory of this application lies within the Metro Urban Growth Boundary.

(7) Consistency with other applicable criteria for the boundary change in question under state and local law.

According to the applicant, there are no other applicable criteria for the boundary change in question under state and local law.

1. **Known Opposition:** There is no known opposition to this petition.
2. **Legal Antecedents:** The criteria for annexation are contained in the Metro Code, Chapter 3.09.050. Ordinance No. 02-969B brought Study Area 71 within the Urban Growth Boundary.
3. **Anticipated Effects:** Once the land is annexed into the Metro jurisdictional boundary, the parcels not currently within the City of Hillsboro's jurisdictional boundary will be annexed into the city and urban services will be addressed through annexation to the City of Hillsboro.
4. **Budget Impacts:** As part of the application, the applicant submitted \$3,000 to cover anticipated expenses associated with the processing of this application.

RECOMMENDED ACTION

Staff recommends adoption of Ordinance No.03-1011 approving the Boundary Change Proposal No. AN-0103.

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Agenda Item Number 8.1

Resolution No. 03-3278, For the Purpose of Directing the Chief Operating Officer to Submit a Regional Economic Impact Analysis for all Metro Council Policies with Significant Economic Impact.

Metro Council Meeting
Thursday, June 26, 2003
Metro Council Chamber

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF DIRECTING THE
CHIEF OPERATING OFFICER TO SUBMIT A
REGIONAL ECONOMIC IMPACT ANALYSIS
FOR ALL METRO COUNCIL POLICIES WITH
SIGNIFICANT REGIONAL ECONOMIC
IMPACT

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RESOLUTION NO. 03-3278

Introduced by Metro Council President
David Bragdon

WHEREAS, the Metro Council is charged with planning and policy making to preserve and enhance the quality of life and the environment for the citizens of the Metro region and for future generations; and

WHEREAS, the Metro Council provides regional services needed and desired by the citizens of the Metro region, including regional land and transportation planning, regional parks, the Oregon Zoo, regional solid waste and recycling planning and services, and management of performing arts, convention center, and exposition hall facilities; and

WHEREAS, the plans and policies approved and adopted by the Metro Council frequently have a significant impact on the economy of the Metro region; and

WHEREAS, the Metro Council is participating in the development of a regional economic strategy to ensure that the Metro Council is a responsible and active partner in Oregon's economic recovery; and

WHEREAS, the Metro Council must understand the economic impact of policy alternatives, to be considered along with all other relevant factors mitigating for or against such policy alternatives, before Metro adopts any ordinance that is likely to have a significant economic impact on the regional economy; now therefore

BE IT RESOLVED, that the Metro Council directs the Chief Operating Officer to:

(1) Conduct a preliminary analysis to examine the likely economic impact on the regional economy of (i) every ordinance introduced before the Metro Council except for the annual Metro budget ordinance, and (ii) every item identified during the Metro budget process as a "new initiative" that would enact and fund a significant new program or project or an enhancement of an existing program or project. The Chief Operating Officer's preliminary analysis shall determine whether the ordinance or budget initiative is likely to have a significant economic impact on the regional economy and shall include analysis of whether adoption of the proposed ordinance or new budget initiative would: (a) affect the entire Metro region, as opposed to just one area of the region, (b) affect property values or land development within the Metro region, (c) affect taxes or fees levied or charged by Metro, (d) affect the ability of other governments within the Metro region to provide services to their constituents, and (e) create or eliminate a significant number of jobs within the region.

(2) If, after conducting the analysis described in paragraph (1), the Chief Operating Officer concludes that the proposed ordinance or budget initiative is likely to have a significant economic impact on the regional economy, then the Chief Operating Officer shall undertake an economic impact analysis to determine, to the highest practicable degree of economic certainty using economic forecasting models

and analysis, what will be the range of likely or reasonably potential economic impacts of the ordinance. Such analysis shall identify all quantifiable positive and negative economic impacts as well as all non-quantifiable, or difficult-to-quantify, positive and negative economic impacts.

(3) If, after conducting the analysis described in paragraph (1), the Chief Operating Officer concludes that the proposed ordinance is not likely to have a significant economic impact on the regional economy, then the Chief Operating Officer shall provide to the Council the preliminary analysis described in paragraph (1).

(4) The Chief Operating Officer shall report to the Council in writing regarding the implementation of this resolution not later than the last day of the eighteenth month following the month in which this resolution is approved. In the implementation report the Chief Operating Officer shall recommend whether the procedures required by this resolution should be continued and whether any further measures are necessary to improve the way that useful economic information is presented for the Council's consideration when the Council considers policy alternatives that will have an impact on the region's economy.

ADOPTED by the Metro Council this ____ day of _____, 2003

David Bragdon, Metro Council President

Approved as to Form:

Daniel B. Cooper, Metro Attorney

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STAFF REPORT

IN CONSIDERATION OF RESOLUTION NO. 03-3278, FOR THE PURPOSE OF DIRECTING THE CHIEF OPERATING OFFICER TO SUBMIT A REGIONAL ECONOMIC IMPACT ANALYSIS FOR ALL METRO COUNCIL POLICIES WITH SIGNIFICANT ECONOMIC IMPACT

Date: June 12, 2003

Prepared by: Jeff Stone

BACKGROUND

The Metro Council, as an agency, should evaluate the economic impact of our policy decisions. (The "budget impact" included in every staff report typically refers only to Metro's internal costs.) In some cases, sophisticated economic analyses are already being conducted at Metro: existing examples include estimated impact statements for the Convention Center expansion, the establishment of the Economic Technical Advisory Committee for Goal V, and the economic impact criteria incorporated in the staff's technical rankings for Metropolitan Transportation Improvement Plan project applications. Resolution 03-3278 would make such an analysis more common at the Metro Council.

What the resolution does:

Requires the Chief Operating Officer (COO) to examine each ordinance introduced before the Metro Council (with the exception of the annual budget) for the potential economic impact on the regional economy. Resolution 03-3278 would trigger an economic analysis of any new Council initiative, such as a significant new program or project, or the expansion of an existing one.

1. A preliminary analysis of legislation would include:
 - a) The breadth of the impact on the region,
 - b) Any affect on property values or land development,
 - c) Any change in taxes or fees,
 - d) The affect on local government's ability to provide services to citizens,
 - e) The affect on jobs (creation or reduction) in the region.

If the COO's preliminary analysis concludes that the proposed legislation is likely to have a significant economic impact on the regional economy, then the COO shall undertake an economic impact analysis to determine the range of potential economic impacts. Such analysis shall identify all quantifiable and non-quantifiable positive and negative economic impacts.

2. If the COO does not find that a particular significant policy has an economic impact on the regional economy, then the COO will provide the Council with the preliminary analysis described in sections A-E above.

The COO is required to report on the success or difficulties of this new policy one and a half years after passage of the resolution. This report will provide the COO and the Metro Council with the opportunity to discuss whether this process has proven to provide added value to the decision-making ability of the agency.

ANALYSIS/INFORMATION

1. **Known Opposition** – none known
2. **Legal Antecedents** - None
3. **Anticipated Effects** – Provide Metro Council and the public with a quantifiable economic assessment of significant policy changes and its impact on the region's economic health.
4. **Budget Impacts** – Implementation of this resolution may result in a shift in resources in the current budget. In cases when analysis extends beyond the preliminary stage, Metro Council's own in-house economists or outside consultants would need to be used.

Agenda Item Number 8.2

Resolution No. 03-3345, For the Purpose of Providing a Cost of Living Adjustment for Metro's Non-represented employees effective July 1, 2003.

Metro Council Meeting
Thursday, June 26, 2003
Metro Council Chamber

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF PROVIDING A COST-
OF-LIVING ADJUSTMENT FOR METRO'S
NON-REPRESENTED EMPLOYEES
EFFECTIVE JULY 1, 2003

) RESOLUTION NO. 03- 3345
)
) Introduced by Michael Jordan, Chief
) Operating Officer in concurrence with
) Council President David Bragdon

WHEREAS, Metro Code Section 2.02.035 provides that the Chief Operating Officer may, with Council approval, annually revise salary ranges to reflect a cost-of-living adjustment

WHEREAS, the Chief Operating Officer has recommended that the Council apply a cost-of-living adjustment to non-represented salary ranges; now therefore

BE IT RESOLVED that the Metro Council

1. That salary ranges within the classification and pay plan for Metro non-represented employees shall be increased 2.0 percent pursuant to Metro Code 2.02.060(a).
2. That the Metro Chief Operating Officer is authorized to take all actions necessary to see that the provisions of this resolution are carried out promptly.

ADOPTED by the Metro Council this _____ day of _____, 2003

David Bragdon, Council President

Approved as to Form:

Daniel B. Cooper, Metro Attorney

COLA Formulas Appearing in Metro and MERC Labor Contracts or Personnel Policies - Exhibit A for Resolution 03-3345

EMPLOYEE UNIT	# OF EMPLOYEES	CONTRACT EXPIRATION	INSURANCE CAP	COLA FORMULA	MINIMUM	MAXIMUM	CPI LAST REPORTED	PERCENTAGE
AFSCME 3580 (Metro)	257	June-04	\$509 - 01-02 \$535 - 02-03 \$562 - 03-04	Salem-Portland CPI-U 2nd half of preceding year	2.0%	4.0%	January 2003	0.3%
LIU 483 (Metro)*	95	June-03	\$509 - 01-02 \$535 - 02-03 \$562 - 03-04	Salem-Portland CPI-W January to January	2.0%	4.0%	January 2003	0.8%
Metro Non-Rep (Metro)	151	NA	\$509 - 01-02 \$535 - 02-03 \$562 - 03-04	Annually as recommended by COO to Council	NA	NA	NA	NA
Metro VSW	341	NA	NA	NA	NA	NA	NA	NA
AFSCME 3580-1 (MERC)	67	June-04	\$509 - 01-02 \$535 - 02-03 \$562 - 03-04	National (all cities) CPI-W March to March	2.0%	4.0%	April 2003	3.2%
IUOE 701 (MERC)	13	June-03	\$509 - 01-02 \$535 - 02-03 \$562 - 03-04	Salem-Portland CPI-U 1st 1/2 of Prior Year to 1st 1/2 of Current Year	2.0%	4.0%	July/August 2003	Pending
IUOE 701-1(MERC)	19	June-06	\$562 - 03-04	National (all cities) CPI-W March to March	2.0%	4.0%	April 2003	3.2%
IATSE 28 (MERC)*	94	June-03	\$509 - 01-02 \$535 - 02-03 \$562 - 03-04	National (all cities) CPI-W 12 mo. Period Ending Previous April 30	2.0%	5.0%	May 2003	2.3%
IATSE B-20 (MERC)	146	June-04	NA	NA	NA	NA	NA	NA
MERC Non-Rep - FT	101	NA	\$509 - 01-02 \$535 - 02-03 \$562 - 03-04	PFP Trend Analysis	NA	NA	PFP Trend Analysis	2.3% - Executive Management 2.4% - Management, Supervisory, Technical & Administrative
MERC Non-Rep - PT	69	NA	NA	NA	NA	NA	NA	NA

TOTAL

1353

NOTE:

The CPI-U index represents the expenditures by all urban consumers. This index is reported monthly.

The CPI-W index represents a subset of the CPI-U population, that is, the expenditures by urban households that derive more than one-half of their income from clerical or hourly wage occupations.

The National CPI-U and National CPI-W are reported monthly. The Salem-Portland CPI-U and Salem-Portland CPI-W are reported semi-annually.

LIU 483 Contract also includes insurance coverage option through Oregon Labor Trust which has no monthly cap limit. Monthly premium cost of \$625 for FY03-04.

* Contract terms to remain in place during continued good faith bargaining or if prior to termination of contract bargaining is not requested.

STAFF REPORT

IN CONSIDERATION OF RESOLUTION NO. 03-3345 FOR THE PURPOSE OF
PROVIDING A COST-OF-LIVING ADJUSTMENT FOR NON-REPRESENTED
EMPLOYEES EFFECTIVE JULY 1, 2003

Date: June 10, 2003

Prepared by: Lilly Aguilar

BACKGROUND

This Resolution is submitted to comply with the provisions of Metro Code, Section 2.20.035 requiring Council approval of revisions to the pay plan for non-represented employees. Adopting this resolution will result in a 2.0% cost-of-living adjustment to all non-represented salary ranges.

Based on bargaining contracts, a 2.0% cost-of-living adjustment shall be provided to the represented salary ranges. The following represents information from the two different Consumer Price Indexes Metro uses in negotiating with its bargaining units.

PORTLAND AREA CIP-U (All Urban Consumers)
Second half of 2002 .3%

PORTLAND AREA CPI-W (Urban Wage Earners)
January 2002 to January 2003 .8%

The Metro 2003 - 2004 budget, as adopted, includes 2.0% for anticipated cost-of-living increases for eligible represented and non-represented employees.

ANALYSIS/INFORMATION

1. **Known Opposition** None
2. **Legal Antecedents** None
3. **Anticipated Effects** The anticipated effect of this increase will be approximately \$187,000.
4. **Budget Impacts** The 2003 - 2004 budget includes an approved 2.0% COLA increase.

RECOMMENDED ACTION

The Chief Operating Officer recommends adoption of Resolution 03-3345.

Agenda Item Number 9.1

Resolution No. 03-3344, For the Purpose of Authorizing the Chief Operating Officer to Execute Amendment No. 1 to Metro Contract Agreement No. 924538, a designated facility agreement between Metro and Valley Landfills, Inc.

Contract Review Board

Metro Council Meeting
Thursday, June 26, 2003
Metro Council Chamber

BEFORE THE METRO CONTRACT REVIEW BOARD

FOR THE PURPOSE OF AUTHORIZING THE CHIEF) RESOLUTION NO. 03-3344
OPERATING OFFICER TO EXECUTE AMENDMENT)
NO. 1 TO METRO CONTRACT NO. 924538, A)
DESIGNATED FACILITY AGREEMENT BETWEEN) Introduced by Councilor Susan
METRO AND VALLEY LANDFILLS, INC.) McLain

WHEREAS, Metro Contract No. 924538 is a designated facility agreement (the "Agreement") between Metro and Valley Landfills, Inc., doing business as the Coffin Butte Landfill (the "Landfill"); and,

WHEREAS, the Agreement includes certain provisions which prohibit the Landfill from accepting material recovery processing residual from any source other than Metro-authorized material recovery facilities; and,

WHEREAS, the Landfill has requested that the DFA be amended to permit it to accept processing residual resulting from material recovery conducted on non-putrescible waste at construction and demolition sites; and,

WHEREAS, Amendment No. 1 to the Agreement, a copy of which is Exhibit A to this resolution, amends the Agreement to provide that the Landfill may accept processing residual resulting from material recovery conducted on non-putrescible waste at construction and demolition sites; and,

WHEREAS, Amendment No. 1 also clarifies that the Chief Operating Officer, and not the Director of the Solid Waste and Recycling Department, is the Metro official with authority to modify, terminate, or suspend the Agreement, or waive any term or condition of the Agreement; and,

WHEREAS, the resolution was submitted to the Chief Operating Officer for consideration and was forwarded to the Council for approval; now therefore,

BE IT RESOLVED that the Council authorizes the Chief Operating Officer to execute Amendment No. 1 to Metro Contract NO. 924538 in a form substantially similar to Exhibit A to this resolution.

ADOPTED by the Metro Council this _____ day of _____, 2003.

David Bragdon, Council President

Approved as to Form:

Daniel B. Cooper, Metro Attorney

600 NORTHEAST GRAND AVENUE | PORTLAND, OREGON 97232 2736
TEL 503 797 1650 | FAX 503 797 1795



METRO

AMENDMENT NO. 1
METRO CONTRACT NO. 924538

**AMENDMENT NO. 1 TO
DESIGNATED FACILITY AGREEMENT**

This Amendment No. 1 amends Metro Contract No. 924538, dated December 2, 2002 (entitled "Designated Facility Agreement"), between Metro, a metropolitan service district organized under ORS Chapter 268 and the Metro Charter, located at 600 NE Grand Avenue, Portland, Oregon 97232-2736, ("Metro") and Valley Landfills, Inc., doing business as the Coffin Butte Landfill located at 28972 Coffin Butte Road, Corvallis, OR 97330 (the "Facility") and is entered under the authority of ORS 268.317, and Metro Code section 5.05.030. The effective date of this Amendment No. 1 is the date that this Amendment No. 1 has been executed by both parties. The Designated Facility Agreement and this Amendment No. 1 are collectively referred to herein as the "Amended Agreement."

In exchange for the promises and other considerations set forth in the Amended Agreement, the Facility and Metro agree as follows:

1. Purpose. The purpose of this Amendment No. 1 is to clarify that certain provisions of the Designated Facility Agreement which require the Facility to accept only non-putrescible waste that has undergone material recovery. This Amendment No. 1 also makes certain other technical modifications to the Amended Agreement.
2. Amendment of Section 3 of the Designated Facility Agreement. The provisions of Section 3 of the Designated Facility Agreement are amended to read as follows:

Waste That May be Accepted at the Facility.

- a. Provided that the Facility has any required separate and appropriate legal authority, the Facility may accept only the following types of materials generated from within the Metro Region:

- (1) Processing residual resulting from material recovery of non-putrescible waste, provided that such processing residual has been generated (a) by a person certified, licensed or franchised by Metro to conduct material recovery of non-putrescible waste, (b) by a person with whom Metro has executed a designated facility agreement which requires the facility to conduct material recovery of non-putrescible waste, or (c) at a construction or demolition site;
 - (2) "Cleanup Material Contaminated By Hazardous Substances" as that term is defined in Metro Code Chapter 5.01.010;
 - (3) "Special waste" as defined in Metro Code 5.02.015, provided that such special wastes are specifically required in the Oregon Department of Environmental Quality ("DEQ") solid waste disposal permit for the Facility to have special handling or testing prior to disposal, and are not eligible or amenable to material recovery;
 - (4) Useful Material as defined in Metro Code section 5.01.010, including but not limited to Alternative Daily Cover Material as approved by DEQ, but only for those quantities demonstrated to be equivalent to 6-inches of earthen materials in accordance with OAR 340-97-120(5) or (6);
 - (5) Inert materials as approved by DEQ in accordance with the solid waste permit exemption process as authorized by OAR 340-93-080(2);
 - (6) Waste other than that permitted by this Agreement, provided it is authorized by Metro under a non-system license;
 - (7) Disaster debris as may be specifically authorized by the Director.
 - (8) Other waste as described in any future addendum to this Agreement approved by the Director of the Solid Waste and Recycling Department ("the Director"); and
- b. Except as provided in section 3a., the Facility agrees that no other types of wastes generated within the Metro boundary shall be accepted or disposed at the Facility, including but not limited to the following types of wastes: putrescible wastes; putrescible source-separated recyclable material; non-putrescible waste that has not undergone material recovery; source separated recyclable material; and any other materials prohibited by the DEQ solid waste disposal site permit.
3. Amendment of Sections 12 and 13 of the Designated Facility Agreement. All references to the "Director" in Sections 12 and 13 of the Designated Facility Agreement shall be replaced with references to the "Chief Operating Officer."

4. No Other Modifications. Except as modified herein, all other terms and conditions of the Designated Facility Agreement shall remain in full force and effect. Any conflict between the provisions of this Amendment No. 1, on the one hand, and the Designated Facility Agreement, on the other hand, shall be resolved by reference to and reliance upon this Amendment No. 1.

COFFIN BUTTE LANDFILL

By: _____

Print name and title

Date: _____

METRO

By: _____

Michael Jordan
Metro Chief Operating Officer

Date: _____

By: _____

Mike Hoglund
Director, Metro Solid Waste & Recycling Dept.

Date: _____

STAFF REPORT

CONSIDERATION OF RESOLUTION NO. 03-3344, FOR THE PURPOSE OF AUTHORIZING THE CHIEF OPERATING OFFICER TO EXECUTE AMENDMENT NO. 1 TO METRO CONTRACT NO. 924538, A DESIGNATED FACILITY AGREEMENT BETWEEN METRO AND VALLEY LANDFILLS, INC.

June 2, 2003

Prepared by: Janet Matthews

BACKGROUND

In November 2002, Metro Council approved a Designated Facility Agreement (DFA) with Valley Landfills, Inc., which owns and operates the Coffin Butte Landfill, located at 28972 Coffin Butte Road in Benton County, north of Corvallis, Oregon.

This DFA is the first to contain a "mandatory MRFing" provision, which limits disposal of dry waste -- chiefly construction and demolition debris -- to processing residual from Metro-authorized material recovery facilities (MRFs). Requiring dry waste to be processed through a MRF prior to disposal is intended to increase recovery of dry waste from the region.

Because the DFA stipulates that the landfill may accept dry waste processing residual only from Metro-authorized material recovery facilities, it does not allow for the direct disposal of processing residual when recovery takes place at a construction or demolition site. Thus, under the present terms of the DFA, construction or demolition projects with on-site source separation would be required to send already processed residual to a MRF for a second round of processing before the waste material could be delivered to Coffin Butte for disposal. This would likely add costs and vehicle miles traveled while yielding little to no additional recovery.

The proposed resolution would amend the DFA to allow the Coffin Butte Landfill to accept processing residual directly from construction and demolition sites, provided that material recovery is conducted at such sites. Other, non-substantial, changes have been included as well.

ANALYSIS/INFORMATION

1. Known Opposition

None.

2. Legal Antecedents

Metro Code Sections 5.05.030 (c) requiring the agreement be adopted by the Metro Council; and section (d) that requires the agreement to specify waste types.

3. Anticipated Effects

Processing residual from material recovery at a construction or demolition site will be eligible for disposal at the Coffin Butte Landfill.

4. Budget Impacts

No additional budget impact is anticipated.

RECOMMENDATION

Councilor Susan McLain recommends adoption of Resolution No. 03-3344.

SK:bjlmea
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MINUTES OF THE METRO COUNCIL MEETING

Thursday, June 19, 2003
Metro Council Chamber

Councilors Present: David Bragdon (Council President), Carl Hosticka, Rod Monroe, Rex Burkholder, Rod Park

Councilors Absent: Susan McLain (excused), Brian Newman (excused)

Council President Bragdon convened the Regular Council Meeting at 2:01 p.m.

1. INTRODUCTIONS

Karen Withrow, Public Affairs Department, said Metro received an award from the International Association for Public Participation for our Let's Talk Conference. She mentioned that they had sent a letter to the partners who had been involved in the conference. There would also be a news release. Councilor Park thanked staff for their outstanding job. It showed that involving the public at the right times in the right amount helped the public feel involved.

2. CITIZEN COMMUNICATIONS

Art Lewellan talked about his drawings and maps on transportation concerning Portland and Seattle (a copy of which he submitted for the record). He said he was a strong supporter of our regional light rail. He felt it helped direct growth and supported 2040. He did not support a subway through downtown. He had been working on the Seattle light rail plan. The plan was littered with serious engineering flaws. He felt Metro's had a better plan.

3. CONSENT AGENDA

3.1 Consideration of minutes of the June 12, 2003 Regular Council Meetings.

Motion:	Councilor XXX moved to adopt the meeting minutes of the June 12, 2003, Regular Metro Council meeting.
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Vote:	Councilors Park, Burkholder, Monroe, and Council President Bragdon voted in support of the motion. The vote was 4 aye/1 abstain, the motion passed with Councilor Hosticka abstaining from the vote.
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4. ORDINANCES - SECOND READING

4.1 **Ordinance No 03-1007**, For the Purpose of Amending the Regional Transportation Plan to Include to Two Phases of the South Corridor Study Consisting of the I-205 Light Rail Transit Project from Gateway to Clackamas Regional Center with Portland Transit Mall LRT, Expansion Of Light Rail From Downtown Portland to Milwaukie and Deletion of Plans To Extend Light Rail from Milwaukie to Clackamas Regional Center.

Motion:	Councilor Monroe moved to adopt Ordinance No. 03-1007.
Seconded:	Councilor Burkholder seconded the motion

Motion:	Councilor Monroe moved to substitute Ordinance No. 03-1007 A for Ordinance No. 03-1007.
Seconded:	Councilor Burkholder seconded the motion

Vote to Substitute:	Councilors Park, Hosticka, Burkholder, Monroe, and Council President Bragdon voted in support of the motion. The vote was 5 aye, the motion passed.
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Councilor Monroe spoke to the ordinance noted the record (a copy of which is included in the meeting record) and urged support. Council President Bragdon opened a public hearing. No one came forward. Council President Bragdon closed the public hearing.

Vote on the Main Motion:	Councilors Park, Hosticka, Burkholder, Monroe, and Council President Bragdon voted in support of the motion. The vote was 5 aye, the motion passed.
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5. RESOLUTIONS

5.1 **Resolution No. 03-3335**, For the Purpose of Allocating \$53.75 Million of Transportation Priorities Funding for the Year 2006 and 2007, Pending Air Quality Determination.

Motion:	Councilor Park moved to adopt Resolution No. 03-3335.
Seconded:	Councilor Hosticka seconded the motion

Councilor Park spoke to the resolution, the funding for these projects and the process identifying the projects. Andy Cotugno, Planning Director, gave an overview of the staff recommendation at Joint Policy Advisory Committee on Transportation (JPACT). He then explained the amendments made at JPACT. He talked about the different projects (a copy of which is found in the meeting record). He said the projects were reflective of the variety of modes of transportation in the region. He noted an amendment to one of the conditions concerning the St. Johns project. He suggested that Council acknowledge this amendment when the resolution came back to Council for final consideration in September. He concluded by thanking staff, JPACT members, and Council. Ted Leybold, Planning Department, said all of this information on the projects that were funded and the process that they went through was available by paper copy or on Metro's website. Councilor Burkholder talked about the St. Johns condition. He would be bringing this back to JPACT and to the Council in September. Council President Bragdon concurred. Councilor Park asked Mr. Cotugno to cover the Sunnyside Road project. Mr. Cotugno said they weren't sure what would be coming out of the State Legislature but those funds would primarily be for road projects. The funding for Sunnyside looked good. This resolution included a statement indicating Sunnyside as a priority for funding. He spoke to design issues and the specifics of the need for funding for the project. Councilor Burkholder noted the public involvement process and the variety of the public hearings both at the local and Metro level. The process was working well and helped meet Metro's goals of developing healthy communities. He also thanked staff. Council President Bragdon added his thanks for those who participated in the process. Councilor Park closed by thanking the ODOT Director, Speaker of the House, the four mayors involved in moving forward the 223rd under crossing, our regional partners, Metro staff, and Councilor Burkholder.

Vote:	Councilors Park, Hosticka, Burkholder, Monroe, and Council President
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Bragdon voted in support of the motion. The vote was 5 aye, the motion passed.

5.2 **Resolution No. 03-3342**, For the Purpose of Directing the Chief Operating Officer to Authorize Membership in the Regional Economic Development Partners.

Motion:	Councilor Park moved to adopt Resolution No. 03-3342.
Seconded:	Councilor Hosticka seconded the motion

Council President Bragdon said this would approve Metro Council's membership in the Regional Economic Development Partners. Mr. Cotugno introduced Elyssa Gertler, Portland Development Commission. She had presented the six-month plan to Metro Technical Advisory Committee (MTAC) their proposed six-month plan. Ms. Gertler said Metro's participation in the regional partners had allowed the group to evolve. Councilor Burkholder asked about the purpose of the organization. Would they be lobbying their member agency? Ms. Gertler said the organization has evolved over the last year. She spoke to the steps they had taken since they had become a partnership. She felt they were more structured and more formalized now. Council President Bragdon commented that he felt the organization continued to evolve but felt the organization was a very productive one. The partnership represented an interdisciplinary cross section of the community.

Vote:

Councilors Park, Hosticka, Burkholder, Monroe, and Council President Bragdon voted in support of the motion. The vote was 5 aye, the motion passed.

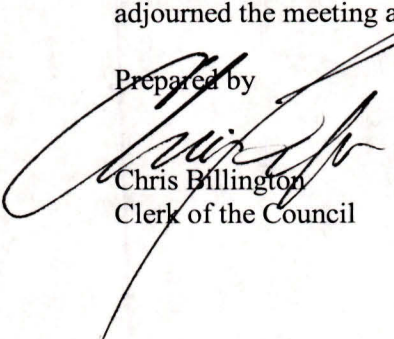
6. COUNCILOR COMMUNICATION

Councilor Monroe said he was a member of Fish Emergency Services. He said the organization provides food to hungry people. Metro had funded a refrigerator by grant, which would make food more available to hungry people.

7. ADJOURN

There being no further business to come before the Metro Council, Council President Bragdon adjourned the meeting at 2:44 p.m.

Prepared by



Chris Billington
Clerk of the Council

ATTACHMENTS TO THE PUBLIC RECORD FOR THE MEETING OF JUNE 19, 2003

Item	Topic	Doc Date	Document Description	Doc. Number
3.1	Minutes	6/12/03	Metro Council Minutes of the June 12, 2003 meeting	061903c-01
4.1	Document list	6/19/03	<p>To: Metro Council From: Mark Turpel, Planning Department Re: South Corridor Project document list for decision record on Ordinance No. 03-1007A including</p> <ol style="list-style-type: none"> 1. <i>Supplemental Draft Environmental Impact Statement</i> 2. <i>Air Quality Analysis Results Report</i> 3. <i>Capital Costs Analysis Results Report</i> 4. <i>Community Impact Assessment Analysis Results Report</i> 5. <i>Ecosystems Analysis Results Report</i> 6. <i>Energy Analysis Results Report</i> 7. <i>Financial Analysis Results Report</i> 8. <i>Geology, Soils and Seismic Impacts Results Report</i> 9. <i>Hazardous Materials Impacts Results Report</i> 10. <i>Historic, Archaeological and Cultural Impacts Results Report</i> 11. <i>Land Use and Economic Activity Results Report</i> 12. <i>Local Traffic Impacts Results Report</i> 13. <i>Noise and Vibration Results Report</i> 14. <i>Parklands, Recreation Areas, Wildlife and Waterfowl Refuges (Section 4(f)) Results Report</i> 15. <i>Travel Forecasting and Transit Analysis Results Report</i> 16. <i>Visual Quality and Aesthetics Results Report</i> 17. <i>Water Quality and Hydrology Results Report</i> 18. <i>Wetlands Determination Results Report</i> 19. <i>South Corridor Transportation Alternatives Study Draft Coordinated Outreach Strategy June 1999 June 2000 (taken to MCCI for review and recommendations)</i> 20. <i>Appendix A: Project Public Involvement Plan (PPIP) Form South Corridor Transportation Alternatives Study March, 2000 (taken to MCCI for review and recommendations)</i> 21. <i>South Corridor Transportation</i> 	061903c-02

			<p><i>Alternatives Study</i> February 2001 (two page information sheet made available at public meetings and on the web)</p> <p>22. <i>Public Involvement Plan</i>, August 2001-Fall 2002 (taken to MCCI for review and recommendations)</p> <p>23. <i>I-205 Light Rail Preliminary Concepts</i> August 2001 (two page information sheet distributed at public meetings and on Metro's web site)</p> <p>24. <i>South Corridor Update</i> Fall 2001 (two page information sheet - distributed at meetings and on the web)</p> <p>25. <i>Imagine your community with better transit...</i> Spring 2002 (color brochure - mailed to about 6,000 interested parties and about 2,000 printed for handing out at public meetings)</p> <p>26. <i>Executive Summary</i> December 2002 (SDEIS - mailed to 6,000 interested persons and on the Metro website)</p> <p>27. <i>Imagine</i> December 2002 - Transportation Options in your neighborhood (color brochure mailed to all property owners along alignments and interested parties total - 8,000 with another 1,000 printed for distribution at public meetings)</p> <p>28. <i>Public Comments Report</i> February 2003 (provided to review committees and upon request)</p> <p>29. <i>South Corridor Project Locally Preferred Alternative Report</i> (draft) February 2003 (provided to review committees and upon request)</p> <p>30. Excel spreadsheet briefly documenting 176 public meetings, March 2003 (internal only)</p> <p>31. <i>South Corridor Project Locally Preferred Alternative Report</i> (final) April 2003 (public meetings and upon request)</p> <p>32. <i>Imagine two new light rail lines</i> April 2003 (color brochure - mailed to 6,000 interested parties and on the website)</p> <p>33. Regional Framework Plan and Appendix</p> <p>34. Appendix, Regional Framework Plan</p> <p>35. Exhibit E to Ordinance No. 00-869A, Findings of Fact and</p>	
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			<p>Conclusions of Law for 2000 RTP</p> <p>36. Resolution 03-3299, Compliance with Urban Growth Management Functional Plan</p> <p>37. <i>The Portland Region: How are we doing?</i> (color brochure summarizing Performance Measures), March, 2003.</p> <p>38. Clackamas Regional Center TMA</p> <p>39. Clackamas County Urban Renewal District</p> <p>40. <i>Oregon Transportation Plan</i> (selected portions)</p> <p>41. <i>Transit Investment Plan</i>, Tri-Met, June 2003 (selected portions)</p>	
5.1	Resolution No. 03-3335	6/19/03	<p>To: Metro Council</p> <p>From: Ted Leybold, Planning Dept.</p> <p>Re: Final version of Resolution No. 03-3335</p>	061903c-03
5.1	Letter	6/10/03	<p>To: JPACT and Councilor Burkholder</p> <p>From: Wayne Plaster, GM Operations</p> <p>Re: Letter supporting MTIP funding for St. Johns</p>	061903c-04
5.1	Letter	6/11/03	<p>To: Rod Park, JPACT Chair</p> <p>From: Scott Edwards TCI America</p> <p>Re: Supporting MTIP funding for St. Johns project</p>	061903c-05
5.1	Letter	6/9/03	<p>To: Councilors Park and Burkholder</p> <p>From: Christina Bunce, Graphic Packaging Corp.</p> <p>Re: Supporting MTIP funding for St. Johns project</p>	061903c-06
5.1	Letter	6/11/03	<p>To: JPACT and Councilor Burkholder</p> <p>From: Daniel West, Pasco Corp of America</p> <p>Re: Letter supporting MTIP funding for St. Johns project</p>	061903c-07
5.1	Letter	6/11/03	<p>To: JPACT and Councilor Burkholder</p> <p>From: Paul Meyers, Ash Grove Cement Company</p> <p>Re: Supporting MTIP funding for St. Johns project</p>	061903c-08
5.1	Letter	6/10/03	<p>To: Councilor Burkholder and JPACT</p> <p>From: Maria Gianotti, Castia Stone, Inc.</p> <p>Re: Supporting MTIP funding for St. Johns project</p>	061903c-09
5.1	Letter	6/6/03	<p>To: Whom It May Concern</p> <p>From: Jack Gold, COO of The Western Group</p> <p>Re: Supporting MTIP funding for St. Johns project</p>	061903c-10
5.1	Draft Condition	6/19/03	<p>To: Metro Council</p> <p>From: Rex Burkholder</p>	061903c-11

			Re: Draft Conditions of Approval for Res No 03-3335, Attachment H to Exhibit A	
2	Talking points and articles	6/19/03	To: Metro Council From: Art Lewellan Re: LINK light rail project in Seattle and Transtec EcoMark hybrid buses on Denver's 16 th Street Mall article from Mass Transit Sept/Oct 2001	061903c-12
5.2	Fax	6/9/03	To: Mike Jordan, COO From: Juanita Swartwood, PDC Re: Regional Economic Development Partnership Signature Block for Mike Jordan	061903c-13

Accounts Payable ACL Audit



June 2003

Alexis Dow, CPA
Metro Auditor

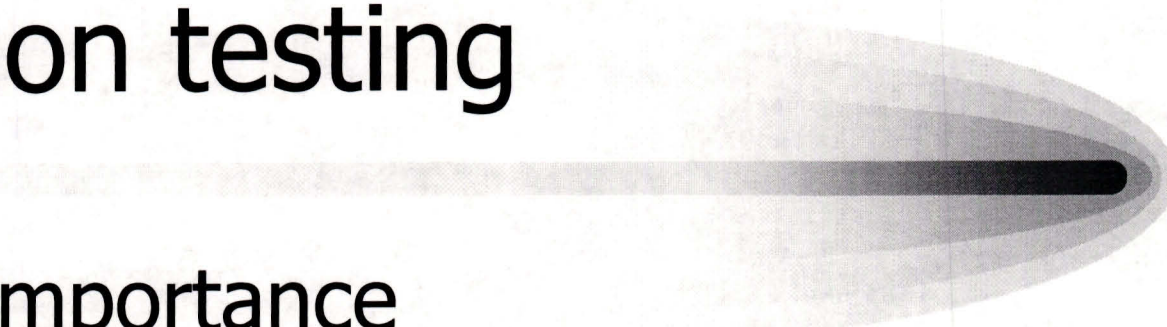
0626031-02

ACL – Audit Command Language



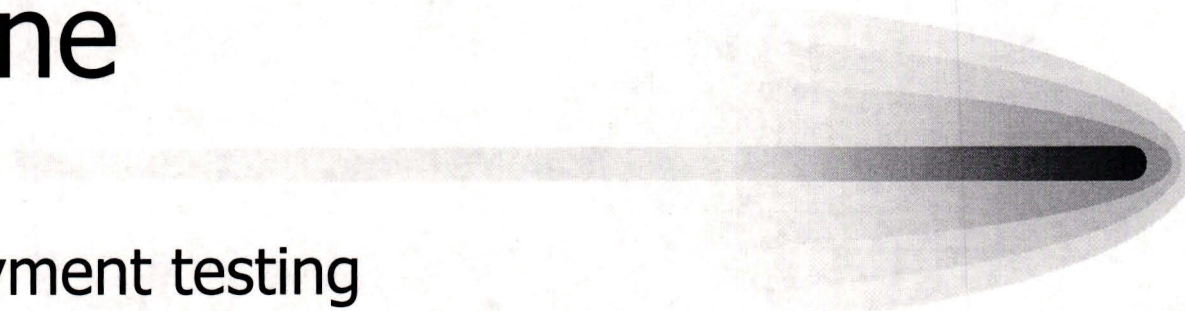
- 41,000 transactions tested
- 18-month period
7/1/01 → 12/31/02

Transaction testing



- Renewed importance
- Corporate malfeasance
- Sarbanes-Oxley Act
- Problems in both private and public sectors

Tests done



- Duplicate payment testing
- Lost discount analysis
- Unused credit memos review
- Analysis of vendor master file and payables data to identify potential inefficiencies
- Review sequence of invoices, purchase orders and check numbers for gaps
- Comparison of vendor master file to payroll file to identify potentially fictitious vendors, or employees who may also be Metro vendors
- Analysis for other unusual trends or anomalies

Recommendations



- Expand use of purchasing cards for small purchases and optimize controls
- Review purchasing strategies Metro-wide to maximize buying power, streamline processes, improve controls
- Perform duplicate payment analysis periodically
- Continue to review vendor invoices to determine if discounts are offered; pay within discount terms
- Enhance management of vendor master files

Recommendations (cont.)



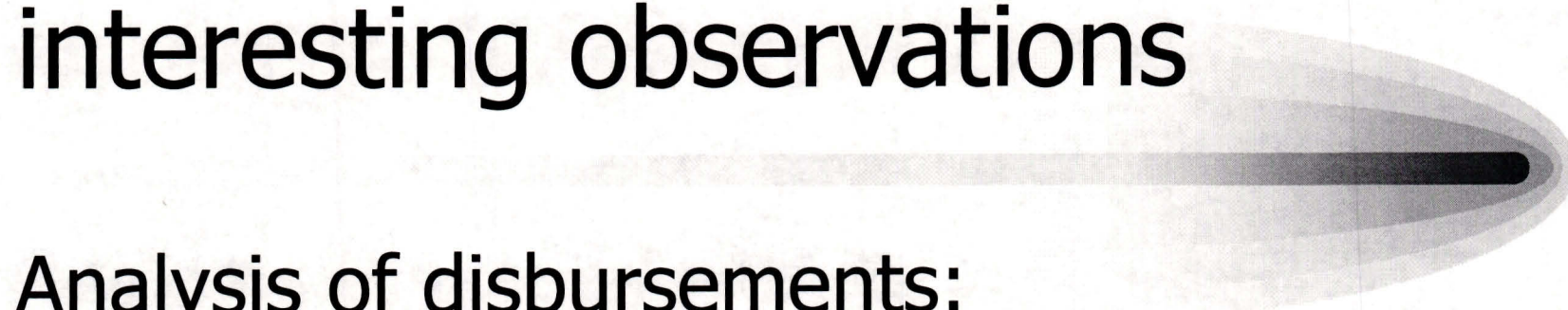
- Limit length of time a vendor can remain in active status since last time used; inactivate vendors who do not fall within the policy of active vendors
- Review vendors without a street address to determine validity; add street address whenever possible
- Develop a new vendor setup form to ensure all appropriate information is captured for new vendors
- Create new vendors when names are modified to maintain history and 1099 integrity

Highlights



- Duplicate payments
 - All MERC
 - Good vs. best of class
 - Solid vs. top 10%

Other analysis – interesting observations



Analysis of disbursements:

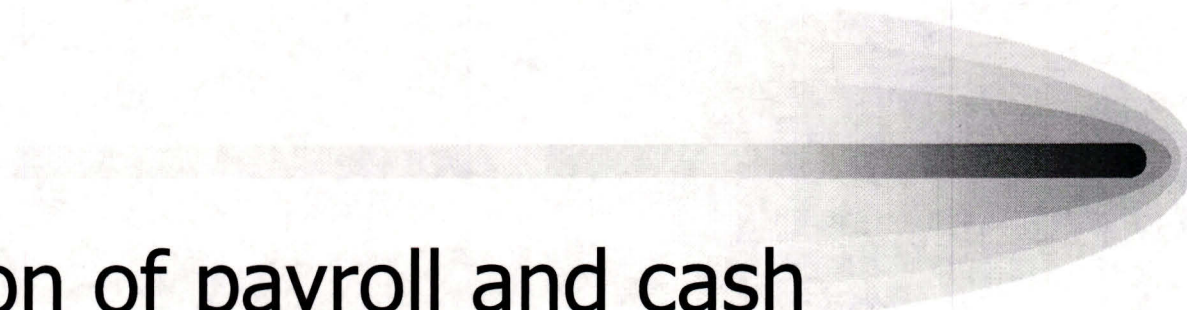
- Total amount/number of disbursements/average \$ per check
 - High \$ - MERC OCC expansion
 - High payment volume to some vendors
 - some predictable
 - some may be able to consolidate

Zoo



- Relatively high number of invoices
 - may be able to consolidate to facilitate check processing & operations

Other...



- Comparison of payroll and cash disbursement files for vendors with employee addresses
 - no problems since 1999 when PeopleSoft was implemented

Benford's Law



- No problems
- Statistical tool used by ACL

Conclusion



- Metro is a good performer in avoiding duplicate payments
- Can improve purchasing operations
 - maximize buying power
 - streamline processes
 - improve controls
- ACL is a powerful tool – anticipate continued usage

Metro Auditor Hotline



503-230-0600

metroauditor@metro.dst.or.us

A confidential resource to communicate your thoughts to the auditor

See <http://www.metro-region.org/auditor>
for more information

Questions

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