

Metro | Agenda

Meeting: Metro Council
Date: Thursday, April 14, 2011
Time: 2 p.m.
Place: Metro Council Chambers

CALL TO ORDER AND ROLL CALL

1. INTRODUCTIONS

2. CITIZEN COMMUNICATIONS

3. CONSENT AGENDA

3.1 Consideration of the Council Minutes for April 7, 2011

3.2 **Resolution No. 11-4248** For the Purpose of Adopting the Hearings Officer's Proposed Order Regarding Metro's Notice of Violation Nov-257C11 Issued to Greenway Recycling, LCC. And Authoring the Chief Operating Officer to Issue a Final Order.

3.3 **Resolution No. 11-4249** For the Purpose of Adopting the Hearings Officer's Proposed Order Regarding Metro's Notice of Violation Nov-280-11 Issued to K.B. Recycling, Inc. and Authoring the Chief Operating Officer to Issue a Final Order.

3.4 **Resolution No. 11-4252** For the Purpose of Approving a Contract Amendment for the Water Main Building Project at the Oregon Zoo.

3.5 **Resolution No. 11-4253** For the Purpose of Approving a Contract Amendment for the Veterinary Medical Center Project at the Oregon Zoo.

4. ORDINANCES – FIRST READING

4.1 **Ordinance No. 11-1255** For the Purpose of Revising the “Urban Growth Boundary and Urban and Rural Reserves Map” in Title 14 (Urban Growth Boundary) of the Urban Growth Management Functional Plan.

4.2 **Ordinance No. 11-1256** For the Purpose of Amending Metro Code Chapter 2.04 in Order to Strengthen Metro's Contract Policies.

5. ORDINANCES – SECOND READING

5.1 **Ordinance No. 11-1258** For the Purpose of Establishing Criteria for Metro Council District Reapportionment and Declaring an Emergency.

Roberts

6. CHIEF OPERATING OFFICER COMMUNICATION

7. COUNCILOR COMMUNICATION

ADJOURN

METRO COUNCIL WILL CONVENE A SPECIAL BUDGET WORK SESSION IMMEDIATELY FOLLOWING THE REGULAR COUNCIL MEETING.

Television schedule for April 14, 2011 Metro Council meeting

Clackamas, Multnomah and Washington counties, and Vancouver, WA Channel 11 – Community Access Network <i>Web site:</i> www.tvctv.org <i>Ph:</i> 503-629-8534 <i>Date:</i> 2 p.m. Thursday, April 14(Live)	Portland Channel 11 – Portland Community Media <i>Web site:</i> www.pcmtv.org <i>Ph:</i> 503-288-1515 <i>Date:</i> 8:30 p.m. Sunday, April 17 <i>Date:</i> 2 p.m. Monday, April 18
Gresham Channel 30 - MCTV <i>Web site:</i> www.metroeast.org <i>Ph:</i> 503-491-7636 <i>Date:</i> 2 p.m. Monday, April 18	Washington County Channel 30– TVC TV <i>Web site:</i> www.tvctv.org <i>Ph:</i> 503-629-8534 <i>Date:</i> 11 p.m. Saturday, April 16 <i>Date:</i> 11 p.m. Sunday, April 17 <i>Date:</i> 6 a.m. Tuesday, April 19 <i>Date:</i> 4 p.m. Wednesday, April 20
Oregon City, Gladstone Channel 28 – Willamette Falls Television <i>Web site:</i> http://www.wftvmedia.org/ <i>Ph:</i> 503-650-0275 Call or visit web site for program times.	West Linn Channel 30 – Willamette Falls Television <i>Web site:</i> http://www.wftvmedia.org/ <i>Ph:</i> 503-650-0275 Call or visit web site for program times.

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

Agenda items may not be considered in the exact order. For questions about the agenda, call the Metro Council Office at 503-797-1540. Public hearings are held on all ordinances second read and on resolutions upon request of the public. Documents for the record must be submitted to the Clerk of the Council to be included in the decision record. Documents can be submitted by e-mail, fax or mail or in person to the Clerk of the Council. For additional information about testifying before the Metro Council please go to the Metro web site www.oregonmetro.gov and click on public comment opportunities. For assistance per the American Disabilities Act (ADA), dial TDD 503-797-1804 or 503-797-1540 (Council Office).

Agenda Item Number 3.1

Consideration of the Council Minutes for April 7, 2011

Consent Agenda

Metro Council Meeting
Thursday, April 14, 2011
Metro Council Chamber

Agenda Item Number 3.2

Resolution No. 11-4248 For the Purpose of Adopting the Hearings Officer's Proposed Order Regarding Metro's Notice of Violation Nov-257C11 Issued to Greenway Recycling, LCC. And Authoring the Chief Operating Officer to Issue a Final Order.

Consent Agenda

Metro Council Meeting
Thursday, April 14, 2011
Metro Council Chamber

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF ADOPTING THE	)	RESOLUTION NO. 11-4248
HEARINGS OFFICER'S PROPOSED ORDER)	
REGARDING METRO'S NOTICE OF VIOLATION	)	Introduced by the Chief Operating Officer
NOV-257C-10 ISSUED TO GREENWAY	)	Daniel B. Cooper with the concurrence of
RECYCLING, LLC AND AUTHORIZING THE	)	Council President Tom Hughes
CHIEF OPERATING OFFICER TO ISSUE A)	
FINAL ORDER)	

WHEREAS, on October 15, 2010, the Finance and Regulatory Services Director ("the Director") issued Notice of Violation NOV-257C-10 to GreenWay Recycling, LLC, ("Greenway"); and

WHEREAS, in NOV-257C-10 the Director found that Greenway violated Section 3.4.2 of its Solid Waste Facility License and imposed a penalty of \$5,750.00; and

WHEREAS, Greenway submitted a timely request for a contested case hearing; and

WHEREAS, a hearing on the matter was held on February 3, 2011, before Metro Hearings Officer Joe Turner; and

WHEREAS, pursuant to Metro Code 2.05.035(a), on March 7, 2011, the Hearings Officer issued a proposed order (attached as Exhibit A) finding that Metro did not meet its burden of proof and dismissing NOV-257C-10 and the \$5750.00 penalty; and

WHEREAS, in accordance with Metro Code 2.05.035(b), the Director mailed copies of the proposed order to Greenway and informed Metro and Greenway of the deadline for filing written exception to the proposed order; and

WHEREAS, the parties did not file written exceptions to the Hearings Officer's proposed order; and

WHEREAS, Metro Code 2.05.045(b) provides that the Metro Council shall (1) adopt the Hearings Officer's proposed order; (2) revise or replace the findings of fact or conclusions of law in the order, or (3) remand the matter to the Hearings Officer; and

WHEREAS, the Metro Council has considered the proposed order as required by the Metro Code, now therefore

BE IT RESOLVED that the Metro Council adopts the proposed order from Hearing issued by Hearings Officer Joe Turner in the Metro contested case: Notice of Violation NOV-257C-10 issued to Greenway and directs the Chief Operating Officer to issue a final order substantially similar to Exhibit B to this resolution.

ADOPTED by the Metro Council this _____ day of _____. 2011.

Tom Hughes, Council President

Approved as to form:

Alison Kean Campbell

S:\REM\kraten\Facilities\MRFs\GreenWay Recycling\FinalOrder\Resolution_NOV-257C-10.docx

MAR 08 2011

IN THE MATTER OF THE CONTESTED CASE HEARING OF OFFICE OF METRO ATTORNEY

GREENWAY RECYCLING, LLC,
Appellant

Case No:

NOV-257C-10

PROPOSED FINAL ORDER

v.

METRO,

Respondent

COPY

I. STATEMENT OF THE CASE

1. This proposed final order concerns an appeal of Notice of Violation and Order No. NOV-257C-10 (the "NOV") filed by Greenway Recycling, LLC (the "Appellant"). The NOV concerns operation of the Appellant's solid waste facility. The NOV alleges that the Appellant violated Section 3.4.2 of its solid waste facility license by storing mixed non-putrescible waste¹ outside of a roofed building that is enclosed on at least three sides during the fifteen day period between September 21 and October 5, 2010. The NOV imposed a civil penalty of \$5,750.00.
2. Hearings Officer Joe Turner (the "hearings officer") received testimony at the public hearing about this appeal on February 3, 2011, at approximately 10:00 a.m. at Metro's offices, located at 600 NE Grand Avenue, Portland, Oregon. At the beginning of the hearing, the hearings officer made a statement describing the hearing procedure and disclaiming any *ex parte* contacts, bias or conflicts of interest. All witnesses testified under oath or affirmation. Metro made an audio recording of the hearing. Metro maintains the record of the proceedings.

II. EVIDENTIARY MATTERS

1. Respondent provided a list of witnesses and exhibits, "Respondent Metro's Witness and Exhibit List" dated December 8, 2010 (Metro Exhibit 17), a packet of Exhibits (Metro Exhibits 1 through 12), a Hearing Memorandum dated February 1, 2011, (Metro Exhibit 13), enlarged (8x10) photos of the solid waste pile at the facility (Exhibits 14 through 16) and oral testimony by Steve Kraten, Metro Solid

¹ Metro Code ("MC") Section 5.01(aa) provides:

"Non-putrescible waste" means any Waste that contains no more than trivial amounts of Putrescible materials or minor amounts of Putrescible materials contained in such a way that they can be easily separated from the remainder of the load without causing contamination of the load. This category includes construction waste and demolition waste but excludes Cleanup Materials Contaminated by Hazardous Substances, Source-Separated Recyclable Material, special waste, land clearing debris and yard debris.

Waste Enforcement Coordinator and Will Ennis, Metro Solid Waste Facility Inspector.

Terrell Garrett, managing member of Greenway Recycling, LLC, testified on behalf of the Appellant and introduced Greenway Exhibits 1 through 30. All offered exhibits and testimony were admitted without objection.

3. Respondent requested that the hearings officer hold open the record of the proceedings after the hearing to allow submission and consideration of a Post-Hearing Memorandum. The Appellant agreed to Respondent's request, provided that the hearings officer allow the Appellant an opportunity to respond to Respondent's post-hearing submittal. Both parties submitted Post-Hearing Memoranda: Metro Exhibit 18 and Greenway Exhibit 31. The hearings officer closed the record in this case at 5:00 p.m., February 11, 2011.

III. ISSUES PRESENTED

1. Whether Respondent sustained its burden of proof that the Appellant violated Section 3.4.2 of the solid waste facility license by storing mixed solid waste outside of a roofed building that is enclosed on at least three sides during the fifteen day period between September 21 and October 5, 2010; and
2. Whether Respondent's action in assessing a \$5,750.00 civil penalty against the Appellant is appropriate.

IV. BACKGROUND

1. Respondent, Metro, is a regional government created by the State of Oregon with voter approval. The Metro Council, a political body elected by voters within the Metro region, governs Metro. Among other things, Metro regulates the transportation, processing and disposal of waste generated within the Metro region. Metro manages the whole waste stream within the region, implementing environmental, health, safety and public welfare mandates and mandates for recycling and reduction of waste. Metro has developed and implemented a Regional Solid Waste Management Plan, a management system for regional waste disposal and resource recovery. Pursuant to this authority, Metro requires any person who establishes, operates, maintains, or expands a solid waste facility² in the Metro region to secure the appropriate license or franchise. Metro Code Section 5.01.030.
2. The Appellant operates a solid waste facility at 4135 NW St. Helens Road, Portland; also known as tax lots 191N1E0L, Section 19, Township 1N, Range

² MC 5.01(uu) provides:

"Solid waste facility" means the land and buildings at which Solid Waste is received for Transfer and/or Processing but excludes disposal.

1E, City of Portland, Multnomah County, State of Oregon (the "facility"). The facility is located within Metro's jurisdictional boundaries. Therefore the Appellant was required to obtain a license from Metro to operate the facility. Operation of the facility is regulated by solid waste facility license No. L-109-07B (the "License"). See Metro Exhibit 1. Metro issued the License to the Appellant on July 1, 2009. The License authorizes the Appellant "[t]o accept loads of mixed non-putrescible solid wastes for the purpose of conducting material recovery." Section 3.4.1 of the License.

3. Section 3.4.2 of the License provides:

All mixed non-putrescible waste tipping, storage, sorting and reloading activities must occur on an impervious surface (e.g. asphalt or concrete) and inside a roofed building that is enclosed on at least three sides. Unusually large vehicles (i.e., 30-foot tippers) may tip waste outside, provided the tipped wastes are moved under cover prior to processing within 12 hours of receipt, or by the end of the business day, whichever is earlier.

III. FINDINGS OF FACT

1. In March 2010, Metro issued "Metro Regulatory Guidance Bulletin GB 1" (the "Metro Bulletin"). Greenway Exhibit 29. The stated purpose of the Metro Bulletin was to establish a quantitative general standard for determining "trivial amounts" of putrescible waste that may be contained in loads of mixed non-putrescible waste received at Material Recovery Facilities ("MRFs"). The Metro Bulletin provides, "Metro has developed a per-load quantitative general standard for determining 'trivial amounts.' A load of non-putrescible waste may not contain more than five percent (5%) by weight, and not exceed a maximum of 300 pounds of putrescible waste." p. 3 of Metro Exhibit 29. The Metro Bulletin goes on to provide that:

This trivial standard also applies to other types of waste received at specialized MRFs. Specialized MRFs, such as those that exclusively accept and process roofing or dry wall debris, may be prohibited from accepting loads that contain more than trivial amounts of unauthorized waste that is not closely related to its specific authorization (e.g., a roofing debris processing facility must not accept more than trivial amounts of non-roofing related waste).

Id. at p. 4.

2. On February 23, 2010, Margo Norton, Metro Director of Finance and Regulatory Services, sent the Appellant an email in response to the Appellant's request for "[f]urther clarification on Metro's standard for clean and source separated." Ms.

Norton referred to the definition of "trivial amounts" of contamination set out in the Metro Bulletin as "[t]he bright line standard you [the Appellant] were seeking..."

3. On August 3, 2010, the Appellant allowed a customer to tip a load of solid waste (demolition debris) outside of the buildings at the facility. In addition, the Appellant tipped a load of partially processed solid waste outside of the buildings to await further processing.
4. On August 9, 2010, Respondent issued Notice of Violation No. NOV-257-10 alleging that the solid waste tipped outside at the facility on August 3, 2010, constituted mixed non-putrescible waste, which Section 3.4.2 of the License requires that the Appellant tip, store and process inside a building. See Metro Exhibit 2. Respondent documented the alleged violations in inspection notes and photographs. See Metro Exhibit 3. NOV-257-10 did not impose a civil penalty. The Appellant did not appeal NOV-257-10.
5. On August 12, 2010, the Appellant continued to process solid waste outdoors at the facility. On August 18, 2010, Respondent issued Notice of Violation No. NOV-257A-10 alleging that the solid waste the Appellant was processing outdoors constituted mixed non-putrescible waste, which Section 3.4.2 of the License requires that the Appellant process inside a building. See Metro Exhibit 4. Respondent documented the alleged violations in inspection notes and photographs. See Metro Exhibit 5. NOV-257A-10 imposed a civil penalty of \$100. The Appellant did not appeal NOV-257A-10.
6. On September 7, 2010, the Appellant continued to store and process solid waste outdoors at the facility. On September 13, 2010, two dump trucks tipped loads of solid waste outside of the buildings at the facility. On September 17, 2010, Respondent issued Notice of Violation No. NOV-257B-10 alleging that the solid waste tipped, stored and processed on September 7 and 13, 2010, constituted mixed non-putrescible waste. Therefore tipping, storing and processing of the material outdoors was a violation of Section 3.4.2 of the License. See Metro Exhibit 6. Respondent documented the alleged violations in inspection notes and photographs. See Metro Exhibits 7 and 8. NOV-257B-10 imposed a civil penalty of \$925³ for three separate violations of Section 3.4.2 of the License.
7. NOV-257B-10 also alleged that the Appellant violated License Sections 3.6.1 (managing and processing residual outside of a building and uncontained) and 4.3 (mixing unprocessed waste with source-separated wood). The Appellant did not appeal NOV-257B-10.
8. The Appellant continued to store solid waste outdoors at the facility between September 21 and October 5, 2010. On October 15, 2010, Respondent issued

³ \$225 per violation per day, plus a \$250 flat fee penalty component.

Notice of Violation No. NOV-257C-10 alleging that this solid waste constituted mixed non-putrescible waste, the outdoor storage of which constitutes a violation of Section 3.4.2 of the License. See Metro Exhibit 9. Respondent documented the alleged violations in inspection notes and photographs. See Metro Exhibits 10 and 11. NOV-257C-10 imposed a civil penalty of \$5,75.00⁴ for 15 separate violations of Section 3.4.2 of the License.

9. The Appellant filed a written appeal of NOV-257C-10 on November 9, 2010. See Metro Exhibit 12.
10. There is no dispute that the Appellant was storing solid waste as defined by MC 5.01(tt) at the facility outside of an enclosed building between September 21 and October 5, 2010. See Metro Exhibits 10, 11 and 14 through 16. The Appellant was receiving materials from two separate construction projects, a composition roofing tear-off and replacement project (the "roofing materials") and two building demolition projects, at Portland State University and Burger King (collectively the "PSU materials"). The Appellant was storing the roofing materials separately from the PSU materials. The roofing materials stockpile is shown in photos 15 through 22 of Metro Exhibit 10, Photos 8 through 12 of Metro Exhibit 11 and Greenway Exhibit 7. The PSU materials are shown in photos 27 through 29 of Metro Exhibit 10, Photos 1, 2 and 7 of Metro Exhibit 11, and in Metro Exhibits 14 through 16. The violations of License Section 3.4.2 alleged in NOV-257C-10 are limited to the PSU materials. Respondent did not allege that the roofing materials constituted a violation of License Section 3.4.2.
11. The Appellant sorted the roofing materials outdoors on the site, using a bucket loader to remove any non-roofing material. The Appellant weighed the roofing material and non-roofing material and determined that the stockpile shown in Greenway Exhibit 7 contained 3.22-percent non-roofing materials, by weight. See Greenway Exhibits 8 and 9.
12. The Appellant processed the PSU materials on a conveyor belt where laborers picked out the insulation and other non-wood components prior to the wood being ground up for use as fuel. The piles of metal, paper, plastic and insulation shown in Greenway Exhibit 10 was removed from 50 tons of the PSU materials.

IV. CONCLUSIONS OF LAW

1. Respondent failed to meet its burden of proof that the Appellant violated Section 3.4.2 of the solid waste facility license by storing mixed solid waste outside of a roofed building, that is enclosed on at least three sides during the fifteen day period between September 21 and October 5, 2010.

⁴ \$350 per violation per day, plus a \$500 flat fee penalty component.

2. Therefore the \$5,750.00 civil penalty assessed against the Appellant is inappropriate.

V. OPINION

1. This appeal hearing is limited to review of NOV-257C-10. The Appellant did not appeal NOV-257-10, NOV-257A-10, or NOV-257B-10. Therefore the hearings officer has no jurisdiction to consider any violations alleged in those NOVs.
2. There is no dispute that the Appellant was storing solid waste as defined by MC 5.01(tt) at the facility outside of an enclosed building between September 21 and October 5, 2010. See Metro Exhibits 10, 11 and 14 thorough 16. The issue is whether the material stored outside of the buildings constitutes "mixed non-putrescible waste" that License Section 3.4.2 requires must be stored inside a building or "source-separated recyclables" that the Appellant can store and process outdoors.
3. The pile of material stored outside of a building on the site does not meet the strict definition of "source-separated recyclables" in MC 5.01(ww):

"Source-separated recyclable material" or "Source-separated recyclables" means solid waste that has been Source Separated by the waste generator for the purpose of Reuse, Recycling, or Composting. This term includes (1) all homogenous loads of Recyclable Materials that have been Source Separated by material type for the purpose of recycling (i.e., source-sorted) and (2) residential and commercial commingled Recyclable Materials, which include only those recyclable material types that the local jurisdiction, where the materials were collected, permits to be mixed together in a single container as part of its residential curbside recyclable material collection program. This term does not include any other commingled recyclable materials.

The Code does not define the term "homogeneous." Therefore the hearings officer relies on the dictionary definition of the term.⁵ Webster's New World College Dictionary (2010) defines "homogeneous" as (1) "the same in structure, quality, etc.; similar or identical, (2) composed of similar or identical elements or parts; uniform." Based on these definitions, a load of source-separated recyclables must consist of a single type of recyclable material, without containing any contaminants. Loads of recyclable material that contain more than one type of

⁵ "In examining the text of a statute, we ordinarily assume that the legislature intended that terms be given their plain, ordinary meanings....Ordinary meaning can be determined by reference to a dictionary of common usage." *Edwards v. Riverdale School District*, 220 Or. App. 509, 513, 188 P.3d 317 (2008) (Internal citations omitted).

material would exceed the definition of "source-separated materials" and therefore constitute "mixed non-putrescible waste."⁶

4. The photographs in the record clearly show that the pile of material stored out of doors at the facility is not homogeneous. It comprises a mixture of materials, including wood, metal, insulation, ceiling tiles, carpet, etc. See, e.g., Exhibits 14 through 16. Even if all of the materials in the pile were recyclable, the pile would not qualify as "source-separated recyclables." MC 5.01(ww) excludes "commingled⁷ recyclable materials," other than residential curbside recyclable material, from the definition of "source-separated recyclables." Therefore, the fact that the Appellant recovered and recycled 97 to 98% of the PSU material is not determinative. If the PSU material contained a mixture of recyclable materials, it is not "homogenous" and therefore does not meet the definition of "source-separated recyclables" in MC 5.01(ww). Based on a strict reading of the Code, the PSU material would constitute mixed non-putrescible waste that the Appellant is required to tip, store and process inside a building, pursuant to Section 3.4.2 of the License.
5. However Respondent does not follow this strict interpretation of its Code. Respondent concedes that the definition of "source-separated materials" must be interpreted in a reasonable manner to allow some minor contamination. Respondent stated that "source-separated wood may contain an occasional odd bit of other non-wood waste that the generator overlooked or accidentally introduced during the source-separation process." p. 4 of Metro Exhibit 18.
6. The Metro Code does not provide a specific standard or maximum amount of contamination that a load can contain without exceeding the definition of "source-separated materials." The Metro Bulletin, as clarified by Ms. Norton's email, does provide a clear, bright line, standard. Ms. Norton issued her email (Greenway Exhibit 28) in response to the Appellant's request for clarification of the standard for "[c]lean and source separated." Ms. Norton referred the Appellant to the "trivial amount" (five-percent/300lbs per load) standard in the Metro Bulletin as a "bright line standard" that would resolve the issue. *Id.* Ms. Norton is the Director

⁶ The Metro Code does not define the terms "mixed non-putrescible waste" or "mixed." MC 5.01(aa) provides:

"Non-putrescible waste" means any Waste that contains no more than trivial amounts of Putrescible materials or minor amounts of Putrescible materials contained in such a way that they can be easily separated from the remainder of the load without causing contamination of the load. This category includes construction waste and demolition waste but excludes Cleanup Materials Contaminated by Hazardous Substances, Source-Separated Recyclable Material, special waste, land clearing debris and yard debris.

The American Heritage Dictionary of the English Language (4th Ed., 2010) defines "mixed" as "Blended together into one unit or mass; intermingled." Based on these definitions, the hearings officer finds that the term "mixed non-putrescible waste" means a mixture of more than one type of non-putrescible waste, including commingled recyclables other than residential curbside recyclable material.

⁷ The Metro Code does not define the term "commingled." Webster's New World College Dictionary (2010) defines "commingled" as "to mingle together; intermix; blend."

of Finance and Regulatory Services and has apparent authority to interpret the Metro Code in this way. The Appellant relied on that interpretation in distinguishing between loads of source-separated recyclables and non-putrescible waste.

7. The hearings officer finds that the PSU material stockpile shown in Metro Exhibits 7, 8, 14, 15 and 16 meets the "standard for "source-separated recyclables" (wood), as clarified by the Metro Bulletin and Ms. Norton's email. The demolition contractor sorted the demolition debris from the PSU and Burger King demolition projects to separate the wood from the majority of the non-wood material prior to delivering it to the Appellant's facility. Although the loads of material delivered to the Appellant contain a mix of materials, the majority of the material is wood debris. Provided the non-wood material constitutes less than five-percent, by weight, of the total, the stockpile of PSU material will constitute "source-separated recyclables" as defined by the MC 5.01(ww) as clarified by the Metro Bulletin and Ms. Norton's email. The Appellant processed 50 tons of the PSU material through its sort line, removing the non-wood material. Greenway Exhibit 10 shows the amount of non-wood material removed. Provided the non-wood material weighs less than 5,000 pounds (five-percent of 50 tons), the material will comply with the trivial standard established in the Metro Bulletin and Ms. Norton's email.
8. The Appellant demonstrated that a roughly similar amount of solid waste removed from the roofing material stockpile shown in Greenway Exhibit 7 weighed 2,300 pounds. Therefore the hearings officer finds that it is more likely than not that the PSU material stockpile shown in Metro Exhibits 7, 8, 14, 15 and 16 meets the trivial standard for non-wood material. There is no substantial evidence in the record to the contrary.
9. Respondent argues that the PSU material stockpile does not meet the standard for "source-separated recyclables" because the material needs additional sorting on a belt or tipping floor at the solid waste facility.⁸ However the Metro Code definitions of "Source Separated" and "Source-separated recyclables," as clarified by the Metro Bulletin and Ms. Norton's email, does not include that requirement. In addition, the Appellant testified that the PSU material did not "need" additional sorting. The Appellant chose to process the material on its sorting belt in order to maximize the amount of recyclable materials recovered from the PSU materials. There is no substantial evidence in the record to the contrary.

⁸ Metro argued:

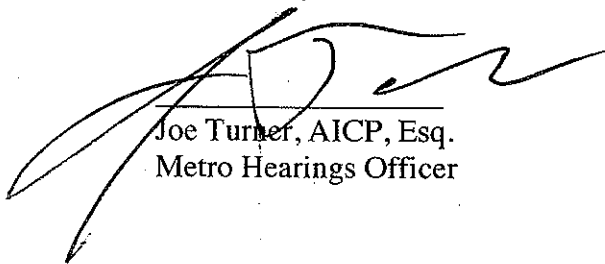
Source-separated wood may contain an occasional odd bit of other non-wood waste that the generator overlooked or accidentally introduced during the source-separation process. The solid waste facility operator may pull out such items when they are noticed but, in order to fit the definition of "source-separated," the material must not be contaminated to the point where the entire stream must go through a sorting process to be marketable.

10. NOV 257C-10 did not allege any violations of License Sections 3.6.1 and 4.3. Therefore it is unnecessary to address those issues.

VI. PROPOSED ORDER

1. Respondent failed to bear the burden of proving that the Appellant violated License Section 3.4.2 by storing and/or processing mixed non-putrescible waste outside of an enclosed building between September 21 and October 5, 2010.
2. NOV-257C-10 and the associated \$5,750.00 civil penalty is dismissed.

Respectfully Submitted:



Joe Turner, AICP, Esq.
Metro Hearings Officer

DATED: March 7, 2011

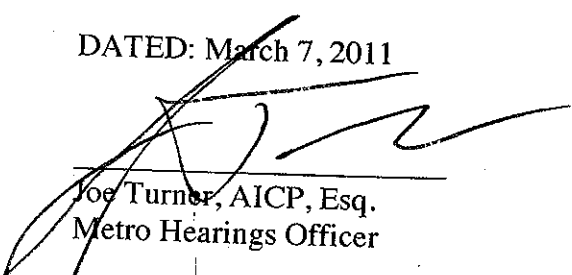
CERTIFICATE OF SERVICE

I, Joe Turner, certify that on this day I submitted the original PROPOSD FINAL ORDER to the Metro Council, Attention Steve Kraten at 600 Northeast Grand Avenue, Portland, Oregon 97232-2736, and sent an original copy of the foregoing PROPOSD FINAL ORDER by US Mail, first class postage pre-paid, in a properly addressed and sealed envelope, to the following person(s) at the address(es) shown, and via electronic transmission to the following person(s) at the email address(es) shown:

Metro
Steve Kraten
600 Northeast Grand Avenue
Portland, Oregon 97232-2736
Steve.Kraten@oregonmetro.gov

Greenway Recycling, LLC
Terrell Garrett
PO Box 4483
Portland, OR 97208-4483
greenwaybusiness@gmail.com

DATED: March 7, 2011



Joe Turner, AICP, Esq.
Metro Hearings Officer

LIST OF EXHIBITS

Metro Exhibits:

1. Solid Waste Facility License No. L-109-07B;
2. Notice of Violation No. NOV-257-10;
3. Metro Facility Inspection Summary dated August 3, 2010;
4. Notice of Violation No. NOV-257A-10;
5. Metro Facility Inspection Summary dated August 12, 2010;
6. Notice of Violation No. NOV-257B-10;
7. Metro Facility Inspection Summary dated September 7, 2010;
8. Metro Facility Inspection Summary dated September 13, 2010;
9. Notice of Violation No. NOV-257C- 10;
10. Metro Facility Inspection Summary dated September 21, 2010;
11. Metro Facility Inspection Summary dated October 5, 2010;
12. November 9, 2010 letter from Terrell Garrett to Roy Brower Requesting a Contested Case Hearing;
13. Metro Hearing Memorandum dated February 1, 2011;
14. 8x10 photo of solid waste stored at the facility;
15. 8x10 photo of solid waste stored at the facility;
16. 8x10 photo of solid waste stored at the facility;
17. Respondent Metro's Witness and Exhibit List" dated December 8, 2010;
18. Respondent Metro's Post-Hearing Memoranda dated February 8, 2010.

Greenway Exhibits:

1. Photo #16 of the September 21, 2010 Metro Facility Inspection Summary;
2. Photo #17 of the September 21, 2010 Metro Facility Inspection Summary;
3. Photo #9 of the October 5, 2010 Metro Facility Inspection Summary;
4. Photo #10 of the October 5, 2010 Metro Facility Inspection Summary;
5. Photo #11 of the October 5, 2010 Metro Facility Inspection Summary;
6. Photo #12 of the October 5, 2010 Metro Facility Inspection Summary;
7. Photo of roofing material stockpile;
8. Photo of material removed from roofing material stockpile;
9. Summary of weights of roofing and garbage contained in roofing material stockpile;
10. Photo #27 of the September 7, 2010 Metro Facility Inspection Summary;
11. Photo #28 of the September 7, 2010 Metro Facility Inspection Summary;
12. Photo #30 of the September 21, 2010 Metro Facility Inspection Summary;
13. Photo #3 of the October 5, 2010 Metro Facility Inspection Summary;
14. Photo #6 of the October 5, 2010 Metro Facility Inspection Summary;
15. Photo #5 of the October 5, 2010 Metro Facility Inspection Summary;
16. Photo #4 of the October 5, 2010 Metro Facility Inspection Summary;
17. Photo #16 of the September 7, 2010 Metro Facility Inspection Summary;
18. Photo #17 of the September 7, 2010 Metro Facility Inspection Summary;
19. Photo #18 of the September 7, 2010 Metro Facility Inspection Summary;
20. No Exhibit. Skipped number.
21. Photo #28 of the September 21, 2010 Metro Facility Inspection Summary;

22. Photo #29 of the September 21, 2010 Metro Facility Inspection Summary;
23. Photo #1 of the September 21, 2010 Metro Facility Inspection Summary;
24. No Exhibit. Skipped number.
25. Photo #1 of the October 5, 2010 Metro Facility Inspection Summary;
26. Photo #2 of the October 5, 2010 Metro Facility Inspection Summary;
27. Photo #7 of the October 5, 2010 Metro Facility Inspection Summary;
28. Email from Margo Norton, Metro Director of Finance and Regulatory Services, dated February 23, 2011;
29. "Metro Regulatory Guidance Bulletin GB 1" dated March 2010;
30. Appellant's hearing memo/written testimony, undated.
31. "Appellant's response to METRO Memorandum of February 8, 2011" received, undated, by the hearings officer February 11, 2011.

BEFORE THE METRO COUNCIL

In the Matter of Notice of Violation and)	
Imposition of Civil Penalty NOV-257C-10)	
)	
Issued to	)	FINAL ORDER
)	
GREENWAY RECYCLING, LLC,)	
)	
Respondent)	
)	

I. STATEMENT OF THE CASE

1. This final order concerns an appeal of Notice of Violation and Order No. NOV-257C-10 (the "NOV") filed by Greenway Recycling, LLC (the "Appellant"). The NOV concerns operation of the Appellant's solid waste facility. The NOV alleges that the Appellant violated Section 3.4.2 of its solid waste facility license by storing mixed non-putrescible waste¹ outside of a roofed building that is enclosed on at least three sides during the fifteen day period between September 21 and October 5, 2010. The NOV imposed a civil penalty of \$5,750.00.
2. Hearings Officer Joe Turner (the "Hearings Officer") received testimony at the public hearing about this appeal on February 3, 2011, at approximately 10:00 a.m. at Metro's offices, located at 600 NE Grand Avenue, Portland, Oregon. At the beginning of the hearing, the hearings officer made a statement describing the hearing procedure and disclaiming any *ex parte* contacts, bias or conflicts of interest. All witnesses testified under oath or affirmation. Metro made an audio recording of the hearing. Metro maintains the record of the proceedings.

II. EVIDENTIARY MATTERS

1. Respondent provided a list of witnesses and exhibits, "Respondent Metro's Witness and Exhibit List" dated December 8, 2010 (Metro Exhibit 17), a packet of Exhibits (Metro Exhibits 1 through

¹ Metro Code ("MC") Section 5.01(aa) provides:

"Non-putrescible waste" means any Waste that contains no more than trivial amounts of Putrescible materials or minor amounts of Putrescible materials contained in such a way that they can be easily separated from the remainder of the load without causing contamination of the load. This category includes construction waste and demolition waste but excludes Cleanup Materials Contaminated by Hazardous Substances, Source-Separated Recyclable Material, special waste, land clearing debris and yard debris.

12), a Hearing Memorandum dated February 1, 2011, (Metro Exhibit 13), enlarged (8x10) photos of the solid waste pile at the facility (Exhibits 14 through 16) and oral testimony by Steve Kraten, Metro Solid Waste Enforcement Coordinator and Will Ennis, Metro Solid Waste Facility Inspector.

2. Terrell Garrett, managing member of Greenway Recycling, LLC, testified on behalf of the Appellant and introduced Greenway Exhibits 1 through 30. All offered exhibits and testimony were admitted without objection.
3. Respondent requested that the Hearings Officer hold open the record of the proceedings after the hearing to allow submission and consideration of a Post-Hearing Memorandum. The Appellant agreed to Respondent's request, provided that the Hearings Officer allow the Appellant an opportunity to respond to Respondent's post-hearing submittal. Both parties submitted Post-Hearing Memoranda: Metro Exhibit 18 and Greenway Exhibit 31. The Hearings Officer closed the record in this case at 5:00 p.m., February 11, 2011.

III. ISSUES PRESENTED

1. Whether Respondent sustained its burden of proof that the Appellant violated Section 3.4.2 of the solid waste facility license by storing mixed solid waste outside of a roofed building that is enclosed on at least three sides during the fifteen day period between September 21 and October 5, 2010; and
2. Whether Respondent's action in assessing a \$5,750.00 civil penalty against the Appellant is appropriate.

IV. BACKGROUND

1. Respondent, Metro, is a regional government created by the State of Oregon with voter approval. The Metro Council, a political body elected by voters within the Metro region, governs Metro. Among other things, Metro regulates the transportation, processing and disposal of waste generated within the Metro region. Metro manages the whole waste stream within the region, implementing environmental, health, safety and public welfare mandates and mandates for recycling and reduction of waste. Metro has developed and implemented a Regional Solid Waste Management Plan, a management system for regional waste disposal and resource recovery.

Pursuant to this authority, Metro requires any person who establishes, operates, maintains, or expands a solid waste facility² in the Metro region to secure the appropriate license or franchise. Metro Code Section 5.01.030.

2. The Appellant operates a solid waste facility at 4135 NW St. Helens Road, Portland; also known as tax lots 191N1EOL, Section 19, Township 1N, Range 1E, City of Portland, Multnomah County, State of Oregon (the “facility”). The facility is located within Metro’s jurisdictional boundaries. Therefore the Appellant was required to obtain a license from Metro to operate the facility. Operation of the facility is regulated by solid waste facility license No. L-109-07B (the “License”). See Metro Exhibit 1. Metro issued the License to the Appellant on July 1, 2009. The License authorizes the Appellant “[t]o accept loads of mixed non-putrescible solid wastes for the purpose of conducting material recovery.” Section 3.4.1 of the License.
3. Section 3.4.2 of the License provides:

All mixed non-putrescible waste tipping, storage, sorting and reloading activities must occur on an impervious surface (e.g. asphalt or concrete) and inside a roofed building that is enclosed on at least three sides. Unusually large vehicles (i.e., 30-foot tippers) may tip waste outside, provided the tipped wastes are moved under cover prior to processing within 12 hours of receipt, or by the end of the business day, whichever is earlier.

V. FINDINGS OF FACT

1. In March 2010, Metro issued “Metro Regulatory Guidance Bulletin GB 1” (the “Metro Bulletin”). Greenway Exhibit 29. The stated purpose of the Metro Bulletin was to establish a quantitative general standard for determining “trivial amounts” of putrescible waste that may be contained in loads of mixed non-putrescible waste received at Material Recovery Facilities (“MRFs”). The Metro Bulletin provides, “Metro has developed a per-load quantitative general standard for determining ‘trivial amounts.’ A load of non-putrescible waste may not contain more than five percent (5%) by weight, and not exceed a maximum of 300 pounds of putrescible waste.” p. 3 of Greenway Exhibit 29. The Metro Bulletin goes on to provide that:

² MC 5.01(uu) provides:

"Solid waste facility" means the land and buildings at which Solid Waste is received for Transfer and/or Processing but excludes disposal.

This trivial standard also applies to other types of waste received at specialized MRFs. Specialized MRFs, such as those that exclusively accept and process roofing or dry wall debris, may be prohibited from accepting loads that contain more than trivial amounts of unauthorized waste that is not closely related to its specific authorization (e.g., a roofing debris processing facility must not accept more than trivial amounts of non-roofing related waste).

Id. at p. 4.

2. On February 23, 2010, Margo Norton, Metro Director of Finance and Regulatory Services, sent the Appellant an email in response to the Appellant's request for "[f]urther clarification on Metro's standard for clean and source separated." Ms. Norton referred to the definition of "trivial amounts" of contamination set out in the Metro Bulletin as "[t]he bright line standard you [the Appellant] were seeking..."
3. On August 3, 2010, the Appellant allowed a customer to tip a load of solid waste (demolition debris) outside of the buildings at the facility. In addition, the Appellant tipped a load of partially processed solid waste outside of the buildings to await further processing.
4. On August 9, 2010, Respondent issued Notice of Violation No. NOV-257-10 alleging that the solid waste tipped outside at the facility on August 3, 2010, constituted mixed non-putrescible waste, which Section 3.4.2 of the License requires that the Appellant tip, store and process inside a building. Respondent documented the alleged violations in inspection notes and photographs. NOV-257-10 did not impose a civil penalty. The Appellant did not appeal NOV-257-10.
5. On August 12, 2010, the Appellant continued to process solid waste outdoors at the facility. On August 18, 2010, Respondent issued Notice of Violation No. NOV-257A-10 alleging that the solid waste the Appellant was processing outdoors constituted mixed non-putrescible waste, which Section 3.4.2 of the License requires that the Appellant process inside a building. See Metro Exhibit 4. Respondent documented the alleged violations in inspection notes and photographs. See Metro Exhibit 5. NOV-257A-10 imposed a civil penalty of \$100. The Appellant did not appeal NOV-257A-10 and paid the penalty.

6. On September 7, 2010, the Appellant continued to store and process solid waste outdoors at the facility. On September 13, 2010, two dump trucks tipped loads of solid waste outside of the buildings at the facility. On September 17, 2010, Respondent issued Notice of Violation No. NOV-257B-10 alleging that the solid waste tipped, stored and processed on September 7 and 13, 2010, constituted mixed non-putrescible waste. Therefore tipping, storing and processing of the material outdoors was a violation of Section 3.4.2 of the License. Respondent documented the alleged violations in inspection notes and photographs. NOV-257B-10 imposed a civil penalty of \$925³ for three separate violations of Section 3.4.2 of the License.
7. NOV-257B-10 also alleged that the Appellant violated License Sections 3.6.1 (managing and processing residual outside of a building and uncontained) and 4.3 (mixing unprocessed waste with source-separated wood). The Appellant did not appeal NOV-257B-10 and paid the penalty.
8. The Appellant continued to store solid waste outdoors at the facility between September 21 and October 5, 2010. On October 15, 2010, Respondent issued Notice of Violation No. NOV-257C-10 alleging that this solid waste constituted mixed non-putrescible waste, the outdoor storage of which constitutes a violation of Section 3.4.2 of the License. Respondent documented the alleged violations in inspection notes and photographs. NOV-257C-10 imposed a civil penalty of \$5,75.00⁴ for 15 separate violations of Section 3.4.2 of the License.
9. The Appellant filed a written appeal of NOV-257C-10 on November 9, 2010.
10. There is no dispute that the Appellant was storing solid waste as defined by MC 5.01(tt) at the facility outside of an enclosed building between September 21 and October 5, 2010. See Metro Exhibits 10, 11 and 14 thorough 16. The Appellant was receiving materials from two separate construction projects, a composition roofing tear-off and replacement project (the “roofing materials”) and two building demolition projects, at Portland State University and Burger King (collectively the “PSU materials”). The Appellant was storing the roofing materials separately from the PSU materials. The roofing materials stockpile is shown in photos 15 through 22 of Metro Exhibit 10, Photos 8 through 12 of Metro Exhibit 11 and Greenway Exhibit 7. The PSU materials are shown in photos 27 through 29 of Metro Exhibit 10, Photos 1, 2 and 7 of Metro Exhibit 11, and in Metro Exhibits 14 through 16. The violations of License Section 3.4.2 alleged

³ \$225 per violation per day, plus a \$250 flat fee penalty component.

⁴ \$350 per violation per day, plus a \$500 flat fee penalty component.

in NOV-257C-10 are limited to the PSU materials. Respondent did not allege that the roofing materials constituted a violation of License Section 3.4.2.

11. The Appellant sorted the roofing materials outdoors on the site, using a bucket loader to remove any non-roofing material. The Appellant weighed the roofing material and non-roofing material and determined that the stockpile shown in Greenway Exhibit 7 contained 3.22-percent non-roofing materials, by weight.
12. The Appellant processed the PSU materials on a conveyor belt where laborers picked out the insulation and other non-wood components prior to the wood being ground up for use as fuel. The piles of metal, paper, plastic and insulation shown in Greenway Exhibit 10 was removed from 50 tons of the PSU materials.

VI. CONCLUSIONS OF LAW

1. Respondent failed to meet its burden of proof that the Appellant violated Section 3.4.2 of the solid waste facility license by storing mixed solid waste outside of a roofed building, that is enclosed on at least three sides during the fifteen day period between September 21 and October 5, 2010.
2. Therefore the \$5,750.00 civil penalty assessed against the Appellant is inappropriate.

VII. OPINION

1. This appeal hearing is limited to review of NOV-257C-10. The Appellant did not appeal NOV-257-10, NOV-257A-10, or NOV-257B-10. Therefore the hearings officer has no jurisdiction to consider any violations alleged in those NOVs.
2. There is no dispute that the Appellant was storing solid waste as defined by MC 5.01(tt) at the facility outside of an enclosed building between September 21 and October 5, 2010. The issue is whether the material stored outside of the buildings constitutes “mixed non-putrescible waste” that License Section 3.4.2 requires must be stored inside a building or “source-separated recyclables” that the Appellant can store and process outdoors.

3. The pile of material stored outside of a building on the site does not meet the strict definition of "source-separated recyclables" in MC 5.01(ww):

"Source-separated recyclable material" or "Source-separated recyclables" means solid waste that has been Source Separated by the waste generator for the purpose of Reuse, Recycling, or Composting. This term includes (1) all homogenous loads of Recyclable Materials that have been Source Separated by material type for the purpose of recycling (i.e., source-sorted) and (2) residential and commercial commingled Recyclable Materials, which include only those recyclable material types that the local jurisdiction, where the materials were collected, permits to be mixed together in a single container as part of its residential curbside recyclable material collection program. This term does not include any other commingled recyclable materials.

The Code does not define the term "homogeneous." Therefore the hearings officer relies on the dictionary definition of the term.⁵ Webster's New World College Dictionary (2010) defines "homogeneous" as (1) "the same in structure, quality, etc.; similar or identical, (2) composed of similar or identical elements or parts; uniform." Based on these definitions, a load of source-separated recyclables must consist of a single type of recyclable material, without containing any contaminants. Loads of recyclable material that contain more than one type of material would exceed the definition of "source-separated materials" and therefore constitute "mixed non-putrescible waste."⁶

4. The photographs in the record clearly show that the pile of material stored out of doors at the facility is not homogeneous. It comprises a mixture of materials, including wood, metal,

⁵ "In examining the text of a statute, we ordinarily assume that the legislature intended that terms be given their plain, ordinary meanings....Ordinary meaning can be determined by reference to a dictionary of common usage." *Edwards v. Riverdale School District*, 220 Or. App. 509, 513, 188 P.3d 317 (2008) (Internal citations omitted).

⁶ The Metro Code does not define the terms "mixed non-putrescible waste" or "mixed." MC 5.01(aa) provides:

"Non-putrescible waste" means any Waste that contains no more than trivial amounts of Putrescible materials or minor amounts of Putrescible materials contained in such a way that they can be easily separated from the remainder of the load without causing contamination of the load. This category includes construction waste and demolition waste but excludes Cleanup Materials Contaminated by Hazardous Substances, Source-Separated Recyclable Material, special waste, land clearing debris and yard debris. The American Heritage Dictionary of the English Language (4th Ed., 2010) defines "mixed" as "Blended together into one unit or mass; intermingled." Based on these definitions, the hearings officer finds that the term "mixed non-putrescible waste" means a mixture of more than one type of non-putrescible waste, including commingled recyclables other than residential curbside recyclable material.

insulation, ceiling tiles, carpet, etc. Even if all of the materials in the pile were recyclable, the pile would not qualify as “source-separated recyclables.” MC 5.01(ww) excludes “commingled⁷ recyclable materials,” other than residential curbside recyclable material, from the definition of “source-separated recyclables.” Therefore, the fact that the Appellant recovered and recycled 97 to 98% of the PSU material is not determinative. If the PSU material contained a mixture of recyclable materials, it is not “homogenous” and therefore does not meet the definition of “source-separated recyclables” in MC 5.01(ww). Based on a strict reading of the Code, the PSU material would constitute mixed non-putrescible waste that the Appellant is required to tip, store and process inside a building, pursuant to Section 3.4.2 of the License.

5. However Respondent does not follow this strict interpretation of its Code. Respondent concedes that the definition of “source-separated materials” must be interpreted in a reasonable manner to allow some minor contamination. Respondent stated that “source-separated wood may contain an occasional odd bit of other non-wood waste that the generator overlooked or accidentally introduced during the source-separation process.” p. 4 of Metro Exhibit 18.
6. The Metro Code does not provide a specific standard or maximum amount of contamination that a load can contain without exceeding the definition of “source-separated materials.” The Metro Bulletin, as clarified by Ms. Norton’s email, does provide a clear, bright line, standard. Ms. Norton issued her email (Greenway Exhibit 28) in response to the Appellant’s request for clarification of the standard for “[c]lean and source separated.” Ms. Norton referred the Appellant to the “trivial amount” (five-percent/300lbs per load) standard in the Metro Bulletin as a “bright line standard” that would resolve the issue. *Id.* Ms. Norton is the Director of Finance and Regulatory Services and has authority to interpret the Metro Code in this way. The Appellant relied on that interpretation in distinguishing between loads of source-separated recyclables and non-putrescible waste.
7. The hearings officer finds that the PSU material stockpile shown in Metro Exhibits 7, 8, 14, 15 and 16 meets the “standard for “source-separated recyclables” (wood), as clarified by the Metro Bulletin and Ms. Norton’s email. The demolition contractor sorted the demolition debris from the PSU and Burger King demolition projects to separate the wood from the majority of the non-wood material prior to delivering it to the Appellant’s facility. Although the loads of material

⁷ The Metro Code does not define the term “commingled.” Webster’s New World College Dictionary (2010) defines “commingled” as “to mingle together; intermix; blend.”

delivered to the Appellant contain a mix of materials, the majority of the material is wood debris. Provided the non-wood material constitutes less than five-percent, by weight, of the total, the stockpile of PSU material will constitute “source-separated recyclables” as defined by the MC 5.01(ww) as clarified by the Metro Bulletin and Ms. Norton’s email. The Appellant processed 50 tons of the PSU material through its sort line, removing the non-wood material. Greenway Exhibit 10 shows the amount of non-wood material removed. Provided the non-wood material weighs less than 5,000 pounds (five-percent of 50 tons), the material will comply with the trivial standard established in the Metro Bulletin and Ms. Norton’s email.

8. The Appellant demonstrated that a roughly similar amount of solid waste removed from the roofing material stockpile shown in Greenway Exhibit 7 weighed 2,300 pounds. Therefore the hearings officer finds that it is more likely than not that the PSU material stockpile shown in Metro Exhibits 7, 8, 14, 15 and 16 meets the trivial standard for non-wood material. There is no substantial evidence in the record to the contrary.
9. Respondent argues that the PSU material stockpile does not meet the standard for “source-separated recyclables” because the material needs additional sorting on a belt or tipping floor at the solid waste facility.⁸ However the Metro Code definitions of "Source Separated" and "Source-separated recyclables," as clarified by the Metro Bulletin and Ms. Norton’s email, does not include that requirement. In addition, the Appellant testified that the PSU material did not “need” additional sorting. The Appellant chose to process the material on its sorting belt in order to maximize the amount of recyclable materials recovered from the PSU materials. There is no substantial evidence in the record to the contrary.
10. NOV 257C-10 did not allege any violations of License Sections 3.6.1 and 4.3. Therefore it is unnecessary to address those issues.

⁸ Metro argued:

Source-separated wood may contain an occasional odd bit of other non-wood waste that the generator overlooked or accidentally introduced during the source-separation process. The solid waste facility operator may pull out such items when they are noticed but, in order to fit the definition of "source-separated," the material must not be contaminated to the point where the entire stream must go through a sorting process to be marketable.

VIII. ORDER

1. Respondent failed to bear the burden of proving that the Appellant violated License Section 3.4.2 by storing and/or processing mixed non-putrescible waste outside of an enclosed building between September 21 and October 5, 2010.
2. NOV-257C-10 and the associated \$5,750.00 civil penalty is dismissed.

METRO REGIONAL GOVERNMENT

DATED: April _____, 2011

Daniel B. Cooper,
Chief Operating Officer

S:\REM\kraten\Facilities\MRFs\GreenWay Recycling\Contested Cases\NOV-257C-10 Final Order.doc

Agenda Item Number 3.3

Resolution No. 11-4249 For the Purpose of Adopting the Hearings Officer's Proposed Order Regarding Metro's Notice of Violation Nov-280-11 Issued to K.B. Recycling, Inc. and Authoring the Chief Operating Officer to Issue a Final Order.

Consent Agenda

Metro Council Meeting
Thursday, April 14, 2011
Metro Council Chamber

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF ADOPTING THE	)	RESOLUTION NO. 11-4249
HEARINGS OFFICER'S PROPOSED ORDER)	
REGARDING METRO'S NOTICE OF VIOLATION	)	Introduced by the Chief Operating Officer
NOV-280-11 ISSUED TO K.B. RECYCLING, INC.	)	Daniel B. Cooper with the concurrence of
AND AUTHORIZING THE CHIEF OPERATING	)	Council President Tom Hughes
OFFICER TO ISSUE A FINAL ORDER)	

WHEREAS, on February 2, 2011, the Finance and Regulatory Services Director ("the Director") issued Notice of Violation NOV-280-11 to K.B. Recycling, Inc. ("K.B."); and

WHEREAS, NOV-280-11 stated that the Director had found that on January 25, 2011, K.B. violated Section 5.13 of its Solid Waste Facility License which requires specified signage to be posted at all public entrances to the facility and imposed a penalty of \$50.00; and

WHEREAS, K.B. submitted a timely request for a contested case hearing; and

WHEREAS, a hearing on the matter was held on March 9, 2011, before Metro Hearings Officer Joe Turner; and

WHEREAS, pursuant to Metro Code 2.05.035(a), on March 15, 2011, the Hearings Officer issued a proposed order (attached as Exhibit A) finding that Metro met its burden of proof action and upholding NOV-280-11 and the \$50.00 civil penalty; and

WHEREAS, in accordance with Metro Code 2.05.035(b), the Director mailed copies of the proposed order to K.B. and informed Metro and K.B. of the deadline for filing written exception to the proposed order; and

WHEREAS, the parties did not file written exceptions to the Hearings Officer's proposed order; and

WHEREAS, Metro Code 2.05.045(b) provides that the Metro Council shall (1) adopt the Hearings Officer's proposed order; (2) revise or replace the findings of fact or conclusions of law in the order, or (3) remand the matter to the Hearings Officer; and

WHEREAS, the Metro Council has considered the proposed order as required by the Metro Code, now therefore

BE IT RESOLVED that the Metro Council adopts the proposed order from hearing issued by Hearings Officer Joe Turner in the Metro contested case: Notice of Violation NOV-280-11 issued to K.B. Recycling, Inc. and directs the Chief Operating Officer to issue a final order substantially similar to Exhibit B to this resolution.

ADOPTED by the Metro Council this _____ day of _____. 2011.

Tom Hughes, Council President

Approved as to form:

Alison Kean Campbell

S:\REM\kraten\Facilities\MRFs\KB II\Enforcement\Resolution_NOV-280-11.docx

IN THE MATTER OF THE CONTESTED CASE HEARING OF

K.B. RECYCLING, INC.,
Appellant

v.

METRO,
Respondent

Case No:

NOV-280-11

PROPOSED FINAL ORDER

ORIGINAL

I. STATEMENT OF THE CASE

1. This proposed final order concerns an appeal of Notice of Violation and Order No. NOV-280-11 (the "NOV") filed by K.B. Recycling, Inc. (the "Appellant"). The NOV concerns operation of the Appellant's solid waste facility. The NOV alleges that the Appellant violated Section 5.13 of its solid waste facility license by failing to post signs listing certain required information at all public entrances to the facility. The NOV imposed a civil penalty of \$50.00.
2. Hearings Officer Joe Turner (the "Hearings Officer") received testimony at the public hearing about this appeal on March 9, 2011, at approximately 9:30 a.m. at Metro's offices, located at 600 NE Grand Avenue, Portland, Oregon. At the beginning of the hearing, the Hearings Officer made a statement describing the hearing procedure and disclaiming any *ex parte* contacts, bias or conflicts of interest. All witnesses testified under oath or affirmation. Metro made an audio recording of the hearing. Metro maintains the record of the proceedings.

II. EVIDENTIARY MATTERS

Respondent provided a packet of Exhibits (Metro Exhibits 1 through 5), a list of witnesses and exhibits, "Respondent Metro's Witness and Exhibit List" dated February 22, 2011 (Metro Exhibit 6), a notice of hearing dated February 2011 (Metro Exhibit 7) and oral testimony by Tiffany Gates, Metro Solid Waste Facility Inspector. Ray Kahut and Gary Roe testified on behalf of the Appellant. All offered exhibits and testimony was admitted without objection.

III. ISSUES PRESENTED

1. Whether Respondent sustained its burden of proof that the Appellant violated Section 5.13 of the solid waste facility license by failing to post and maintain required signage at the public entrance to the facility.

///

///

///

ORIGINAL

IV. BACKGROUND

1. Respondent, Metro, is a regional government created by the State of Oregon with voter approval. The Metro Council, a political body elected by voters within the Metro region, governs Metro. Among other things, Metro regulates the transportation, processing and disposal of waste generated within the Metro region. Metro manages the whole waste stream within the region, implementing environmental, health, safety and public welfare mandates and mandates for recycling and reduction of waste. Metro has developed and implemented a Regional Solid Waste Management Plan, a management system for regional waste disposal and resource recovery. Pursuant to this authority, Metro requires any person who establishes, operates, maintains, or expands a solid waste facility¹ in the Metro region to secure the appropriate license or franchise. Metro Code Section 5.01.030.
2. The Appellant operates a solid waste facility at 9602 SE Clackamas Road, Clackamas, Oregon (the "facility"). The facility is located within Metro's jurisdictional boundaries. Therefore the Appellant was required to obtain a license from Metro to operate the facility. Operation of the facility is regulated by solid waste facility license No. L-007-07A (the "License"). See Metro Exhibit 1. Metro issued the License to the Appellant on February 17, 2009. Section 5.13 of the License provides:

The Licensee shall post signs at all public entrances to the facility, and in conformity with local government signage regulations. These signs shall be easily and readily visible, and legible from off-site during all hours and shall contain at least the following information:

- a) Name of the facility;
- b) Address of the facility;
- c) Emergency telephone number for the facility;
- d) Operating hours during which the facility is open for the receipt of authorized waste;
- e) Fees and charges;
- f) Metro's name and telephone number (503) 234-3000;
- g) A list of authorized and prohibited wastes;
- h) Vehicle/traffic flow information or diagram;
- i) Covered load requirements; and
- j) Directions not to queue on public roadways.

///
///
///

¹ MC 5.01(uu) provides:

"Solid waste facility" means the land and buildings at which Solid Waste is received for Transfer and/or Processing but excludes disposal.

III. FINDINGS OF FACT

1. The Appellant's 2007 and 2009 solid waste facility licenses both listed a new Metro emergency contact phone number to be listed on the sign. On November 9, 2010, Metro Solid Waste Facility Inspector Duane Altig inspected the facility and noted that Appellant's sign had not been updated to reflect the new Metro emergency contact phone number. Mr. Altig contacted Mr. Roe, the facility manager, about the issue, who told him they were planning to update the sign. Mr. Altig reinspected the facility on December 8, 2010 and noted the same problem. Mr. Altig again talked to Mr. Roe about the need to update the sign. Metro Solid Waste Facility Inspector Tiffany Gates inspected the facility on January 13, 2011 and noted that the entire sign had been sanded down and painted over. The blank sign did not provide any of the information required by Section 5.13 of the License. She contacted Mr. Roe about the problem and noted the lack of signage as a concern on the inspection form.
2. Ms. Gates reinspected the facility on Thursday, January 20, 2011 and noted that the sign remained blank. Therefore she issued Field Notice of Violation No. FNOV-276-11 (the "FNOV," Metro Exhibit 2) to Mr. Roe, as the Appellant's representative. The FNOV provided the Appellant an opportunity to cure the cited violation and avoid imposition of civil penalties by displaying either temporary or permanent signage as required by the License. The FNOV allowed the Appellant two business days in which to cure the violation. Ms. Gates reinspected the facility on Wednesday, January 27, 2011 and noted that the sign remained blank and the Appellant had not installed any temporary signage. See Metro Exhibit 3. Ms. Gates testified that temporary signage is always allowed to meet the signage requirements.
3. On February 2, 2011, Respondent issued Notice of Violation No. NOV-280-11 alleging that on January 25, 2011 the Appellant violated Section 5.13 of the License. NOV-280-11 imposed a civil penalty of \$50.
4. The Appellant filed a written appeal of NOV-280-11 on February 7, 2011. See Metro Exhibit 7. The Appellant argued that it was not given sufficient notice to change its sign. The Appellant first learned that the Metro emergency contact phone number had changed when Mr. Altig informed the Appellant of the change in November 2010. The Appellant attempted, on several occasions, to repaint its sign to include the new Metro telephone number. However it was impossible for the Appellant to repaint their cement sign during the winter, when wet weather prevented the paint from drying. During a period of clear weather in January the Appellant sanded the sign to prepare it for repainting. However the weather changed and the Appellant was unable to finish painting the sign. The Appellant painted lettering on the sign anyway, but the paint bubbled and "looks terrible." The Appellant was unable to obtain a temporary sign during the two-day opportunity to cure provided in NOV-280-11. The Appellant installed a spray

painted temporary sign on January 27, 2011, after Ms. Gates completed her inspection.

IV. CONCLUSIONS OF LAW

Respondent sustained its burden of proof that the Appellant violated Section 5.13 of the solid waste facility license by failing to display required signage on January 25, 2011. Therefore the \$50.00 civil penalty assessed against the Appellant is appropriate.

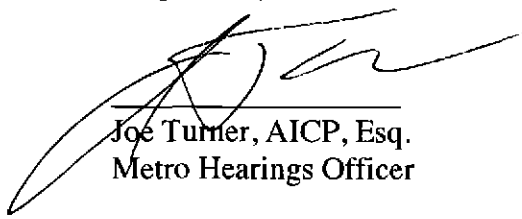
V. OPINION

1. Section 5.13 of the License requires that the Appellant post signs containing certain information at all public entrances to the facility. The Appellant, while attempting to update the Metro phone emergency contact phone number on the sign, removed all of the existing information from the sign. Wet weather conditions prevented the Appellant from repainting the sign with the required information. The Appellant did not install temporary signage to ensure compliance with Section 5.13 of the License.
2. Respondent inspected the facility on January 20, 2011 and observed that the signage required by Section 5.13 of the License was not provided at the public entrance to the facility. Therefore Respondent issued the FNOV, noting that the facility was in violation Section 5.13 of the License and ordering the Appellant to cure the violation by installing temporary or permanent signage with the required information. The FNOV required that the Appellant cure the violation by installing temporary or permanent signage within two business days. The Appellant failed to cure the violation within the time period specified in the FNOV. Therefore the Hearings Officer finds that the Appellant was in violation of Section 5.13 of the License on January 25, 2011.
3. The Hearings Officer finds that the Appellant was afforded ample time remedy the violation. The Hearings Officer understands that wet weather prevented the Appellant from repainting the existing sign. But the Appellant could have installed temporary signage at any time after Respondent informed Appellant of the need to update the sign.

VI. PROPOSED ORDER

1. Respondent sustained its burden of proving that the Appellant violated License Section 5.13 by failing to install and maintain required signage at the public entrance to the facility.
2. NOV-280-11 and the associated \$50.00 civil penalty is upheld.

Respectfully Submitted:



Joe Turner, AICP, Esq.
Metro Hearings Officer

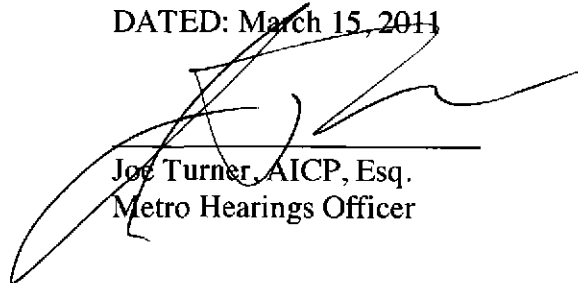
DATED: March 15, 2011

CERTIFICATE OF SERVICE

I, Joe Turner, certify that on this day I mailed the original PROPOSD FINAL ORDER to the Metro Council, Attention Steve Kraten at 600 Northeast Grand Avenue, Portland, Oregon 97232-2736 and via electronic transmission to Mr. Kraten at Steve.Kraten@oregonmetro.gov. I sent an original copy of the foregoing PROPOSD FINAL ORDER to the Appellant by US Mail, first class postage pre-paid, in a properly addressed and sealed envelope, at the address shown:

K.B. Recycling, Inc.
Gary Roe, Plant Manager
PO Box 550
Canby, OR 97013

DATED: March 15, 2011



Joe Turner, AICP, Esq.
Metro Hearings Officer

BEFORE THE METRO COUNCIL

In the Matter of Notice of Violation and)	
Imposition of Civil Penalty NOV-280-11)	
)	
Issued to	)	FINAL ORDER
)	
KB RECYCLING INC.)	
)	
Respondent)	
)	

I. STATEMENT OF THE CASE

1. This final order concerns an appeal of Notice of Violation and Order No. NOV-280-11 (the "NOV") filed by K.B. Recycling, Inc. (the "Appellant"). The NOV concerns operation of the Appellant's solid waste facility. The NOV alleges that the Appellant violated Section 5.13 of its solid waste facility license by failing to post signs listing certain required information at all public entrances to the facility. The NOV imposed a civil penalty of \$50.00.
2. Hearings Officer Joe Turner (the "Hearings Officer") received testimony at the public hearing about this appeal on March 9, 2011, at approximately 9:30 a.m. at Metro's offices, located at 600 NE Grand Avenue, Portland, Oregon. At the beginning of the hearing, the Hearings Officer made a statement describing the hearing procedure and disclaiming any *ex parte* contacts, bias or conflicts of interest. All witnesses testified under oath or affirmation. Metro made an audio recording of the hearing. Metro maintains the record of the proceedings.

II. EVIDENTIARY MATTERS

Respondent provided a packet of Exhibits (Metro Exhibits 1 through 5), a list of witnesses and exhibits, "Respondent Metro's Witness and Exhibit List" dated February 22, 2011 (Metro Exhibit 6), a notice of hearing dated February 2011 (Metro Exhibit 7) and oral testimony by Tiffany Gates, Metro Solid Waste Facility Inspector. Ray Kahut and Gary Roe testified on behalf of the Appellant. All offered exhibits and testimony was admitted without objection.

III. ISSUES PRESENTED

Whether Respondent sustained its burden of proof that the Appellant violated Section 5.13 of the solid waste facility license by failing to post and maintain required signage at the public entrance to the facility.

IV. BACKGROUND

1. Respondent, Metro, is a regional government created by the State of Oregon with voter approval. The Metro Council, a political body elected by voters within the Metro region, governs Metro. Among other things, Metro regulates the transportation, processing and disposal of waste generated within the Metro region. Metro manages the whole waste stream within the region, implementing environmental, health, safety and public welfare mandates and mandates for recycling and reduction of waste. Metro has developed and implemented a Regional Solid Waste Management Plan, a management system for regional waste disposal and resource recovery. Pursuant to this authority, Metro requires any person who establishes, operates, maintains, or expands a solid waste facility¹ in the Metro region to secure the appropriate license or franchise. Metro Code Section 5.01.030.
2. The Appellant operates a solid waste facility at 9602 SE Clackamas Road, Clackamas, Oregon (the “facility”). The facility is located within Metro’s jurisdictional boundaries. Therefore the Appellant was required to obtain a license from Metro to operate the facility. Operation of the facility is regulated by solid waste facility license No. L-007-07A (the “License”). Metro issued the License to the Appellant on February 17, 2009. Section 5.13 of the License provides:

The Licensee shall post signs at all public entrances to the facility, and in conformity with local government signage regulations. These signs shall

¹ MC 5.01(uu) provides:

"Solid waste facility" means the land and buildings at which Solid Waste is received for Transfer and/or Processing but excludes disposal.

be easily and readily visible, and legible from off-site during all hours and shall contain at least the following information:

- a) Name of the facility;
- b) Address of the facility;
- c) Emergency telephone number for the facility;
- d) Operating hours during which the facility is open for the receipt of authorized waste;
- e) Fees and charges;
- f) Metro's name and telephone number (503) 234-3000;
- g) A list of authorized and prohibited wastes;
- h) Vehicle/traffic flow information or diagram;
- i) Covered load requirements; and
- j) Directions not to queue on public roadways.

V. FINDINGS OF FACT

1. The Appellant's 2007 and 2009 solid waste facility licenses both listed a new Metro emergency contact phone number to be listed on the sign. On November 9, 2010, Metro Solid Waste Facility Inspector Duane Altig inspected the facility and noted that Appellant's sign had not been updated to reflect the new Metro emergency contact phone number. Mr. Altig contacted Mr. Roe, the facility manager, about the issue, who told him they were planning to update the sign. Mr. Altig reinspected the facility on December 8, 2010 and noted the same problem. Mr. Altig again talked to Mr. Roe about the need to update the sign. Metro Solid Waste Facility Inspector Tiffany Gates inspected the facility on January 13, 2011 and noted that the entire sign had been sanded down and painted over. The blank sign did not provide any of the information required by Section 5.13 of the License. She contacted Mr. Roe about the problem and noted the lack of signage as a concern on the inspection form.
2. Ms. Gates reinspected the facility on Thursday, January 20, 2011 and noted that the sign remained blank. Therefore she issued Field Notice of Violation No. FNOV-276-11 to Mr. Roe, as the Appellant's representative. The FNOV

provided the Appellant an opportunity to cure the cited violation and avoid imposition of civil penalties by displaying either temporary or permanent signage as required by the License. The FNOV allowed the Appellant two business days in which to cure the violation. Ms. Gates reinspected the facility on Wednesday, January 27, 2011 and noted that the sign remained blank and the Appellant had not installed any temporary signage. Ms. Gates testified that temporary signage is always allowed to meet the signage requirements.

3. On February 2, 2011, Respondent issued Notice of Violation No. NOV-280-11 alleging that on January 25, 2011 the Appellant violated Section 5.13 of the License. NOV-280-11 imposed a civil penalty of \$50.
4. The Appellant filed a written appeal of NOV-280-11 on February 7, 2011. The Appellant argued that it was not given sufficient notice to change its sign. The Appellant first learned that the Metro emergency contact phone number had changed when Mr. Altig informed the Appellant of the change in November 2010. The Appellant attempted, on several occasions, to repaint its sign to include the new Metro telephone number. However it was impossible for the Appellant to repaint their cement sign during the winter, when wet weather prevented the paint from drying. During a period of clear weather in January the Appellant sanded the sign to prepare it for repainting. However the weather changed and the Appellant was unable to finish painting the sign. The Appellant painted lettering on the sign anyway, but the paint bubbled and “looks terrible.” The Appellant was unable to obtain a temporary sign during the two-day opportunity to cure provided in NOV-280-11. The Appellant installed a spray painted temporary sign on January 27, 2011, after Ms. Gates completed her inspection.

VI. CONCLUSIONS OF LAW

Respondent sustained its burden of proof that the Appellant violated Section 5.13 of the solid waste facility license by failing to display required signage on January 25, 2011. Therefore the \$50.00 civil penalty assessed against the Appellant is appropriate.

VII. OPINION

1. Section 5.13 of the License requires that the Appellant post signs containing certain information at all public entrances to the facility. The Appellant, while attempting to update the Metro phone emergency contact phone number on the sign, removed all of the existing information from the sign. Wet weather conditions prevented the Appellant from repainting the sign with the required information. The Appellant did not install temporary signage to ensure compliance with Section 5.13 of the License.
2. Respondent inspected the facility on January 20, 2011 and observed that the signage required by Section 5.13 of the License was not provided at the public entrance to the facility. Therefore Respondent issued the FNOV, noting that the facility was in violation Section 5.13 of the License and ordering the Appellant to cure the violation by installing temporary or permanent signage with the required information. The FNOV required that the Appellant cure the violation by installing temporary or permanent signage within two business days. The Appellant failed to cure the violation within the time period specified in the FNOV. Therefore the Hearings Officer finds that the Appellant was in violation of Section 5.13 of the License on January 25, 2011.
3. The Hearings Officer finds that the Appellant was afforded ample time remedy the violation. The Hearings Officer understands that wet weather prevented the Appellant from repainting the existing sign. But the Appellant could have installed temporary signage at any time after Respondent informed Appellant of the need to update the sign.

VIII. ORDER

1. Respondent sustained its burden of proving that the Appellant violated License Section 5.13 by failing to install and maintain required signage at the public entrance to the facility.

2. NOV-280-11 and the associated \$50.00 civil penalty is upheld.

METRO REGIONAL GOVERNMENT

DATED: April _____, 2011

Dan Cooper,
Chief Operating Officer

S:\REM\kraten\Facilities\MRFs\KB II\Enforcement\Nov-280-11 Final Order.doc

Agenda Item Number 3.4

Resolution No. 11-4252 For the Purpose of Approving a
Contract Amendment for the Water Main Building Project at the
Oregon Zoo.

Consent Agenda

Metro Council Meeting
Thursday, April 14, 2011
Metro Council Chamber

BEFORE THE METRO COUNCIL CONTRACT REVIEW BOARD

FOR THE PURPOSE OF APPROVING A	)	RESOLUTION NO. 11-4252
CONTRACT AMENDMENT FOR THE WATER)	
MAIN BUILDING PROJECT AT THE OREGON	)	Introduced by Acting Chief Operating Officer
ZOO	)	Dan Cooper with the concurrence of Council
	)	President Tom Hughes

WHEREAS, pursuant to ORS 279A.060 and Metro Code 2.04.058, the Metro Council is designated as the Public Contract Review Board for the agency; and

WHEREAS, Metro Code 2.04.058 requires Council approval for public improvement contract amendments that exceed five percent of the initial contract value or \$25,000.00; and

WHEREAS, on December 13, 2010, Metro awarded the contract (the "Contract") to construct the Oregon Zoo Water Main Building (the "Project") to SKANSKA USA, Inc., after conducting an open competitive bid process in which SKANSKA, USA, Inc. was determined to be the lowest responsive and responsible bidder; and

WHEREAS, the original Contract amount is \$160,000, and amendments 1 and 2 increasing the Contract in the amount of \$2,047, and \$4,486 have been approved by the Chief Operating Officer in accord with the Metro Code, for the following additional work: remove and replace sections of sidewalk, add two-inch conduit in existing trench for future utility and remove and replace vault lid at sidewalk ; and

WHEREAS, the Oregon Zoo now wishes to obtain Metro Council approval for amendment three to the Contract for additional work, in the amount of \$4,298. The additional work elements of Amendment 3 include the following: relocate the location of existing irrigation main line that was in conflict with the new building's footings, install additional fencing along the sidewalk to protect the building site's perimeter and to ensure visitor safety, prepare and install additional planting bed work to connect the project to sidewalk, remove and replace concrete sidewalk adjacent to the new custom cast vault lid to eliminate any grade changes and trip hazards; and

WHEREAS, the additional work has been reviewed by the Deputy Chief Operating Officer, the Oregon Zoo Bond Manager, the Oregon Zoo Construction Manager and the Project architect, and has been determined to be necessary, appropriately priced, and within the contingency budget for the project; and

WHEREAS, the sum of the prior approved contract amendments and the amendment proposed herein is \$10,831, exceeds five percent of the initial Contract, amounting to seven percent of the Project's total budget of \$160,000, and therefore must be approved by the Metro Council under Metro Code Section 2.04.058(a)(3); and

WHEREAS, the Metro Procurement Officer believes that amending the existing Contract with SKANSKA USA, Inc. is appropriate and that such action is in the best interests of Metro and will better ensure a timely Project delivery; now therefore

BE IT RESOLVED that the Metro Council acting as the Public Contract Review Board authorizes the Chief Operating Officer to execute contract amendment three with SKANSKA USA, Inc. in the amount of \$4,298, for the Oregon Zoo Water Main Building Project.

ADOPTED by the Metro Council Contract Review Board this ____ day of _____ 2011.

Thomas Hughes, Council President

Attest:

Approved as to Form:

Kelsey Newell, Recorder

Alison Kean Campbell, Acting Metro Attorney

STAFF REPORT

IN CONSIDERATION OF RESOLUTION NO 11-4252, METRO COUNCIL, ACTING AS THE METRO CONTRACT REVIEW BOARD, FOR THE PURPOSE OF APPROVING A CONTRACT AMENDMENT FOR THE WATER MAIN BUILDING PROJECT AT THE OREGON ZOO

Date: March 24, 2011

Prepared by: Darin Matthews, 503 797-1626
Craig Stroud, 503 220-2451

BACKGROUND

An open, competitive Request for Bid was issued for the Water Main Building (WMB) project in 2010. In accordance with Metro Code, the lowest responsive, responsible bidder was selected, which was Skanska USA Building, Inc.

The project specifications and design drawings were prepared by Peck Smiley Ettlin Architects representing the scope of the project.

During the course of construction, existing site conditions and necessary changes to the WMB construction documents have required contract change orders. The program team is requesting amendment to the contract to address the following conditions:

Change Order Three

- A. Upon excavation for the Water Main Building's footings, the contractor discovered that the irrigation main line and a parallel feeder line were within the footprint of the new building's footings. Existing irrigation mainlines had to be re-routed to avoid the new foundation of the WMB. The cost for time and materials to perform this work totals \$137.
- B. The area immediately adjacent to the WMB site has been designated as a contractor staging and materials storing area for additional zoo project work. The area is only partially enclosed by fencing. The Bond Program Director and Construction Manager walked the site with the project manager and determined that adding additional fence along the sidewalk would enclose the staging area and finish off the downhill perimeter of the WMB site. Approximately 66 linear feet of 6-foot chain link fencing along the sidewalk near the WMB project site is required to complete the work. The total cost for this addition is \$2,010.
- C. Uphill of the WMB site there is a blank zone between the limits of disturbance and the sidewalk to Washington Park and Hoyt Arboretum. Although requested, the Architects failed to extend the site's new planting plan from the WMB uphill to the edge of the sidewalk. The unfinished bed has blackberries and other invasive species growing in it, posing an aesthetic and practical maintenance challenge to zoo horticulture staff. At the zoo's request, the Architect's amended the planting plan to extend to edge of the sidewalk and installing one additional tree, 18 shrubs and 8 groundcovers. The total cost for this addition is \$1,265.
- D. Due to existing sidewalk curvature conditions, when the new custom cast vault lid for the WMB was installed, one corner near the curb created a trip hazard. The contractor removed and replaced the concrete sidewalk with new curvature to meet the vault lid elevations and eliminate any trip hazard. The total cost for this addition is \$886.
- E. The total cost for change order 3, all additional scopes listed above, is: \$4,298.

The project's design consultants reviewed the requests and verified that the work is outside of the existing contract scope and reasonably priced, which the Metro Procurement Officer concurs with. The Zoo Bond Construction Manager, Program Director, and the Metro Deputy Chief Operating Officer reviewed these change orders and agreed the work is necessary and can be paid within the adopted project budget.

The total for change order three is \$4,298. With approval of these change orders, the total change orders to date total \$10,831, or seven percent of the project's budget of \$160,000. The project contingency is believed adequate to complete the project within budget.

Metro Code 2.04.058, Public Contract Amendments, requires Metro Council approval of contract amendment or change orders that exceed \$25,000 or five percent of the original contract value. The Metro Procurement Officer has deemed this amendment to be appropriate and reasonably related to the original scope of work, and therefore, believes the amendment is in Metro's best interest to approve.

The bond program will continue to manage and administer this contract to ensure this project is constructed in accordance with the contract, including all plans and specifications. The Water Main Building is scheduled to be completed in April 2011.

ANALYSIS/INFORMATION

1. **Known Opposition:** None known.
2. **Legal Antecedents:** Metro Code 2.04.058, ORS Chapter 279C.
3. **Anticipated Effects:** Construction will continue on the Water Main Building project under the direction of the Bond Program Project Manager and in accordance with contract documents and schedules.
4. **Budget Impacts:** This change order total is within the project's budgeted contingency. The total contract for Skanska USA Building, Inc will increase to \$170,831.

RECOMMENDED ACTION

Metro Council, acting as Public Contract Review Board, approves the attached contract amendment representing change order three with Skanska USA Building, Inc.

Agenda Item Number 3.5

Resolution No. 11-4253 For the Purpose of Approving a
Contract Amendment for the Veterinary Medical Center Project
at the Oregon Zoo.

Consent Agenda

Metro Council Meeting
Thursday, April 14, 2011
Metro Council Chamber

BEFORE THE METRO COUNCIL CONTRACT REVIEW BOARD

FOR THE PURPOSE OF APPROVING A	)	RESOLUTION NO. 11-4253
CONTRACT AMENDMENT FOR THE)	
VETERINARY MEDICAL CENTER PROJECT	)	Introduced by Acting Chief Operating Officer
AT THE OREGON ZOO	)	Dan Cooper with the concurrence of Council
	)	President Tom Hughes

WHEREAS, pursuant to ORS 279A.060 and Metro Code 2.04.058, the Metro Council is designated as the Public Contract Review Board for the agency; and

WHEREAS, Metro Code 2.04.058 requires Council approval for public improvement contract amendments that exceed five percent of the initial contract value or \$25,000.00; and

WHEREAS, on August 13, 2010, Metro awarded the contract (the "Contract") to construct the Oregon Zoo Veterinary Medical Center (the "Project") to SKANSKA USA, Inc., after conducting an open competitive bid process in which SKANSKA, USA, Inc. was determined to be the lowest responsive and responsible bidder; and

WHEREAS, the original Contract amount is \$6,454,899, and six amendments increasing the Contract in the amount of \$606,439 have been approved by the Metro Council; and

WHEREAS, the Oregon Zoo now wishes to obtain Metro Council approval for amendment seven to the Contract for additional work, in the amount of \$25,904. The additional work elements of Amendment 7 include the following: the rain water reclamation system was upgraded to potable water standards by upgrading filter systems, adding a drip chlorination component and other control systems; a portion of the building footings located in the garage and surrounding area changed in elevation from the bid drawings to the construction drawings and additional blocking was required in the bar joist supporting the roof structure; and

WHEREAS, the additional work has been reviewed by the Deputy Chief Operating Officer, the Oregon Zoo Bond Manager, the Oregon Zoo Construction Manager and the Project architect, and has been determined to be necessary, appropriately priced, and within the contingency budget for the project; and

WHEREAS, the sum of the prior approved contract amendments and the amendment proposed herein is \$632,343, amounting to six and one half percent of the Project's total budget of \$9.5million; and

WHEREAS, the Metro Procurement Officer believes that amending the existing contract with SKANSKA USA, Inc. is appropriate and that such action is in the best interests of Metro and will better ensure a timely Project delivery; now therefore

BE IT RESOLVED that the Metro Council acting as the Public Contract Review Board authorizes the Chief Operating Officer to execute contract amendments seven with SKANSKA USA, Inc. in the amount of \$25,904, for the Oregon Zoo Veterinary Medical Center Project.

ADOPTED by the Metro Council Contract Review Board this ____ day of _____ 2011.

Thomas Hughes, Council President

Attest:

Approved as to Form:

Kelsey Newell, Recorder

Alison Kean Campbell, Acting Metro Attorney

STAFF REPORT

IN CONSIDERATION OF RESOLUTION NO. 11-4253, METRO COUNCIL, ACTING AS THE METRO CONTRACT REVIEW BOARD, FOR THE PURPOSE OF APPROVING A CONTRACT AMENDMENT FOR THE VETERINARY MEDICAL CENTER PROJECT AT THE OREGON ZOO

Date: March 23, 2011

Prepared by: Darin Matthews, 503 797-1626
Craig Stroud, 503 220-2451

BACKGROUND

An open, competitive Request for Bid was issued for the Veterinary Medical Center (VMC) project in 2010. In accordance with Metro Code, the lowest responsive, responsible bidder was selected, which was Skanska USA Building, Inc.

The project specifications and design drawings were prepared by Peck Smiley Ettlin Architects representing the scope of the project. The bond program team sought review of the drawings and specifications from multiple engineers and architects for constructability and completeness as a risk mitigating procedure. Those reviews concluded that the excavation and soil nail wall installation were the most inherently risky aspects of the entire project. Due to these risks, the project is carrying a substantial contingency.

During the course of construction, existing site conditions and necessary changes to the VMC construction documents have required contract change orders. The program team is requesting amendment to the contract to address the following conditions:

Change Order Seven

- A. The filters were upgraded a chlorination drip system and other equipment were added to the rainwater reclamation system in order to bring the water up to potable standards.
- B. Footings in a garage and a portion of the building were shown at an incorrect depth.
- C. Additional blocking not shown on the plans is required for the bar joists supporting the roof of the building.

Change Order Six		
Item	Brief Description	Amount
A	Rain Water Reclamation Re-design	10,188
B	Building Footing Changes, Bid to Permit	14,860
C	Blocking for Bar Joists	856
Change Order Six Total		\$25,904

The project's design consultants reviewed the requests and verified that the work is outside of the existing contract scope and reasonably priced, which the Metro Procurement Officer concurs with. The Zoo Bond Construction Manager, Program Director, and the Metro Deputy Chief Operating Officer reviewed these change orders and agreed the work is necessary and can be paid within the adopted project budget.

Information about prior contract amendments in change orders one through six totaling \$606,439 has been presented to the Metro Council in prior resolutions. The total for change order five is \$25,904. With

approval of these change orders, the total change orders to date total \$632,343, or approximately six percent of the project's budget of \$9.5 million.

Due to the risky nature of the soil nail wall and zoo site conditions, the project includes an adequate contingency to cover these change orders. As previously stated, the excavation and soil nail wall represent what is believed to be the riskiest aspect of the project. Remaining project contingency is believed adequate to complete the project within budget.

Metro Code 2.04.058, Public Contract Amendments, requires Metro Council approval of contract amendment or change orders that exceed \$25,000 or five percent of the original contract value. The Metro Procurement Officer has deemed this amendment to be appropriate and reasonably related to the original scope of work, and therefore, believes the amendment is in Metro's best interest to approve.

The bond program will continue to manage and administer this contract to ensure this project is constructed in accordance with the contract, including all plans and specifications. The Veterinary Medical Center project is scheduled to be completed in fall 2011.

ANALYSIS/INFORMATION

1. **Known Opposition:** None known.
2. **Legal Antecedents:** Metro Code 2.04.058, ORS Chapter 279C.
3. **Anticipated Effects:** Construction will continue on the new Veterinary Medical Center under the direction of the Bond Program Construction Manager and in accordance with contract documents and schedules. The project schedule will not be extended as a result of approval of Change Order seven.
4. **Budget Impacts:** These change orders total within the project's budgeted contingency. The total contract for Skanska USA Building, Inc will increase to \$7,087,242.

RECOMMENDED ACTION

Metro Council, acting as Public Contract Review Board, approves the attached contract amendment representing change orders seven with Skanska USA Building, Inc.

Agenda Item Number 4.1

Ordinance No. 11-1255 For the Purpose of Revising the
“Urban Growth Boundary and Urban and Rural Reserves Map”
in Title 14 (Urban Growth Boundary) of the Urban Growth
Management Functional Plan.

Ordinances - First Reading

Metro Council Meeting
Thursday, April 14, 2011
Metro Council Chamber

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF REVISING THE “URBAN
GROWTH BOUNDARY AND URBAN AND
RURAL RESERVES MAP” IN TITLE 14 (URBAN
GROWTH BOUNDARY) OF THE URBAN GROWTH
MANAGEMENT FUNCTIONAL PLAN

ORDINANCE NO. 11-1255

Introduced by Council President
Tom Hughes

WHEREAS, Washington County and Metro entered into an Intergovernmental Agreement, executed by the parties on February 23, and March 2, 2010, respectively, with an amendment executed May 25 and June 10, 2010, respectively, that set forth tasks and a process for designating urban and rural reserves in the county pursuant to ORS 195.137 to 195.145 and Oregon Administrative Rules Division 660-027; and

WHEREAS, Washington County and Metro, together with Clackamas and Multnomah Counties, adopted ordinances designating rural and urban reserves in May, 2010, and June, 2010, respectively; and

WHEREAS, the Land Conservation and Development Commission, on October 29, 2010, orally remanded Urban Reserves 7B (north of Forest Grove) and 7I (north of Cornelius) in Washington County and, at the request of the county and Metro, all Washington County rural reserves to allow flexibility in re-designation of urban reserves in response to the remand; and

WHEREAS, Washington County and Metro entered into a new Intergovernmental Agreement (IGA), executed by the parties on March 15, 2011, that proposed revisions to urban and rural reserves in Washington County to respond to the October 29, 2010, oral remand; and

WHEREAS, Metro held a public hearing on the draft IGA on March 15, 2011, and a second public hearing on this ordinance on April 21, 2011; now, therefore,

THE METRO COUNCIL ORDAINS AS FOLLOWS:

1. The “Urban Growth Boundary and Urban and Rural Reserves Map” in Title 14 (Urban Growth Boundary) of the Urban Growth Management Functional Plan is hereby revised as shown on Exhibit A, attached and incorporated into this ordinance.
2. The Findings of Fact and Conclusions of Law in Exhibit B, attached and incorporated into this ordinance, explain how the revisions to the “Urban Growth Boundary and Urban and Rural Reserves Map” made by this ordinance comply with the Regional Framework Plan and state law.

ADOPTED by the Metro Council this 21st day of April, 2011.

Tom Hughes, Council President

Attest: _____
Kelsey Newell, Recording Secretary

Approved as to form:

Alison Kean Campbell, Acting Metro Attorney

STAFF REPORT

IN CONSIDERATION OF ORDINANCE NO. 11-1255, FOR THE PURPOSE OF REVISING THE “URBAN GROWTH BOUNDARY AND URBAN RESERVES MAP” IN TITLE 14 (URBAN GROWTH BOUNDARY) OF THE URBAN GROWTH MANAGEMENT FUNCTIONAL PLAN

Date: April 5, 2011

Prepared by: Tim O'Brien, x1840
John Williams, x1635

BACKGROUND

At the request of a consortium of leaders in the region who wanted to change how this region makes growth management decisions, the Oregon Legislature in 2007 authorized Metro and Clackamas, Multnomah and Washington counties to designate urban and rural reserves. After a two and half year process that included an extensive outreach effort that brought together numerous citizens, stakeholders, and local governments and agencies, three Intergovernmental Agreements (IGA) among the four partners, one each between Metro and each county, were signed in February 2010.

The three counties developed comprehensive plan amendments and held hearings to adopt ordinances to implement the agreements in the IGAs as described below:

- On May 27, 2010, Clackamas County adopted ZDO-233, which designates 68,680 acres of rural reserves.
- On May 13, 2010, Multnomah County adopted Ordinance No. 2010-1161, which designates 46,706 acres of rural reserves.
- Washington County took action to Engross Ordinance No. 733 on May 25, 2010, and took final action on the amendment on June 15, 2010. It includes 151,526 acres of rural reserves.
- On June 10, 2010 Metro adopted Ordinance No. 10-1238A to adopt 28,615 acres of urban reserves and conforming amendments to the Regional Framework Plan and the Urban Growth Management Functional Plan.

The total amount of rural reserve land was 266,912 acres, and the total amount of urban reserve land was 28,615 acres. The breakdown of urban reserve acreage by county is as follows: Clackamas County – 13,874 acres, Multnomah County – 857 acres, and Washington County – 13,884 acres.

The Land Conservation and Development Commission (LCDC) held a public hearing on October 19-22, 2010, and on October 29, 2010 gave its oral approval to the reserves in Clackamas and Multnomah Counties and to the rural reserves and most of the urban reserves in Washington County. LCDC, however, rejected the designation of Urban Reserve 7I north of Cornelius and directed reconsideration of Urban Reserve 7B north of Forest Grove. At the request of Washington County and Metro, all Washington County Rural Reserves were remanded as well to allow flexibility in re-designation of Urban Reserves in response to the remand.

In response to LCDC's oral decision, the Washington County Board of Commissioners and the Metro Council held a joint public hearing on March 15, 2011 on a new proposed IGA that would implement a proposal announced on February 22, 2011 by Metro Council President Tom Hughes and Washington County Chair Andy Duyck. The proposal featured the following changes from the 2010 Washington County Urban and Rural Reserves map as seen in Attachment 1:

- A. Twenty-eight acres of proposed urban reserve 7B (between Highway 47 and Council Creek) located north of Forest Grove would be converted to undesignated land (land that is neither urban reserve nor rural reserve).
- B. The prior urban reserve 7I north of Cornelius (623 acres) is removed. The area west of NW Susbauer Road (426 acres) is now proposed to be rural reserve.
- C. The 197 acres east of NW Susbauer Road in the vicinity of NW Hobbs Road is undesignated land.
- D. A new urban reserve of 585 acres added on formerly undesignated land adjacent to existing urban reserve 8B north of Highway 26 and south of NW West Union Road.
- E. A new undesignated area of 383 acres from former rural reserve land, south of SW Rosedale Road and west of SW Farmington Road.

After listening to public testimony and discussing refinements to the proposed February 22nd IGA, the two governing bodies agreed upon a revised IGA proposal that reduces the amount of proposed urban reserve land north of Highway 26 and reconfigures the split between rural and undesignated land north of Cornelius in the remanded 7I Urban Reserve area. The revised IGA features the following changes from the 2010 Washington County Urban and Rural Reserves map as can be seen in Attachment 2:

- A. Twenty-eight acres of proposed urban reserve 7B (between Highway 47 and Council Creek) located north of Forest Grove are converted to undesignated land.
- B. The prior urban reserve 7I north of Cornelius (623 acres) is removed. The area north of undesignated Area C noted below, south of NW Long Road, extending from NW Cornelius-Schefflin Road to just east of NW Susbauer Road (263 acres) now proposed to be rural reserve.
- C. The 360 acres located north of the City of Cornelius and south of the general location of NW Hobbs Road, between NW Cornelius-Schefflin Road and the floodplain of Dairy Creek is undesignated land.
- D. A new urban reserve of 352 acres added on formerly undesignated land adjacent to existing urban reserve 8B north of Highway 26, south of NW West Union Road and east of NW Groveland Road.
- E. A new undesignated area of 383 acres from former rural reserve land, south of SW Rosedale Road and west of SW Farmington Road.

In total, these changes would remove 120 acres of rural reserve and would remove 299 acres of urban reserve land in Washington County from the proposal submitted to LCDC in June 2010.

As directed by Oregon Administrative Rule 660 Division 27 the four local governments must adopt identical overall findings for urban and rural reserves in the region. Therefore, even though LCDC did not remand any of the urban or rural reserves in Clackamas and Multnomah counties, the two counties still need to adopt new overall findings related to the changes that occurred in Washington County. The status of the three counties' ordinances adopting the new findings is as follows:

- On April XX, 2011, Clackamas County will take final action on ZDO-XXX, which designates 68,713 acres of rural reserves.
- On April 28, 2011, Multnomah County will take final action on Ordinance No. YYY, which designates 46,706 acres of rural reserves.
- Washington County took action to engross Ordinance No. 740 on March 29, 2011, and will take final action on the ordinance on April 26, 2011. It includes 151,209 acres of rural reserves.

The total amount of rural reserve land in the region is 266,628 acres, and the total amount of urban reserve land in the region is 28,256 acres (see Exhibit A to Ordinance No. 11-1255). The breakdown of urban reserve acreage by county is as follows: Clackamas County – 13,874 acres, Multnomah County – 857 acres, and Washington County – 13,525 acres. Please note the final acreages for both urban and rural reserve designations in Washington County and rural reserves in Clackamas County reflect refinements

that Metro and the counties completed regarding the boundaries of the reserve designations as they relate to street right-of-way, floodplain and improved tax lot alignment.

FINDINGS

The findings of fact and conclusions of law (Findings) for the designation of urban and rural reserves is a joint document among the four partner jurisdictions. Each jurisdiction adopted the overall Findings for the decision (Exhibit B, Sections I – V) and each county developed, and Metro adopted, the Findings for the individual urban reserve and rural reserve areas in its county (Exhibit B Sections VI – VIII). The overall Findings address the regional balance that was struck by the partner governments in designating a sufficient amount of urban reserves to accommodate the estimated urban population and employment growth in the Metro area for 30 years beyond the 20-year period from 2010-2030, or until 2060.

Amount of Urban Reserve Acreage

There is no significant change in the amount of urban reserves. For a discussion on the amount of urban reserve acreage, please see the staff report for Ordinance No. 10-1244B.

Protection of Foundation and Important Agriculture Land

Based on the Oregon Department of Agriculture (ODA) map, Foundation and Important Agricultural Land comprises approximately 13,624 acres, or 48%, of the 28,256 acres of proposed urban reserves. This represents only 5% of all such agricultural land studied within the three-county area. This percentage is even lower if the actual land zoned as Exclusive Farm Use is measured against the proposed urban reserve land (Attachment 3). In addition, almost all of the urban reserve land is bordered either by the existing UGB or rural reserve designated land, thus creating a 50-year ‘hard’ edge between future urbanizable land and Foundation and Important Agricultural Land. Of the 266,628 acres of proposed rural reserves, 248,796 acres are mapped as Foundation or Important Agricultural land.

Much of the Foundation Agricultural land located adjacent to the UGB is generally flat whereas some but not all of the Important and Conflicted Agricultural Lands within the reserves study area exhibit steeper slopes than the Foundation Land close to the UGB (Attachment 4). The non-Foundation Lands also exhibit rural residential development patterns (‘exception lands’) on smaller parcels (Attachment 5). Simply based on land suitability for urban uses and functions, such as creating walkable, mixed use neighborhoods, providing services in an efficient and cost-effective manner, developing a well-connected transportation system and realizing densities to support transit, the best geography is relatively flat, undeveloped and unencumbered land. Given the topographic nature, its location adjacent to the UGB, and the absence of rural residences, it is not surprising that some of the Foundation and Important Agricultural land is proposed for future urban use.

The Tualatin Valley Irrigation District (TVID) is the only irrigation district within the reserves study area and provides 16,000 acre-feet of water to approximately 82,000 acres of western Washington County, almost entirely on Foundation Agricultural Land. The vast majority of the irrigation district is designated as a rural reserve. Four urban reserves located on Foundation Agricultural land are completely within TVID and an additional three urban reserves on Foundation Agricultural Land are partially within the TVID (Attachment 6). As the TVID basically surrounds Cornelius and Forest Grove, it is unavoidable for any urban reserve adjacent to these two cities to not be within the irrigation district. A significant portion of Urban Reserve 6A that is within the TVID is comprised of the Reserves Vineyard & Golf Course. Approximately 2 ½ times more acreage of urban reserves occur on Foundation land that is not within an irrigation district compared with the urban reserve Foundation Land acreage within the TVID.

There are four Oregon Water Resources Department designated Critical or Limited Groundwater Areas that include both Foundation Agricultural Land and urban reserves (Attachment 7). Critical groundwater areas are locations where the pumping of groundwater exceeds the long-term natural replenishment of the

underground water reservoir and water use is restricted. Limited groundwater areas are locations where the groundwater has declined to the point where new water rights are restricted to a few designated uses. The Cooper Mountain Bull Mountain Critical Area includes Urban Reserves 6B, 6C & 6D. The Chehalem Mountain Limited Area includes a portion of Urban Reserves 5A & 5B. The Sherwood-Wilsonville Limited Area includes the remaining portion of 5A and the Sandy-Boring Limited Area includes Urban Reserve 1F. The Foundation Agricultural Lands in these designated areas would have less access to water compared with other Foundation Lands.

Between 1969 and 1997, Washington County acres in farms dropped from 182,055 to 130,887, a loss of 51,000 acres in 28 years (Attachment 8 - "The Changing Nature of Washington County Agriculture", Stanley D. Miles, Agricultural Economist Emeritus, OSU, July 2003). By contrast, if all Exclusive Farm Use (EFU) zoned land designated urban reserve in Washington County is urbanized; the county will have lost 6,991 acres in 50 years. In the past 30 years, Clackamas County's farmland base declined by 100,000 acres (Attachment 9 - Clackamas County Comprehensive Plan, Chapter 3, Natural Resources and Energy, III-3). By contrast, if all the EFU zoned land designated urban reserve in Clackamas County is urbanized; the county will have lost 3,318 acres in 50 years. The reserves program adopted by the four partner governments will significantly stem the loss of farmland and protect the viability of agriculture in the region. Finally, there is an approximately 9,000 foot separation between the urban reserves and Sandy's urban reserves and a 2,000 foot separation between the urban reserves and the UGB of North Plains, all of which is Foundation Farm Land.

The four partner governments had a difficult decision to make to adequately meet both of these important functions. The reserves record and subsequent recommendation reflect this dilemma and the partners think a good balance has been struck that preserves the vast majority of farmland while accommodating the future projected population and employment growth for the next 50 years. Striking this balance translates to accommodating a 74% increase of population on an 11% increase of land, if all the urban reserves are used within the 50-year time frame and the region receives the projected growth.

Protection of Natural Landscape Features

The state rule factors reflect the importance of protecting these features, which were initially identified in an inventory completed for Metro that was intended to complement the Great Communities Report and the ODA Agricultural Assessment.¹ However, due to how the rule addressed the protection of natural landscape features, a discussion emerged regarding whether it was better to protect some of the natural landscape features by including them in rural reserves or in urban reserves and applying pro-active protection measures once the land is added to the UGB. Under the factors for designation of urban reserves, two subsections address natural systems and natural features in a way that can be interpreted to endorse including them in urban reserves and using design, avoidance and mitigation for protection. The factors for designation of rural reserves can be interpreted to consider using rural reserves to protect the natural landscape features.

Through the reserves process, the initial natural landscape features inventory that was developed in 2007 was revised and additional natural resource layers were included in the mapping, such as stream buffers and the Willamette Synthesis Data (The Nature Conservancy). This resulted in a revised map with a natural landscape features overlay that extended over more of the reserve study areas than the original data set. Most of the larger and more prominent natural landscape features provide edges or boundaries for urban reserves (Attachment 10). For instance, a significant portion of Metro's Cooper Mountain Nature Park lies within Urban Reserve 6B, thereby providing protection for some headwater streams and the mixed forested and open southern-facing slope of the mountain. In part due to the additional mapped components of the revised map and the discussion of how best to protect certain natural areas, portions of natural landscape features were included within the boundaries of the urban reserves

¹ "Natural Landscape Features Inventory", February 2007

Of the 26 identified natural landscape features from the 2007 inventory, six are outside the original reserves study area and, therefore, weren't affected by the designation of specific urban and rural reserves. Of the 20 remaining features: 14 are entirely or almost completely within rural reserves with the rest of land left undesignated; four areas are mostly rural reserve with a small amount (three of them less than 20%) in urban reserves; and one is designated as urban reserve. Thus, the four partner governments believe a balance was struck that protects the natural landscape features of the region.

ANALYSIS/INFORMATION

1. **Known Opposition:** There is approximately 294,800 acres proposed for designation as either urban or rural reserves in the region that are designed to stand for the next 50 years. A number of parties and organizations have voiced objections to various elements of the reserves designations including individual landowners, the Washington County Farm Bureau, 1000 Friends of Oregon, and the City of Cornelius.
2. **Legal Antecedents:** Oregon Revised Statute (ORS) 195.137 to 195.145 and 197.651 (from SB 1011) and Oregon Administrative Rule (ORA) 660 Division 27 Urban and Rural Reserves in the Portland Metropolitan Area authorize the designation of urban and rural reserves by Metro and a county through an intergovernmental agreement.
3. **Anticipated Effects:** The adoption of Ordinance No. 11-1255 will create a 50-year reserve of potential urban land, providing more certainty for land owners, local governments, service providers and residents affected by UGB additions. The legislation would also create a 50-year reserve of rural land, protecting vital farmland, forest land and significant natural landscape features. Metro's current work program anticipates the adoption of urban and rural reserves prior to an urban growth boundary/growth management decision before the end of 2011.
4. **Budget Impacts:** We expect the reserves to simplify growth management decisions, facilitating more efficient decision-making. If reserves are not adopted, any future urban growth boundary expansion decision would need to be based on the "old rules" based on soil hierarchy, which would have a significant impact on the cost and timeline of the process.

RECOMMENDED ACTION

Staff recommends adoption of Ordinance No. 11-1255.

List of Attachments

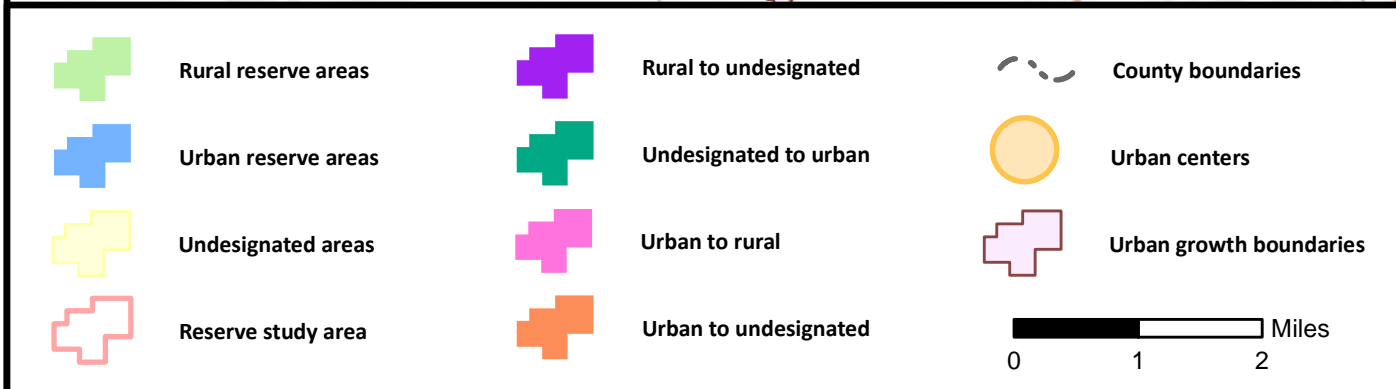
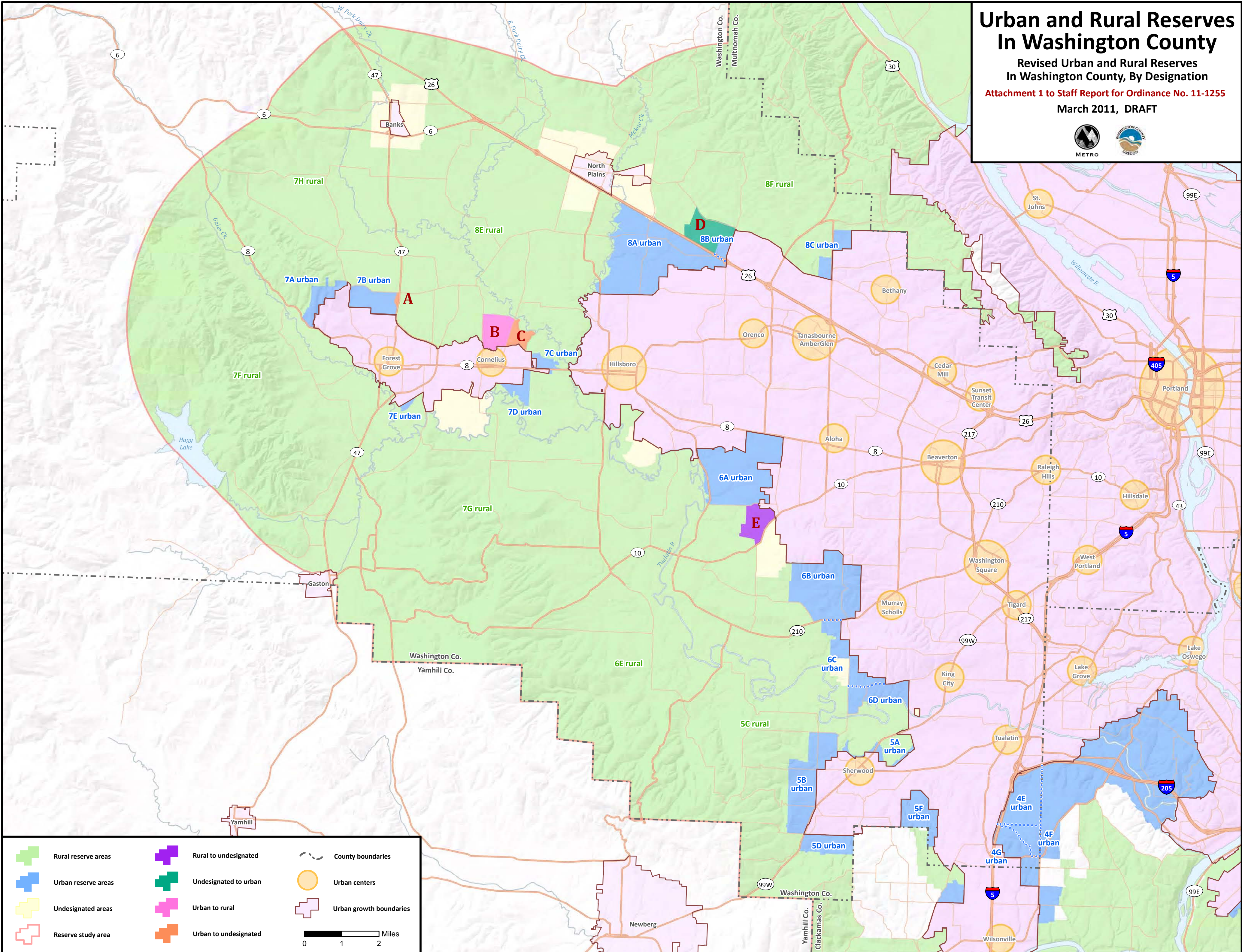
Attachment 1 – February 22, 2011 Proposed IGA Map
Attachment 2 – March 15, 2011 Proposed IGA Map
Attachment 3 – Reserve Acreage Breakdown
Attachment 4 – Topography and Agricultural Lands Map
Attachment 5 – Exception and Agricultural Lands Map
Attachment 6 – Foundation Agricultural Land and Irrigation Districts Map
Attachment 7 – Foundation Agricultural Land and Ground Water Restricted Areas Map
Attachment 8 – The Changing Nature of Washington County Agriculture Report
Attachment 9 – Clackamas County Comprehensive Plan, Chapter 3 Natural Resources and Energy
Attachment 10 – Reserves and Natural Landscape Features Map

Urban and Rural Reserves In Washington County

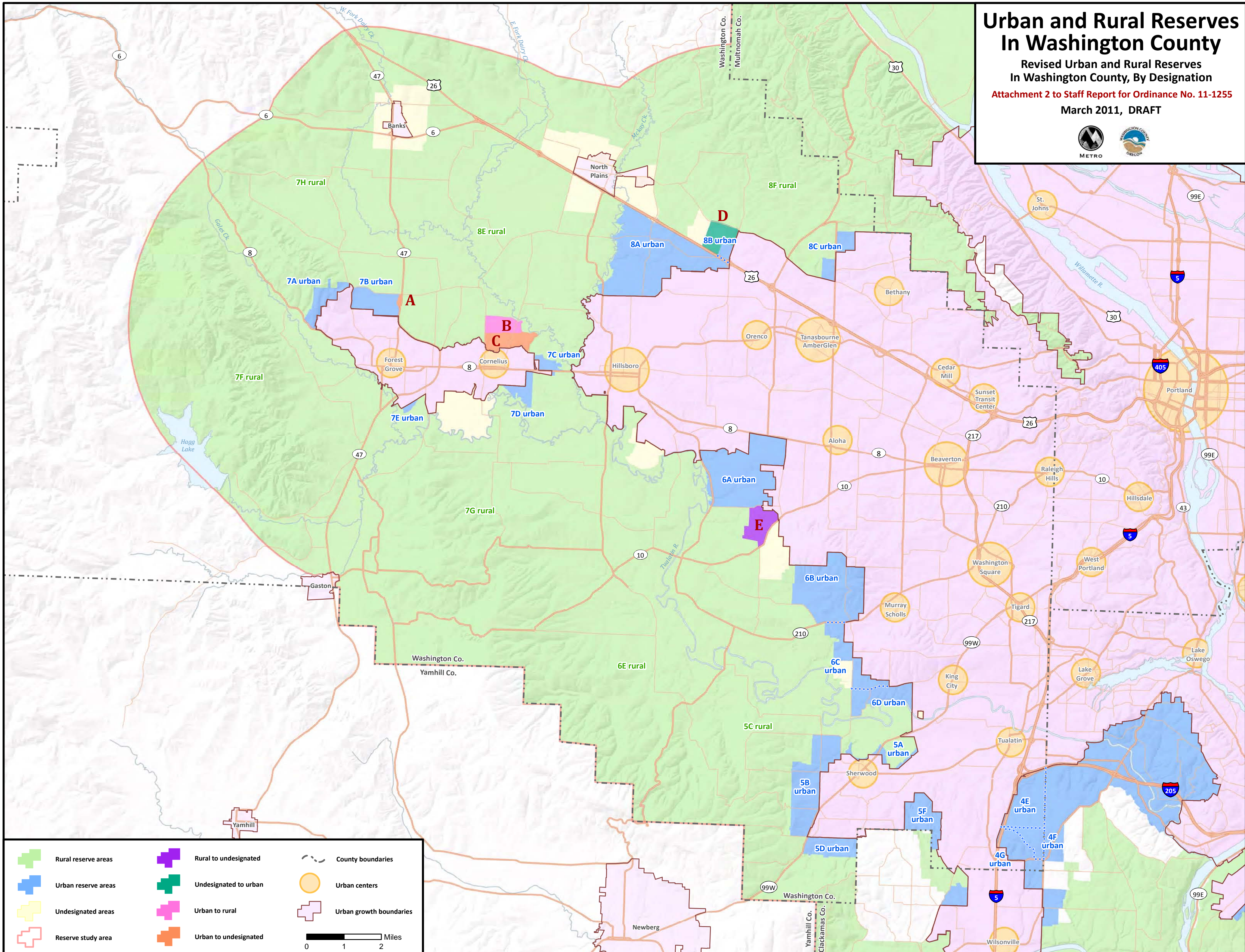
Revised Urban and Rural Reserves
In Washington County, By Designation

Attachment 1 to Staff Report for Ordinance No. 11-1255

March 2011, DRAFT



**Revised Urban and Rural Reserves
In Washington County, By Designation**
Attachment 2 to Staff Report for Ordinance No. 11-1255
March 2011, DRAFT



Reserve Acreage Breakdown

Attachment 3 to Staff Report for Ordinance No. 11-1255

Total Reserve Acreage

	Rural	Urban	<i>Total</i>
Clackamas	68,713	13,874	82,587
Multnomah	46,706	857	47,563
Washington	151,209	13,525	164,734
Total	266,628	28,256	294,884

Total Reserve Acreage by ODA Designation

	Conflicted	Foundation	Important	No Ag Status	<i>Total</i>
Clackamas	21,757	26,213	34,422	194	82,587
Multnomah	1,833	37,193	7,727	809	47,563
Washington	7,829	130,268	26,597	40	164,734
Total	31,419	193,674	68,747	1,043	294,884

Rural Reserves and Urban Reserves by ODA Designation

	Conflicted		Foundation		Important		No Ag Status		<i>Total</i>
	Rural	Urban	Rural	Urban	Rural	Urban	Rural	Urban	
Clackamas	10,156	11,602	24,889	1,323	33,588	835	80	114	82,587
Multnomah	1,833		36,336	857	7,727		809	0	47,563
Washington	4,942	2,887	120,897	9,371	25,359	1,238	11	29	164,734
Total	16,931	14,489	182,122	11,551	66,674	2,073	900	143	294,884

Total Reserves by EFU Zoning

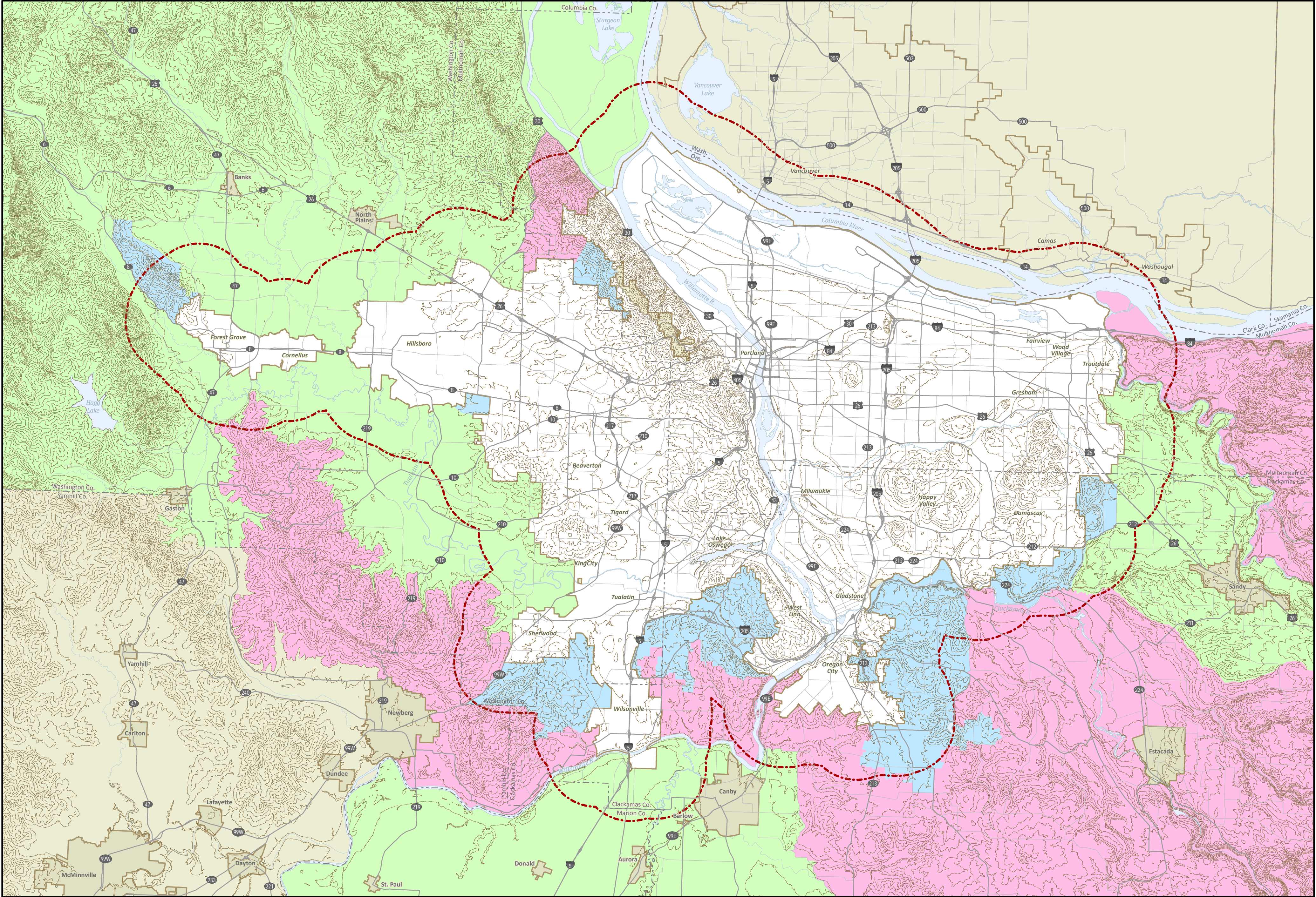
	EFU	Other Zoning	Total
Clackamas	40,813	41,774	82,587
Multnomah	16,785	30,778	47,563
Washington	86,492	78,242	164,734
Total	144,090	150,794	294,884

Rural Reserves and Urban Reserves by EFU Zoning

	EFU		Other Zoning		Total
	Rural	Urban	Rural	Urban	
Clackamas	37,495	3,318	31,218	10,556	82,587
Multnomah	16,372	413	30,334	444	47,563
Washington	79,501	6,991	71,708	6,534	164,734
Total	133,368	10,722	133,260	17,534	294,884

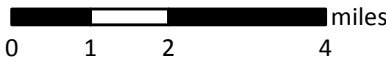
Total Reserves by ODA Designation and EFU Zoning

	EFU				Other Zoning				Total
	Conflicted	Foundation	Important	No Ag Status	Conflicted	Foundation	Important	No Ag Status	
Clackamas	3,452	17,869	19,397	94	18,305	8,344	15,025	101	82,587
Rural	1,329	17,314	18,795	56	8,826	7,576	14,792	24	68,713
Urban	2,123	555	602	38	9,479	768	233	77	13,874
Multnomah	520	14,826	1,435	4	1,314	22,367	6,292	805	47,563
Rural	520	14,413	1,435	4	1,314	21,923	6,292	805	46,706
Urban	0	413	0	0	0	444	0	0	857
Washington	651	83,678	2,157	6	7,178	46,590	24,440	34	164,734
Rural	0	78,051	1,449	1	4,942	42,846	23,910	10	151,209
Urban	651	5,627	708	5	2,236	3,744	530	24	13,525
Total	4,623	116,373	22,989	104	26,797	77,301	45,757	940	294,884



Topography and Agricultural Lands

Attachment 4 to Staff Report for Ordinance No. 11-1255, March, 2011



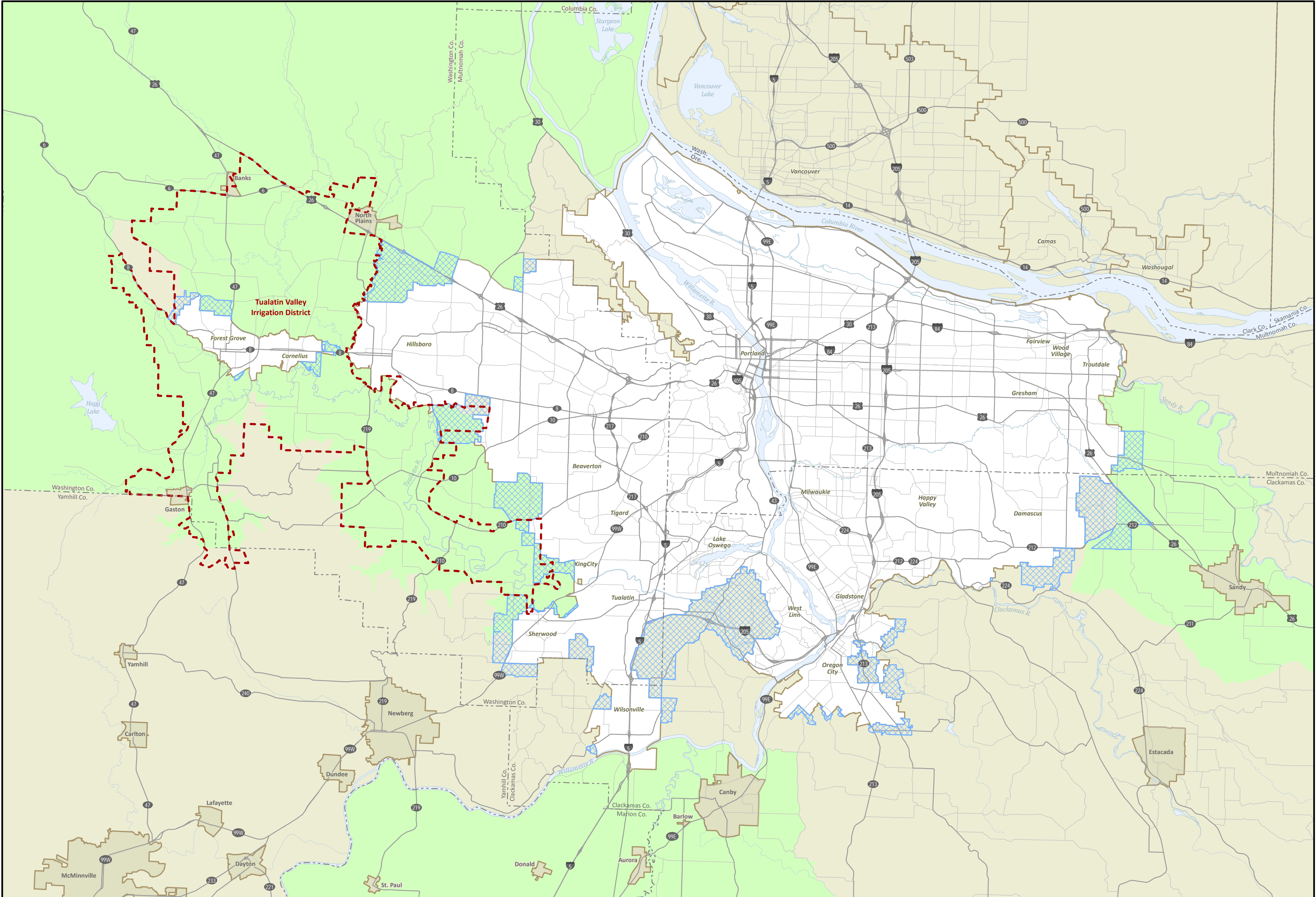
The information on this map was derived from digital databases on Metro's GIS. Care was taken in the creation of this map. Metro cannot accept any responsibility for errors, omissions, or positional accuracy. There are no warranties, expressed or implied, including the warranty of merchantability or fitness for a particular purpose, accompanying this product. However, notification of any errors are appreciated.

Agricultural status as defined by Oregon Department of Agriculture

- Conflicted
- Important
- Foundation

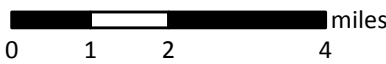
- County boundaries
- Portland metropolitan UGB
- Neighboring cities' UGBs
- 100 ft. elevation contours
- Areas within 2 miles of the UGB





Foundation Agricultural Land and Irrigation Districts

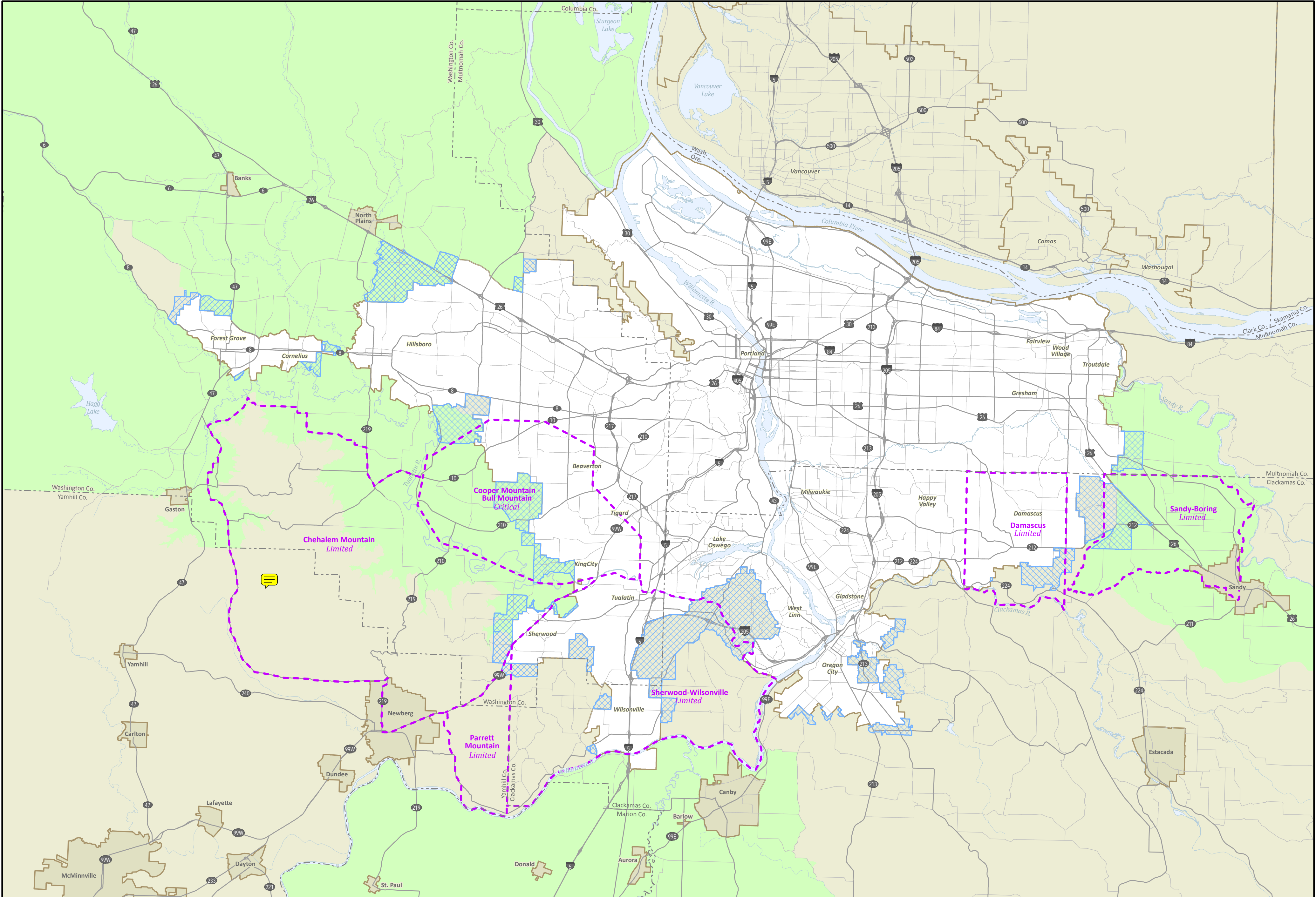
Attachment 6 to Staff Report for Ordinance No. 11-1255, March, 2011, DRAFT



The information on this map was derived from digital databases on Metro's GIS. Care was taken in the creation of this map. Metro cannot accept any responsibility for errors, omissions, or positional accuracy. There are no warranties, expressed or implied, including the warranty of merchantability or fitness for a particular purpose, accompanying this product. However, notification of any errors are appreciated.

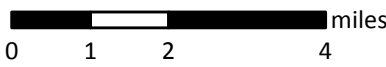
- Tualatin Valley Irrigation District
- Proposed urban reserves
- Agricultural status as defined by Oregon Department of Agriculture
- Foundation
- County boundaries
- Portland metropolitan UGB
- Neighboring cities' UGBs





Foundation Agricultural Land and Ground Water Restricted Areas

Attachment 7 to Staff Report for Ordinance No. 11-1255, March, 2011, DRAFT



The information on this map was derived from digital databases on Metro's GIS. Care was taken in the creation of this map. Metro cannot accept any responsibility for errors, omissions, or positional accuracy. There are no warranties, expressed or implied, including the warranty of merchantability or fitness for a particular purpose, accompanying this product. However, notification of any errors are appreciated.

- Proposed urban reserves
- Agricultural status as defined by Oregon Department of Agriculture
- Foundation
- County boundaries
- Portland metropolitan UGB
- Neighboring cities' UGBs
- Ground water restricted areas with status as defined by Oregon Water Resources Department



**The Changing Nature of
Washington County Agriculture**

**STANLEY D. MILES
AGRICULTURAL ECONOMIST EMERITUS
OREGON STATE UNIVERSITY**

**MILES & ASSOCIATES
CONSULTANTS IN AGRICULTURAL ECONOMICS**

**Report Developed for
the Hillsboro Chamber of Commerce**

July 2003

The Development of Washington County Agriculture

The county's agriculture has a long and interesting history of development. There have been (and still are) resourceful leaders who have played significant roles in shaping the agricultural production we see today. There have also been significant outside forces that have pushed and pulled agriculture in different directions. Most significant among these would be land use demands, environmental regulations and concerns, changing markets and the persistent increase in the costs of production.

The earliest settlers moved into the Washington County area in

still researching

The county remains one of the most significant in the production of agricultural crops in the state. The OSU Agricultural Statistics program shows Washington County with \$214 million in farm gate sales in 2002. This is the third ranked county in agricultural sales in the state behind Marion and Clackamas. Total sales in 2002 for Oregon reached almost 3.3 billion dollars. Oregon continues to have a very diverse agriculture in terms of the variety of crops grown in producing areas around the state with different environments.

Trends in Farm land Acreages

This part of the report draws on data from Census of Agriculture reports now published by the U.S. Department of Agriculture.

Table I

Year	Land Areas In Washington County*					
	Acres In County	Acres In Farms	Acres Per Farm	% Land In Farms	Acres In Cropland	Acres In Woodland
1969	458,368	182,055	87	37.5	123,648	32,291
1974	458,368	161,050	98	35.1	117,682	25,475
1978	458,240	152,442	93	33.3	113,684	21,729
1982	464,192	151,188	79	32.6	107,126	24,960
1987	464,192	150,103	87	32.3	112,126	20,621
1992	463,231	139,820	86	30.2	104,793	17,790
1997	463,231	130,887	78	28.3	99,793	15,837

*Data from Census of Agriculture reports, currently done by the U. S. Department of Agriculture (USDA).

2002 data currently being collected and tabulated - available in 2004.

The above table shows some of the changes in Washington County's agriculture lands. Land or acres in farms is a primary statistic developed by the census surveys. Over the 28 years shown, land in farms has dropped from 182,055 to 130,887 acres. This is a 28% reduction (coincidentally 1% per year). Farm land is definitely going into other uses in Washington County.

Similarly the percentage of the county's land in farms has dropped from 37.5% to 28.3%. Acres of cropland, of course, follows the same pattern as it is the primary use of acres in farms.

Acres of woodland owned by farmers has taken a more dramatic drop. In 1997 the acres are less than half that was tabulated in 1969. There are no numbers showing the changing uses for this land, but it can be reasoned that some has gone into rural residential and some to other agriculture uses such as wine grapes, filberts, pasture and other crops.

The trends in the loss of farm land in Washington County are disturbing to those with close ties to the land and agricultural production and to those who do business with farmers.

The Value of Crop and Livestock Sales - the last 30 years

The data for this section of the report comes from the Oregon State University Agricultural Statistics program. This program develops county and state agricultural data each year and has done this for many years.

Table II

Farm Value of Agricultural Products Sold*
Washington County, 1972 to 2002

Commodity	Year			
	1972	1982	1992	2002
	-----\$000\$-----			
Grains	3,274	9,202	11,027	8,113
Hay & Forage	443	2,678	2,756	4,551
Grass & Legume Seeds	785	5,278	8,174	16,626
Tree Fruits & Nuts	1,875	6,239	7,061	8,521
Small Fruits & Berries	4,396	10,627	14,436	12,616
Vegetable & Truck Crops	2,526	4,974	8,989	6,386
Nursery & Greenhouse	5,749	20,120	73,000	125,000
Other Crops	434	6,169	22,835	18,002
Total Crop Sales	19,482	65,287	148,278	199,815
Cattle	1,971	3,687	3,414	2,690
Dairy	5,131	13,100	13,247	8,550
Other Livestock	423	2,762	3,511	3,215
All Livestock Sales	7,525	19,549	20,172	14,455
Total Farm Gate Sales	27,007	84,836	168,450	214,270

*Summary data gathered from Oregon State University Extension Service County Statistics Program Records.

As can be seen from the above table, there have been shifts and dramatic changes in sales by farmers over this thirty-year period.

Total sales by farmers went from \$27 million to \$214 million. Agricultural sales in 2002 were 8 times what they were in 1972. This is not quite a fair comparison as there has been considerable inflation over this 30-year period. When deflating the numbers using the index of prices received by farmers the change is 2.8 times. (The index shows prices received to be 2.82 times higher in 2002 than they were in 1972.)

Sales that are 2.8 times (in real terms) what they were 30 years ago tells a very positive story about the county's agriculture. These increases in sales have happened while there has been a shrinkage in the land base for agricultural production. This has happened primarily because of changing cropping patterns to more intensive enterprises.

Some of the commodities listed in the table show reduced sales and some are just maintaining their positions (after inflation of prices). These commodities are grains, tree fruits and nuts, small fruits and berries, vegetable and truck crops, cattle and calf sales and the dairy industry.

The other commodity groups have shown increases and in some cases, dramatic growth. The most significant in terms of sales and percentage change has been the nursery and greenhouse industry. Sales went from about \$6 million to \$125 million. In constant dollar terms, sales are almost 7½ times greater in 2002 than in 1972. Nursery and greenhouse sales now amount to about 60% of the county's agricultural sales.

Oregon is now one of the leading states in nursery production and Washington is one of Oregon's top counties. Pressures to change have pushed agricultural producers into these more intensive products. This geographic area is ideally suited for the production of a lot of the different nursery items, for which there has been an expanding market. The opportunities in nursery and greenhouse have been instrumental in maintaining a viable agriculture in Washington County.

Sales of livestock and livestock products continue to shrink in relative importance both in the state and in the county. Cattle numbers and sales have been declining in the county for many years. This is caused by the pressures for the uses of land and producers looking for more profitable enterprises. Many of the cattle now are produced by hobby farms and/or are used to graze small pastures.

The dairy industry is effected by economics of size. Small dairies are a thing of the past. While production per cow has nearly doubled over the last 30 years, cow numbers have steadily decreased. There are only a few relatively large dairies left in the county. While odor from dairies can be unpopular in populated areas, the primary reason for declines are production costs and markets.

Other livestock and livestock products are not very economically significant in the county. Much like cattle, sheep and hog numbers and sales continue to decline. The poultry industry has gone to large enterprises and the county has very few of these. People love their horses, llamas and exotics; but these are more hobby types with little economic activity.

Other commodity groupings will be dealt with in the following section where we discuss acreage trends.

Changing Acreages

Table III

Acreages of Crops* Washington County, 1972 to 2002				
Commodity	Year			
	1972	1982	1992	2002
	acres			
Grains	38,750	33,300	36,100	23,050
Hay & Forage	22,100	24,100	24,600	20,050
Grass & Legume Seeds	11,630	20,910	22,160	31,820
Tree Fruits & Nuts**	9,800	9,520	7,834	7,635
Small Fruits & Berries	4,010	3,270	3,655	3,010
Vegetable & Truck Crops	3,800	4,250	6,770	4,660
Nursery & Greenhouse***	na	na	3,806	7,538
Other Crops	na	na	na	na

*Summary data gathered from Oregon State University Extension Service County Statistics Program Records.

**Number for the 1972 column is from the 1974 Census of Ag., report. (Acres are not available from OSU Ag. Statistics Program.)

***OSU Ag. Statistics Program does not have estimates for N/G acres. Numbers for 1992 & 1997 are from Census of Agriculture reports.

Grains, primarily wheat, have been important commodities in Oregon and the Willamette Valley. Grains, however, are not very intensive crops and only produce \$250 to \$500 per acre per year. The county still has 20,000 to 30,000 acres of grain crop production. Maintaining viable production probably depends on wheat and barley prices being high enough to encourage production. Grains are also used in rotation with other crops.

Hay and forage crops, much like grains are not high value crops grossing \$500 to \$600 per year. Equipment costs and other production costs are high and profit margins are thin. Marketing can be a problem with local livestock numbers decreasing. The county has a significant acreage at over 20,000 acres which is also used in rotation with other crops.

The climate is usually ideal for the production of grass and legume seeds in the Willamette Valley. The acreage of these crops seems to be currently holding at a little over 30,000 acres in Washington County. The county has long been a producer of crimson and red clover seeds and also significant acreages of tall fescue and perennial rye grasses. Again, these crops do not generate high sales per acre and continued production will depend on prices that provide a margin of profitability.

Tree fruits and nuts provide an interesting variety of products in the county. While acreage of some of these are decreasing, others are showing strength. The old stand-bys of apples, cherries, peaches, pears, plums and walnuts are losing acreage while hazelnuts and wine grapes are increasing in acreage or holding their own. Local markets help sustain some production of our tree fruits, but large orchard operations in other fruit producing areas have competitive advantages and keep prices relatively low.

Hazelnuts have a significant acreage of about 5,000 acres and have been doing fairly well. The last few years the eastern filbert blight has hit the area and is causing great concern. With proper management and pruning of the trees, this disease can be held in check in some cases; but in other cases, the trees are so devastated that production drops to the point of requiring the orchard to be taken out. The future here depends on new disease resistant varieties with good yields and a price that provides a profit margin.

Wine grapes have been an exciting crop that has been increasing in acreage in the area. In 2002 there were 1,055 acres harvested generating \$3,000 to \$4,000 per acre of raw product grapes for the wine industry. While not a large enterprise, there is a lot of value added in processing and marketing and brings in tourists to sample the wines.

Small fruits and berries have also been adding character to Washington County for many years. These are fairly high intensity crops with significant labor inputs. In the early 70's, the county had about 3,000 acres of strawberries and now there are under 1,000

acres. The same types of trends are happening with the other berries. While the county's berries are of very high quality, our farmers cannot compete with low labor cost areas, such as, Mexico and Chile.

There are some exceptions, such as, blueberries and Marion blackberries which are showing strength. Producers will maintain strong local markets and a market for high quality specialty items.

Vegetable and truck crops were showing strength in the county; but in recent years, acreages have been dropping. Of the 4,660 acres from the above table for 2002, 2,800 is for processed sweet corn which is maintaining a presence.

Most of the local processors are no longer in business. These were older smaller plants that could not compete with processors in other parts of the country. Many of the processed vegetable simply cannot compete with other parts of the country as there are opportunities here to grow more profitable crops.

There still is and will remain a local market for fresh vegetables and other truck crops. There is a significant market with the metro area population for fresh vegetables and specialty items. These products are sold directly to grocery stores, restaurants and farmers' markets.

As mentioned earlier, nursery and greenhouse is the category that has sparked much of the growth in county agriculture sales. The nursery industry has been coming on strong. Acreages going into nursery are growing. Production and values per acre for nursery are not really comparable with acreage values for other crops. Value per acre in nursery can vary dramatically with the particular item produced and amounts to several thousand dollars per acre.

The other crops section is a collection of miscellaneous crops that do not fit with other groupings. The two main items are Christmas tree sales and timber cut on farmers' wood lots. The Christmas tree business has been good in the Willamette Valley, but the acreage in Washington County is slowly getting replaced by other crops (or houses). Farm forestry sales are likewise decreasing with the reduced acreages.

Economic Impact and Value Added

Value added and multiplier effects are important in getting a more complete picture of the importance of agriculture. The dollar values that have been reported on so far in this report are farm gate sales or receipts producers get for selling the raw products from the farm. This is certainly not the end of economic activity with respect to agriculture.

Some commodities require much more processing and handling than others. Nursery items, which lead county agriculture sales, in most cases are pretty much ready for the final consumer. Since most nursery products are wholesale and shipped out of state, there is not a high percentage value added. For nursery products sold through local retail outlets, there will be more economic activity.

Other items, such as, wine grapes or processed vegetables require much more processing and handling and will generate a high percentage of value added. With processed vegetables there will be 2½ to 3 times the farm value added by the processing activities. For example, \$100 worth of sweet corn at the farm requires \$250 to \$300 worth of processing. These added together will give a wholesale value of processed sweet corn at the processor. There will be additional economic activity in shipping and marketing through retail grocery stores.

Value added by wineries is over three times the value of the grapes as they come out of the vineyard. Many other commodities, such as, cattle, hay, grain and grass seed have relatively low value added relationships because of the nature of the product.

Oregon State University Extension Service has done surveys over the years to develop data on processed values compared with farm gate values. These surveys show, given the mix of commodities in Oregon, there is on average about a 50% increase in farm values by processing and handling.

Another economic indicator is the income multiplier. These models calculate economic activity throughout the economy, beyond processors and first handlers. This would include shipping by the trucking industry, exporting (Port of Portland, etc.), retail grocers, etc., including labor costs throughout the marketing system.

While this paper concentrates on acreages and farm gate values, it is important to note agriculture generates other activity throughout the economy. For example, the trucking company hauling nursery stock to an eastern state, employment for people working at the Port of Portland, retail grocers selling frozen corn and beans to customers, restaurants serving dinner to customers and the list goes on. Agriculture is essential to our livelihood. There is a little more to it than thinking hamburger comes from Safeway.

Summary

Washington County has a history of producing a variety of agricultural products. In 2002 the counties producers had sales of over \$214 million. There are other economic impacts in the county beyond the farm gate. There are businesses that supply inputs to farmers. Others provide a variety of services to the agricultural sector. The economic impact of agricultural production is felt throughout the county and region.

While agricultural sales have been increasing, the land base has been shrinking. Land in farms has gone down 28% in the years from 1969 to 1997, thus the percentage of the county's land in agriculture has been going down. This reduction comes primarily from the demands for land by expanding residential and business development and highway construction in this metropolitan area. The pressures for non agricultural uses of the land will continue in the foreseeable future.

Given all the changes and demands on the land base, the county still has a viable agriculture. Some agriculture products are fading in importance yet others, such as, the nursery and greenhouse business, are growing in dollar sales and relative importance.

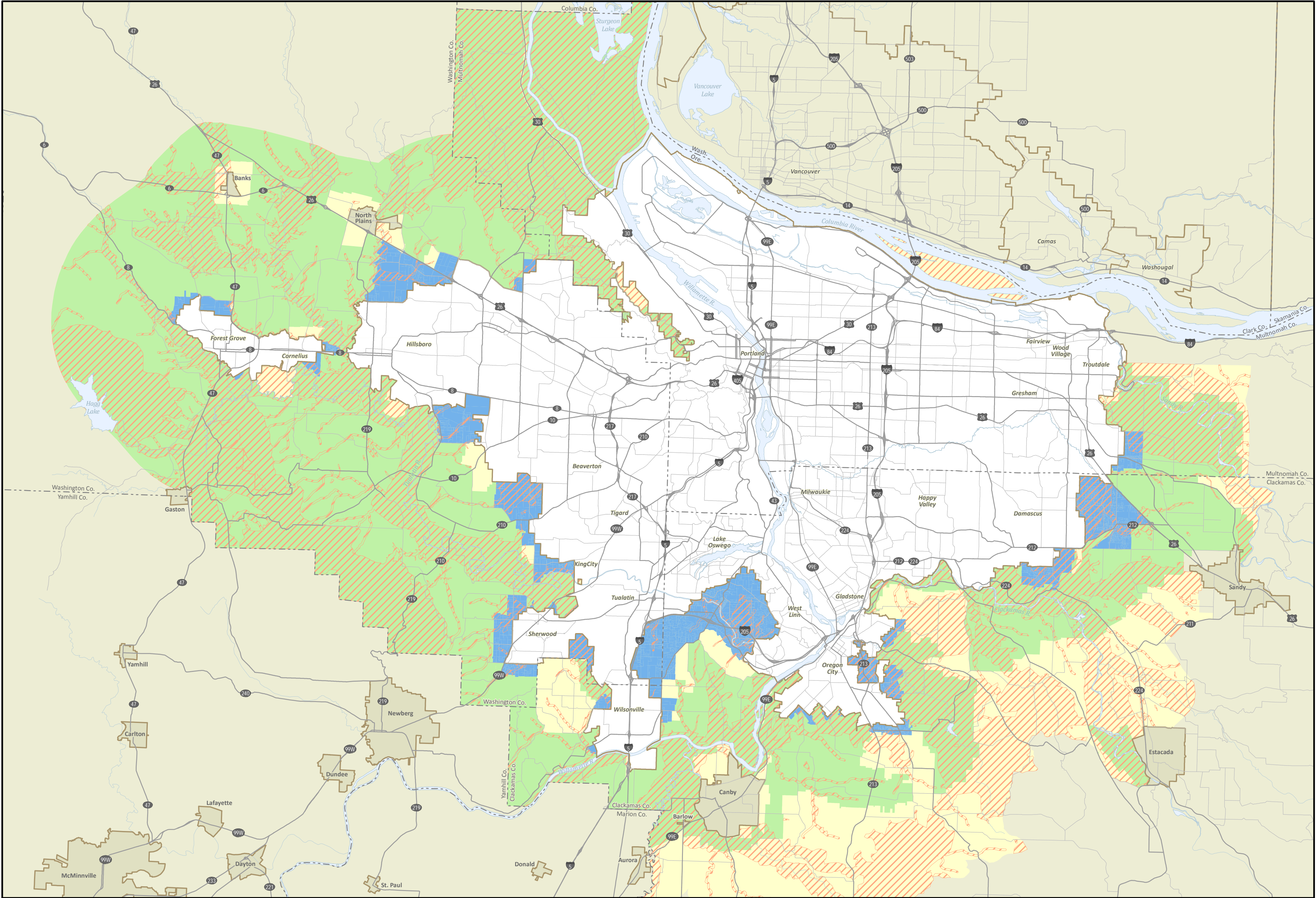
Agriculture needs some protection from all the outside forces. Once farm land goes into development and other uses, it is very unlikely it will ever be farmed again.

3. Existing land uses within each river corridor area are:

Land Use as Percentage of Total

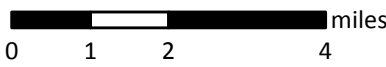
<u>River</u>	<u>Residential</u>	<u>Commerical</u>	<u>Industrial</u>	<u>Ag/Forest/OS</u>
Clackamas	6.5	0.1	3.2	90.2
Sandy	4.7	0.4	0.0	94.9
Molalla	2.0	0.0	1.0	97.0
Tualatin	13.9	0.2	0.0	85.9
Willamette	11.3	0.4	3.6	84.7

4. Quality of groundwater in Clackamas County is generally good, although some dissolved iron is found in well supplies. Groundwater monitoring activities show a gradual yearly decline in the water table; however, according to the Oregon Water Resources Department, there is no indication of a critical groundwater situation.
5. The County's agricultural production in 1987 had an estimated value of over \$150 million. This contributed a total of approximately \$500 million to the state's economy. The County's agricultural land base has decreased over 100,000 acres in the last 30 years. The potential for agricultural production is further reduced by rural parcelization patterns and inactive farm land owners.
6. Techniques for maintaining the County's agricultural base are (1) regulating land uses to insure that in prime agricultural lands, economic farm units are preserved; and (2) utilizing and expanding existing resources that provide tax relief, educational programs, technical assistance, cooperatives, etc., to encourage the economic viability of the County's farms.
7. Federal timber revenues to the County treasury averaged over \$9 million per year from 1984 to 1988. The forest industry is one of the largest industries in the state.
8. During the late 1980s (from 1984 to 1988) federal lands supplied 70 to 75 percent of Clackamas County's timber harvest volume, and the forest industry supplied about 15 to 20 percent. Small woodlot owners control approximately 20 percent of the Countywide commercial forest land, and supply 5 to 10 percent of the timber harvest.
9. Inside the Portland Metropolitan Urban Growth Boundary, street trees are required in certain areas and encouraged elsewhere (9/28/10)



Reserves and Natural Landscape Features

Attachment 10 to Staff Report for Ordinance No. 11-1255, March, 2011, DRAFT



The information on this map was derived from digital databases on Metro's GIS. Care was taken in the creation of this map. Metro cannot accept any responsibility for errors, omissions, or positional accuracy. There are no warranties, expressed or implied, including the warranty of merchantability or fitness for a particular purpose, accompanying this product. However, notification of any errors are appreciated.

- Proposed rural reserve
- Proposed urban reserve
- Undesignated reserve land
- County boundaries
- Portland metropolitan UGB
- Neighboring cities' UGBs
- Subset of the natural landscape features inventory



Agenda Item Number 4.2

Ordinance No. 11-1256 For the Purpose of Amending Metro
Code Chapter 2.04 in Order to Strengthen Metro's Contract
Policies.

Ordinances - First Reading

Metro Council Meeting
Thursday, April 14, 2011
Metro Council Chamber

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF AMENDING METRO	)	ORDINANCE NO. 11-1256
CODE CHAPTER 2.04 IN ORDER TO)	
STRENGTHEN METRO'S CONTRACT	)	Introduced by Acting Chief Operating Officer
POLICIES	)	Dan Cooper with the Concurrence of Council
	)	President Tom Hughes

WHEREAS, Metro Chapter 2.04 establishes agency policies for Public Contracts and Amendments, Special Procurements, and Notices of Awards and Appeals;

WHEREAS, the Acting Chief Operating Officer has proposed certain revisions to Metro Code Chapter 2.04 to improve the provisions of the Metro Contracting Code concerning contract amendments and special procurements, as well as to align certain thresholds for bonds and appeals with Metro's established threshold for formal procurements.

WHEREAS, the Metro Council finds that the Metro Procurement Program furthers Metro's objectives for best public agency practices; now therefore,

THE METRO COUNCIL ORDAINS AS FOLLOWS:

1. Metro Code Amendment. Metro Code section 2.04.052 is amended in the form attached hereto as Exhibit A.
2. Metro Code Amendment. Metro Code section 2.04.053 is amended in the form attached hereto as Exhibit B.
3. Metro Code Amendment. Metro Code section 2.04.058 is amended in the form attached hereto as Exhibit C.
4. Metro Code Amendment. Metro Code section 2.04.070 is amended in the form attached hereto as Exhibit D.

//

//

//

//

//

//

5. This Ordinance being necessary for the health, safety, and welfare of the Metro area, an emergency is declared to exist and this Ordinance shall take effect immediately, pursuant to Metro Charter Section 39(1).

ADOPTED by the Metro Council this _____ day of April, 2011.

Tom Hughes, Council President

Attest:

Approved as to Form:

Kelsey Newell, Recorder

Alison Kean Campbell, Acting Metro Attorney

Exhibit A

2.04.052 Public Contracts -- Public Improvement Contracts

(a) Procedural Requirements.

- (1) The procedures for sealed competitive bidding, sealed competitive proposals, and all other methods of procurement of public contracts used by Metro shall comply with all requirements that are generally applicable to local governments as set forth in ORS Chapters 279A and 279B.
- (2) The procedures for competitive bidding of all Metro public improvement contracts shall comply with all requirements that are generally applicable to local governments as set forth in ORS Chapter 279C.
- (3) Notwithstanding the provisions of subsections (a)(1) and (a)(2), and pursuant to ORS 279A.065(5), the model rules adopted by the Oregon Attorney General shall not apply to Metro.
- (4) The Chief Operating Officer may establish by executive order detailed procedural requirements consistent with this chapter and state law. In so doing, the Chief Operating Officer may adopt in whole or in part the model rules of procedure established by the Oregon Attorney General pursuant to ORS 279A.065.

(b) Substantive Requirements.

- (1) All Metro public contracts shall contain all provisions required of local contracting agencies by ORS Chapters 279A and 279B and shall be construed to be consistent with all provisions of ORS Chapters 279A and 279B.
- (2) All Metro public improvement contracts shall contain all provisions required of local contracting agencies by ORS Chapter 279C and

shall be construed to be consistent with all provisions of ORS Chapter 279C.

(c) Rejection of Bids and Proposals. The Chief Operating Officer may reject any bid, proposal or response not in compliance with all prescribed procedures and requirements and may, for good cause, reject any or all bids, proposals or procurement responses for personal service contracts and public contracts in accordance with the provisions of ORS 279B.100 and may reject all bids or proposals for public improvement contracts in accordance with the provisions of ORS 279C.395.

(d) Bonds. Unless the Board shall otherwise provide, bonds and bid security requirements are as follows:

- (1) Bid security not exceeding 10 percent of the amount bid for the contract is required unless the contract is for ~~\$50,000.00~~ \$100,000.00 or less.
- (2) For public improvements, a labor and materials bond and a performance bond, both in an amount equal to 100 percent of the contract price are required for contracts over ~~\$50,000.00.~~ \$100,000.00.
- (3) Bid security, labor and material bond and performance bond may be required even though the contract is of a class not identified above, if the Chief Operating Officer determines it is in the public interest.

(e) Disadvantaged Business Program. All public contracts are subject to the Metro Disadvantaged Business Enterprise Program for Federally-Funded Contracts, Metro Women Business Enterprise Program, and the Metro Minority Business Enterprise Program provisions of this chapter.

Exhibit B

2.04.053 Special Procurements

(a) Pursuant to ORS 279B.085, the following public contracts are approved as classes of special procurements based on the legislative finding by the Metro Contract Review Board that the use of a special procurement will be unlikely to encourage favoritism in the awarding of public contracts or to substantially diminish competition for public contracts and will result in substantial cost savings to Metro or the public or will otherwise substantially promote the public interest in a manner that could not practicably be realized by complying with the requirements that are applicable under ORS 279B.055, ORS 279B.060, ORS 279B.065, ORS 279B.070:

- (1) All contracts estimated to be not more than \$100,000.00 provided that the procedures required by Metro Code Section 2.04.056 are followed.
- (2) Food for zoo animals, the Purchase purchase and sale of zoo animals, feed for zoo animals, and the purchase of zoo gift shop retail inventory and resale items.
- (3) Contracts for management and operation of food, parking or similar concession services at Metro facilities provided that procedures substantially similar to the procedures required for sealed competitive Request for Proposals used by Metro for personal services contracts are followed.
- (4) Emergency contracts provided that the provisions of ORS 279B.080 are followed. An emergency contract must be awarded within 60 days of the declaration of the emergency unless the Board grants an extension.
- (5) Purchase of food items for resale at facilities owned or operated by Metro.
- (6) Contracts for warranties, including but not limited to computer software warranties, in which the supplier of the goods or services covered by the warranty has designated an authorized provider for the warranty service.

- (7) Contracts for computer hardware~~7~~ or computer software.
- (8) Contracts under which Metro is to receive revenue by providing a service.
- (9) Contracts for the lease or use of the convention, trade, and spectator buildings and facilities operated by the Metro Exposition-Recreation Commission.
- (10) Public contracts by the Metro Exposition-Recreation Commission in an amount less than \$100,000.00, which amount shall be adjusted each year to reflect any changes in the Portland SMSA CPI, provided that any rules adopted by the commission which provide for substitute selection procedures are followed.
- (11) Contracts for equipment repair or overhaul, but only when the service and/or parts required are unknown before the work begins and the cost cannot be determined without extensive preliminary dismantling or testing.
- (12) Contracts in the nature of grants to further a Metro purpose provided a competitive Request for Proposal process is followed.
- (13) The procurement of utilities or any other services whose price is regulated by any governmental body, including but not limited to telephone service, electric, natural gas, and sanitary services, provided that if competition is available, a Request for Proposal process is followed.
- (14) Contracts for goods or services when the provider of the procured goods or services is required by the federal government or by the state of Oregon.
- (15) Contracts for co-operative procurements permitted under ORS 279A.220 to 279A.225.

- (16) The procurement of art and art related production and fabrication provided that a Request for Proposal process is followed.
- (17) Sponsorships which are identified and approved in the proposed budget and are not designated by Council as having a significant impact as outlined in Section 2.04.026 need not follow a competitive bidding or proposal process. In order to be eligible for this exemption the sponsorship shall provide Metro with event advertising and/or media releases.
- (18) Sponsorship contracts, provided that quotes are obtained from at least three potential sponsors or that good faith efforts to obtain such quotes are documented. A sponsorship contract is any contract under which the sponsor's name or logo is used in connection with a facility's goods, buildings, parts of buildings, services, systems, or functions in exchange for the sponsor's agreement to pay consideration, including money, goods, services, labor, credits, property or other consideration.
- (19) Contracts for projects that are not public improvements as defined in Metro Code Section 2.04.010(n) in which a contractor provides a material and substantial portion of the funding for such project.
- (20) Contracts with any media outlet for the purchase of classified advertising, display advertising or the placement of public notices to publicize legal notices of public meetings and procurements.

(21) Any contract exempt from competitive bidding under any statute of the state of Oregon.

(b) Description of procurement procedures for class special procurements: Procurements for each of the class special procurements described in subsection (a) shall be performed by means of procedures chosen by the Chief Operating Officer as an appropriate method tailored to and in light of the demands, circumstances and market realities associated with obtaining each of the enumerated goods and services. Such

procurement procedures may include but shall not limited to direct negotiations with individual or multiple vendors or suppliers; negotiations with ranked proposers; competitive negotiations; or multiple tiered competitions.

(c) Specific contracts not within the classes described in subsection (a) may be procured by special procurements subject to the requirements of ORS 279B.085.

Exhibit C

2.04.058 Public Contract Amendments

(a) The Chief Operating Officer may execute amendments to public contracts, provided that any one of the following conditions are met:

- (1) The original contract was let by a formal competitive procurement process, the amendment is for the purpose of authorizing additional work for which unit prices or alternates were provided that established the cost for the additional work and the original contract governs the terms and conditions of the additional work; or
- (2) The amendment is a change order that resolves a bona fide dispute with the contractor regarding the terms and conditions of a public contract or public improvement contract ~~for a public improvement~~ and the amendment does not materially add to or delete from the original scope of work included in the original contract; or
- (3) The amendment is for a public improvement contract and increases the total obligation of the contract by no more than 20 percent. ~~contract amendment to a contract for a public improvement does not increase the contract amount more than \$25,000 if the amount of the aggregate cost resulting from all amendments authorized pursuant to this subsection does not exceed five percent of the initial contract.~~ In computing the dollar amount of any amendment for the purpose of this subsection, the amount of original contract obligation shall be used. In addition, only the amount of additional work or extra cost shall be considered and such work or cost may not be offset by the amount of any deletions; amendments made under subsection (1) or (2) are not included in computing the aggregate amount under this subsection; or

(4) The amount of the aggregate cost increase resulting from all amendments to a public contract other than a public improvement contract does not exceed 20 percent of the initial contract if the face amount is less than or equal to \$1,000,000.00 or 10 percent if the face amount is greater than \$1,000,000.00; amendments made under subsection (1) or (2) are not included in computing the aggregate amount under this subsection; or

~~(5) The amendment is for a change order for additional work if the original contract was let by a formal competitive procurement, the amendment is for the purpose of authorizing additional work for which unit prices or bid alternates were provided that established the cost for the additional work and the original contract governs the terms and conditions of the additional work; or~~

(~~6~~5) The amendment is for a change order to a public improvement contract in order to meet an emergency; or

(~~7~~6) The Metro Contract Review Board has authorized the extension of the contract amendment.

(b) No public contract may be amended to include additional work or improvements that are not directly related to the scope of work that was described in the competitive process utilized to award the contract.

Exhibit D

2.04.070 Notice of Award and Appeals

(a) At least seven (7) days prior to the execution of any public contract over ~~\$50,000.00~~ \$100,000.00 for which a competitive bid or proposal process is required, Metro shall provide a notice of award to the contractor selected and to all contractors who submitted unsuccessful bids or proposals.

(b) Bid/Request for Proposals Appeal Procedures. The following procedure applies to aggrieved bidders and proposers who wish to appeal an award of a public contract or a personal services contract above ~~\$150,000.00.~~ \$100,000.00. The appeal process for bids is the same as for a Request for Proposals. In the case of a Request for Proposal(s), disagreement with the judgment exercised in scoring by evaluators is not a basis for appeal.

- (1) All appeals shall be made in writing and shall be delivered to the Procurement Officer at Metro's main office within seven (7) working days of the postmarked date on the notice of award. The written appeal must describe the specific citation of law, rule, regulation, or procedure upon which the appeal is based.
- (2) The Procurement Officer shall forthwith notify the appropriate Department Director and the Chief Operating Officer of the appeal. In the case of an appeal of an award by a Commission or the Metro Auditor, the appeal shall be forwarded to the Commission or Metro Auditor. Within 10 working days of the receipt of the notice of appeal, the Chief Operating Officer, Commission or Metro Auditor shall send a notice of rejection of the appeal or a notice of acceptance of the appeal, as applicable, to the appellant. The appellant may appeal the Chief Operating Officer's, Commission's, or Metro Auditor's decision to reject the appeal in writing to the Board within five (5) working days from the postmarked date on the notice of rejection.

- (3) The Board will review the grounds for appeal, all pertinent information, and the Chief Operating Officer's, Commission's or Metro Auditor's recommendation, and make a decision. The decision of the Board is final.
- (4) No contract, which is the subject of a pending appeal, may be executed unless the Board shall have given its approval. The Chief Operating Officer, Commission or Metro Auditor may request the Board to determine a matter without waiting for the expiration of the time periods provided for herein.
- (5) In the event Council authorization of execution of the contract is required under Section 2.04.026 of this Code, the appeal shall be heard before the Council considers authorization of the contract.

(c) Appeals from Debarment or Denial of Prequalification

- (1) The Board shall hear all appeals from any person who is disqualified by Metro as a bidder. The basis for the appeal shall be limited to the following grounds:
 - (A) Debarment of bidders and proposers pursuant to ORS 279B.130.
 - (B) Denial of prequalification to bid pursuant to ORS 279B.120 and 279B.125.
- (2) Any person who wishes to appeal debarment or denial of prequalification as a bidder shall, within three (3) business days after receipt of notice of disqualification, notify in writing the Metro Attorney that the person appeals the disqualification. The Metro Attorney shall promptly notify the Board of the appeal by providing notice to the Council President.
- (3) Promptly upon receipt of notice of appeal, the Council President shall notify the appellant and the Metro Attorney of the time and place of the appeal proceeding.

- (4) The Board shall conduct the appeal proceeding in accordance with the provisions of ORS 279B.425 and decide the appeal within 30 days after receiving notification of the appeal from the Metro Attorney. The Board shall set forth in writing the reasons for the decision.
- (5) Appeal Proceeding.
 - (A) The Council President shall preside over the appeal proceeding. The general order shall be as follows:
 - (i) Presentation by Metro of documentation and testimony supporting the disqualification.
 - (ii) Presentation by the appellant of documentation and testimony opposing the disqualification.
 - (B) Members of the Board shall have the right to ask both Metro and the appellant questions and to review documentation referred to and presented by the parties.
 - (C) Formal court rules of evidence shall not apply.
 - (D) The Board shall consider de novo the notice of debarment or denial of prequalification, and record of investigation made by Metro and any evidence provided by Metro and the appellant prior to or at the appeal proceeding. There shall be no continuance or reopening of the appeal proceeding to offer additional evidence unless the appellant can demonstrate to the Council President that the additional evidence was not known to the appellant at the time of the proceeding or that with reasonable diligence the appellant would not have discovered the evidence prior to the appeal proceeding.
 - (E) A tape recording will be made of the appeal proceeding which shall be made available to

the appellant upon payment of costs to Metro of making the tape.

(F) The Board shall render a decision which shall be reviewed only upon petition in the Circuit Court of Multnomah County. The petition must be filed within 15 days after the date of the decision in accordance with the provisions of ORS 279B.425.

(6) Metro may reconsider its determination with regard to the debarment or denial of prequalification at any time prior to the appeal proceeding.

(d) Appeals of contract awards and decisions of the Auditor shall be made directly to the Contract Review Board.

STAFF REPORT

FOR THE PURPOSE OF AMENDING METRO CODE CHAPTER 2.04.052 THROUGH 2.04.070 IN ORDER TO STRENGTHEN METRO'S CONTRACT POLICIES

Date: March 15, 2011

Prepared by:

Darin Matthews
Procurement Officer
797-1626

BACKGROUND

Metro Code 2.04.052 through 2.04.070 sets forth the agency's policies on the procurement of goods and services for the agency. These policies are in accordance with the Oregon Public Contracting Code (ORS 279A, B and C) and are consistent with public agency practices on competitive bidding.

The Metro Council, acting as the local contract review board, in accordance with ORS 279A.060, has elected to establish its own rules with regard to public contracting. While the Oregon Attorney General's Model Public Contract Rules serve as a resource for Metro, the AG's rules are not applicable to the agency.

Recent Code Changes

During 2010, the Metro Council approved certain revisions to the Metro contract policies. These changes strengthened the Code with regard to sustainable procurement (2.04.500) as well as the use of minority, women and emerging small businesses (2.04.100). Metro Contracting Code in these areas now represents current and leading practices for public agencies.

The latest proposed changes are intended to improve the Metro Contracting Code with regard to contract amendments and special procurements, as well as to align certain thresholds for bonds and appeals with the established threshold for formal procurements.

Bonds

Currently Metro Code requires bid security for contracts of \$50,000 or more. Bid security is normally in the amount of five percent (5%) of the bid amount and is provided by the bidder in the form of a bond or cashier's check. This assures that the bidder, if selected, will honor their offer to Metro.

Since the established threshold for formal procurement at Metro is \$100,000, it is reasonable that the bid security requirement be consistent with this amount. Contracts under this amount are referred to as intermediate procurements and can be handled informally by email or facsimile. Not requiring bid security in these instances would help speed up the procurement process.

Additionally, this would make it easier for MWESB contractors to submit bids to Metro on intermediate procurements. The cost of bid bonds can be a challenge for small businesses and has been identified as a barrier for MWESB's in the public contracting process.

Special Procurements

Currently Metro exempts certain types of purchases from traditional competitive bidding. In accordance with the Oregon Contracting Code, Metro has identified several categories of special procurements that include emergency contracts, repair contracts, sponsorships, and art work that are deemed impractical for competitive bidding.

Certain purchases for the Oregon Zoo are currently exempted from competitive bidding. These include the purchase of zoo animals, retail inventory for the Zoo gift shop, and items for resale.

The Metro Procurement Officer is proposing that animal food for the Oregon Zoo be added to the list of special procurements. Due to the specialized nature of this food and the unique dietary requirements of the animals, it is often impractical to purchase these items through a competitive low-bid process. Recent experiences have confirmed that it would be in the best interest of the agency to exempt animal food. Best value would be obtained by leveraging existing contracts, considering product quality and past performance, and negotiating directly with proven suppliers.

Additionally, all contracts that are already exempted by the Oregon Contracting Code should also be exempted by Metro and treated as a special procurement.

Contract Amendments

The Metro Code currently limits contract amendments and change orders for its contracts. A summary of these limits are as follows:

- Personal services contracts can be increased up to 100 percent of their original value.
- Public contracts for goods and services can be increased up to 20 percent of their original value.
- Public improvement contracts can be increased up to 5 percent of their original value.

The Metro Procurement Officer believes that the current limit for public improvement contracts is impractical and much lower than industry standards. Public improvement contracts are for construction, reconstruction or major renovation. The current threshold of 5 percent requires many change orders that are routine and justifiable to be approved by the Metro Council. Therefore, it is suggested that the Council consider raising this threshold to 20 percent.

In determining the proposed limitation of contract amendments, Metro reviewed other area agencies that procure public improvement contracts. The following represents a summary of their respective rules:

<u>Agency</u>	<u>Public Improvement Amendment Threshold</u>
City of Portland	25%
Multnomah County	20%
Washington County	20%
State of Oregon	20%

It is believed that a threshold that is consistent with other area agencies would be in the best interest of Metro. This would put the agency in line with other similar organizations and would increase efficiency in the contracting process.

Contract Appeals

The Metro Contract Code currently allows bidders and proposers the opportunity to challenge the agency's contracting decisions through an appeal process. Within seven (7) days of Metro's notice of intent to award a contract, aggrieved bidders can submit a written appeal to the Procurement Officer, who then works with the Chief Operating Officer, Metro Attorney and Department Director in responding to

the appellant. If the matter cannot be resolved, then the bidder can appeal to the Metro Council acting as the contract review board.

The thresholds in the current Code are \$50,000 for the notice of award and \$150,000 for the appeal process. It is believed that aligning these amounts with Metro's formal procurement threshold of \$100,000 would establish consistency and clarity in the appeal process.

Summary

The Metro Procurement Officer has reviewed best contracting practices of other area public agencies and consulted with the Office of Metro Attorney. It is believed that the proposed changes in this legislation will increase efficiency in the contracting and procurement process and are in the best interest of Metro.

The proposed revisions to this section of the Metro Code are attached to the ordinance as Exhibits A, B, C and D.

ANALYSIS/INFORMATION

1. **Known Opposition** None known.
2. **Legal Antecedents** Metro Code 2.04.052 through 2.04.070, ORS 279A, B, and C.
3. **Anticipated Effects** Metro Contract Code will be strengthened in the areas of bonds, special procurements, contract amendments and contract appeals.
4. **Budget Impacts** Minimal impact to budget as changes to policies and forms would be accomplished through current staff resources.

RECOMMENDED ACTION

Metro Council approves the proposed revisions to Metro Code 2.04 in order to strengthen the agency's Contract Program.

Agenda Item Number 5.1

Ordinance No. 11-1258 For the Purpose of Establishing
Criteria for Metro Council District Reapportionment and
Declaring an Emergency.

Ordinances - Second Reading

Metro Council Meeting
Thursday, April 14, 2011
Metro Council Chamber

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF ESTABLISHING)	ORDINANCE NO. 11-1258
CRITERIA FOR METRO COUNCIL DISTRICT)	
REAPPORTIONMENT AND DECLARING AN)	Introduced by Councilor Barbara Roberts
EMERGENCY)	

WHEREAS, Section 31(1) of the Metro Charter establishes the minimum criteria for reapportionment of Council districts, requiring such districts as nearly as practicable to be of equal population and to be contiguous and geographically compact; and

WHEREAS, Section 31(1) of the Metro Charter further provides that the Council may by ordinance specify additional criteria for districts that are consistent with this section;

WHEREAS, Metro has received data compiled by the 2010 U.S. Census; and

WHEREAS, the Metro Council wishes to set forth the criteria to be used in reapportionment of Council districts; now therefore

THE METRO COUNCIL ORDAINS AS FOLLOWS:

In addition to the criteria for council district reapportionment contained in Section 31(1) of the Metro Charter, which requires that "as nearly as practicable, all council districts shall be of equal population and shall be contiguous and geographically compact," the Council also specifies each of the following additional criteria in developing an apportionment plan:

1. The apportionment shall comply with all applicable federal and state laws pertinent to voting rights of electors.
2. No council district shall vary in population more than five percent (5.0%) from the average population of the district. "Average population" shall be that amount equal to one-sixth of the total Metro area population based on the data compiled by the 2010 U.S. Census. The maximum variance of five percent shall be construed to mean that no district may be more than five percent larger or more than five percent smaller in population than the average population.
3. While observing the maximum five percent population variance based on the 2010 census data required in Section (2) of this Ordinance, the Council shall make every effort to create districts with population variances of zero percent (0.0%) based on the data compiled by the 2010 US Census.
4. In developing the reapportionment plan, the Council shall give consideration to existing precincts and, to the maximum extent possible after meeting all other applicable criteria, shall maintain communities of interest. Such communities of interest are represented in cities under 15,000 in population, regional centers, town centers, school districts, established neighborhood associations, neighborhood planning organizations, community planning and participation organizations and other similar groups as specifically defined by the Metro Council.

5. This ordinance being necessary for the health, safety and welfare of the Metro area for the reason that the work of reapportionment proceed without delay as stipulated in the Metro Charter, an emergency is declared to exist, and this ordinance shall take effect immediately pursuant to Metro Charter Section 38(1).

ADOPTED by the Metro Council this _____ day of April, 2011.

Tom Hughes, Council President

Attest:

Approved as to Form:

Kelsey Newell, Recorder

Alison Kean Campbell, Acting Metro Attorney

STAFF REPORT

IN CONSIDERATION OF ORDINANCE NO. 11-1258, FOR THE PURPOSE OF ESTABLISHING CRITERIA FOR METRO COUNCIL DISTRICT REAPPORTIONMENT AND DECLARING AN EMERGENCY

Date: April 7, 2011

Prepared by: Tony Andersen
503-797-1878

BACKGROUND

If adopted, this ordinance would establish criteria to reapportion Metro Council districts. The Metro Charter, Section 31(1) establishes minimum criteria for reapportionment of Council districts, requiring that districts be nearly and practicably equal population and geographically compact. Section 31(1) of the Metro Charter also states that the Council may by ordinance add or subtract criteria to be used throughout the apportionment process.

Metro has received data compiled by the 2010 U.S. census, thus kicking off the 2011 reapportionment process by way of inconsistencies in population throughout districts (i.e. District 4 experienced a 9.75% population increase while District 2 experienced a decline of 7.33%). The Metro Charter specifies that Council districts be reapportioned within three months following the receipt of updated census data should such discrepancies exist.

This ordinance sets forth criteria to be used in reapportioning Council districts for 2011. In addition to criteria used in Section 31(1) of the Metro Charter, which requires that "...as nearly as practicable, all council districts shall be of equal population and shall be contiguous and geographically compact," the Council, subject to adopting this ordinance, also sets each of the following criteria as parameters in developing an apportionment plan:

1. The apportionment shall comply with all applicable federal and state laws.
2. No council district shall vary in population more than five percent from the average population of the district. "Average population" is defined as an amount equal to one-sixth of the total Metro area population compiled by the 2010 U.S. Census.
3. The Council shall make every effort to create districts with population variances of zero percent.
4. In developing the reapportionment plan, the Council should give consideration to existing precincts, and reasonably maintain communities of interest. Such communities of interest, as deemed priorities of the Metro Council, include:
 - Cities under 15, 000 in population
 - Regional centers
 - Town centers
 - School districts
 - Established neighborhood associations
 - Neighborhood planning organizations
 - Community planning and participation organizations
 - Similar groups as specifically defined by the Metro Council

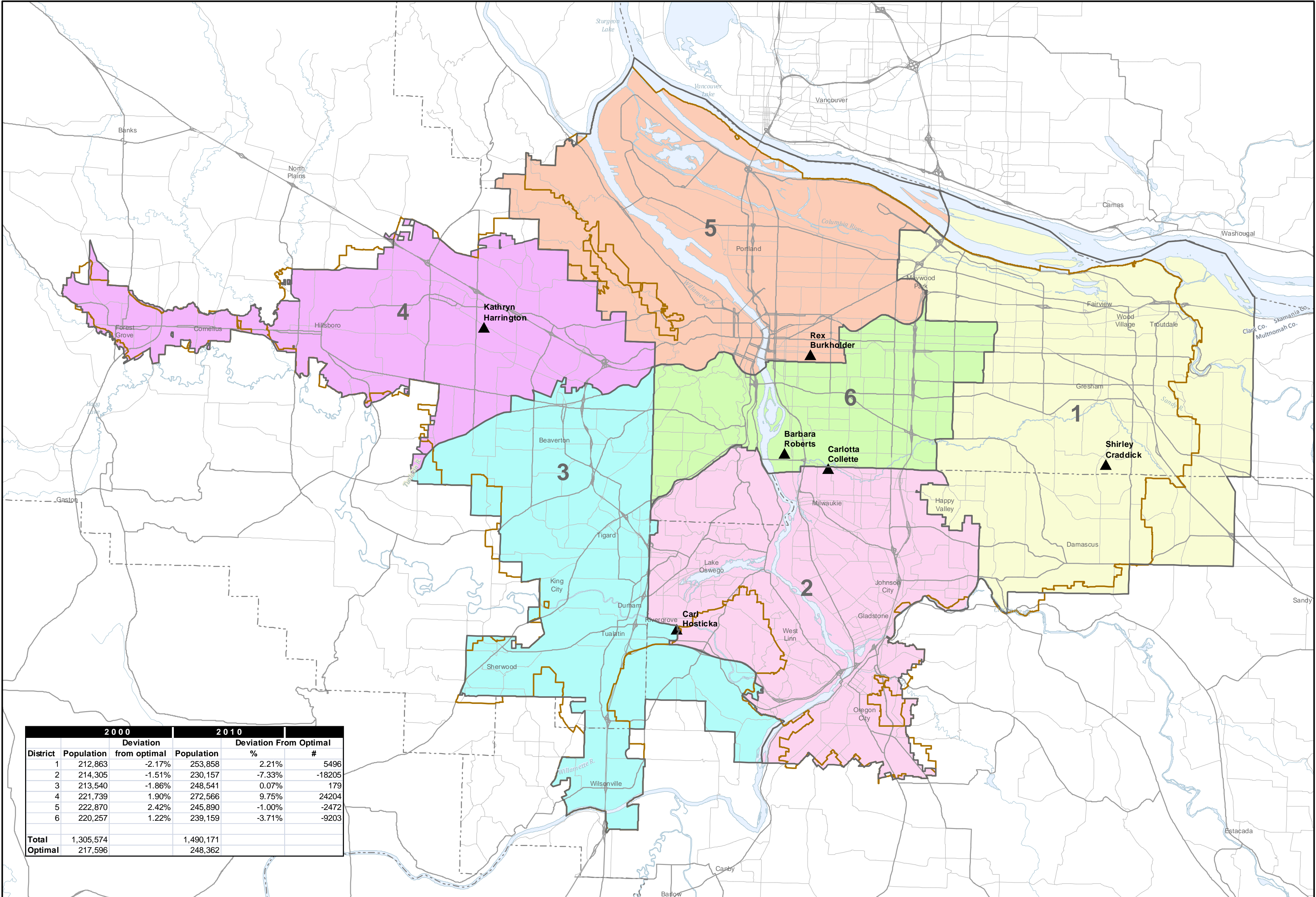
Once adopted, this ordinance would take effect immediately. Staff will follow this ordinance with proposed map options for reapportionment, to be adopted by separate ordinance.

ANALYSIS/INFORMATION

- 1. Known Opposition** None currently identified.
- 2. Legal Antecedents**
- 3. Anticipated Effects** This ordinance does not reapportion Metro districts; instead it sets criteria to be used in the reapportionment process. Reapportionment of districts will be adopted by separate ordinance.
- 4. Budget Impacts** No major impacts except for staff time and resources.

RECOMMENDED ACTION

Metro staff recommend adoption of Ordinance No. 11-1258.



2000			2010		
District	Population	Deviation from optimal	Population	Deviation From Optimal %	#
1	212,863	-2.17%	253,858	2.21%	5496
2	214,305	-1.51%	230,157	-7.33%	-18205
3	213,540	-1.86%	248,541	0.07%	179
4	221,739	1.90%	272,566	9.75%	24204
5	222,870	2.42%	245,890	-1.00%	-2472
6	220,257	1.22%	239,159	-3.71%	-9203
Total	1,305,574		1,490,171		
Optimal	217,596		248,362		

Metro Council Districts

Metro Jurisdictional Boundary and Urban Growth Boundary

0 0.5 1 2 miles

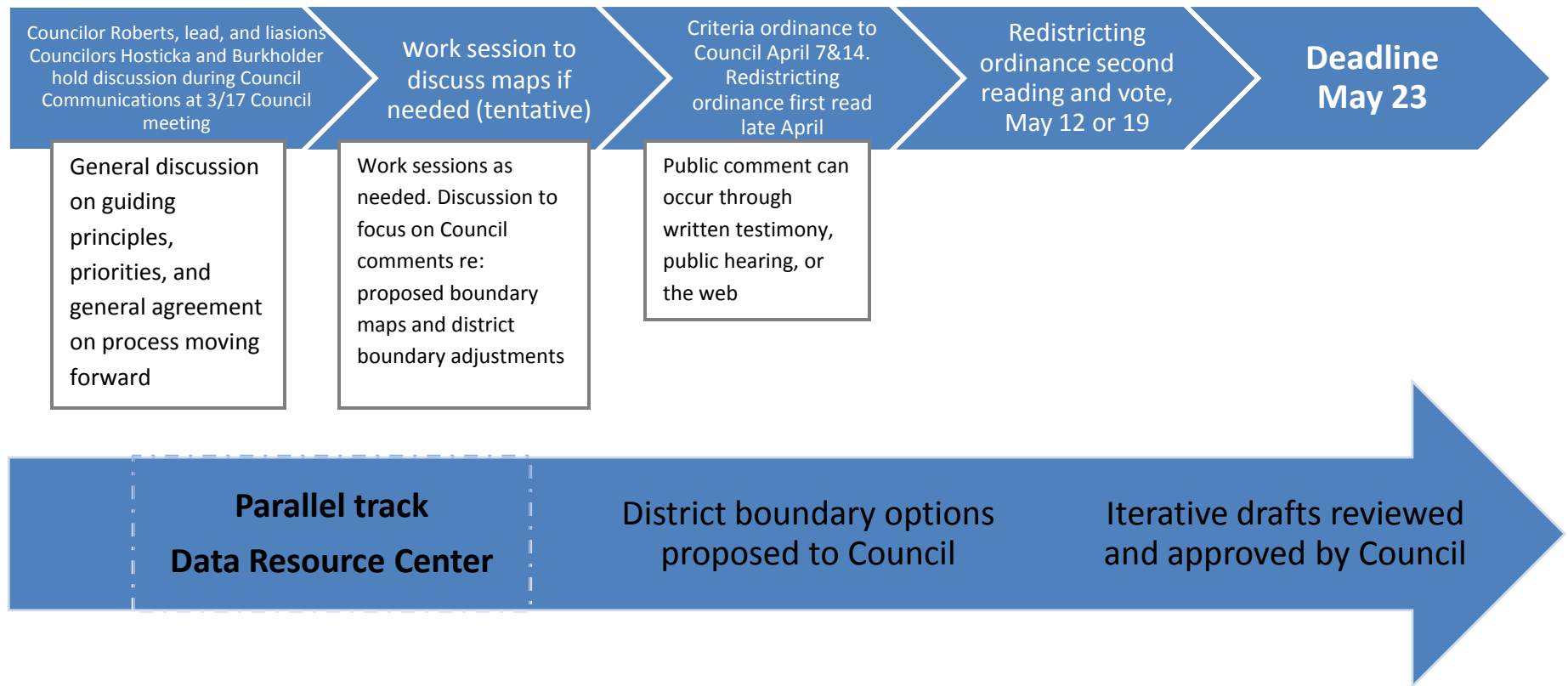
The information on this map was derived from digital databases on Metro's GIS. Care was taken in the creation of this map. Metro cannot accept any responsibility for errors, omissions, or positional accuracy. There are no warranties, expressed or implied, including the warranty of merchantability or fitness for a particular purpose, accompanying this product. However, notification of any errors are appreciated.

- ▲ Current council home location
- Urban growth boundary
- County Boundaries

Attachment 2 to Ordinance No. 11-1258

DRAFT Metro Council Redistricting Process 2011

General Overview



Materials following this page were distributed at the meeting.



METRO COUNCIL MEETING

Meeting Summary

April 7, 2011

Metro Council Chambers

Councilors Present: Council President Tom Hughes and Councilors Carl Hosticka, Barbara Roberts, Rex Burkholder, and Kathryn Harrington

Councilors Excused: Councilors Carlotta Collette and Shirley Craddick

Council President Tom Hughes convened the regular Council meeting at 3:33 p.m.

1. INTRODUCTIONS

There were none.

2. CITIZEN COMMUNICATIONS

There were none.

3. OREGON ZOO BOND CITIZENS' OVERSIGHT COMMITTEE ANNUAL REPORT

Ms. Sheryl Manning, Chair of the Oregon Zoo Bond Citizens' Oversight Committee, provided a presentation on the committee's annual report. Her presentation included information on committee membership, charge, and reporting requirements. The committee is required annually to report to the Metro Council on the progress of the zoo bond. Ms. Manning highlighted three required reporting items: (1) Assessment of progress; (2) Report on spending trends and current cost projections and independent auditor's report; (3) Consider and recommend project modifications intended to account for increases in construction costs in excess of budget estimates. (Complete report included as part of the meeting record.)

Council discussion included land use approvals and planning. Council requested staff provide updates as needed.

4. CONSENT AGENDA

Council President Hughes removed Resolution No. 11-4250 from the consent agenda.

Motion:	Councilor Kathryn Harrington moved to adopt the consent agenda: <ul style="list-style-type: none">• Consideration of the Minutes for March 31, 2011• Resolution No. 11-4247, Resolution of Metro Council, Acting as the Metro Contract Review Board, For the Purpose of Approving Contract Amendments for the Graham Oaks Nature Park Development Project.
Second:	Councilor Barbara Roberts seconded the motion.

Vote:	Council President Hughes and Councilors Hosticka, Roberts, Harrington, and Burkholder voted in support of the motion. The vote was 5 aye, the motion <u>passed</u> .
-------	--

Motion:	Council President Hughes moved to approve Resolution No. 11-4250 .
Second:	Councilor Rex Burkholder seconded the motion.

Council President Hughes introduced Resolution No. 11-4250. If adopted, the resolution would update the list for 2011 Councilor assignments to include Councilor Roberts and propose liaisons for Council's "on-going" (e.g. SW Corridor project and Community Investment Initiative) and "short-term" (e.g. Urban and Rural Reserves and Chief Operating Officer recruitment) projects.

Council discussion included the removal of the Economic Development: Greenlight Greater Portland Launch Team from the "time-limited" project list as the project has already concluded, and removal of Councilor Harrington from the list of council liaisons for the COO recruitment. All recommendations were accepted as friendly amendments to the resolution.

Vote:	Council President Hughes and Councilors Hosticka, Roberts, Harrington, and Burkholder voted in support of the motion. The vote was 5 aye, the motion <u>passed</u> .
-------	--

5. **ORDINANCES – FIRST READING**

5.1 Chief Operating Officer, Acting as the Budget Officer, Presents the Proposed Fiscal Year 2011-12 Budget and Budget Message to the Metro Council Acting as the Budget Committee.

Mr. Dan Cooper of Metro provided an overview of the proposed fiscal year 2011-12 Metro budget. His presentation included information on the budget message, priorities, schedule, and strategies to deliver on budget priorities within resource constraints (i.e. Metro footprint, focus, employee contract and resources).

Ms. Margo Norton of Metro provided a presentation on budget specifics including the percentage change between the FY 2010-11 and 2011-12 budgets, current revenues and sources (e.g. enterprise, excise tax, property tax), total resources and requirements, the 10-year expenditure and 10-year total agency FTE histories, the Metro capital improvement plan, and debit service payments.

Ms. Suzanne Flynn provided a brief overview of the proposed FY 2011-12 budget for the Office of the Metro Auditor. Her presentation included information on the office mission, FY 2010-11 accomplishments, proposed FY 2011-12 budget and its comparison to previous years, and upcoming Metro audits.

Ms. Judie Hammerstad, budget chair for the Metropolitan Exposition and Recreation Commission (MERC), provided a presentation on the MERC fund venues including the Oregon Convention Center, Portland Center for Performing Arts and Expo Center. Her presentation included information on the MERC budget process and outcomes, the FY 2011-12 economic and business climate, the new venues' reserves policy, and total revenue and expenditures anticipated for FY 2011-12.

Mr. Doug Anderson of Metro provided a presentation on the annual solid waste rate cycle and proposed rate increases. His presentation include information on funding sources (i.e. disposal charges and regional system fee), current and proposed RSF and excise taxes, current and proposed Metro transfer station rates, transaction and tip fees, market drivers and impacts to residential and commercial rate payers. The *FY 2011-12 Solid Waste Rate: A Methodological Statement and Review of Solid Waste Disposal Charges* reports will be available shortly.

Council discussion included continuing discussions on a convention center hotel, the 2008 consolidation of Metro and MERC operations, potential impact of labor negotiations on the proposed budget, and the solid waste rate increase of approximately \$4 – less than previous years.

5.1.1 Ordinance No. 11-1253, For the Purpose of Adopting the Annual Budget for Fiscal Year 2011-12, Making Appropriations, Levying Ad Valorem Taxes and Declaring an Emergency.

Council President Hughes opened a public hearing on Ordinance No. 11-1253. Seeing no citizens who wished to testify, the public hearing was closed.

Additional readings for Ordinance No. 11-1253 are scheduled for April 21, May 5, and June 16. Second read, public hearing, Council consideration, and vote are schedule June 23.

5.2 Ordinance No. 11-1257, For the Purpose of Amending Metro Code Chapter 5.02 to Establish Solid Waste Disposal Charges and System Fees for Fiscal Year 2011-12, and to Establish the Effective Date for the Fiscal Year 2011-12 Solid Waste Excise Tax Rate.

Seconding read, public hearing, Council consideration and vote on Ordinance No. 11-1257 are scheduled for April 28.

5.3 Ordinance No. 11-1258, For the Purpose of Establishing Criteria for Metro Council District Reapportionment and Declaring an Emergency.

Second read, public hearing, Council consideration and vote on Ordinance No. 11-1258 are schedule for April 14.

6. CHIEF OPERATING OFFICER COMMUNICATION

Mr. Cooper of Metro provided a brief update on the recent Frequent Flier audit report. Time will be scheduled at an upcoming work session for further discussion on the agency's frequent flier policies.

7. COUNCILOR COMMUNICATION

Council discussion included the conclusion of the Oregon Zoo Comprehensive Master Plan open houses, the Regional Partners and Greenlight Greater Portland merger, the April 8 Greater Portland Vancouver Indicators event, an update on the Oregon Legislature, and recent MER Commission meeting.

In addition, Council President Hughes provided an update on his recent trip to Germany. Highlights included his trip to a biogas facility and Munich zoo.

6. ADJOURN

There being no further business, Council President Hughes adjourned the regular meeting at 5:45 p.m. The Metro Council will reconvene the next regular council meeting on Thursday, April 14 at 2 p.m. in the Metro Council Chambers.

Prepared by,

A handwritten signature in black ink, appearing to read 'K. Newell', is written over the printed name.

Kelsey Newell
Regional Engagement Coordinator

ATTACHMENTS TO THE PUBLIC RECORD FOR THE MEETING OF APRIL 7, 2011

Item	Topic	Doc. Date	Document Description	Doc. Number
3.0	Report	Feb. 2011	Oregon Zoo Bond Citizens' Oversight Committee Report	40711c-01
4.1	Minutes	3/31/11	Council minutes for March 31, 2011	40711c-02
5.1	PowerPoint	40711	2011-12 Proposed Budget	40711c-03

DRAFT

Exhibit B to Ordinance No. 11-1255

REASONS FOR DESIGNATION OF URBAN AND RURAL RESERVES

I. Background

The 2007 Oregon Legislature authorized Metro and Clackamas, Multnomah and Washington Counties (“partner governments”) to designate urban reserves and rural reserves following the process set forth in ORS 195.137 – 195.145 (Senate Bill 1011) and implementing rules adopted by the Land Conservation and Development Commission (LCDC) (OAR 660 Division 27). The Legislature enacted the new authority in response to a call by local governments in the region to improve the methods available to them for managing growth. After the experience of adding over 20,000 acres to the regional urban growth boundary (UGB) following the soil-capability-based priority of lands in ORS 197.298, cities and the partner governments wanted to place more emphasis on the suitability of lands for sustainable urban development, longer-term security for agriculture and forestry outside the UGB, and respect for the natural landscape features that define the region.

The new statute and rules make agreements among the partner governments a prerequisite for designation of urban and rural reserves. The remarkable cooperation among the local governments of the region that led to passage of Senate Bill 1011 and adoption of LCDC rules continued through the process of designation of urban reserves by Metro and rural reserves by Clackamas, Multnomah and Washington Counties. The partners’ four ordinances are based upon the [separate](#), formal intergovernmental agreements between Metro and each county that are part of our record, developed simultaneously following long study of potential reserves and thorough involvement by the public.

[The four governments submitted their ordinances with designated reserves to LCDC in periodic review on June 23, 2010. On October 29, 2010, the Commission gave its oral approval to the reserves designated in Clackamas and Multnomah Counties and to the rural reserves and most of the urban reserves in Washington County. The Commission, however, rejected the designation of Urban Reserve 7I, north of Cornelius, and directed reconsideration of Urban Reserve 7B, north of Forest Grove. The Commission authorized Metro and Washington County to consider designating as urban reserve, or leaving undesignated, land the County had previously designated rural reserve or left undesignated. In order to provide flexibility, the Commission also returned the rural reserves in Washington County for further consideration.](#)

[Washington County and Metro responded to LCDC’s oral decision by revising the intergovernmental agreement between them and adopting ordinances amending their respective comprehensive plan and regional framework plan maps \(Washington County Ordinance No. 740; Metro Ordinance No. 11-1255\). The ordinances made the following changes:](#)

- [• The designation of Area 7I as urban reserve \(623 acres\) was removed](#)
- [• 263 acres of Area 7I were designated rural reserves](#)

- 360 acres of Area 7I were left undesignated
- The urban reserve designation of the 28-acre portion of Area 7B that lies east and north of Council Creek was removed; the portion was left undesignated
- 352 acres of undesignated land north of Highway 26, south of West Union Road, east of Groveland Road and west of Helvetia Road were designated urban reserve
- The rural reserve designation of 383 acres of Rural Reserve 6E south of Rosedale Road, west of 209th Avenue and north of Farmington Road was removed; the portion was left undesignated.

Metro Supp Rec. __ (SR 2).

These revisions reduced the acres of urban reserves in Washington County by 299 acres, reduced the acres of rural reserves by 120 acres and increased the acres adjacent to the UGB left undesignated by 391 acres, all compared with the reserves submitted to LCDC in June, 2010. Overall, there are 13,525 acres of urban reserves and 151,209 acres of rural reserves in Washington County, in part reflecting refinements of boundaries as they relate to street rights-of-way, floodplains and improved taxlot alignments. Metro Supp Rec. __ (SR 3).

II. OVERALL CONCLUSIONS

With adoption of Metro Ordinance No. 11-1255, Metro has designated 28,615 ~~28,615~~ 28,256 gross acres as urban reserves, including urban reserves in each county. Metro Supp Rec. __ (SR 3). These lands are now first priority for addition to the region's UGB when the region needs housing or employment capacity. As indicated in new policy in Metro's Regional Framework Plan in Exhibit A to ~~the ordinance~~ Ordinance No. 10-1238A, the urban reserves are intended to accommodate population and employment growth for 50 years, to year 2060.

Clackamas County Ordinance No. ZDO-233 designates 68,713 acres as rural reserves in Clackamas County. Multnomah County Ordinance No. 2010-1161 designates 46,706 acres as rural reserves in Multnomah County. Washington County Ordinance No. 733 designate 151,536 acres as rural reserves in that county. Washington County Ordinance No. 740, which revised the county's designation of rural reserves following LCDC's remand of urban and rural reserves in the county, designates 151,209 acres of rural reserves. Metro Supp Rec. __ (SR 2). As indicated in new policies in the Regional Framework Plan and the counties' Comprehensive Plans, these rural reserves – ~~266,954~~ 266,628 - acres in total - are now protected from urbanization for 50 years. Staff Report, June 9, 2010, Metro Supp. Rec. 118 __ (SR 2). The governments of the region have struggled with the urban-farm/forest interface, always searching for a "hard edge" to give farmers and foresters some certainty to encourage investment in their businesses. No road, stream or floodplain under the old way of expanding the UGB offers the long-term

certainty of the edge of a rural reserve with at least a 50-year lifespan. This certainty is among the reasons the four governments chose the longer, 50-year, reserves period.

The region's governments have also debated how best to protect important natural landscape features at the edges of the urban area. The partners' agreements and these ordinances now identify the features that will define the extent of outward urban expansion.

The region's urban and rural reserves are fully integrated into Metro's Regional Framework Plan and the Comprehensive Plans of Clackamas, Multnomah and Washington counties. Metro's plan includes a map that shows urban and rural reserves in all three counties. Each of the county plans includes a map that shows urban and rural reserves in the county. The reserves shown on each county map are identical to the reserves shown in that county on the Metro map. Each of the four plans contains new policies that ensure accomplishment of the goals for the reserves set by the four local governments and by state law. These new policies are consistent with, and carry out, the intergovernmental agreements between Metro and the three counties signed in February, 2010, [and the supplemental agreement between Metro and Washington County signed on March 15, 2011](#). [Metro Supp. Rec. ____](#).

Together, these reserves signal the region's long-term limits of urbanization, its commitment to stewardship of farmland and forests, and its respect for the ~~features of~~ natural landscape ~~features~~ that give the people of the region their sense of place. Urban reserves, if and when added to the UGB, will take some land from the farm and forest land base. But the partners understood from the beginning that some of the very same characteristics that make an area suitable for agriculture also make it suitable for industrial uses and compact, mixed-use, pedestrian and transit-supportive urban development. The most difficult decisions made by the four governments involved Foundation Agricultural Land¹ near the existing UGB and the circumstances in which this land should be designated as urban reserve to accommodate growth in a compact form and provide opportunities for industrial development, difficult or impossible on steep slopes. [Metro designated 15 areas composed predominantly of Foundation Land, with 11,551 acres, as urban reserve.](#)²

Some important numbers help explain why the partners came to agree that the adopted system, in its entirety, achieves this balance. Of the total ~~28,615~~[28,256](#) acres designated urban reserves, approximately ~~13,981~~[13,624](#) acres are Foundation [\(11,551 acres\)](#) or Important [\(2,073 acres\)](#) Agricultural Land. This represents only four percent of the Foundation and Important Agricultural Land studied for possible urban or rural reserve designation. If all of this land is

¹ Those lands mapped as Foundation Agricultural Land in the January, 2007, Oregon Department of Agriculture report to Metro entitled "Identification and Assessment of the Long-Term Commercial Viability of Metro Region Agricultural Lands.

² [1C \(East of Gresham, portion\); 1F \(Boring\); 5A \(Sherwood North\); 5B \(Sherwood West\); 6A \(Hillsboro South, portion\); 6B \(Cooper Mt. Southwest\); 6C \(Roy Rogers West\); 6D \(Beef Bend South\); 7B \(Forest Grove North\); 7C \(Cornelius East\); 7D \(Cornelius South\); 7E \(Forest Grove South\); 8A \(Hillsboro North\); 8B \(Shute Road Interchange and new Area D\); 8C \(Bethany West\)](#)

added to the UGB over the next 50 years, the region will have lost ~~five~~four percent of the farmland base in the three-county area. Metro Supp.Rec. (SR 3; Att. 3).

There is a second vantage point from which to assess the significance for agriculture of the designation of urban reserves in the three-county region: the percentage of land zoned for exclusive farm use in the three counties that is designated urban reserve. Land zoned EFU³ has emerged over 35 years of statewide planning as the principal land base for agriculture in the counties, and is protected for that purpose by county zoning. The inventory of Foundation and Important Agricultural Lands includes land that is “exception land”, no longer protected for agriculture for farming. Of the ~~28,615~~28,256 acres designated urban reserves, some ~~10,767~~10,722 acres are zoned EFU. Even including the 2,774 acres of these EFU lands that are classified by ODA as “conflicted”, these ~~10,767~~10,94510,722 acres represent less than four percent of all land zoned EFU in the three counties. If the “conflicted” acres are removed from consideration, the percentage drops to less than ~~four~~three percent. Metro Supp.Rec. (SR 3; Att 3).

A third vantage point adds perspective. During an approximately 30-year period leading to establishment of the statewide planning program and continuing through the acknowledgement and early implementation of county comprehensive plans, the three counties lost more than 150,000 acres of farmland. Metro Supp. Rec. (SR 3; Att 3). . By contrast, if all the zoned farmland that is designated urban reserve is ultimately urbanized, the regional will have lost only 10,722 acres over 50 years.

If the region’s effort to contain urban development within the existing UGB and these urban reserves for the next 50 years is successful, the UGB will have accommodated an estimated -74 percent increase in population on an 11-percent increase in the area within the UGB. No other region in the nation can demonstrate this growth management success. Most of the borders of urban reserves are defined by a -50-year “hard edge” of ~~266,954~~266,992266,628 acres designated rural reserves, nearly all of which lies within five miles of the existing UGB. Of these rural reserves, approximately ~~249,116~~248,762248,796 acres are Foundation or Important Agricultural Land. Metro Supp. Rec. (SR 3; Att 3).

Why did the region designate *any* Foundation Agricultural Land as urban reserve? The explanation lies in the geography and topography of the region, the growing cost of urban services and the declining sources of revenues to pay for them, and the fundamental relationships among geography, ~~and~~ topography and the cost of services. The region aspires to build “great communities.” Great communities are those that offer residents a range of housing types and transportation modes from which to choose. Experience shows that compact, mixed-use communities with fully integrated street, pedestrian, bicycle and transit systems offer the best range of housing and transportation choices. *State of the Centers: Investing in Our Communities*, January, 2009. Metro Rec.181-288. The urban reserves factors- in the reserves

³ Includes all farm zones acknowledged to comply with statewide planning Goal 3, including Washington County’s AF-20 zone.

rules derive from work done by the region to identify the characteristics of great communities. Urban reserve factors (1), (3), (4), and (6)⁴ especially aim at lands that can be developed in a compact, mixed-use, walkable and transit-supportive pattern, supported by efficient and cost-effective services. Cost of services studies tell us that the best geography/landscape, both natural and political, for compact, mixed-use communities is relatively flat, undeveloped land. *Core 4 Technical Team Preliminary Analysis Reports for Water, Sewer and Transportation*, Metro Rec. 1163-1187; *Regional Infrastructure Analysis*, Metro Rec. 440-481.

The region also aspires to provide family-wage jobs to its residents. Urban reserve factor (2) directs attention to capacity for a healthy economy.⁵ Certain industries the region wants to attract prefer large parcels of flat land. Staff Report, June 9, 2010, Metro Rec. 172-178. Water, sewer and transportation costs rise as slope increases. *Core 4 Technical Team Preliminary Analysis Reports for Water, Sewer and Transportation*, Metro Rec. 1163-1187; *Regional Infrastructure Analysis*, Metro Rec. 440-481. Converting existing low-density rural residential development into compact, mixed-use communities through infill and re-development is not only very expensive, it is politically difficult. ~~There is no better support for these findings than the experience of the city of Damascus, trying since its addition to the UGB in 2002 to gain the acceptance of its citizens for a plan to urbanize a landscape characterized by a few flat areas interspersed among steeply sloping buttes and incised stream courses and natural resources.~~ Metro Rec. 289-300.

Mapping of slopes, parcel sizes, and Foundation Agricultural Land revealed that most flat land in large parcels without a rural settlement pattern at the perimeter of the UGB lies in Washington County, outside immediately adjacent to Hillsboro, Cornelius, Forest Grove, Beaverton, and Sherwood. These same lands provide the most readily available supply of large lots for industrial development. *Business Coalition Constrained Land for Development and Employment Map*, Metro Rec. 301; 1105-1110. Almost all of it is Foundation Agricultural Land. Metro Supp. Rec. (SR 3) . –Had the region been looking only for the best land to build great communities, nearly all the urban reserves would have been around these cities. It is no coincidence that these cities told the reserves partners that they want significant urban reserves available to them, while most other cities told the partners they want little or no urban reserves. *Washington County Cities' Pre-Qualified Concept Plans*, WashCo Rec. 3036-3578. These facts help explain why there is more Foundation Agricultural Land designated urban reserve in Washington County than in Clackamas or Multnomah counties. Had Metro not designated some Foundation Land as urban reserve in Washington County, it would not have been possible for the region to achieve the “livable communities” purpose of reserves in LCDC rules [OAR 660-027-0005(2)].

⁴ (1) Can be developed at urban densities in a way that makes efficient use of existing and future public and private infrastructure investments;

(3) Can be efficiently and cost-effectively service with public schools and other urban-level public facilities and services by appropriate and financially capable providers;

(4) Can be designed to be walkable and service with a well-connected system of streets, bikeways, recreation trails and public transit by appropriate services providers;

(6) Includes sufficient land suitable for a range of needed housing types.

⁵ (2) Includes sufficient development capacity to support a healthy economy.

~~Despite these geopolitical and cost-of-services realities, the reserves partners designated extensive urban reserves that are *not* Foundation Agricultural Lands in order to meet the farm and forest land objectives of reserves, knowing they will be more difficult and expensive to urbanize:~~

~~Urban Reserve 1D east of Damascus and south of Gresham (2,716 acres);
Urban Reserve 2A south of Damascus (1,239 acres);
Urban Reserves 3B, C, D, F and G around Oregon City (2,232 acres);
Urban reserves 4A, B and C in the Stafford area (4,699 acres);
Urban reserves 4D, E, F, G and H southeast of Tualatin and east of Wilsonville (3,589 acres);
Urban Reserve 5F between Tualatin and Sherwood (572 acres);
Urban Reserve 5G west of Wilsonville (203 acres); and
Urban Reserve 5D south of Sherwood (447 acres).~~

~~This totals approximately 15,697 acres, 55 percent of the lands designated urban reserve.~~

~~Our reasons for not selecting more non-Foundation Agricultural Land as urban reserves from the 400,000 acres studied can be found in our analysis of these lands using the urban reserve factors. First, ~~we~~ Several urban reserves factors focus on the efficient, cost-effective installation, operation and maintenance of public services to urban reserves once they are included within the UGB.⁶ Urban reserve factor (6) calls for land suitable for needed housing types. The partners began ~~our~~the analysis by examining lands within five miles of the UGB. Most of these lands initially studied are beyond the affordable reach of urban services. As noted above, water, sewer and transportation costs rise as slope increases. *Core 4 Technical Team Preliminary Analysis Reports for Water, Sewer and Transportation*, Metro Rec. 1163-1187; *Regional Infrastructure Analysis*, Metro Rec. 440-481. Not only does most of the Important Agricultural Land and the Conflicted Agricultural Land within five miles of the UGB exhibit steeper slopes than the Foundation Land close to the UGB; these non-Foundation Lands also exhibit rural residential development patterns on smaller parcels (“exception lands”). Metro Supp. Rec. (SR 3; Att 5); WashCo Rec. 1891-1894; 2905. With one exception (small portion of Urban Reserve 1D), designated urban reserves lie within two miles of the UGB. Metro Supp. Rec. (SR, Att 4).~~

~~Despite these geopolitical and cost-of-services realities, the reserves partners designated extensive urban reserves that are *not* Foundation Agricultural Lands in order to meet the farm and forest land objectives of reserves, knowing these lands will be more difficult and expensive to urbanize. The following urban reserves are principally Conflicted and Important Agricultural Land:~~

- ~~• Urban Reserve 1D east of Damascus and south of Gresham (2,716 acres), ClackCo Rec. 1723;~~
- ~~• Urban Reserve 2A south of Damascus (1,239 acres), ClackCo Rec. 1722;~~

⁶ ~~Urban Reserve factprs (1) (efficient use of public infrastructure); (3) (efficient and cost-effective public services); (4) (walkable, bikable and transit-supportive).~~

- Urban Reserves 3B, C, D, F and G around Oregon City (2,232 acres), ClackCo Rec. 1718-1720;
- Urban reserves 4A, B and C in the Stafford area (4,699 acres), ClackCo Rec. 1716;
- Urban reserves 4D, E, F, G and H southeast of Tualatin and east of Wilsonville (3,589 acres), ClackCo Rec. .;
- Urban Reserve 5F between Tualatin and Sherwood (572 acres), WashCo Rec. 3517; 2998;
- Urban Reserve 5G west of Wilsonville (203 acres) ClackCo Rec. 711-712; and
- Urban Reserve 5D south of Sherwood (447 acres), WashCo Rec. 3481; 2998.

These non-Foundation Lands designated urban reserve, which total approximately 15,700 acres, (55 percent of all lands designated urban reserve), are the most serviceable among the non-Foundation Lands within the initial study area. Metro Supp Rec. (SR, Att 3); WashCo Rec. 3006-3010; 3015.

~~Second, much of the Important and some Conflicted Agricultural Lands are separated from the UGB by, or include, important natural landscape features:~~

- ~~• East of Sandy: the Sandy River Canyon and the county's scenic river overlay zone~~
- ~~• Eagle Creek and Springwater Ridge: the bluffs above the Clackamas River~~
- ~~• Clackamas Heights (portion closest to UGB): Abernethy Creek~~
- ~~• South of Oregon City: steep slopes drop to Beaver Creek~~
- ~~• West Wilsonville: Tonquin Seablands~~
- ~~• Bethany/West Multnomah: Forest Park and stream headwaters and courses.~~

Many areas of Important and Conflicted Agricultural Lands were not designated urban reserve in part because the presence of steep slopes, bluffs, floodplains, streams and habitat, limiting their suitability or appropriateness for urbanization:

- Rural Reserve 1B (West of Sandy River): the Sandy River Canyon and the county's scenic river overlay zone. MultCo Rec. 2961-2965; 2973-2985;
- Rural Reserve 2B (East Clackamas County): steep bluffs above the Clackamas River. ClackCo Rec. 560-563; 568-571;
- Rural Reserve 3E (East of Oregon City): steep slopes along Abernethy, Clear and Newell Creeks. ClackCo Rec. 748-755;
- Rural Reserve 3H (South of Oregon City): steep slopes drop to Beaver and Parrot Creeks. ClackCo. Rec. 557; 1718;
- Rural Reserve 4I (Pete's Mtn.): steep slopes. ClackCo Rec. 741-743;
- Rural Reserve 5C (East Chehalem Mtns): steep slopes and floodplain of Tualatin River; WashCo Rec. 2998-3027;
- Rural Reserve 5I (Ladd Hill): steep slopes and creek traverses. ClackCo. Rec. 592-595;
- Rural Reserve 6E (Central Chehalem Mtns.): steep slopes and floodplain of Tualatin River. WashCo Rec. 2998-3027;

- [Rural Reserve 7G \(West Chehalem Mtns.\): steep slopes and floodplain of Tualatin River. WashCo Rec. 2997; 3006-3010; 3027;](#)
- [Rural Reserve 7H \(West Fork of Dairy Creek\); steep slopes on David Hill. WashCo. Rec. 3013; 3029; 3107;](#)
- [Rural Reserves 9A-9C \(Powerlines/Germantown Road-South: steep slopes, many stream headwaters and courses. MultCo. Rec. 11; 329-330; 3004-3015;](#)
- [Rural Reserve 9D \(West Hills South\): steep slopes, many stream headwaters and courses. MultCo Rec. 2993-3033.](#)

[Metro Supp Rec. __ \(SR,Att 4\).](#)

Urban reserve factors (5), (7) and (8)⁷ seek to direct urban development away from important natural landscape features and other natural resources. [Much of the Important and some Conflicted Agricultural Lands are separated from the UGB by, or include, important natural landscape features or rural reserves on Foundation or Important Agricultural Land:](#)

- [Rural Reserve 1B \(West of Sandy River\): the Sandy River Canyon \(Wild and Scenic River\). MultCo Rec. 2961-2965; 2973-2985;](#)
- [Rural Reserve 2B \(East Clackamas County\): Clackamas River and canyons of Deep, Clear and Newell Creeks. ClackCo. Rec. 1722;](#)
- [Rural Reserve 3E \(East of Oregon City\): Willamette River and canyons of Abernethy, Clear and Newell Creeks. ClackCo Rec. 560-563;](#)
- [Rural Reserve 3H \(South of Oregon City\): Willamette Narrows, Canemah Bluffs and canyons of Beaver and Parrot Creeks. ClackCo. Rec. 553-554;](#)
- [Rural Reserve 4I \(Pete's Mtn.\): Willamette Narrows on eastern edge. ClackCo. Rec. 596;](#)
- [Rural Reserve 5C \(East Chehalem Mtns\): Chehalem Mtns., floodplain of Tualatin River and Tualatin River National Wildlife Refuge. WashCo Rec. 2988-3027; 9677-9679;](#)
- [Rural Reserve 5I \(Ladd Hill\): Parrett Mtn., Willamette River, Tonquin Geological Area. ClackCo. Rec. 592-595;](#)
- [Rural Reserve 6E \(Central Chehalem Mtns.\): Chehalem Mtns., floodplain of Tualatin River. WashCo Rec. 2998-3027;](#)
- [Rural Reserve 7G \(West Chehalem Mtns.\): Chehalem Mtns., floodplain of Tualatin River. WashCo Rec. 3029; 3095; 3103;](#)
- [Rural Reserves 9A-9C \(Powerlines/Germantown Road-South: steep slopes \(Tualatin Mountains\), stream headwaters \(Abbey Creek and Rock Creek\) and courses. MultCo. Rec. 11; 329-330; 3004-3015; 3224-3225; 3250-3253; 9322-9323;](#)
- [Rural Reserve 9D \(West Hills South\): steep slopes, many stream headwaters \(Abbey Creek and Rock Creek\) and courses. MultCo Rec. 2993-3033.](#)

[Metro Supp. Rec. \(SR 4-5; Att 10\).](#)

⁷ (5) Can be designed to preserve and enhance natural ecological systems;

(7) Can be developed in a way that preserves important natural landscape features included in urban reserves;

(8) Can be designed to avoid or minimize adverse effects on farm and forest practices, and adverse effects on important natural landscape features, on nearby land including land designated as rural reserves.

Third, much of the Important and Conflicted Agricultural Lands rates lower against the urban reserves factors in comparison to areas designated urban reserve, or remain undesignated for possible designation as urban reserve if the region's population forecast proves too low:⁸

- Clackamas Heights, [ClackCo Rec. 1721](#);
- East Wilsonville, [ClackCo Rec. 1715](#);
- West Wilsonville, [ClackCo Rec. 1713](#);
- Southeast of Oregon City, [ClackCo Rec. 1719](#);
- Southwest of Borland Road-, [ClackCo Rec. ____](#);
- Between Wilsonville and Sherwood, [ClackCo Rec. ____](#);
- ~~Powerline/Germantown Road-South~~, [MultCo Rec. 2909-2910](#).

Lastly, some of the Important and Conflicted Agricultural Lands lies adjacent to cities in the region that have their own UGBs and want their own opportunities to expand over time:

- Estacada
- Sandy

[The partners also considered the rural reserve factors when considering whether to designate Foundation Agricultural Land as urban reserve. The first set of rural reserve factors focuses on the suitability and capability of land for agriculture and forestry. The factors in this set that address agricultural suitability and capability derive from the January, 2007, Oregon Department of Agriculture report to Metro entitled "Identification and Assessment of the Long-Term Commercial Viability of Metro Region Agricultural Lands." All of the Foundation Lands designated urban reserve are potentially subject to urbanization \[rural factor \(2\)\(a\)\] due to their proximity to the UGB and suitability for urbanization, as described above. See, e.g., WashCo Rec. 2984-2985; 2971-2972; 3013-3014. All of the Foundation Lands designated urban reserve are also capable of sustaining long-term agricultural or forest operations \[factor \(2\)\(b\)\]. WashCo rec. 2972-2973; 2985; 3015. Similarly, all of the Foundation Lands designated urban reserve have soils and access to water that render them suitable \[factor \(2\)\(c\)\] to sustain agriculture. See, e.g., WashCo Rec. 2972-2975; 2985; 2998; 3016-3018. These lands also lie in large blocks of agricultural land and have parcelization, tenure and ownership patterns and agricultural infrastructure that make them suitable for agriculture. WashCo Rec. 2975; 2985; 3019-3024; 3027. The identification of these lands as Foundation Agricultural Land by the Oregon Department of Agriculture is a reliable general source of information to support these findings. See also WashCo Rec. 2976-2983; 3019-3025.](#)

⁸ "Retaining the existing planning and zoning for rural lands (and not applying a rural or an urban reserves designation) is appropriate for lands that are unlikely to be needed over the next 40 years, or (conversely) that are not subject to a threat of urbanization." Letter from nine state agencies to the Metro Regional Reserves Steering Committee, October 14, 2009, page 15.

Notwithstanding these traits that make these lands suitable for agriculture and forestry, some of the urban reserves on Foundation Land rate lower on the rural reserve factors than Foundation Land *not* designated urban reserve. WashCo Rec. 2978; 3025. Urban Reserves 6A (portion), 6B, 6C, 6D, 5A, 5B and 1F lie within Oregon Water Resources Department-designated Critical or Limited Groundwater Areas and have less ready access to water [factor (2)(c)]. WashCo Rec. 2294-2302; 2340; 2978-2979; 3019-3023; 3025; 3058-3061; 3288; 3489-3490. Metro Supp. Rec. (SR 3-4; Att7). Urban Reserves 8A, 8B, 8D, 6A (portion), 6B, 6D (portion), 5A, 5B, 1C and 1D are not within or served by an irrigation district. Metro Supp. Rec. (SR 3; Att 6). WashCo Rec. 2340; 3019-3023; 3025 Urban Reserve 6A contains the Reserves Vineyards Golf Course. Metro Supp. Rec. (SR 3).

The second set of rural reserve factors focuses on natural landscape features. All of the Foundation Lands designated urban reserve are potentially subject to urbanization [factor (3)(a)] due to their proximity to the UGB and their suitability for urbanization, as described above. The identification of these lands as Foundation Agricultural Land by the Oregon Department of Agriculture is a reliable general source of information to support this finding. Because urban reserves are intended for long-term urbanization, the partners were careful to exclude from urban reserves large tracts of land constrained by natural disasters or hazards incompatible with urban development. Metro Rec. 301; 1105-1110; WashCo Rec. 2986. Small portions of these urban reserves are vulnerable to hazards, but city land use regulations will limit urban development on steep slopes, in floodplains and areas of landslides once the lands are added to the UGB. Metro Supp. Rec. (SR, Att 10); WashCo Rec. 2986.

Little of these Foundation Lands are mapped as significant fish, plant or wildlife habitat [factor (3)(c)], the mapping of which is largely subsumed on the landscape features map. For the same reasons, little of these lands are riparian areas or wetlands. As with all lands, these lands are important for protection of water quality. But the lands are subject to local, regional, state and federal water quality regulations. See, e.g., WashCo Rec. 2986-2987.

There are several inventoried natural landscape features [factor (3)(e)] within the Foundation Lands designated urban reserve. Rock Creek flows through a portion of Urban Reserve 8C (Bethany West). The IGA between Washington County and Metro included a provision to limit development on approximately 115 acres of constrained land within the portion of the watershed in 8C, through application of the county's Rural/Natural Resources Plan Policy 29 and Clean Water Services programs developed to comply with Title 13 (Nature in Neighborhoods) of Metro's Urban Growth Management Functional Plan. Metro Rec. (SR, Att 10). Urban Reserve 6B includes portions of the slopes of Cooper Mountain. Metro's Cooper Mountain Nature Park lies within this area and protects much of the mountain's slopes. Metro Supp. Rec. (SR, Att 10). Urban Reserve 6D includes a segment of Tualatin River floodplain. King City will apply its floodplains ordinance to limit development there. WashCo. Rec. 3462-3463; Metro Supp. Rec. (SR, Att 10). There are such inventoried natural landscape features at the edges of Urban Reserves 6A (South Hillsboro, Tualatin River), 6C (Roy Rogers West, Tualatin River), 6D (Beef Bend, Tualatin River), 7C (Cornelius East, Dairy Creek), 7D (Cornelius South, Tualatin River), 7E (Forest Grove South, Tualatin River and Lower Gales Creek) and 8A (Hillsboro North,

McKay Creek); Metro Supp. Rec. (SR, Att 10). . These features serve as edges to limit the long-term extent of urbanization and reduce conflicts with rural uses [factor (3)(f)] .

Urban Reserves 1F, 8A and 8D (new Area D) lessen the separation [factor (3)(g)] between the Metro urban area and the cities of Sandy and North Plains, respectively. But significant separation remains (Sandy: approximately 9,000 feet; North Plains: approximately 2,000 feet). Metro Supp. Rec. (SR, Att 2); WashCo Rec. 2987. Finally, because private farms and woodlots comprise most of these Foundation Lands, they do not provide easy access to recreational opportunities as compared to Important and Conflicted Lands.

~~These reasons are more fully set forth in the explanations for specific urban and rural reserves in sections VI-VIII.~~

As indicated above and in county findings in sections VI through VIII, these 15 urban reserves on Foundation Agricultural Land rate highly for urban reserves and rural reserves. In order to achieve a balance among the objectives of reserves, Metro chose these lands as urban reserves rather than rural reserves. The characteristics described above make them the best lands for industrial use and for compact, mixed-use, pedestrian-friendly and transit-supportive communities. Designation of these areas as urban reserve will have little adverse impact on inventoried natural landscape features. Notwithstanding the loss of these lands over time, urbanization of these lands will leave the agricultural and forest industries vital and viable in the region.

The record of this two and one-half-year effort shows that not every partner agreed with all urban reserves in each county. But each partner agrees that this adopted system of urban and rural reserves, in its entirety, achieves the region's long-range goals and a balance among the objectives of reserves: to accommodate growth in population and employment in sustainable and prosperous communities and neighborhoods, to -preserve the vitality of the farms and forests of the region, and to protect defining natural landscape features. The partners are confident that this system of reserves will allow the continuation of vibrant and mutually-reinforcing farm, forest and urban economies for the next 50 years. And the partners agree this system is the best system the region ~~can adopt~~could reach by mutual agreement.

III. OVERALL PROCESS OF ANALYSIS AND PUBLIC INVOLVEMENT

A. Analysis and Decision-Making

The three counties and Metro began reserves work as soon as LCDC adopted the new rules on reserves (OAR Division 27). The four governments formed committees and began public involvement to raise awareness about reserves and help people learn how to engage in the process. Each of the four governments selected one of its elected officials to serve on the "Core 4", established to guide the designation process and formulate recommendations to the county boards and the Metro Council. The four governments also established a "Reserves Steering Committee" (RSC) to advise the Core 4 on reserves designation. The RSC represented interests

across the region - from business, agriculture, social conservation advocacy, cities, service districts and state agencies (52 members and alternates).

The four governments established an overall Project Management Team (PMT) composed of planners and other professions from their planning departments. Each county established an advisory committee to provide guidance and advice to its county board, staffed by the county's planning department.

As part of technical analysis, staff gathered providers of water, sewer, transportation, education and other urban services to consider viability of future service provision to lands within the study area. The parks and open space staff at Metro provided guidance on how best to consider natural features using data that had been deeply researched, broadly vetted and tested for social and political acceptance among Willamette Valley stakeholders (Oregon Wildlife Conservation Strategy, Pacific Northwest Research Consortium, Willamette Valley Futures, The Nature Conservancy's Ecoregional Assessment). Business leaders, farm bureaus and other representative groups were consulted on an ongoing basis.

The first major task of the Core 4 was to recommend a reserves study area to the county boards and the Metro Council. With advice from the RSC, the county advisory committees and public comment gathered open houses across the region, the Core 4 recommended for further analysis some 400,000 acres around the existing urban area, extending generally five miles from the UGB. The four governments endorsed the study area in the fall of 2008. Then the task of applying the urban and rural reserve factors to specific areas began in earnest.

The county advisory committees reviewed information presented by the staff and advised the staff and county boards on how each "candidate area" rated under each reserves factor. The county staffs brought this work to the RSC for discussion. After a year's worth of work at regular meetings, the RSC made its recommendations to the Core 4 in October, 2009.

Later in the fall, each elected body held hearings to hear directly from their constituents on proposed urban and rural reserves. Public involvement included six open houses, three Metro Council hearings around the region and a virtual open house on the Metro web site, all providing the same maps, materials and survey questions.

Following this public involvement, the Core 4 submitted its final recommendations to the four governments on February 8, 2010. The recommendation included a map of proposed urban and rural reserves, showing reserves upon which there was full agreement (the large majority of proposed reserves) and reserves upon which disagreements were not resolved. The Core 4 proposed that these differences be settled [principally](#) in bilateral discussions between each county and Metro, the parties to the intergovernmental agreements (IGAs) required by ORS 195.141. Over the next two weeks, the Metro Council reached agreement on reserves with each county. By February 25, 2010, Metro had signed an IGA with Clackamas, Multnomah and Washington counties. Metro Rec.302; 312; 404.

The IGAs required each government to amend its plan to designate urban (Metro) or rural (counties) reserves and protect them for their intended purposes with plan policies. The IGAs also set times for final public hearings on the IGA recommendations and adoption of ordinances

with these plan policies in May and June. The four governments understood that the IGAs and map of urban and rural reserves were not final decisions and, therefore, provided for final adjustments to the map to respond to public comment at the hearings. By June 15, 2010, the four governments had adopted their reserves ordinances, including minor revisions to the reserves map.

B. Public Involvement

From its inception, the reserves designation process was designed to provide stakeholders and the public with a variety of ways to help shape the process and the final outcome. Most significantly, the decision process required 22 elected officials representing two levels of government and 400,000 acres of territory to craft maps and agreements that a majority of them could support. These commissioners and councilors represent constituents who hold a broad range of philosophical perspectives and physical ties to the land. Thus, the structure of the reserves decision process provided motivation for officials to seek a final compromise that met a wide array of public interests.

In the last phase of the reserve process – adoption of ordinances that designate urban and rural reserves - each government followed its established procedure for adoption of ordinances: notice to citizens; public hearings before its planning commission (in Metro’s case, recommendations from the Metro Planning Advisory Committee) and public hearings before its governing body. But in the more-than-two years leading to this final phase, there were additional advisory bodies established.

The RSC began its work in early 2008. RSC members were expected to represent social and economic interests to the committee and officials and to serve as conduits of communication back to their respective communities. In addition, RSC meetings were open to the public and provided an additional avenue for citizens to voice their concerns—either by asking that a steering committee member represent their concern to the committee or by making use of the public testimony period at the beginning of each meeting.

Once the three county advisory committees got underway, they, like the RSC, invited citizens were to bring concerns to committee members or make statements at the beginning of each meeting.

Fulfilling the requirements of DLCD’s administrative rules on reserves and the reserves work program, the three counties and Metro developed a Coordinated Public Involvement Plan in early 2008 that provided guidance on the types of public involvement activities, messages and communications methods that would be used for each phase of the reserves program. The plan incorporated the requirements of Oregon law and administrative rules governing citizen involvement and reflects comments and feedback received from the Metro Council, Core 4 members, each jurisdiction’s citizen involvement committee, other county-level advisory committees and the RSC. The Citizen Involvement Advisory Committee of the Oregon Land

Conservation and Development Commission (LCDC) reviewed and endorsed the Public Involvement Plan.

The four governments formed a public involvement team, composed of public involvement staff from each county and Metro, to implement the Public Involvement Plan. The team cooperated in all regional efforts: 20 open houses, two “virtual open houses” on the Metro web site, additional online surveys, presentations, printed materials and analysis and summaries of comments. The team members also undertook separate county and Metro-specific public engagement activities and shared methodologies, materials and results.

Elected officials made presentations to community planning organizations, hamlets, villages, city councils, advocacy organizations, civic groups, chambers of commerce, conferences, watershed councils, public affairs forums, art and architecture forums, and many other venues. Staff and elected officials appeared on television, on radio news broadcasts and talk shows, cable video broadcasts and was covered in countless news articles in metro outlets, gaining publicity that encouraged public engagement. Booths at farmers’ markets and other public events, counter displays at retail outlets in rural areas, library displays and articles in organization newsletters further publicized the opportunities for comment. Materials were translated into Spanish and distributed throughout all three counties. Advocacy organizations rallied supporters to engage in letter email campaigns and to attend public meetings. Throughout the reserves planning process the web sites of each county and Metro provided information and avenues for feedback. While there have been formal public comment periods at key points in the decision process, the reserves project team invited the public to provide comment freely throughout the process.

In all, the four governments made extraordinary efforts to engage citizens of the region in the process of designating urban and rural reserves. The public involvement plan provided the public with more than 180 discrete opportunities to inform decision makers of their views urban and rural reserves. A fuller account of the public involvement process the activities associated with each stage may be found at Staff Report, June 9, 2010, Metro Rec.123-155; [Metro Supp. Rec. ____ \(Ray memo, 3/14\)](#).

[Following remand of Urban Reserves 7B and 7I in Washington County by LCDC on October 29, 2010, Metro and Washington County signed a supplemental IGA to re-designate urban and rural reserves in the county. Metro Supp. Rec. ____ . Each local government held public hearings prior to adoption of the supplemental IGA and prior to adoption of their respective ordinances amending their maps of urban and rural reserves. Metro Supp. Rec. ____ .](#)

IV. AMOUNT OF URBAN RESERVES

A. Forecast

Metro developed a 50-year “range” forecast for population and employment that was coordinated with the 20-year forecast done for Metro’s UGB capacity analysis, completed in December, 2009. The forecast is based on national economic and demographic information and is adjusted

to account for regional growth factors. The partner governments used the upper and lower ends of the 50-year range forecast as one parameter for the amount of land needed to accommodate households and employment. Instead of aiming to accommodate a particular number of households or jobs within that range, the partners selected urban reserves from approximately 400,000 acres studied that best achieve the purposes established by the Land Conservation and Development Commission [set forth in OAR 660-027-0005(2)] and the objectives of the partner governments.

B. Demand and Capacity

Estimating land demand over the next 50 years is difficult as a practical matter and involves much uncertainty. The Land Conservation and Development Commission (LCDC) recognizes the challenge of estimating long-term need even for the 20-year UGB planning period. In the section of OAR Division 24 (Urban Growth Boundaries) on “Land Need”, the Commission says:

“The 20-year need determinations are estimates which, although based on the best available information and methodologies, should not be held to an unreasonably high level of precision.”

OAR 660-024-0040(1). The uncertainties loom much larger for a 40 to 50-year estimate. Nonetheless, Metro’s estimate of need for a supply of urban reserves sufficient to accommodate housing and employment to the year 2060 is soundly based in fact, experience and reasonable assumptions about long-range trends.

The urban reserves estimate begins with Metro’s UGB estimate of need for the next 20 years in its *Urban Growth Report 2009-2030*, January, 2010 (adopted December 17, 2009). Metro Rec. 646-648; 715. Metro relied upon the assumptions and trends underlying the 20-year estimate and modified them where appropriate for the longer-term reserves estimate, and reached the determinations described below.

The 50-year forecast makes the same assumption on the number of households and jobs needed to accommodate the population and employment coming to the UGB from the seven-county metropolitan statistical area (MSA) as in the *Urban Growth Report*: approximately 62 percent of the MSA residential growth and 70 percent of the MSA employment growth will come to the metro area UGB. *COO Recommendation, Urban Rural Reserves*, Appendix 3E-C, Metro Rec. 599; Appendix 3E-D, Metro Rec. 606-607.

Metro estimates the demand for new dwelling units within the UGB over the next 50 years to be between 485,000 and 532,000 units. *COO Recommendation, Urban Rural Reserves*, Appendix 3E-C, Metro Rec. 599. Metro estimates between 624,300 and 834,100 jobs will locate within the UGB by 2060. *COO Recommendation, Urban Rural Reserves, Appendix 3E-D, Table D-3*, Metro Rec. 607. Staff Report, June 9, 2010, Metro Rec. 121-122.

The region will focus its public investments over the next 50 years in communities inside the existing UGB and, as a result, land within the UGB would develop close to the maximum levels allowed by existing local comprehensive plan and zone designations. This investment strategy is expected to accommodate 70 to 85 percent of growth forecasted over that period. No increase in

zoned capacity within the UGB was assumed because, at the time of adoption of reserves ordinances by the four governments, the Metro Council will not have completed its decision-making about actions to increase the capacity of the existing UGB as part of Metro's 2009 capacity analysis. For those areas added to the UGB between 2002 and 2005 for which comprehensive planning and zoning is not yet complete, Metro assumed the areas would accommodate all the housing and employment anticipated in the ordinances that added the areas to the UGB over the reserves planning period. Fifty years of enhanced and focused investment to accommodate growth will influence the market to use zoned capacity more fully.

Consistent with residential capacity analysis in the *Urban Growth Report*, vacant land in the existing UGB can accommodate 166,600 dwelling units under current zoning over the next 50 years. Infill and re-development over this period, with enhanced levels of investment, will accommodate another 212,600 units. This would leave approximately 152,400 dwelling units to be accommodated on urban reserves through 2060. *COO Recommendation, Urban Rural Reserves, Appendix 3E-C, pp. 5-6, Metro Rec. 602-603.*

Based upon the employment capacity analysis in the *Urban Growth Report*, the existing UGB has sufficient capacity – on vacant land and through re-development over the 50-year reserves period - for overall employment growth in the reserves period. However, this supply of land does not account for the preference of some industrial employers for larger parcels. To accommodate this preference, the analysis of the supply of larger parcels was extrapolated from the *Urban Growth Report*. This leads to the conclusion that urban reserves should include approximately 3,000 acres of net buildable land that is suitable for larger-parcel industrial users. *COO Recommendation, Urban Rural Reserves, Appendix 3E-D, Metro Rec. 609-610; Staff Report, June 9, 2010, Metro Rec.122.*

Metro assumed residential development in urban reserves, when they are added to the UGB over time, would develop at higher densities than has been the experience in the past, for several reasons. First, the region is committed to ensuring new development at the edges of the region contributes to the emergence of “great communities”, either new communities or as additions to existing communities inside the UGB. Second, because many urban reserves are “greenfields”, they can be developed more efficiently than re-developing areas already inside the UGB. Third, demographic trends, noted in the *Urban Growth Report* that is the starting point for Metro's 2010 capacity analysis, indicate increasing demand for smaller housing units. This reasoning leads to the assumption that residential development will occur in reserves, when added to the UGB, at 15 units per net buildable acre overall, recognizing that some areas (centers, for example) would settle at densities higher than 15 units/acre and others (with steep slopes, for example) would settle at densities lower than 15 units/acre. *COO Recommendation, Urban Rural Reserves, Appendix 3E-C, pp. 6-7; Staff Report, June 9, 2010, Metro Rec.121-122.*

Metro also assumed greater efficiencies in use of employment lands over the next 50 years. The emerging shift of industrial activity from production to research and development will continue, meaning more industrial jobs will be accommodated in high- floor-to-area-ratio (FAR) offices rather than low-FAR general industrial space. This will reduce the need for general industrial and warehouse building types by 10 percent, and increase the need for office space. Office

space, however, will be used more efficiently between 2030 and 2060, reducing that need by five percent. Finally, the analysis assumes a 20-percent increase in FARs for new development in centers and corridors, but no such increase in FARs in industrial areas. *COO Recommendation, Urban Rural Reserves, Appendix 3E-C*, Metro Rec. 603-604; Staff Report, June 9, 2010, Metro Rec.121-122.

These assumptions lead to the conclusion that ~~28,615~~[28,256](#) acres of urban reserves are needed to accommodate 371,860 people and employment land targets over the 50-year reserves planning period to 2060. *COO Recommendation, Urban Rural Reserves, Appendix 3E-C*, Metro Rec. 601-603; *Appendix 3E-D*, Metro Rec.607-610; Staff Report, June 9, 2010, Metro Rec.121-122. The nine state agencies that served on the Reserves Steering Committee said the following about the amount of urban land the region will need over the long-term:

“The state agencies support the amount of urban reserves recommended by the Metro COO. That recommendation is for a range of between 15,000 and 29,000 acres. We believe that Metro and the counties can develop findings that, with this amount of land, the region can accommodate estimated urban population and employment growth for at least 40 years, and that the amount includes sufficient development capacity to support a healthy economy and to provide a range of needed housing types.” *Letter to Metro Regional Steering Committee, October 14, 2009*, Metro Rec. 1373.

Based upon the assumptions described above about efficient use of land, the four governments believe the region can accommodate 50 years’ worth of growth, not just 40 years’ of growth.

V. IMPLEMENTING URBAN RESERVES

To ensure that urban reserves ultimately urbanize in a manner consistent with the Regional Framework Plan, Ordinance No. 10-1238^A amended Title 11 (Planning for New Urban Areas) (Exhibit D) of Metro’s Urban Growth Management Functional Plan to require planning of areas of urban reserve prior to inclusion into the UGB. Title 11 now requires a “concept plan” for an urban reserve area prior to UGB expansion. A concept plan must show how development would achieve specified outcomes. The outcomes derive from the urban reserve factors in OAR 660-027-0050, themselves based in part on the characteristics of “great communities” identified by local governments of the region as part of Metro’s “Making the Greatest Place” initiative. Title 11 sets forth the elements of a concept plan, including:

- the general locations of types of uses
- the general locations of the urban services (including transportation systems) needed to support the uses
- estimates of the cost of the services to determine the feasibility of urbanization and to allow comparisons of urban reserves
- the locations of natural resources that will be subject to Title 3 and 13 of the UGMFP
- agreement among local governments and other service providers on provision of services to the area

- agreement among the local governments on annexation of the area to a city or cities and responsibility for planning and zoning.

Title 11 continues to limit development in areas added to the UGB to protect the opportunity for efficient urbanization during the time needed to adopt new local government plan provisions and land use regulations. Title 11, together with the comprehensive plans of the receiving local governments and Metro's Regional Framework Plan (including the 2035 Regional Transportation Plan), will ensure land use and transportation policies and designations will allow mixed-use and pedestrian, bicycle and transit-supportive development once urban reserve areas are added to the UGB. Staff Report, June 9, 2010, Metro Rec.8-13.

VI. REASONS FOR URBAN AND RURAL RESERVES IN CLACKAMAS COUNTY

A. Clackamas County: Urban Reserves

Urban Reserves 1D and 1F: Boring

General Description: This Urban Reserve comprises approximately 4,200 acres, bordered by the cities of Gresham on the north and Damascus on the west. The eastern-most boundary of this Urban Reserve is located approximately two miles from the City of Sandy's Urban Reserve. The community of Boring, which is identified as a Rural Community in the County Comprehensive Plan, is located in the southern part of this area, and its boundary is the southern edge of this Urban Reserve. Highway 26 forms the northern boundary of this Urban Reserve.

Development in this area is focused in the community of Boring, which has several commercial and employment uses and a small residential community. There is also an area of non-conforming commercial uses located at the eastern edge of this Urban Reserve, along the north side of St. Hwy. 212. Rural residential homesites mixed with smaller farms characterize the area west of 282nd Avenue. The area east of 282nd Ave., north of Boring, has several larger, flat parcels that are being farmed.

There are two significant buttes located in the northwest part of this Urban Reserve. These buttes have been identified as important natural landscape features in Metro's February 2007 "Natural Landscape Features Inventory". These buttes are wooded. Existing rural homesites are scattered on the slopes. There is minimal development potential on these buttes.

The area west of SE 282nd Ave., outside Boring, is identified as Conflicted Agricultural Land. The area east of SE 282nd Ave. (Area1F) is identified as Foundation Agricultural Land. This is the only Foundation Agricultural Land in Clackamas County included in an Urban Reserve.

Conclusions and Analysis: Designation of the Boring Area as an Urban Reserve is consistent with OAR 660-027. The Boring Urban Reserve provides one of Clackamas County's few identified employment land opportunities. The larger, flat parcels in Area 1F are suitable as employment land. This area is served by St. Hwy. 26 and St. Hwy 212, transportation facilities that have been identified by ODOT as having additional capacity. Development of this area for

employment uses also would be a logical complement to the Springwater employment area in Gresham.

Portions of this Urban Reserve also satisfy some of the factors for designation as a Rural Reserve. Area 1F is comprised of Foundation Agricultural Land. Two buttes located in the northwest corner of this Urban Reserve are included in Metro's February 2007 "Natural Landscape Features Inventory". The City of Sandy has requested a Rural Reserve designation for Area 1F, to maintain separation between the Portland Metro Urban Growth Boundary and the City's urban area.

On balance, designation as an Urban Reserve is the appropriate choice. As explained below, designation as an Urban Reserve meets the factors for designation provided in OAR 660-027-0050. Area 1F is the only Urban Reserve in Clackamas County containing Foundation Agricultural Land. While this area does contain commercial farms, it also is impacted by a group of non-conforming commercial uses located near the intersection of the two state highways. The area west of SE 282nd is identified as Conflicted Agricultural Land. The two state highways and the rural community of Boring provide logical boundaries for this area.

The Boring Urban Reserve and the Urban Reserve that includes the Borland Area (Area 4C) are the only areas containing a significant amount of larger, flatter parcels suitable for employment uses. The Principles for concept planning recognize the need to provide jobs in this part of the region, and also recognize that the Boring Urban Reserve is identified principally to meet this need. There are no other areas with land of similar character in the eastern part of the region. Designation of Areas 1D and 1F as an Urban Reserve is necessary to provide the opportunity for development of employment capacity in this part of the region. These facts justify including this small area of Foundation Farmland in the Urban Reserve, in accord with OAR 660-027-0040(11).

The two buttes have little or no potential for development. While they could be designated as a Rural Reserve, such a designation would leave a small Rural Reserve located between the existing Urban Growth Boundary and the remainder of the Boring Urban Reserve. The buttes can be protected by the city which will govern this area when it is added to the Urban Growth Boundary. The Principles also recognize the need to account for these important natural landscape features during development of concept plans for this area.

The City of Sandy has objected to the designation of Area 1F as an Urban Reserve. ClackCo Rec.3286-3288. The City points to a 1998 Intergovernmental Agreement among Metro, Sandy, Clackamas County and, the Oregon Department of Transportation.⁹ Among other things this IGA states a purpose to "designate areas of rural land to separate and buffer Metro's Urban Growth Boundary and Urban Reserve areas from the City's Urban Growth Boundary and Urban Reserve areas. The IGA also recognizes the desire to protect a view corridor along Hwy 26. The parties are negotiating an update to this agreement.

⁹ The agreement was never signed by the Oregon Department of Transportation.

The Principles require concept planning for the Boring Urban Reserve to “recognize the need to provide and protect a view corridor considering, among other things, landscaping, signage and building orientation....” The 2 miles between the Boring Urban Reserve and the City of Sandy’s Urban Reserve area is being designated as a Rural Reserve, assuring separation of these two urban areas.

Designation of the Boring Urban Reserve is consistent with the factors for designation provided in OAR 660-027-0050.

- 1) The Boring Urban Reserve can be developed at urban densities in a way that makes efficient use of existing and future public and private infrastructure investments. Metro’s Urban Study Area Analysis (Map A) demonstrates the relatively large amount of land suitable for development in this urban Reserve, particularly in Area 1F and the eastern half of Area 1D. The existing community of Boring also provides a focal point for commercial and residential development in this Urban Reserve. The buttes in the northwestern corner of this area, adjacent to Damascus and Gresham, have very little potential for additional urban-level development, but most of the rest of this Urban Reserve, comprised of larger lots with moderate or flat terrain, can be developed at urban densities.
- 2) The Boring Urban Reserve includes sufficient development capacity to support a healthy economy. This is one of the few areas in Clackamas County, adjacent to the Urban Growth Boundary, with access to a state highway, and possessing larger parcels and flat terrain conducive to development of employment uses. The area also is proximate to the Springwater employment area in Gresham. The existing community of Boring provides the opportunity for redevelopment providing the commercial uses supportive of a complete community.
- 3) The Boring Urban Reserve can be efficiently and cost-effectively provided with public facilities necessary to support urban development. While substantial investment will be necessary to provide facilities, compared to other areas in the region, the Boring Urban Reserve Area has a high or medium suitability rating (see Sewer Serviceability Ratings Map and Water Serviceability Map). ODOT has indicated that this area is “moderately suitable” for urbanization, which is one of the higher ratings received in the region. While the buttes and steeper terrain on the west will be difficult to develop with a road network, the rest of the Urban Reserve is relatively flat and unencumbered.
- 4) Most of the Boring Urban Reserve can be designed to be walkable and served with a well-connected system of streets, bikeways, recreation trails and public transit by appropriate service providers. The buttes and associated steep slopes would be difficult to develop. The rest of the Urban Reserve has few limitations to development of multi-modal, urban neighborhoods.
- 5) The Boring Urban Reserve can be planned so that natural ecological systems and important natural landscape features can be preserved and enhanced. The buttes and associated steep terrain are the most significant features in this Urban Reserve. Parcelization and existing development, in addition to the physical characteristics of these

areas make development potential extremely limited. The Principles note the need to recognize these important natural landscape features when a concept plans are developed.

- 6) The Boring Urban Reserve includes sufficient land suitable to provide for a range of housing types. This Urban Reserve has more land suitable for development than other Urban Reserves in Clackamas County. There is an existing community that will provide a focal point for the eventual urbanization of the Boring Urban Reserve.
- 7) Concept planning for the Boring Urban Reserve can be designed to avoid or minimize adverse effects on important farm and forest practices and on important natural landscape features on nearby land. The area along the western half of this Urban Reserve is identified as Conflicted Agricultural Land and is adjacent to the cities of Gresham and Damascus. The northern boundary is clearly delineated by Hwy 26. Most of the southern boundary is formed by the existing developed community of Boring. Hwy 212 provides a clear demarcation from the rest of the area south of this Urban Reserve. The size of this area also will allow planning to design the urban form to minimize effects on the agricultural areas to the north and east.

Urban Reserve 2A: Damascus South

General Description: The Damascus South Urban Reserve is approximately 1,240 acres. This Urban Reserve is adjacent to the southern boundary of the City of Damascus. Approximately 500 acres is located within the City of Damascus, although outside the Urban Growth Boundary. The southern and western boundaries of the Urban Reserve are clearly demarked by the steep terrain characterizing the Clackamas Bluffs, which are identified as an important natural landscape feature in Metro's February 2007 "Natural Landscape Features Inventory". The eastern boundary of the Urban Reserve is established by the Deep Creek Canyon, which also is identified as an important natural landscape feature.

This urban reserve is comprised of moderately rolling terrain, with a mix of farms and scattered rural residential uses on smaller parcels. There are several larger ownerships located east of SE 282nd Avenue. The entire area is identified as Conflicted Agricultural Land.

Analysis and Conclusions: Designation of the Damascus South Urban Reserve area is a logical extension of the City of Damascus, providing additional opportunity for housing and employment uses. Portions of this area are already located in the City of Damascus. Additional areas were identified as important developable urban land in the Damascus Concept Plan. The boundaries of the Damascus South Urban Reserve are formed by important natural landscape features.

This area was considered for designation as a Rural Reserve, but does not satisfy the factors stated in OAR 660-027-0060. The entire area is designated as Conflicted Agricultural Land. Some of the land is located within the City of Damascus. The southern boundary of the Urban Reserve is established to exclude the Clackamas Bluffs, which are identified in Metro's February 2007 "Natural Landscape Features Inventory". The eastern boundary excludes the Noyer and Deep Creek canyons, which also were included in this inventory.

As explained in the following paragraphs, designation as an Urban Reserve is consistent with the factors for designation set forth in OAR 660-027-0050.

OAR 660-027-0050

- 1) The Damascus South Urban Reserve can be developed at urban densities in a way that makes efficient use of existing and future public and private infrastructure investments. A large part of this area already is located within the City of Damascus. Parts of the Urban Reserve were planned for urban development in the Damascus Concept Plan. While there are several older subdivisions scattered throughout the area that may be difficult to redevelop, most of this area is comprised of larger parcels suitable for development at urban densities, with mixed use and employment uses. The terrain for most of the area is gently rolling, and there are no floodplains, steep slopes, or landslide topography that would limit development potential.
- 2) There is sufficient development capacity to assist in supporting a healthy economy. The eastern part of this area, in particular, is characterized by larger parcels, with few development limitations, that are suitable for development of employment uses.
- 3) The Damascus South Urban Reserve can be efficiently and cost-effectively served with public schools and other urban-level public facilities and services by appropriate and financially capable service providers. There have been no comments from local school districts indicating any specific concerns regarding provision of schools to this area, although funding for schools is an issue throughout the region. Technical assessments rate this area as having “high suitability” for the provision of sewer. Addition of the eastern part of this Urban Reserve will facilitate the provision of sewer to the existing urban area within the City of Damascus. ClackCo Rec. 795. ClackCo Rec. 796. This area is rated as having “high and medium suitability” for the provision of water. The ability to provide transportation facilities is rated as “medium” for this area, which has few physical limitations. ClackCo Rec. 797-798.
- 4) The Damascus South Urban Reserve can be developed with a walkable, connected system of streets, bikeways, recreation trails and public transit, provided by appropriate service providers. As previously explained, the physical characteristics of this area will be able to support urban densities and intensities necessary to create a multi-modal transportation system. Previous planning efforts, including the Damascus Concept Plan, demonstrate this potential.
- 5) Development of the Damascus South Urban Reserve can preserve and enhance natural ecological systems. The boundaries of this Urban Reserve avoid the steeper terrain of the Clackamas Bluffs and the Deep Creek Canyon. The area is large enough to provide the opportunity for flexibility in the regulatory measures that create the balance between protection of important natural systems and development.
- 6) The Damascus South Urban Reserve includes sufficient land suitable for a range of needed housing types. As previously explained, there are few physical impediments to

development in this Urban Reserve. This area also is adjacent to the developing urban area of Damascus, which also will be providing housing for this area.

- 7) There are no important natural landscape features identified Metro's 2007 "Natural Landscape Features Inventory" located in the Damascus south Urban Reserve. The boundaries of this Urban Reserve are designed to exclude such features from the Urban Reserve.
- 8) Development of this Urban Reserve can be designed to avoid or minimize adverse effects on farm and forest practices, and adverse effects on important natural landscape features, on nearby land including land designated as rural reserves. This area is identified as Conflicted Agricultural Land, primarily because it is physically isolated from other nearby agricultural land. The Deep Creek and Noyer Creek canyons provide a physical boundary from nearby agricultural areas to the east. Similarly, these areas, and the Clackamas Bluffs, are not identified as areas where significant forest operations are occurring.

Urban Reserves 3B, 3C, 3D, 3F and 3G: Holcomb, Holly Lane, Maple Lane, Henrici, Beaver Creek Bluffs in Oregon City Area

General Description: These five areas comprise approximately 2150 acres, located adjacent to the City of Oregon City. The Holcomb area is approximately 380 acres, along SE Holcomb Rd., adjacent to Oregon City on the east. Terrain is varied, with several flat parcels that could be developed in conjunction with the Park Place area, which was recently included in the Urban Growth Boundary. This area is developed with rural residences. The area is comprised of Conflicted Agricultural Land.

The Holly Lane area is approximately 700 acres, and includes the flatter parcels along SE Holly Lane, Hwy. 213, and the steep canyon bordering Newell Creek, which is identified as an important natural landscape feature in Metro's February 2007 "Natural Landscape Features Inventory". There are landslide areas identified along the Newell Creek canyon (see Metro Urban and Rural Reserve Study Areas Landslide Hazard Map). Development in this area is sparse, except for rural residences developed along SE Holly Lane. This area is identified as Conflicted Agricultural Land.

The Maple Lane area is approximately 480 acres, located east of Oregon City. Terrain is characterized as gently rolling, with a few larger flat parcels located adjacent to Oregon City. The area is developed with rural residences, with a few small farms. The area is identified as Conflicted Agricultural Land.

The Henrici area is approximately 360 acres, located along both sides of Henrici Road., immediately south of Oregon City. Terrain for this area is moderate, and most of the area is developed with residences on smaller rural lots. There are a few larger parcels suitable for redevelopment. This area contains Conflicted Agricultural Land.

The 220 acre Beaver Creek Bluffs area is comprised of three separate benches located immediately adjacent to the City of Oregon City. The boundaries of this area generally are designed to include only tax lots on the plateau that drops down to Beaver Creek. Development in this area consists of rural residences and small farms. The area is identified as Important Agricultural Land.

Conclusions and Analysis: Designation of the Oregon City Urban Reserves is consistent with OAR 660-027. These five smaller areas have been identified in coordination with the City of Oregon City, and are designed to complete or augment urban development in the City. The areas designated take advantage of existing services inside the Urban Growth Boundary. In most cases, the boundaries of the reserves are formed by steep slopes (Henrici Road being the exception). While terrain poses some limitations on development, each area has sufficient developable land to make service delivery feasible.

None of the identified areas meet the factors of OAR 660-027-0060, for designation as Rural Reserves. With the exception of the Beaver Creek Bluffs, the Oregon City Urban reserve is Conflicted Farmland. The Beaver Creek Bluffs area, which is identified as having Important Agricultural Land, includes only those tax lots with land located on the plateau above the flatter area south of Oregon City. The important natural landscape features in the area (Newell Creek, Abernethy Creek and Beaver Creek) generally are excluded from the Urban Reserve.

The most significant issue for debate is whether or not to include the Newell Creek Canyon in the Urban Reserve. There is little or no development potential in this area, because of steep terrain and landslide hazard. The Principles recognize that concept planning for this area will have to recognize the environmental and topographic constraints posed by the Newell Creek Canyon. It also makes governance more sensible, allowing the City of Oregon City to regulate this area, instead of leaving an island subject to County authority.

Designation of the Oregon City Reserves is consistent with OAR 660-027-0050.

- 1) The Oregon City Urban Reserves can be developed at urban densities in a way that makes efficient use of existing and future public and private infrastructure investments. All of the Urban Reserve area is adjacent to the City of Oregon City. Oregon City has indicated both a willingness and capability to provide service to these areas. Each area is appropriate to complement or complete neighborhoods planned or existing within Oregon City. In the case of the Holly Lane area, much of the Urban Reserve has little potential for development. The area along SE Holly Lane, however, does have flatter topography where urban development can occur, and Holly Lane has been identified by the City as an important transportation facility.
- 2) The Oregon City Urban Reserves, when considered in conjunction with the existing urban area, includes sufficient development capacity to support a healthy economy. The Henrici area has some potential for additional employment uses. The remaining areas are smaller additions to the existing urban form of the City of Oregon City and will complete existing neighborhoods.
- 3) The Oregon City Urban Reserve can be efficiently and cost-effectively provided with public facilities necessary to support urban development. This Urban Reserve Area is considered to have a “high” suitability rating for sewer and water facilities. Oregon City

has indicated an ability to provide these services, and the areas have been designed to include the most-easily served land that generally is an extension of existing development with the Urban Growth Boundary. Transportation is more difficult, as there is no additional capacity on I-205, and improvements would be costly. As previously noted, this is the case for most of the region. While topography may present some difficulty for developing a complete transportation network, this Urban Reserve area has been designed to take advantage of existing transportation facilities within Oregon City.

- 4) Most of the Oregon City Urban Reserve can be designed to be walkable and served with a well-connected system of streets, bikeways, recreation trails and transit. In most cases, development of this area will be an extension of urban development within the existing neighborhoods of Oregon City, which will allow completion of the described urban form. Newell Creek Canyon will remain largely undeveloped, so such facilities will not need to be provided in this area.
- 5) The Oregon City Urban Reserve can be planned so that natural ecological systems and important natural landscape features can be preserved and enhanced. Abernethy Creek and Beaver Creek and the steep slopes around these two creeks have been excluded from designation as an Urban Reserve. As previously explained, the Newell Creek Canyon has been included in the Urban Reserve. The Principles will assure that concept planning accounts for this important natural landscape feature, the area is recognized as having very limited development potential, and Oregon City is the logical governing authority to provide protective regulations.
- 6) Designation of these five areas as an Urban Reserve will assist Oregon City in providing a range of housing types. In most cases, development of this Urban Reserve will add additional housing.
- 7) Concept planning for the Oregon City Urban Reserve can be designed to avoid or minimize adverse effects on important farm and forest practices and on important natural landscape features on nearby land. The Beaver Creek Bluffs area is separated from the farmland to the south by a steep hillside sloping down to Beaver Creek. The other areas are adjacent to Conflicted Agricultural land. There are scattered small woodlots to the east, identified as “mixed Agricultural/Forest Land on ODF’s Forestland Development Zone Map, but these are generally separated by distance and topography from the Holly Lane, Maple Lane, and Holcomb areas. Important landscape features and natural areas in the vicinity generally form boundaries for the Urban Reserves. Concept planning can assure that development within the Urban Growth Boundary protects these features.

Urban Reserves 4A, 4B and 4C: Stafford, Rosemont and Borland

General Description: These three areas comprise approximately 4,700 acres. Area 4A (Stafford) is located north of the Tualatin River, south of Lake Oswego, and west of West Linn. Area 4B (Rosemont) is a 162 acre area located adjacent to West Linn’s recently urbanized Tanner Basin neighborhood. Area 4C (Borland) is located south of the Tualatin River, on both sides of I-205. Area 4C is adjacent to the cities of Tualatin and Lake Oswego on the west and West Linn on the east. The southern boundary generally is framed by the steeper terrain of Pete’s Mountain. East of Stafford Road, the adjacent area is not designated as either an Urban or Rural Reserve. West of Stafford Road, the adjacent area is designated as an Urban Reserve (Area 4D, Norwood).

This area is generally developed with rural residences. The Borland area also includes several churches and schools. There are very few parcels greater than 20 acres. The terrain of this area is varied. Most of area 4B is gently rolling, while the rest of the area east of Wilson Creek has steeper terrain. The area south of Lake Oswego, along Stafford Rd and Johnson Rd., generally has more moderate slopes. The Borland area, south of the Tualatin River, also is characterized by moderate slopes.

Wilson Creek and the Tualatin River are important natural landscape features located in this area. These two features and their associated riparian areas and floodplains are included in Metro's February 2007 "Natural Landscape Features Inventory".

This entire area is identified as Conflicted Agricultural Land, even though approximately 1100 acres near Rosemont Road are zoned Exclusive Farm Use. Commercial agricultural activity in this area is limited and mixed; wineries, hay production, horse raising and boarding, and nurseries are among the farm uses found in the Stafford, Rosemont and Borland areas. The Oregon Department of Forestry Development Zone Map does not identify any Mixed Forest/Agriculture or Wildland Forest located with this Urban Reserve.

Conclusions and Analysis: The designation of these three areas as an Urban Reserve is consistent with OAR 660-027-0050. The specific factors for designation stated in OAR 660-027-0050 are addressed in following parts of this analysis.

No area in Clackamas County engendered as much public comment and diversity of opinion as this Urban Reserve. The Stafford and Rosemont areas were of particular concern to property owners, neighborhood groups, cities and the Stafford Hamlet citizens group. Interested parties provided arguments for designation of some or all of the area north of the Tualatin River as either an Urban or Rural Reserve, or requested that this area remain undesignated. The cities of West Linn, Tualatin and Lake Oswego consistently expressed opposition to designation of any of this area as an Urban Reserve. This Urban Reserve does have several limitations on development, including areas with steep slopes and floodplains. On balance, however, designation as an Urban Reserve is the most appropriate decision.

Designation of this 4,700 acre area as an Urban Reserve avoids designation of other areas containing Foundation or Important Agricultural Land. It would be difficult to justify designation of Foundation Agricultural Land in the region, if this area, which is comprised entirely of Conflicted Agricultural Land, were not designated as an Urban Reserve (see OAR 660-027-0040(11)).

While acknowledging that there are impediments to development in this area, much of the area also is suitable for urban-level development. There have been development concepts presented for various parts of this area. ClackCo Rec. 3312. An early study of this area assessed its potential for development of a "great community" and specifically pointed to the Borland area as an area suitable for a major center. ClackCo Rec. 371. Buildable land maps for this area provided by Metro also demonstrate the suitability for urban development of parts of this Urban Reserve See, "Metro Urban Study Area Analysis, Map C".

An important component of the decision to designate this area as an Urban Reserve are the “Principles for Concept Planning of Urban Reserves”, which are part of the Intergovernmental Agreement between Clackamas County and Metro that has been executed in satisfaction of OAR 660-027-0020 and 0030. Among other things, these “Principles” require participation of the three cities and citizen involvement entities—such as the Stafford Hamlet—in development of concept plans for this Urban Reserve. The Principles also require the concept plans to provide for governance of any area added to the Urban Growth Boundary to be provided by a city. The Principles recognize the need for concept plans to account for the environmental, topographic and habitat areas located within this Urban Reserve.

Designation of this area as a Rural Reserve has been advocated by interested parties, including the City of West Linn. Application of the factors for designation (OAR 660-0227-0060) leads to a conclusion that this area should not be designated as a Rural Reserve. The entire area is comprised of Conflicted Agricultural Land. There are important natural landscape features in this area (Tualatin River and Wilson Creek). Protection of these areas is a significant issue, but can be accomplished by application of regulatory programs of the cities that will govern when areas are added to the Urban Growth Boundary. The Principles specifically require recognition of the development limitations imposed by these natural features, in the required development of concept plans.

Designation of the Stafford, Rosemont and Borland areas as an Urban Reserve is based upon application of the factors stated in OAR 660-027-0050.

- 1) This Urban Reserve can be developed at urban densities in a way that makes efficient use of existing and future public and private infrastructure investments. Physically, this area is similar to the cities of West Linn and Lake Oswego, which are developing at urban densities. While the development potential of portions of this Urban Reserve is constrained by steep slopes and by the Tualatin River and Wilson Creek riparian areas, there are sufficient developable areas to create an urban community. The Borland Area has been identified as a suitable site for more intense urban development, including a town center. The Rosemont Area complements existing development in the Tanner Basin neighborhood in the City of West Linn. The Stafford Area has sufficient capacity to develop housing and other uses supportive of the more intense development in the Borland Area. As previously noted, potential development concepts have been submitted demonstrating the potential to develop this area at urban densities sufficient to make efficient use of infrastructure investments.
- 2) This Urban Reserve contains sufficient development capacity to support a healthy economy. The Borland Area has been identified as being suitable for a mixed- use, employment center. ClackCo Rec. 371. Additionally, there are a few larger parcels located on Johnson and Stafford Roads which may have potential for mixed use development.
- 3) This Urban Reserve can be efficiently and cost-effectively served with public schools and other urban- level public facilities and services by appropriate and financially capable service providers. As with all of the region’s urban reserves, additional infrastructure will need to be developed in order to provide for urbanization. It is clear that

development of this public infrastructure will not be “cheap” anywhere. Relative to other areas under consideration for designation, however, this Urban Reserve area is suitable. Technical assessments rated this area as highly suitable for sewer and water. ClackCo Rec. 795-796. The July 8, 2009, technical memo prepared by Clackamas County also demonstrates the suitability of this area for various public facilities. ClackCo Rec. 704. This area can be served by the cities of Tualatin, West Linn and Lake Oswego. These cities have objected to designation of this area as an Urban Reserve, but have not stated that they object because they would not be able to be an urban service provider for some part of the area.

- 4) Transportation infrastructure will be the most significant challenge. This is the case for most of the region. This Urban Reserve has physical characteristics—steep terrain, the need to provide stream crossings—that will increase the relative cost of transportation infrastructure. I-205 and I-5 in this area will need substantial improvements with consequent “huge” costs. ClackCo Rec. 850. As this April 9 letter points out, most of the region’s state and federal facilities have limited additional capacity. The only significant exception is Highway 26, which is the site of the Clackanomah Urban Reserve. The Borland area has been identified as a “next phase” priority for high capacity transit See, “Regional High Capacity Transit System Map”. The cost of providing transportation facilities is a problem for most of the region’s potential urban reserves. When evaluated with all of the factors, designation of these three areas as an Urban Reserve is appropriate.
- 5) This Urban Reserve can be planned to be walkable, and served with a well-connected system of streets, bikeways, recreation trails and public transit. The Borland Area is suitable for intense, mixed-mixed use development. Other areas suitable for development also can be developed as neighborhoods with the above-described infrastructure. There will be substantial parts of this Urban Reserve that will have little or no development and consequently will not need the afore-mentioned facilities.
- 6) This Urban Reserve can be planned to preserve and enhance natural ecological systems and preserve important natural landscape features. The significance of the Tualatin River and Wilson Creek systems has been recognized. The Principles specifically identify the need to plan for these features, and recognize that housing and employment capacity expectations will need to be reduced to protect important natural features. Urbanization will occur in a city, which is obligated by state and regional rules to protect upland habitat, floodplains, steep slopes and riparian areas.
- 7) This Urban Reserve in conjunction with the Urban Reserve to the south (Area 4D, Norwood), includes sufficient land to provide for a variety of housing types. In addition to the developable areas within the Stafford, Rosemont and Borland areas, this Urban Reserve is situated adjacent to three cities, and will augment the potential for housing in these existing cities.

- 8) This Urban Reserve can be developed in a way that avoids or minimizes adverse effects on farm and forest practices and adverse effects on important natural landscape features, on nearby land. This Urban Reserve is situated adjacent to three cities, and along I-205. It is identified as Conflicted Agricultural Land, and is adjacent on the south to another Urban Reserve and an undesignated area that is comprised of Conflicted Agricultural Land. This separation from significant agricultural or forest areas minimizes any potential effect on farm or forest practices. The Urban Reserve also is separated from other important natural landscape features identified on Metro's February 2007 "Natural Landscape Features Inventory". The ability to plan for protection of the Tualatin River and Wilson Creek has been discussed.

Urban Reserves 5G, 5H, 4H and 4D: Grahams Ferry, SW Wilsonville, Advance and Norwood

General Description: This Urban Reserve is comprised of three smaller areas adjacent to the City of Wilsonville (Grahams Ferry, SW Wilsonville and Advance), and a larger area located along SW Stafford Rd., north of Wilsonville and southeast of Tualatin (Norwood Area). The Norwood area is adjacent to an Urban Reserve in Washington County (I-5 East Washington County, Areas 4E, 4F and 4G). Area 5G is approximately 120 acres, relatively flat, adjacent to services in Wilsonville, and defined by the Tonquin Geologic Feature, which forms a natural boundary for this area. It is identified as Conflicted Agricultural Land.

Area 5H is a small (63 acre) site that is adjacent to services provided by the City of Wilsonville. Corral Creek and its associated riparian area provide a natural boundary for this area. It is identified as Important Farmland. Area 4H comprises approximately 450 acres, and is located adjacent to the City of Wilsonville. This part of the Urban Reserve has moderate terrain, and a mix of larger parcels and rural residences. This area is identified as Important Agricultural Land.

Area 4D comprises approximately 2,600 acres, and is adjacent to a slightly smaller Urban Reserve in Washington County. This area is parcelized, generally developed with a mix of single family homes and smaller farms, and has moderately rolling terrain. All of this area is identified as Conflicted Agricultural Land.

Conclusions and Analysis: Designation of these four areas as Urban Reserve is consistent with OAR 660-027. The three smaller areas are adjacent to the City of Wilsonville, and have been identified by the City as appropriate areas for future urbanization. ClackCo Rec. 1174. The boundaries of these three areas generally are formed by natural features. No Foundation Agricultural Land is included in any of the four areas. While Area 4D has limitations that reduce its development potential, inclusion as an Urban Reserve is appropriate to avoid adding land that is identified as Foundation Agricultural Land.

Area 5G does not satisfy the factors for designation as a Rural Reserve. The boundary of this area reflects the boundary of Tonquin Geologic Area, which is an important natural landscape feature identified as a Rural Reserve. Area 5H does meet the factors for designation as a Rural Reserve, but its proximity to existing services in Wilsonville and the natural boundary formed by Corral Creek, separating these 63 acres from the larger Rural Reserve to the west, support a choice to designate this area as an Urban Reserve.

Similarly, parts of Area 4H could meet the factors for designation as a Rural Reserve. Again, the area also is suitable for designation as an Urban Reserve, because of its proximity to Wilsonville, which has indicated this as an area appropriate for urbanization. The eastern limits of this area have been discussed in some detail, based on testimony received from property owners in the area. The northeastern boundary (the Anderson property) is based on a significant creek. South of Advance Rd., the decision is to leave four tax lots west of this creek undesignated (the Bruck property), as these lots comprise over 70 acres of land designated as Important Agricultural Land. The part of this Urban Reserve south of Advance Road contains smaller lots, generally developed with rural residences.

Area 4D does not meet the factors for designation as a Rural Reserve. The entire area is comprised of Conflicted Agricultural Land, and has no important natural landscape features identified in Metro's February 2007 "Natural Landscape Features Inventory."

This Urban Reserve does meet the factors for designation stated in OAR 660-027-0050.

- 1) The Wilsonville Urban Reserve (total of the Grahams Ferry, SW Wilsonville, Advance Rd. and Norwood Areas) can be developed at urban densities in a way that makes efficient use of existing and future public and private infrastructure investments. The three smaller areas adjacent to the City of Wilsonville all will take advantage of existing infrastructure. The City of Wilsonville has demonstrated an ability to provide necessary services and govern these three areas. The information provided by the City and Metro's Urban Study Area Analysis (Map C1) show that these three areas have physical characteristics that will support urban density. These three areas also will complement existing development in the City of Wilsonville.
- 2) The larger Norwood area, which has rolling terrain, and a mixture of smaller residential parcels and farms, will be more difficult to urbanize. This area is adjacent to Urban Reserves on the west, north and south. The Borland Road area, adjacent on the north is expected to develop as a center, with potential for employment and mixed-use development. The Norwood area can be urbanized to provide residential and other uses supportive of development in the Borland and I-5 East Washington County Urban Reserve areas.
- 3) The Wilsonville Urban Reserve contains land that generally will provide development capacity supportive of the cities of Wilsonville and Tualatin, and the Borland and I-5 East Washington County Urban Reserve areas. Viewed individually, these four areas do not have physical size and characteristics to provide employment land. As has been explained, and as supported by comments from the City of Wilsonville, development of these areas will complement the urban form of the City of Wilsonville, which historically has had sufficient land for employment. The 2004 decision added to the Urban Growth Boundary between the cities of Wilsonville and Tualatin, land which was contemplated to provide additional employment capacity. The Wilsonville Urban Reserve, and in particular the Norwood area, will provide land that can provide housing and other uses supportive of this employment area.

- 4) The Wilsonville Urban Reserve can be efficiently and cost-effectively provided with public facilities necessary to support urban development. The comments from the City of Wilsonville and the Sewer Serviceability and Water Serviceability Maps demonstrate the high suitability of the three smaller areas adjacent to Wilsonville. The Norwood area (Area 4D) is rated as having medium suitability. Transportation facilities will be relatively easy to provide to the three areas adjacent to the City of Wilsonville. The steeper terrain and location of the Norwood area will make development of a network of streets more difficult, and ODOT has identified the I-5 and I-205 network as having little or no additional capacity, with improvement costs rated as “huge”. The decision to include this area as an Urban Reserve is based, like the Stafford area, on the need to avoid adding additional Foundation Agricultural Land. There are other areas in the region that would be less expensive to serve with public facilities, especially the necessary transportation facilities, but these areas are comprised of Foundation Agricultural Land.
- 5) The Wilsonville Urban Reserve areas can be planned to be walkable and served with a well-connected system of streets, bikeways, recreation trails and public transit. As has been discussed, the three smaller areas adjacent to the City of Wilsonville can be developed to complete or complement existing and planned urban development in Wilsonville. The Norwood area will be somewhat more difficult to develop, but the terrain and parcelization are not so limiting that the desired urban form could not be achieved. Like Stafford, this part of the Wilsonville Urban Reserve will be more difficult to develop with the desired urban form, but is being added to avoid adding additional foundation Agricultural Land.
- 6) The Wilsonville Urban Reserve can be planned so that natural ecological systems and important natural landscape features can be preserved and enhanced. The boundaries of the areas comprising the Wilsonville Urban Reserve have been designed with these features providing the edges. The three areas adjacent to the City of Wilsonville will take advantage of existing plans for protection of natural ecological systems.
- 7) The Wilsonville Urban Reserve, in conjunction with land within adjacent cities, includes sufficient land suitable to provide for a range of housing types. The SW Wilsonville and Advance Road areas are particularly suited to provide additional housing, as they are located adjacent to neighborhoods planned in Wilsonville. As has been previously discussed the Norwood area has physical limitations, but these should not restrict as substantially the potential for housing.
- 8) Concept planning for the Wilsonville Urban Reserve can avoid or minimize adverse effects on important farm and forest practices and on important natural landscape features on nearby land. The boundaries of this Urban Reserve have been designed to use natural features to provide separation from adjoining Rural Reserves that contain resource uses.

The Sherwood School District requested an Urban Reserve designation be applied to an area just south of the County line and the City of Sherwood. ClackCo Rec. 2504. Clackamas County and Metro agree to leave this area undesignated. This decision leaves the possibility for addition of this land to the Urban Growth boundary if the School District has a need for school property in the future and is able to demonstrate compliance with the standards for adjustments to the Urban Growth boundary.

B. Clackamas County: Rural Reserves

Rural Reserve 5I: Ladd Hill

General Description: This Rural Reserve Area is located west and south of Wilsonville, and adjacent to the French Prairie Rural Reserve (Area 4J). There is also a small part of this Rural Reserve located north of Wilsonville, extending to the County line, recognizing the Tonquin Geologic Area. The northern boundary of Area 5J is located along the boundary between the delineations of Conflicted and Important Agricultural Land. All of this Rural Reserve is located within three miles of the Portland Metro Urban Growth Boundary.

The area west of Ladd Hill Road contains the steeper slopes of Parrett Mountain, which is identified as an important natural landscape feature in Metro's February 2007 "Natural Landscape Features Inventory". The remainder of the area has moderately sloping terrain. The entire area is traversed by several creeks (Mill Creek, Corral Creek, Tapman Creek), which flow into the Willamette River, which also is identified as an important natural landscape feature. FEMA floodplains are located along the Willamette River. Landslide hazards are identified along Corral Creek.

With the exception of the Tonquin Geologic Area, all of Rural Reserve Area 5I is comprised of Important or Foundation Agricultural Land. The part of this area lying south of the Willamette River contains the Foundation Agricultural Land. The area contains a mixture of hay, nursery, viticulture, orchards, horse farms, and small woodlots. The Oregon Department of Forestry Development Zone Map identifies scattered areas of mixed forest and agriculture, and wildland forest (particularly on the slopes of Parrett Mountain).

Conclusions and Analysis: Designation of the Ladd Hill area as a Rural Reserve is consistent with OAR 660, Division 27. Except for the Tonquin Geologic Area, all of Rural Reserve Area 5I contains Important or Foundation Agricultural Land, and is located within three miles of an urban growth boundary. Pursuant to OAR 660-027-0060(4), no further explanation is necessary to justify designation as a Rural Reserve, with the exception of the Tonquin Geologic Area, which is identified as Conflicted Agricultural Land.

Designation of the Tonquin Geologic Area as a Rural Reserve is consistent with the Rural Reserve Factors stated in OAR 660-027-0060(3). This area has not been identified as an area suitable or necessary for designation as an Urban Reserve. The boundaries of the Rural Reserve have been established to recognize parcels that have physical characteristics of the Tonquin Geologic Area, based on testimony received from various property owners in the area, and the City of Wilsonville. ClackCo Rec. 2608. For these stated reasons and those enunciated below,

designation of this part of the Tonquin Geologic Area as a Rural Reserve is consistent with the factors provided in OAR 660-027-0060(3).

Rural Reserve 4J: French Prairie

General Description: This Rural Reserve Area is located south of the Willamette River and the City of Wilsonville, and west of the City of Canby. It is bordered on the west by I-5. This area is generally comprised of large farms. The area is generally flat. The Molalla and Pudding Rivers are located in the eastern part of this area. The Willamette, Molalla and Pudding Rivers and their floodplains are identified as important natural landscape features in Metro's February 2007 Natural Landscape Features Inventory."

All of this Rural Reserve is classified as Foundation Agricultural Land (identified in the ODA Report as part of the Clackamas Prairies and French Prairie areas). This area contains prime agricultural soils, and is characterized as one of the most important agricultural areas in the State.

Conclusions and Analysis: Designation of Area 4J as a Rural Reserve is consistent with OAR 660, Division 27. This entire area is comprised of Foundation Agricultural Land located within three miles of an urban growth boundary. Pursuant to OAR 660-027-0060(4), no further explanation is necessary to justify designation of this area as a Rural Reserve.

Rural Reserves 3E and 3H: Oregon City

General Description: This area lies east and south of the City of Oregon City. This area is bounded by the Willamette River on the west. The southern boundary generally is a line located three miles from the Portland Metro Area Urban Growth Boundary. A substantial part of Area 3H also is located within three miles of the City of Canby's Urban Growth Boundary.

Area 3E, located east of Oregon City, is characterized by a mix of rural residential homesites, small farms, and small woodlots. Most of the area has a moderately rolling terrain. The area includes portions of the Clear Creek Canyon, and Newell and Abernethy Creeks, all of which are identified as important natural landscape features in Metro's February 2007 "Natural Landscape Features Inventory". Part of Area 3E also is identified by the Oregon Department of Forestry as a mixed forest/agricultural development zone. Most of Area 3E is identified as Conflicted Agricultural Land. There is an area identified as Important Agricultural Land, in the southeast corner of Area 3E.

Area 3H, located south of Oregon City, is characterized by larger rural residential homesites, particularly in the western part of this area, and farms. Beaver Creek and Parrot Creek traverse this area in an east-west direction. The Willamette Narrows and Canemah Bluff are identified as important natural landscape features in the Metro's February 2007 "Natural Landscape Features Inventory" and form the western boundary of Area 3H. The Oregon Department of Forestry designates the Willamette Narrows as wildland forest. All of this area is classified as Important Agricultural Land, except for the area immediately east of the City of Canby, which is designated as Foundation Agricultural Land.

Conclusions and Analysis: The designation of Areas 3E and 3H as a Rural Reserve is consistent with OAR 660-027, Division 27. All of Area 3H is Important or Foundation Farmland, located

within three miles of an urban growth boundary. Pursuant to OAR 660-027-0060(4), no further explanation is necessary to justify designation of Area 3H as a Rural Reserve.

The designation of Area 3E is appropriate to protect the Important Farm Land in the southeast corner of this area, and the area identified as mixed forest/agricultural land by ODF. Designation as a Rural Reserve also is justified to protect Abernethy Creek, Newell Creek and Beaver Creek and their associated riparian features, which are identified as important natural landscape features. Designation as a Rural Reserve of the portions of Area 3E not identified as Foundation or Important Agricultural Land, is consistent with the Rural Reserve Factors stated in OAR 660-027-0060(3), for the following reasons:

- 1) Abernethy Creek and Newell Creek and their associated riparian areas are identified as important natural landscape features in Metro's February 2007 "Natural Landscape Features Inventory". A portion of Beaver Creek also is located in this area; Beaver Creek was added to this inventory in a 2008 update.
- 2) This area is potentially subject to urbanization during the period described in OAR 660-027-0040(2), because it is located adjacent to and within three miles of the City of Oregon City.
- 3) Most of this area has gently rolling terrain, but there also are several steeply-sloped areas. There are several landslide hazard areas located within Rural Reserve Area 3E (see 1/25/09 Metro Landslide Hazard Map).
- 4) The designated Rural Reserve area comprises the drainage area for Abernethy and Newell Creeks which provide important fish and wildlife habitat for this area.

Rural Reserves 3H (parts) 4J, 2C and 3I: Canby, Estacada and Molalla

General Description: Rural Reserves have been designated adjacent to the cities of Canby (parts of Areas 3H and 4J) Estacada and Molalla. These Rural Reserves were designated after coordinating with all three cities, and the cities do not object to the current designations.

Rural Reserve Area 2C is located adjacent to the western boundary of the City of Estacada. This area includes the Clackamas River and McIver State Park. It is identified as Important Agricultural Land. Most of this Rural Reserve also is identified as wildland forest on the ODF Forestland Development Zone Map. All of this Rural Reserve is located within three miles of Estacada's Urban Growth Boundary.

Rural Reserves are located on the south, west and eastern boundaries of the City of Canby. All of this area is identified as Foundation Agricultural Land. The area north of the City, to the Willamette River, has been left undesignated, although this area also is identified as Foundation Agricultural Land. This area was left undesignated at the request of the City of Canby, in order to provide for possible future expansion of its Urban Growth Boundary. The Oregon Department of Agriculture preferred leaving the area north of the City undesignated, instead of an area east of the City, which also was considered. All of the designated Rural Reserves are within three miles of the City of Canby.

Area 3I is located north and east of the City of Molalla. This area is located within 3 miles of Molalla's Urban Growth Boundary. All of the designated Rural Reserve is identified as Foundation Agricultural Land.

Conclusions and Analysis: Designation of the Rural Reserves around Canby and Estacada is consistent with OAR 660, Division 27. In the Case of Canby, the entire area is identified as Foundation Agricultural Land, and is located within three miles of Canby's Urban Growth Boundary. In the case of Estacada, the entire Rural Reserve area is identified as Important Agricultural Land, and is located within three miles of Estacada's Urban Growth Boundary. Rural Reserve 3I, near Molalla, is located within three miles of the urban growth boundary and also is identified as Foundation Agricultural Land. Pursuant to OAR 660-027-0060(4), no further explanation is necessary to justify the Rural Reserve designation of these areas.

Rural Reserve 4I: Pete's Mountain/Peach Cove, North of the Willamette River

General Description: This Rural Reserve is bounded by the Willamette River on the east and south. On the north, Area 4I is adjacent to areas that were not designated as an Urban or Rural Reserve. There are two primary geographic features in this area. The upper hillsides of Pete's Mountain comprise the eastern part of this area, while the western half and the Peach Cove area generally are characterized by flatter land. The Pete's Mountain area contains a mix of rural residences, small farms and wooded hillsides. The flat areas contain larger farms and scattered rural residences. All of Area 4I is located within three miles of the Portland Metro Urban Growth Boundary.

All of Rural Reserve 4I is identified as Important Agricultural Land (the "east Wilsonville area"), except for a very small area located at the intersection of S. Shaffer Road and S. Mountain Rd... The Willamette Narrows, an important natural landscape feature identified in Metro's February 2007 "Natural Landscape Features Inventory", is located along the eastern edge of Area 4I.

Conclusions and Analysis: Designation of this area as a Rural Reserve is consistent with OAR 660-027, Division 27. With the exception of a small area at the intersection of S. Shaffer Rd. and S. Mountain Rd., all of this area is identified as Important Agricultural Land and is located within three miles of an urban growth boundary. Pursuant to OAR 660-027-0060(4), the area identified as Important Agricultural Land requires no further explanation to justify designation as a Rural Reserve. The few parcels classified as Conflicted Agricultural Land are included to create a boundary along the existing public road.

East Clackamas County Rural Reserve (Area 1E and Area 2B)

General Description: This area lies south of the boundary separating Clackamas and Multnomah Counties. This area generally is comprised of a mix of farms, woodlots and scattered rural residential homesites. Several large nurseries are located in the area near Boring. The area south of the community of Boring and the City of Damascus contains a mix of nurseries, woodlots, Christmas tree farms, and a variety of other agricultural uses.

Most of the area is identified as Foundation or Important Agricultural Land. The only lands not identified as Foundation or Important Agricultural Land are the steeper bluffs south of the City

of Damascus. Much of this steeper area is identified by the Oregon Department of Forestry as mixed farm and forest.

There are several rivers and streams located in this area. The Clackamas River, Deep Creek, Clear Creek and Noyer Creek, and the steeper areas adjacent to these streams, are identified as important natural landscape features in Metro's February 2007 "Natural Landscape Features Inventory".

All of this Rural Reserve is located within three miles of the Portland Metro Area Urban Growth Boundary, except for a small area in the eastern part of the Rural Reserve. This small area is located within three miles of the City of Sandy's Urban Growth Boundary.

Conclusions and Analysis: The designation of this area as a Rural Reserve is consistent with OAR 660-027, Division 27. Except for the steep bluffs located adjacent to the Clackamas River, all of this area is identified as Foundation or Important Agricultural Land and is located within three miles of an urban growth boundary. Pursuant to OAR 660-27-0060(4), no further explanation is necessary to justify designation as a Rural Reserve all of this area except for the aforementioned bluffs.

Designation as a Rural Reserve of the steep bluffs, not identified as Foundation or Important Agricultural Land, is consistent with the Rural Reserve Factors stated in OAR 660-027-0060(3).

- 1) This area is included in Metro's February 2007 "Natural Landscape Features Inventory".
- 2) This area is potentially subject to urbanization during the period described in OAR 660-027-0040(2), because it is located proximate or adjacent to the cities of Damascus, Happy Valley, and Oregon City, and the unincorporated urban area within Clackamas County.
- 3) Portions of this area are located within the 100 year floodplain of the Clackamas River. Most of the area has slopes exceeding 10%, with much of the area exceeding 20%. Portions of the area along Deep Creek are subject to landslides.
- 4) This hillside area drains directly into the Clackamas River, which is the source of potable water for several cities in the region. The Rural Reserve designation will assist protection of water quality.
- 5) These bluffs provide an important sense of place for Clackamas County, particularly for the nearby cities and unincorporated urban area. Development is sparse. Most of the hillside is forested.
- 6) This area serves as a natural boundary establishing the limits of urbanization for the aforementioned cities and unincorporated urban area and the Damascus Urban Reserve Area (Area 2A).

C. Clackamas County: Statewide Planning Goals

Goal 1- Citizen Involvement

In addition to participation in Metro’s process, Clackamas County managed its own process to develop reserves recommendations:

Policy Advisory Committee

The county appointed a 21-member Policy Advisory Committee (PAC) made up of 7 CPO/Hamlet representatives, 7 city representatives, and 7 stakeholder representatives. The PAC held 22 meetings in 2008 and 2009. The PAC made a mid-process recommendation identifying reserve areas for further analysis, and ultimately recommended specific urban and rural reserve designations. The PAC itself received significant verbal and written input from the public.

Public Hearings

In addition to the meetings of the PAC, the county held a number of public hearings as it developed the ultimate decision on reserves:

2009

- Aug. 10: Planning Commission hearing on initial recommendations.
- Sept. 8: Board of County Commissioners (“BCC”) hearing on initial recommendations
- Feb. 25: BCC Hearing on Intergovernmental Agreement

2010

- March 8, 2010: Planning Commission hearing on plan and map amendments.
- April 21, 2010: BCC hearing on plan and map amendments
- May 27, 2010: BCC reading and adoption of plan and map amendments, and approval of revised IGA.

Through the PAC, Planning Commission and BCC process, the county received and reviewed thousands of pages of public comment and testimony.

Goal 2 – Coordination

“Goal 2 requires, in part, that comprehensive plans be ‘coordinated’ with the plans of affected governmental units. Comprehensive plans are “coordinated” when the needs of all levels of government have been considered and accommodated as much as possible.’ ORS 197.015(5); *Brown v. Coos County*, 31 Or LUBA 142, 145 (1996).

As noted in the findings related to Goal 1, Clackamas County undertook continuous and substantial outreach to state and local governments, including formation of the Technical Advisory Committee. For the most part, commenting state agencies and local governments were supportive of the urban and rural reserve designations in Clackamas County. Where applicable, the specific concerns of other governments are addressed in the findings related to specific urban and rural reserves, below.

Goal 3 - Agricultural Lands

The reserves designations do not change the county's Plan policies or implementing regulations for agricultural lands. However, the designation of rural reserves constrains what types of planning and zoning amendments can occur in certain areas, and therefore provide greater certainty for farmers and long-term preservation of agricultural lands.

Goal 4 - Forest Lands

The text amendment does not propose to change the county's Plan policies or implementing regulations for forest lands. However, the text does establish rural reserves, which constrain what types of planning and zoning amendments can occur in certain areas, for the purpose of providing greater certainty for commercial foresters and long-term preservation of forestry lands.

Goal 5 - Open Spaces, Scenic and Historic Areas, and Natural Resources

The text amendment does not propose to change the county's Plan policies or implementing regulations for natural resource lands. However, the text does establish rural reserves, which constrain what types of planning and zoning amendments can occur in certain areas, for the purpose of providing for long-term preservation of certain of the region's most important, identified natural features. The county has determined that other natural features may be better protected through an urban reserve designation, and the eventual incorporation of those areas into cities. In certain areas, for example Newell Creek Canyon, the protection of Goal 5 resources is enhanced by the adoption of planning principles in an Intergovernmental Agreement between the County and Metro.

Goal 9 - Economy of the State

The proposed text amendment is consistent with Goal 9 because it, in itself, does not propose to alter the supply of land designated for commercial or industrial use. However, the text does establish urban reserves, which include lands suitable for both employment and housing. In Clackamas County, specific areas were identified as appropriate for a mixed use center including high intensity, mixed use housing (Borland area of Stafford) and for industrial employment (eastern portion of Clackanomah). These areas will be available to create new employment areas in the future if they are brought into the UGB.

Goal 10 - Housing

The proposed text amendment is consistent with Goal 10 because it, in itself, does not propose to alter the supply of land designated for housing. However, the text does establish urban reserves, which include lands suitable for both employment and housing. One of the urban reserve factors addressed providing sufficient land suitable for a range of housing types. In Clackamas County, there is an area identified as appropriate for a mixed use center including high intensity, mixed use housing (Borland area of Stafford) and many other areas suitable for other types of housing.

Goal 14 - Urbanization

The proposed text amendment is consistent with Goal 14. The program for identifying urban and rural reserves was designed to identify areas consistent with the requirements of OAR Chapter 660, Division 27. The text amendment does not propose to move the urban growth boundary or to change the county's Plan or implementing regulations regarding unincorporated communities. However, the amendment does adopt a map that shapes future urban growth boundary amendments by either Metro or the cities of Canby, Molalla, Estacada or Sandy.

VII. REASONS FOR URBAN AND RURAL RESERVES IN MULTNOMAH COUNTY

A. Introduction

Reserves designations proposed for Multnomah County were developed through analysis of the urban and rural reserves factors by the County's Citizen Advisory Committee (CAC), consideration of the analysis in briefings and hearings before the Multnomah County Planning Commission and Board of County Commissioners, discussion in regional forums including the Reserves Steering Committee, Core 4, and public and government input derived through the county Public Involvement Plan for Urban and Rural Reserves and the regional Coordinated Public Involvement Plan. MultCo Rec. 3865-3869.

The Multnomah County Board appointed a CAC to consider technical analysis of the statutory and administrative rule factors, to make recommendations to County decision makers, and to involve Multnomah County citizens and stakeholders in development of the proposed County reserves plan. The make-up of the 15 member committee was structured to include a balance of citizens with both rural and urban values. The rural members were nominated by County recognized neighborhood organizations from the four affected rural plan areas to the extent possible. The CAC developed a suitability assessment and reserves recommendations in sixteen meetings between May, 2008, and August, 2009.

The approach to developing the proposed reserves plan began with analysis of the study area by the CAC. The county study area was divided into areas corresponding to the four affected county Rural Area Plans, and further segmented using the Oregon Department of Agriculture (ODA) mapping and CAC discussion for a total of nine county subareas. MultCo Rec. 638-644. The phases of the CAC work included 1) setting the study area boundary; 2) identification of candidate urban and rural reserve areas; and 3) suitability recommendations based on how the subareas met the urban factors in OAR 660-027-0050 and the rural factors in -0060. The results of the suitability assessment are included in the report provided to the Planning Commission and Board of County Commissioners in August and September of 2009. MultCo Rec. 2932-3031.

The Multnomah County Planning Commission considered the CAC results and public testimony in a public hearing in August, 2009, and the Board of County Commissioners conducted a public hearing to forward recommendations to Core 4 for regional consideration in September, 2009. Additional Board hearings, public outreach, and regional discussion resulted in the Intergovernmental Agreement (IGA) between Multnomah County and Metro approved February 25, 2010. The IGA is a preliminary reserves decision that is the prerequisite to this proposed plan amendment as provided in the administrative rule. MultCo Rec. 9658-9663.

CAC Analysis, Candidate Areas and Suitability Rankings

The initial phase of analysis by the CAC considered the location of the regional study area boundary in Multnomah County. This, together with an overview of the various studies and the factors was the content of CAC meetings 1 through 3. MultCo Rec. 4525-4530. The first major phase of the analysis, identifying Candidate areas for urban and rural reserve focused on the first rural factor, the potential for urbanization to narrow the amount of land for further study as rural reserve. This occurred in CAC meetings 3 through 9, and resulted in agreement that all of the study area in Multnomah County should continue to be studied for rural reserve. Data sources studied included the Oregon Departments of Agriculture and Forestry (ODA) and (ODF) studies, Landscape Features study, aerial photos, existing land use, and information from committee members, and the public. MultCo Rec. 4530-4542.

The urban candidate areas assessment focused on urban factors (OAR 660-027-0050(1) and (3) to consider the relative efficiency of providing key urban services. This work relied on the technical memos and maps provided by the regional water, sewer, and transportation work groups comprised of technical staff from each of the participating jurisdictions. This information resulted in rankings on the efficiency of providing services to the study area. The CAC also considered information related to urban suitability including the Great Communities study, a report on industrial lands constraints, infrastructure rating criteria, and physical constraint (floodplain, slope, and distance from UGB) maps in their analysis. In addition, input from Multnomah County “edge” cities and other local governments, and testimony by property owners informed the assessment and recommendations. Rankings were low, medium, or high for suitability based on efficiency. Throughout this process effort was made to provide both urban and rural information at meetings to help balance the work. MultCo Rec. 4525-4542.

The suitability recommendations phase studied information relevant to ranking each of the urban and rural factors for all study areas of the county and took place in CAC meetings 10 through 16. MultCo Rec. 4543-4556. The approach entailed application of all of the urban and rural factors and suitability rankings of high, medium, or low for their suitability as urban or rural reserve based on those factors. Technical information included data from the prior phases and hazard and buildable lands maps, Metro 2040 design type maps, extent of the use of exception lands for farming, zoning and partitioning. During this period, the CAC continued to receive information from citizen participants at meetings, from local governments, and from CAC members. MultCo Rec. 890; 1055; 1059a; 1375; 1581; 1668; 1728. The group was further informed of information present in the Reserves Steering Committee forum, and of regional public outreach results. MultCo Rec. 4543-4546; 4551-4552. The product of the CAC suitability assessment is a report dated August 26, 2009, that contains rankings and rationale for urban and rural reserve for each area. MultCo Rec. 2932-3031.

B. Multnomah County: Urban Reserves

Urban Reserve 1C: East of Gresham

General Description: This 855-acre area lies east of and adjacent to the Springwater employment area that was added to the UGB in 2002 as a Regionally Significant Industrial Area (RSIA). MultCo Rec. 2983; 2985; 3226-3227. It is bounded by Lusted Rd on the north, SE 302nd Ave. and Bluff Rd. on the east, and properties on the north side of Johnson Creek along the south edge. The entire area is identified as Foundation Agricultural Land.

However, the urban reserve area contains three public schools within the Gresham Barlow School District that were built prior to adoption of the statewide planning goals. It also includes the unincorporated rural community of Orient. The area is the most suitable area proximate to Troutdale and Gresham to accommodate additional growth of the Springwater employment area and is the only area adjacent to the UGB on the northeast side of the region with characteristics that make it attractive for industrial use.

How Urban Reserve 1C Fares Under the Factors: The urban factors suitability analysis produced by the CAC and staff ranked this area as medium on most factors. The analysis notes that there are few topographic constraints for urban uses, including employment, that the existing rural road grid integrates with Gresham, and that it is near employment land within Springwater that has planned access to US Highway 26. Concern about minimizing adverse effects to farming was noted, although this factor was ranked medium also.

The rural reserve suitability assessment generally considers the larger Foundation Agricultural Land area between Gresham/Troutdale and the Sandy River Canyon as a whole. The analysis notes the existence of scattered groups of small parcels zoned as exception land in the southwest part of the area, including the Orient rural community. The lack of effective topographic buffering along the Gresham UGB, and the groups of small parcels in the rural community contributed to a “medium” ranking on the land use pattern/buffering factor (2)(d)(B). The CAC found the area as highly suitable for rural reserve, and indicated that the north half of the area was most suitable for urban reserve if needed.

Why This Area was Designated Urban Reserve: This area was ranked as the most suitable for urbanization in Multnomah County in the suitability assessment. Gresham indicated its ability and desire to provide services to this area primarily for employment. The area is also suitable for continued agricultural use. However, as noted above, the presence of the Orient community, areas of small parcels, and lack of topography that buffers the area from adjacent urban development make this the most appropriate area for urbanization.

Additional support for urban/industrial designation in this general area was received from several sources including Metro in the Chief Operating Officer’s report, the State of Oregon agency letter, and Port of Portland. MultCo Rec. 4662-4663; 4275; 2819-2820. Concern for protection of Johnson Creek was expressed by environmental stakeholders, and is addressed by holding the southern urban reserve edge to the north of the creek. MultCo Rec. 752. The position of the area on the east edge of the region adds balance to the regional distribution of urban reserve, and employment land in particular. All of the rural land in this area is Foundation Agricultural Land,

however, the proposed urban reserve is the best choice to address employment land needs in this part of the region.

C. Multnomah County: Rural Reserves

Rural Reserve 1B: West of Sandy River (Clackanomah in Multnomah County)

General Description: This map area includes the northeast portion of the regional study area. MultCo Rec. 216. Subareas studied by the CAC in the suitability assessment include Government, McGuire and Lemon Islands (Area 1), East of Sandy River (Area 2), Sandy River Canyon (Area 3), and West of Sandy River (Area 4). MultCo Rec. 2961-2986. The Troutdale/Gresham UGB forms the west edge, the Columbia River Gorge National Scenic Area is the north boundary, and the Study Area edge and county line are the east and south boundaries. With the exception of the Government Islands group, all of this area is either Foundation or Important Agricultural Land. In addition, all except the southeast quadrant is within 3 miles of the UGB. MultCo Rec. 4407.

How Rural Reserve 1B Fares Under the Factors: The Foundation and Important Agricultural Land areas between the Gresham/Troutdale UGB and the east edge of the Sandy River canyon qualify as rural reserve because they are within 3 miles of the UGB. The Sandy River Canyon is a high value landscape feature and is made up of either Foundation or Important Agricultural Land. The canyon and associated uplands are not suitable for urbanization due to steep slopes associated with the river and its tributaries. The canyon forms a landscape-scale edge between urban areas on the west and rural lands to the east and ranked high in the suitability analysis on additional key rural factors of: sense of place, wildlife habitat, and access to recreation. The Government Islands area is not classified as either Foundation, Important, or Conflicted Agricultural Land, but is classified as “mixed forest” in the Oregon Department of Forestry study. The area ranked low under the farm/forest factors, and high on the landscape features factors related to natural hazards, important habitat, and sense of place.

Why This Area was Designated Rural Reserve: Rural reserve is proposed from the eastside of the UGB eastward to the eastern edge of the Sandy River Canyon except for the urban reserve area 1C (see Section III above). The east rural reserve edge corresponds approximately to the county Wild and Scenic River overlay zone, and maintains continuity of the canyon feature by continuing the reserve designation further than 3 miles from the UGB to the county line. An area adjacent to the city of Troutdale in the northwest corner of the area is proposed to remain undesignated in order to provide potential expansion for future land needs identified by the city. The Government Islands group remains rural land since it already has long term protection from urbanization in the form of a long-term lease between the Port of Portland and Oregon Parks and Recreation, and the Jewell Lake mitigation site. MultCo Rec. 2961-2965; 2973-2985.

Rural Reserves 9A through 9F: West Multnomah County

This map area includes the north portion of the regional study area. Subareas studied by the CAC in the suitability assessment include NW Hills North (Area 5), West Hills South (Area 6),

Powerline/Germantown Road-South (Area7), Sauvie Island (Area 8), and Multnomah Channel (Area 9). MultCo Rec. 2986-3027.

Areas 9A – 9C Powerlines/Germantown Road-South

General Description: This area lies south of Germantown Road and the power line corridor where it rises from the toe of the west slope of the Tualatin Mountains up to the ridge at Skyline Blvd. MultCo Rec. 3004-3015. The north edge of the area is the start of the Conflicted Agricultural Land section that extends south along the Multnomah/Washington county line to the area around Thompson Road and the Forest Heights subdivision in the city of Portland. The area is adjacent to unincorporated urban land in Washington County on the west, and abuts the City of Portland on the east. Most of the area is mapped as Important Landscape Features that begin adjacent to Forest Park and continue west down the slope to the County line. MultCo Rec. 1767. The area is a mix of headwaters streams, upland forest and open field wildlife habitat.

How Rural Reserve 9A - 9C Fares Under the Factors: The CAC ranked the area “medium-high suitability” for rural reserve after considering important landscape features mapping, Metro’s designation as a target area for public acquisition through the parks and greenspaces bond program, the extensive County Goal 5 protected areas, Metro Title 13 habitat areas, proximity to Forest Park, and local observations of wildlife use of the area. MultCo Rec. 369-391; 357; 392; 392a. The CAC further ranked factors for sense of place, ability to buffer urban/rural interface, and access to recreation as high. While there was conflicting evidence regarding capability of the area for long-term forestry and agriculture, the CAC ranked the area as medium under this factor. MultCo Rec. 3004-3014. The county agrees that the west edge of area 9B defines a boundary between urbanizing Washington County and the landscape features to the east in Multnomah County. Elements that contribute to this edge or buffer include the power line right-of-way, Multnomah County wildlife habitat protection, planned Metro West Side Trail and Bond Measure Acquisition Areas, and the urban-rural policy choices represented by the county line. MultCo Rec. 751; 1125; 3901-3907.

The CAC ranked the area “low suitability” for urban reserve generally, with the exception of areas 9A and 9B. Areas 9A and 9B resulted in a split of the CAC between “low” and “medium” rankings. Most of the area 9A – 9C contains topography that limits efficient provision of urban services, and, should urban development occur, would result in unacceptable impacts to important landscape features. Limiting topographic features include slopes that range from 10% in the majority of area 9B to above 25% in portions of 9C, and stream corridors and ravines interspersed throughout the area. MultCo Rec. 652. Due to these features, the area was ranked low for an RTP level transportation “grid” system, for a walkable, transit oriented community, and for employment land. The CAC also recognized that should urban development occur, it would be difficult to avoid impacts to area streams and the visual quality of this part of Landscape Feature #22 Rock Creek Headwaters.

Why This Area was Designated Rural Reserve: Among the urban factors in the Reserves rules are efficient use of infrastructure and efficient and cost-effective provision of services. These are also among the most important factors in the Great Communities study. MultCo Rec. 123-124.

Multnomah County does not provide urban services and has not since adoption of Resolution A in 1983. MultCo Rec. 853-856. The County no longer has urban plan or zone designations; it contracts with the cities in the county for these services. This means urban services to Areas 9A - 9C would have to come from a city in a position to plan and serve new urban communities. As was the case when Metro considered addition of lands in Multnomah County on the west slope of Tualatin to the UGB in 2002, there is not a city in a position to provide urban services to Areas 9A to C. Beaverton is over two miles to the south. Metro assigned urban planning to Beaverton when Metro added the North Bethany area to the UGB in 2002. Given the obstacles to annexation of the unincorporated territory over that two miles, Washington County took on responsibility for the planning instead of Beaverton. Unlike Multnomah County, Washington County continues to provide planning services and maintains urban plan and zoning designations for unincorporated urban areas.

The only other city that could provide services is Portland. Portland has said, however, it will not provide services to the area for the same reasons it would not provide services to nearby "Area 94" when it was considered for UGB expansion in 2002. (Metro added Area 94 to the UGB. The Oregon Court of Appeals remanded to LCDC and Metro because Metro had failed to explain why it included Area 94 despite its findings that the area was relatively unsuitable for urbanization. Metro subsequently removed the area from the UGB.) Portland points to the long-standing, unresolved issues of urban governance and urban planning services, noting the difficulties encountered in nearby Area 93. The City emphasizes lack of urban transportation services and the high cost of improvements to rural facilities and later maintenance of the facilities. The City further points to capital and maintenance cost for rural roads in Multnomah County that would have to carry trips coming from development on both sides of the county line and potential impacts to Forest Park. MultCo Rec. 3201-3204; 3897-3907; 3895.

For these reasons, areas 9A – 9C rate poorly against the urban reserve factors.

The proposed rural reserve designation for all of area 9A – 9C recognizes and preserves the landscape features values that are of great value to the county. MultCo Oversize Exhibit. The small scale agriculture and woodlots should be able to continue and provide local amenities for the area. Rural reserve for this area is supported not only by the weight of responses from the public, but by the Planning Commission and the regional deliberative body MPAC as well. MultCo Rec. 4002-4005; 1917a-j; Oversize Exhibit.

Rural Reserves 9D and 9F: West Hills North and South, Multnomah Channel

General Description: This area extends from the Powerlines/Germantown Rd. area northward to the county line, with Sauvie Island and the west county line as the east/west boundaries. All of the area is proposed as rural reserve. Agricultural designations are Important Agricultural Land in 9D, and Foundation Agricultural Land in area 9F. All of area 9D is within three miles of the UGB, and the three mile line from Scappoose extends south to approximately Rocky Point Road in area 9F.

How Rural Reserve 9D and 9F Fare Under the Factors: All of the Multnomah Channel area is an important landscape feature, and the interior area from approximately Rocky Point Rd. south to Skyline Blvd. is a large contiguous block on the landscape features map. MultCo Rec. 1767. This interior area is steeply sloped and heavily forested, and is known for high value wildlife habitat and as a wildlife corridor between the coast range and Forest Park. It is also recognized as having high scenic value as viewed from both east Portland and Sauvie Island, and from the US Highway 26 corridor on the west. Landscape features mapping south of Skyline includes both Rock Creek and Abbey Creek headwaters areas that abut the city of Portland on the east and follow the county line on the west.

The potential for urbanization north of the Cornelius Pass Rd. and Skyline intersection in area 9D, and all of 9F, was ranked by the CAC as low. Limitations to development in the Tualatin Mountains include steep slope hazards, difficulty to provide urban transportation systems, and other key services of sewer and water. Areas along Multnomah Channel were generally ranked low due to physical constraints including the low lying land that is unprotected from flooding. Additional limitations are due to the narrow configuration of the land between US Highway 30 and the river coupled with extensive public ownership, and low efficiency for providing key urban services. MultCo Rec. 3022-3027. Subsequent information suggested some potential for urban development given the close proximity of US Highway 30 to the area.

Why This Area was Designated Rural Reserve: This area is proposed for rural reserve even though urbanization potential is low. Of greater importance is the high sense of place value of the area. The significant public response in favor of rural reserve affirms the CAC rankings on this factor. In addition, the high value wildlife habitat connections to Forest Park and along Multnomah Channel, the position of this part of the Tualatin Mountains as forming edges to the urban areas of both Scappoose and the Portland Metro region, further support the rural reserve designation.

Rural Reserve 9E: Sauvie Island

General Description: Sauvie Island is a large, low lying agricultural area at the confluence of the Willamette and Columbia Rivers. The interior of the island is protected by a perimeter dike that also serves as access to the extensive agricultural and recreational areas on the island. It is located adjacent to the City of Portland with access via Highway 30 along a narrow strip of land defined by the toe of the Tualatin Mountains and Multnomah Channel. This area was assessed as Area 8 by the County CAC. MultCo Rec. 3016-3020. The island is entirely Foundation Agricultural Land, and is mapped as an important landscape feature. Large areas at the north and south extents of the island are within 3 miles of the Scappoose and Portland UGBs.

How Rural Reserve 9E Fares Under the Factors: The island ranked high on the majority of the agricultural factors, indicating suitability for long-term agriculture. It ranked high on landscape features factors for sense of place, important wildlife habitat, and access to recreation. The low lying land presents difficulties for efficient urbanization including the need for improved infrastructure to protect it from flooding, and additional costly river crossings that would be

needed for urban development. The CAC ranked the island low on all urban factors indicating low suitability for urbanization.

Why This Area was Designated Rural Reserve: The island is a key landscape feature in the region, ranking high for sense of place, wildlife habitat, and recreation access. The island defines the northern extent of the Portland-Metropolitan region at a broad landscape scale. These characteristics justify a rural reserve designation of the entire Multnomah County portion of the island even though potential for urbanization is low.

D. Multnomah County: Statewide Planning Goals

MCC Chapter 11.05.180 Standards for Plan and Revisions requires legislative plan amendments comply with the applicable Statewide Planning goals pursuant to ORS 197.175(2)(a). These findings show that the reserves plan amendments are consistent with the goals, and they therefore comply with them.

Goal 1- Citizen Involvement

To develop a citizen involvement program that insures the opportunity for citizens to be involved in all phases of the planning process.

The process of studying, identifying, and designating reserves began in January of 2008, with formation of the regional Reserves Steering Committee, adoption of a Coordinated Public Involvement Plan to coordinate the work flow, and formation of county committees to assess reserve areas and engage the public. MultCo Rec. 4557-4562.

Multnomah County incorporated the Coordinated Public Involvement Plan into the plan followed for the county process, and this plan was reviewed by the Multnomah County Office of Citizen Involvement Board. MultCo Rec. 172-177. In addition to providing opportunity for public involvement listed below, the county plan incorporated a number of tools including internet pages with current and prior meeting agendas and content, web surveys, mailed notices to property owners, email meeting notifications, news releases and meeting and hearing notices, neighborhood association meetings, and an internet comment link.

Key phases of the project in Multnomah County included:

- The Multnomah County Reserves Citizen Advisory Committee (CAC) developed their suitability assessments and recommendations in 16 public meetings between May 2008 and July 30, 2009. MultCo Rec. 4525-4542. The Planning Commission conducted a hearing on Aug 10, 2009, to consider the CAC suitability recommendations and recommendations for reserve designations in the county. MultCo Rec. 1820-1919. Consensus of the Planning Commission endorsed the CAC recommendations.
- The Board adopted Resolution No. 09-112 at their September 10, 2009 public hearing, forwarding to Core 4 and the Reserves Steering Committee, urban and rural reserves suitability recommendations developed by the Multnomah County (CAC). MultCo Rec. 2689-2690. The

Board focused on suitability of areas for reserves rather than on designations of urban and rural reserves pending information about how much growth can occur within the existing UGB and how much new land will be sufficient to accommodate long term growth needs.

- The Board adopted Resolution No. 09-153 at their December 10, 2009, public hearing, forwarding to Core 4, recommendations for urban or rural reserve for use in the regional public outreach events in January, 2010. MultCo Rec. 2894-3031. These recommendations were developed considering public testimony and information from the Regional Steering Committee stakeholder comment, discussion with Multnomah County cities, and information and perspectives shared in Core 4 meetings. MultCo Rec. 3032-3249; 2894-2898; 3934-3954.
- The Board approved the IGA with Metro at a public hearing on February 25, 2010. MultCo Rec. 3865-3874. Additional public and agency input was considered in deliberations including results of the January public outreach, results of deliberations by the regional Metropolitan Planning Advisory Committee, and interested cities.

Public outreach included three region wide open house events and on-line surveys. The first was conducted in July of 2008 to gather input on the Reserves Study Area Map. MultCo Rec. 213-215. The second occurred in April of 2009, for public input on Urban and Rural Reserve Candidate Areas - lands that will continue to be studied for urban and rural reserves. MultCo Rec. 903-908. The third regional outreach effort to gather input on the regional reserves map prior to refinement of the final map for Intergovernmental Agreements occurred in January of 2010. MultCo Rec. 3956-4009..

The Multnomah County Board of Commissioners heard briefings on the reserves project on 2/14/08, 4/16/09, and 8/20/09, and conducted public hearings indicated above. The Planning Commission conducted a public hearing on 8/10/09 and received regular briefings during the reserves project. MultCo Rec. 1918-1919.

Public testimony has been an important element in the process and has been submitted to Multnomah County in addition to public hearings in several ways including open house events that took place in July of 2008, April of 2009, and January of 2010, and in testimony provided at CAC meetings. MultCo Rec. 161; 205; 238; 267; 338; 403; 464; 599; 715; 890; 1055; 1159a; 1375; 1581; 1668; 1728.

Goal 2- Land Use Planning

To establish a land use planning process and policy framework as a basis for all decision and actions related to use of land and to assure an adequate factual base for such decisions and actions.

The County's Plan policies and map amendments put in place the framework needed to carry out the objectives of the reserves plan by identifying areas where rural resources will be protected from urbanization. The County rural plan has been coordinated with Metro's urban plan to identify where urbanization should occur during the 50 year plan. The County's policies and map ensure that rural reserve areas will remain rural and not be included within urban areas. The

amendments further contain policies and strategies to support the on-going planning processes to facilitate availability of urban reserve areas for urban use as appropriate.

Coordination with Multnomah County Cities

Understanding the land needs and service potential of cities is of critical importance because the County would look to a city to provide urban governance and services should areas designated urban reserve come into the UGB in the future. Input from cities with an interest in reserves within Multnomah County during CAC development of the suitability assessments and these reserve designations is briefly summarized below.

- Beaverton – The City has indicated that it may be able to provide urban governance for areas on the west edge of the county, however whether that city would eventually provide these services is uncertain, and timing for resolution of all outstanding issues that would set the stage for extending Beaverton governance to this area is likely many years away.
- Gresham – The City indicated in their 2/25/09 letter that areas east of the city should continue to be studied for urban reserve, recognizing that the recommendation is made without a complete picture of urban land needs. MultCo Rec. 528-529. There should be some rural reserve east of the city, the region should minimize UGB expansions, and the City wants to focus on areas within the current UGB. The City provided a follow up letter dated 10/24/09 requesting urban reserve between SE 302nd and the Gresham UGB. MultCo Rec. 3226-3227. That area is shown as urban reserve on the proposed reserves plan map.
- Portland – City coordination efforts have occurred regarding potential reserve designations, particularly along the west edge of Multnomah County. Focus has been on the efficiency of providing urban services, and how governance services could be provided by the City. The City has indicated that the county line is an appropriate urban/rural edge, has identified service difficulties, the importance of landscape features in the area, and stated their interest in focusing limited resources on existing centers, and corridors and employment areas rather than along the west edge of the County. Therefore, Portland recommended rural reserve for this area.
- Troutdale – Troutdale requested approximately 775 acres of land for expansion, including the area north of Division and east out to 302nd Ave., indicating a need for housing land and ability to provide services to the area. MultCo Rec. 2082-2086. The proposed plan map leaves an approximately 187 acre area adjacent to the city without reserves designation. Proposed Policy 5 provides for a review of the reserves plan that can consider this and other areas in the region 20 years after the plan is adopted.

Additional agency coordination efforts related to Multnomah County reserves that occurred in addition to the regional process included Port of Portland, City of Scappoose, Sauvie Island Drainage District, and East and West Multnomah Soil and Water Conservation Districts. MultCo Rec. 514-525; 1132-01133; 667-668; 342-343.

Goal 3- Agricultural Lands

Agricultural lands in the county are protected for farm use by existing zoning and plan policies, and these are unchanged by the proposed amendments. The proposed policies and map add a new element, rural reserve, that ensures protection from urbanization of farmland important to the long-term viability of agriculture in the County. This protection is consistent with the goal of maintaining agricultural lands for farm use.

Goal 4- Forest Lands

Forest lands in the county are protected for forest use by existing zoning and plan policies that are unchanged by the proposed amendments. The proposed policies and map add long-term protection from urbanization of Goal 4 resources consistent with this goal by designating these areas as rural reserve.

Goal 5- Natural Resources, Scenic and Historic Areas, and Open Spaces

The Goal 5 resources in the county are protected by existing zoning and plan policies that are unchanged by the proposed amendments. The reserves factors require consideration of the importance of resources of the type that are protected by Goal 5 plans though the Landscape Features factors. The factors also require consideration of how these resource areas could be protected when included within urban reserve and subsequently urbanized. Goal 5 protection will apply to land included within the UGB in the future. The reserves suitability assessment considered natural and scenic resources as it was developed, and existing county protections are maintained consistent with Goal 5. MultCo Rec. 860a-f.

Goal 6- Air, Water and Land Resources Quality

The proposed plan policies and map have no bearing on existing waste management plans and are therefore consistent with this goal.

Goal 7- Areas Subject to Natural Hazards

Existing zoning contains safeguards intended to protect rural development from identified hazards. The factors required consideration of areas of potential hazard including flood, landslide, and fire in forming reserves designations. MultCo Rec. 3007. Consideration of hazard areas in the reserves plan and continuation of existing protections is consistent with this goal.

Goal 8 – Recreational Needs

The factors that applied to consideration of rural reserve to protect landscape features from urbanization include access to recreation areas including trails and parks. MultCo Rec. 3008-3009. Urban factors consider how parks can be provided in urban reserve areas. Existing plan and zoning provisions for parks are unchanged by the proposed reserves plan. The proposed reserves designations are consistent with Goal 8.

Goal 9 – Economic Development

The proposed urban reserve east of Gresham includes land that has potential to support additional economic development. MultCo Rec. 2983. This puts in place the potential for greater diversity of economic development in this area while minimizing loss of economically important farm land consistent with this goal.

Goal 10 – Housing

The proposed reserves plan increases potential for additional housing opportunity by designating additional land as urban reserve consistent with this goal. MultCo Rec. 3865-3869.

Goal 11 – Public Facilities and Services

The reserves factors analysis used in consideration of urban reserve included assessment of how efficiently the key public facilities could be provided to potential reserve areas. MultCo Rec. 2982-2985. Further, the 50 year urban reserve plan allows service planning to occur over a longer time frame. These elements support timely orderly and efficient provision of services consistent with this goal.

Goal 12 – Transportation

The proposed reserves plan policies and map do not cause any change to the county rural transportation system. Transportation planning to support urban uses within the proposed urban reserve east of Gresham will occur at the concept planning stage prior to including areas within the UGB. The relative efficiency of providing adequate transportation services in potential reserve areas was considered in the factors analysis. The proposed plan policies and map are consistent with Goal 12.

Goal 13 – Energy Conservation

The evaluation of the suitability of land for urban reserve took into account the potential for efficient transportation and other infrastructure, and sites that can support walkable, well-connected communities. These are energy conserving approaches to urban development, and the proposed urban reserve ranks moderately well on these factors and is consistent with this goal. MultCo Rec. 2982-2985.

Goal 14 – Urbanization

The reserves plan and policies implement an approach to the transition from rural to urban land that increases understanding of the future location of new urban areas and the time to plan for the transition. Urban reserves are expected to thereby improve this process consistent with this goal.

Goal 15 – Willamette River Greenway

Land planned under this goal in Multnomah County is located along Multnomah Channel and is zoned with the county Willamette River Greenway overlay zone. The reserves plan does not

change that zoning. The proposed rural reserve along the channel protects the Greenway from urban development during the 50 year plan period, and this protection is consistent with the goal.

VIII. REASONS FOR URBAN AND RURAL RESERVES IN WASHINGTON COUNTY

A. Introduction

Washington County A-Engrossed Ordinance No. 733 designates rural reserves and adopts urban reserves designated by Metro within unincorporated areas of rural Washington County (areas outside of the Metro urban growth boundary). Lands designated as rural reserves are provided long-term protection from urbanization, while urban reserves are lands identified as the first priority to be added to the region's urban growth boundary (UGB) if and when it is determined by Metro that additional capacity to accommodate population or employment growth is needed.

A-Engrossed Ordinance 733 adds new policies to the Washington County Comprehensive Plan designed to carry out the purpose of state law in ORS 195.137 – 195.145 and OAR 660-027. These policies include a new Policy 29 of the Rural/Natural Resource Plan element, establishing standards applicable to lands now designated by Washington County as rural reserves. The ordinance also creates two new maps. One identifies the rural reserves designated by the county, as well as the urban reserves adopted by Metro; the second map identifies the location of "Special Concept Plan Areas" in the county.

The ordinance also makes minor modifications to Rural/Natural Resource Plan Policy 3, Intergovernmental Coordination; Policy 23, Transportation; and Policy 27, Urbanization, to require coordination of urban and rural reserves in planning processes. The ordinance also amends Comprehensive Framework Plan for the Urban Area Policy 3, Intergovernmental Coordination; Policy 32, Transportation; and Policy 40, Regional Planning Implementation to make similar minor conforming changes.

The amendments made as a result of the reserves planning process are shown in Exhibits 1 through 9 of A-Engrossed Ordinance No. 733 and are made part of the Washington County Comprehensive Plan through the adoption of this ordinance

Process Summary

In developing recommendations for urban and rural reserves in the Portland metro region, each of the four local governments directly collaborated and coordinated the primary tasks of the project (such as development of background information, primary technical analysis and regional scale public involvement. Beyond those core efforts however, each of the three counties (and Metro) utilized a different process to develop locally supported recommendations. The following outline summarizes the urban and rural reserves planning process in Washington County.

1) Project Management & Oversight:

i) Regional Partners:

In order to carry out the technical and policy work required to implement urban & rural reserves in the 3-county Metro region (the project), Metro and Clackamas, Multnomah and Washington Counties formed a partnership alliance. This partnership (the Regional Partners) agreed to jointly staff and fund the project.

ii) Core 4:

The Core 4 was comprised of one key elected official from each of the four implementing jurisdictions. This group provided policy level project oversight and management and was charged with assuring that the regional reserves designations represented a reasonable balance of the guiding factors of OAR 660-027. WashCo Rec. 5.

iii) Regional Project Management Team (PMT):

The PMT was comprised of primary staff (planning directors / managers) from each of the four jurisdictions. This team of planning experts directed and reviewed the technical analysis work and served as advisors to the Core 4. This Team was involved from the initial inception of the project in the implementation of the legislation creating the new concepts for urban and rural reserves in the Portland Metro region (Senate Bill 1011). WashCo Rec. 14.

2) Project Coordination

i) Project Consultants, Kerns & West (K&W):

In order to manage the policy level recommendations necessary to carry out this project, the Regional Partners solicited quotes and selected from respondents, the firm of Kerns & West to provide facilitation / mediation for the meetings and activities of the Core 4 and Regional Steering Committee. K&W provided these services throughout the process of developing final urban and rural reserves recommendations to Metro and the 3 counties.

ii) Project Coordination was also provided by the Core 4, PMT, Core 4 Technical Team and the Public Involvement Team.

3) Advisory Committees

i) Regional Project Steering Committee (RSC):

The RSC was made up of a variety of management level professionals representing a diverse array of interests. This Committee, co-led by the Core 4, was charged with overseeing the study of urban and rural reserves and to make recommendations relating to the final designation of reserve areas to the three counties and Metro.

ii) Washington County Reserves Coordinating Committee (WCRCC):

The WCRCC was formed to review the results of the project technical analyses and to develop policy and recommendations on urban and rural reserves in Washington

County. Recommendations developed by the WCRCC were forwarded to the Regional Steering Committee and Core 4.

iii) Core 4 Technical Committee:

The Core 4 Technical Committee was comprised of planning staff from Metro and each of the three counties. These staff members carried out the technical analyses necessary to determine the relative qualifications of lands within the regional study area as urban reserves, rural reserves or neither. This committee was directly guided by the PMT and results of their work were submitted to local county advisory committees and, as appropriate, to the Regional Steering Committee.

4) Washington County Planning Directors

- i) The Washington County Planning Directors served as the technical advisory committee to the WCRCC and served to coordinate with their respective city councils and planning commissions in developing reserves recommendations. This committee met regularly throughout the reserves planning process to assure that the technical analysis process appropriately addressed local issues, concerns and needs, all jurisdictions in Washington County remained fully informed, and that all stakeholders and interested members of the general public were provided adequate opportunities for involvement in the reserves planning process.

5) Public Involvement

- i) Reserves Public Involvement Team
- ii) Public Involvement Plans WashCo. Rec.4013-4396
 - a. Regional WashCo. Rec.4013-4024
 - b. Washington County WashCo. Rec.4026-4031

iii) Public Involvement Activities

6) Iterative Process:

The Five phases of the Urban and Rural Reserves project were:

- i) Phase 1: Establish committees and public involvement process;

The objectives of Phase 1 were to:

- Establish the Reserves Steering Committee (RSC) WashCo. Rec.4053-4054
- Establish County Coordinating Committees (WCRCC) WashCo. Rec. 1401; 1388-1400
- Create a Coordinated Public Involvement Process WashCo. Rec.4013-4052
- Develop the Analytical Approach to identifying urban & rural reserves

ii) Phase 2: Develop Reserve Study Areas;

The objectives of Phase 2 were to:

- Identify broad Reserve Study Areas WashCo. Rec. 2996; 3868-3872
- During the summer and early fall of 2008, the Regional Partners approved a Regional Reserves Study Area within which urban and rural reserves were to be identified.
- Review initial 40-50 year Population and Employment Forecasts WashCo. Rec. 3800; Metro 2005-2060 Population and Employment Forecast – May 19, 2008
- Review data needs and begin to assemble data

iii) Phase 3: Analyze Reserve Study Areas;

The objectives of Phase 3 were to:

- Analyze how Reserve Study Areas meet applicable urban and rural Reserve Factors of OAR 660-027 WashCo. Rec. 2930-3819
- Refine the 40-50 year Population and Employment Forecasts and Allocations Metro 2005-2060 Population and Employment Range Forecast – April 2009 draft
- Develop preliminary urban and rural Reserve recommendations WashCo. Rec. 2930-3819.

iv) Phase 4: Recommend Reserve Designations;

The objectives of Phase 4 were to:

- Finalize Reserve Areas WashCo. Rec. 1379-1385
- Draft and adopt Intergovernmental Agreements (IGAs) WashCo. Rec. 1379-1385; 1379; 9296.

v) Phase 5: Adoption of Urban and Rural Reserves. The objectives of Phase 5 were to:

- Draft and adopt ordinances incorporating conforming amendments to local Plans and Codes. WashCo Rec. 8060-8063; 9039-9043.
- Draft and adopt joint decision findings
- Submit implementing Plan and Code amendments to LCDC for review and acknowledgement

7. The Washington County Planning Directors and respective city staff reviewed the factors of OAR 660-027 along with the concepts of building “Great Communities” (WashCo. Rec. 2930-3819) in order to develop "pre-qualifying concept plans" for areas being recommended as urban reserves.

8. The Washington County Urban & Rural Reserves Coordinating Committee reviewed the technical analyses and recommendations prepared by the Planning Directors, held regular public meetings, provided policy direction throughout each phase of the project, and forwarded final recommendations from Washington County to the Regional Reserves Steering Committee and Core 4.

Stakeholder Requests and Responses

1) Reserves Planning Process

The public process section of this report discusses the county's extensive public outreach during the reserve planning process. However, two groups were consistent in voicing concern during the county's analysis, subsequent recommendations to the Core 4, and the Core 4 deliberation period. These two groups were the *Washington County Farm Bureau*, which was a voting member of the Washington County Reserves Coordinating Committee (WCRCC), and *Save Helvetia*, a group consisting primarily of residents interested in protecting rural lands generally located north of Sunset Highway and east of the city of North Plains.

Washington County Farm Bureau: Throughout the technical analysis and review process leading to preliminary recommendations on urban and rural reserves, the consistent message from the Washington County Farm Bureau was that lands within the existing UGB should be used more efficiently and, with the exception of lands classified as "Conflicted" on the map developed by the Oregon Department of Agriculture, all lands in the study area within approximately one mile of a UGB should be designated as rural reserve. Farm Bureau members submitted a map and cover letter depicting their recommendations. WashCo. Rec. 2098-2099; 3026; 3814-3816.

The needs determination by county and city staff determined that the one-mile recommendation noted above would not address the county's urban growth needs over the 50-year reserves timeframe. The WCRCC on September 8, 2009 voted 11 to 2 in support of urban reserve areas of approximately 34,200 acres and rural reserve areas of approximately 109,750 acres in Washington County. In consideration of the concerns raised by the Farm Bureau as well as like-minded stakeholders, interest groups and community members, the Core 4 recommended a reduction of approximately 40 percent (34,200 acres to 13,561 acres) to the WCRCC's urban reserve recommendation. These adjustments represented the Core 4's judgment in balancing the need for future urban lands with the values placed on "Foundation" agricultural lands and lands that contain valuable natural landscape features to be preserved from urban encroachment. Rural reserve acreage increased during Core 4 deliberations, from the WCRCC recommendation above to 151,666 acres. The intergovernmental agreement (IGA) signed with Metro and approved by the Washington County Board of Commissioners on February 23, 2010 acknowledged these totals for urban and rural reserves. Amendments to the agreements are allowed pursuant to section C.4 of the agreement. Changes to some reserve boundaries were requested during the county ordinance process beginning in April 2010 and are discussed below.

Save Helvetia: This citizen group was established during the early stages of the urban and rural reserves planning process. The group's initial and preeminent concern was that all rural land within the reserves study area located north of Sunset Highway be designated as rural reserve.

WashCo. Rec. 2229-2239; 3618. The group's mission statement includes the desire *"To encourage cities to accommodate population growth by maximizing infill and efficiently using land already inside city borders."* The group also supported the Farm Bureau's position of recommending a rural reserve designation for all foundation farmland within one-mile of the UGB and called out the importance of preserving agricultural land for different farm sizes and uses.

Core 4 deliberations dramatically changed the reserve proposals recommended by the WCRCC for areas north of Highway 26. The original recommended urban reserve that extended north of Highway 26 to Phillips Road and east to the county border with Multnomah County was changed to a rural reserve designation with the exception of two small urban reserve areas (Urban Reserve Areas 8B and 8C) adjacent to the existing UGB and an undesignated area between Highway 26 and West Union Road. Other urban areas in the county were also reduced in size in order to minimize development impacts to valuable agricultural and natural resources. The Farm Bureau and Save Helvetia representatives in particular were present at open houses and presented public testimony at hearings. The Audubon Society of Portland, 1,000 Friends of Oregon, Coalition for a Livable Future and interested citizens also voiced concern at different points of the reserves process regarding future urban development north of Highway 26.

2) Ordinance No. 733 Hearings Process

Several reserves amendment requests came before the Washington County Planning Commission on April 21, 2010 and were forwarded to the Board for its consideration. The Board held its first public hearing on Ordinance No. 733 on April 27, 2010 and took additional testimony from individuals requesting amendments to the urban and rural reserves map. The Board requested staff to prepare issue papers for the specific requests and continued the hearing to May 11, 2010. On May 11, 2010, the Board directed staff to follow the map amendment process outlined in Section C.4. of the Metro-Washington County IGA for two of the requests (discussed in Section 3, below).

The two requests consisted of a proposal by staff to make "technical" changes that would place certain right-of-way areas into a single reserve designation (rather than designations split at the road's centerline), to correct for "parcel shifts" that occur when digital map layers are updated, to correct mapping errors, and to address the split reserves designation of a property in the vicinity of Roy Rogers Road. WashCo Rec. 8559-8582.

The second request was to add the 130-acre Peterkort property west of the North Bethany area to Urban Reserve Area 8C and remove it from Rural Reserve Area 8F. An issue paper regarding the Peterkort property was developed for the Board's review (reference record - issue paper 3). Further information about the Peterkort property is provided below. WashCo Rec. 8586-8590.

O'Callaghan: Located along the Rock Creek drainage southwest of the above referenced Peterkort site and along the northern edge of the western segment of Urban Reserve Area 8C (Bethany West) are two parcels owned by the O'Callaghan family. These parcels total approximately 58 acres and are bordered on the east by the existing urban growth boundary and N.W. 185th Avenue. During the hearings process for Ordinance No. 733, a description and analysis of the request for an urban reserve designation for the property was included in Issue

Paper 3 of the May 11 staff report to the Board. WashCo Rec. 8586-8590. The Board reviewed the issue paper and elected not to include this amendment request in the engrossed ordinance.

City of Cornelius: The city of Cornelius requested a number of adjustments to the urban reserve areas of interest to the city. These adjustments were generally referenced as “technical” changes intended to simplify future urbanization of those lands. There were two elements of the city’s request:

- 1) Add as urban reserves approximately 48 acres of land lying within the 100-year floodplain; (14.3 acres from undesignated lands and 34 acres from rural reserves);
- 2) In order to support the future expansion of city parks and open space, change approximately 87 acres of rural reserve lands to undesignated and change approximately 126 acres of undesignated land to rural reserves.

The city’s reasons listed for the requested changes were as follows:

- a) Using floodplain lines as a UGB requires difficult surveying and property line adjustment prior to annexation when floodplain does not match tax lot lines.
- b) Floodplain boundaries change over time, depending on stream flow, climate change and upstream activity; some floodplain designations are dated and inaccurate.
- c) The city does not allow development in the floodplain, except for certain bridges and pathways for pedestrians.

These requests were first presented to the Planning Commission on April 21, 2010 and to the Board on April 27, 2010 by city staff.

The Washington County Reserves Coordinating Committee recommendation of September 15, 2009 identified the subject properties as part of larger urban reserve areas on the north and south edge of Cornelius. Core 4 deliberations from October 2009 through February 2010 resulted in a change in designation from proposed urban reserve to proposed rural reserve for each of the above areas with the exception of the 126 acre undesignated area. The Core 4 actions did not alter the area's undesignated status.

At the May 25, 2010, public hearing on Ordinance No. 733, the Board of Commissioners decided to retain the Core 4 recommendations on these properties. WashCo. Rec. 8839-8841.

Bobosky / Bendemeer: The Bobosky property is a ten acre taxlot included within a small rural residential community known as Bendemeer, located north of West Union Road between NW Cornelius-Pass Road and NW Dick Road. On April 21, 2010, the Planning Commission heard testimony from Wendie Kellington and Wink Brooks on behalf of owners Steve and Kelli Bobosky to change the Bobosky property from rural reserve to urban reserve. The applicants asserted during the hearing that exception lands (AF-5 and AF-10 designations) do not serve to promote continued agricultural use. The Planning Commission subsequently recommended that all properties within the Bendemeer subdivision be changed from rural to urban reserve.

The property in question ranked high for both urban and rural reserves in staff's analysis. The Oregon Department of Agriculture classified the properties as Foundation agricultural land. The city of Hillsboro developed a pre-qualifying concept plan that addressed how the area met the urban reserve factors. This area was originally designated as an urban reserve but was changed to a rural reserve designation during Core 4 deliberations. Ms. Kellington and the Boboskys provided testimony to the Board of Commissioners at their April 27, 2010 hearing.

A description and analysis of staff's recommendation for urban reserve was included in Issue Paper 4 of the May 11 staff report to the Board. The Board elected not to include this amendment request in the engrossed ordinance. WashCo Rec. 8601-8619.

Black / Waibel Creek: Tom Black presented oral testimony to the Planning Commission during the April 21, 2010 hearing to request a change from urban reserve to rural reserve for a 1,580 acre area north of Waibel Creek, south of Highway 26, west of the eastern terminus of Meek Road and east of the McKay Creek floodplain. This area is the northern half of urban reserve area 8A. Mr. Black noted concerns regarding preservation of historic resources, such as the Joseph Meeks property, and preservation of agricultural land. The commission evenly split on the recommendation, with four commissioners voting for additional review and four voting to deny the request.

Mr. Black's presented his testimony before the Board on April 27. Issue paper number 4 of the May 11, 2010 Staff report to the Board described staff's analysis of the area. The Board elected to not include this amendment request in the engrossed ordinance. WashCo Rec. 8601-8619.

Tualatin Riverkeepers: Brian Wegener of Tualatin Riverkeepers requested a change of designation for Area 6B (Cooper Mountain) from urban reserve to rural reserve. Mr. Wegener's testimony was presented to the Planning Commission on April 21, 2010 and subsequently to the Board on April 27th. The testimony asserted that Cooper Mountain contained many headwater streams and the area's steep slopes and shallow soils preclude efficient urban development. Mr. Wegener believes that the area could not be efficiently developed to urban densities without causing significant impacts to the environment.

This area was the subject of a pre-qualifying concept plan developed by the city of Beaverton, which provided evidence demonstrating compliance with the eight urban reserve factors. Exhibit B of the Metro/County reserves Intergovernmental Agreement (IGA) noted that concept planning for this area "should be undertaken as a whole in order to offer appropriate protection and enhancement to the public lands and natural features that are located throughout the area." These requirements have been included in new Plan Policy 29 enacted through Ordinance No. 733 as "Special Concept Plan Area A." A description and analysis of staff's recommendation for urban reserve was included in Issue Paper 4 of the May 11, 2010, staff report to the Board. The Board elected to not include this amendment request in the engrossed ordinance. WashCo Rec. 8601-8619.

Amabisca: Cherry Amabisca presented testimony to the Board on May 11, 2010, for several properties north of Highway 26. Specifically, the requested change was for a change in designation from urban reserve to rural reserve for the Standing properties (1N2 15, Lots 900 and 901) and other properties (1N2 21AA, Lots 100 and 1N2 15, Lots 1100, 1200, 1300, and

1400) totaling 78.5 acres. These properties collectively comprise urban area 8B. An additional request was to change the currently undesignated lands west of Helvetia Road (totaling 556.5 acres) to rural reserve.

The properties included in Ms. Amabisca's request ranked favorably as both an urban or rural reserve. The properties in the urban reserve area were identified as the location of future interchange improvements. The undesignated area was initially recommended as an urban reserve but was removed during the Core 4 deliberations. A description and analysis of the urban reserve area and the undesignated area was included in Issue Paper 4 of the May 11 staff report to the Board. The Board elected to not include this amendment request in the engrossed ordinance. WashCo Rec. 8601-8619.

Peters: Linda Peters forwarded a request to the Board via e-mail dated April 27, 2010 to make the following changes to the Urban and Rural Reserves map: to change the urban reserve designation in Urban Reserve Areas 8A (Hillsboro North), 6B (Cooper Mountain Southwest), and the urban reserve areas north of Council Creek (Urban Reserve Areas 7I - Cornelius North and a portion of 7B - Forest Grove North) to rural reserve and remove all the undesignated area around the cities of North Plains and Banks. Ms. Peters also requested that the Board retain the rural reserves designation for approximately 40 acres of right-of-way on the north side of Highway 26 between Jackson School Road and Helvetia Road.

Urban Reserve Area 8A (Hillsboro North) did not rank as high for rural designation as other areas of the county in staff's analysis. There were no changes to the area during the Core 4 deliberations. Hillsboro underwent extensive pre-qualified concept planning for this area and noted that the area has the potential to develop into a complete community. Preliminary analysis conducted by Metro indicates that the area can be readily served by sewer and water and the transportation system can be designed for connectivity.

Urban Reserve Area 6B (Cooper Mountain Southwest) was initially part of a larger urban reserve but was reduced in size to its current 1,777 acres during Core 4 deliberations. Beaverton provided a pre-qualified concept plan for this area that designated most of the area for future residential use. Exhibit B of the Metro/County reserves Intergovernmental Agreement (IGA) noted that concept planning for this area *"should be undertaken as a whole in order to offer appropriate protection and enhancement to the public lands and natural features that are located throughout the area."* These requirements have been included in new Plan Policy 29 enacted through Ordinance No. 733 as "Special Concept Plan Area A."

Urban Reserve Area 7I (Cornelius North) was initially part of a larger urban reserve north of both Cornelius and Forest Grove but was reduced to its current size during Core 4 deliberations. Cornelius submitted a pre-qualified concept plan for the area that shows a mix of inner neighborhood and industrial uses in this area with linear parks along Council Creek and its tributaries. Future light-rail expansion from Hillsboro is projected for this area.

Urban Reserve Area 7B (Forest Grove North) was initially part of a larger urban reserve north of both Cornelius and Forest Grove but was reduced to its current size during Core 4 deliberations. The area ranked highly for both rural and urban reserves. Forest Grove has completed a pre-qualified concept plan for this area that shows residential use surrounding a "village center."

Banks and North Plains fall outside Metro's jurisdictional boundary. Undesignated land has been set aside around each city to allow for future growth over the 50-year reserves timeframe. It is the county's expectation that future planning will result in the application of urban and rural reserve designations in appropriate locations within these currently undesignated areas. These areas are noted as "Special Concept Plan Area B" in Exhibit B of the IGA and in Policy 29 of the Rural/Natural Resource Plan.

The county has proposed to change approximately 40 acres of the north side of Highway 26 between Jackson School Road and Helvetia Road from a rural reserve designation to an urban reserve designation. This change can be found on page 4 of Issue Paper 2, listed as map item #8 (WashCo Rec. 8559-8582). As with the above requested changes, the rationale for the change in designation is discussed in a broader policy context in Issue Paper 4 of the May 11 staff report to the Board. WashCo Rec. 8601-8619. The Board elected to not include any of the requested changes in the engrossed ordinance.

Pumpkin Ridge: The request to change the designation of Pumpkin Ridge Golf Course from rural reserve to undesignated was made by Gary Hellwege and attorney Greg Hathaway during their appearance at the Board hearing on April 27, 2010. Mr. Hellwege and Mr. Hathaway expressed concern that the flexibility to expand existing services at the golf course might be constrained by a rural reserve designation. The golf course is located immediately north of the city of North Plains.

The undesignated area around North Plains was reduced in size during Core 4 deliberations as it was determined that a reduction in acreage would still allow for adequate capacity for the city's future development. As part of this process, the Pumpkin Ridge property was removed from the undesignated area and made a rural reserve.

A description and analysis of the areas was included in Issue Paper 4 of the May 11, 2010, staff report to the Board. WashCo Rec. 8601-8619. The Board elected to not include this amendment request in the engrossed ordinance.

Proposed Adjustments to Ordinance No. 733

At its hearing on May 11, 2010, the Board authorized staff to follow the amendment process described in the Metro-Washington County Reserves IGA relating to two categories of changes to the county's urban and rural reserves map. These changes are described below:

Technical Amendments

A variety of minor map amendments were recommended by staff to resolve technical issues with the initial mapping of the Core 4 recommendations and to alleviate the potential need for future amendments to local comprehensive plans. These minor map amendments are generally characterized as:

- (1) Gaps between urban and rural reserves that were not intended to be undesignated.

- (2) Digital map layer adjustments resulting from base-map changes which caused parcel line-work to not appropriately match the boundaries for reserves designations.
- (3) Stem of flag lot designated rural reserve dividing an undesignated area – stem should remain undesignated for consistency with adjoining lands.
- (4) Rural reserve designations of public road Rights-of-Way (ROW) adjoining urban or future urban areas could result in management and/or maintenance issues. Staff recommended during the hearings process for Ordinance No. 733 that in instances where roadways are utilized as boundaries for either urban reserves or undesignated lands, the entire ROW be designated urban reserve or remain undesignated. The Board of County Commissioners agreed with this issue and directed county staff to have the changes reviewed through the process defined in the Intergovernmental Agreement with Metro. WashCo Rec. 8533-8554.

Peterkort

At the April 21, 2010 Planning Commission and April 27, 2010 Board of County Commissioners hearings, representatives from the Peterkort family requested that the county reconsider their property's (1N1 18, Lot 100) rural reserve designation and add the property to Urban Reserve Area 8C, Bethany West. The Peterkort family stated that several major infrastructure improvements had been identified to serve the North Bethany development, all located on or adjacent to the Peterkort family lands.

In the technical analysis to determine conformance with the factors for designation of lands as urban reserves or rural reserves (OAR 660-027-0050 and 660-027-0060) Washington County staff found that the property qualified for designation as either rural reserve or urban reserve. The detailed findings on these qualifications are incorporated in the September 23, 2009 recommendations report from the Washington County Urban and Rural Reserves Coordinating Committee to the Regional Core 4 and Reserves Steering Committee.

The Washington County Reserves Coordinating Committee recommendation of September 23, 2009 identified the Peterkort property as part of a significantly larger urban reserve area that extended from the existing urban growth boundary north and east to the Multnomah County border, and to Jackson School Road on the west. Core 4 deliberations in December 2009 resulted in the conversion of most of the urban reserve lands north of Highway 26 to rural reserve. This property was among those changed to a rural reserve designation.

The entire 129-acre Peterkort site is important to the successful implementation of the North Bethany Community Plan and to important elements of the funding process on key transportation and sewer line links. The following key points support inclusion of the Peterkort site within Urban Reserves:

1. **Transportation:** Provides urban land for public ROW and supports the development of a key transportation system link serving the future development of the North Bethany Community.
2. **Sewer system connectivity:** The optimal alignment for a primary gravity flow sewer trunk line to serve North Bethany crosses the Peterkort property. **NOTE: construction of**

a pump station-based option could delay construction of sanitary sewer services to the North Bethany area by at least three years.

3. **Wetlands mitigation:** The sewer plan identifies roughly 46 acres of valuable opportunities on the Peterkort property which can be used to mitigate wetland impacts caused by public infrastructure development in North Bethany.
4. **Enhancement of Natural Areas Program Target Area:** Lands on the Peterkort site will support connections to important regional natural areas. WashCo Rec. 8533-8554.

The following findings address the factors for designation of this property as Urban Reserves:

OAR 660-027-0050:

(1) Can be developed at urban densities in a way that makes efficient use of existing and future public and private infrastructure investments;

As noted above, the Peterkort site provides the only practicable location for siting a gravity flow sewer line for the provision of sanitary sewer services to a portion of the North Bethany planning area. This site also provides the only reasonable route for an alternative transportation system link between this community and surrounding areas. Future development of this site would not only utilize the public and private investments currently being made in North Bethany, but would ultimately aid in funding long-term infrastructure construction and maintenance.

It is expected that future development of the Peterkort site would be designed to complement the North Bethany Community at urban densities that optimize both private and public infrastructure investments. The developable portion of the Peterkort property would be designed to connect to the North Bethany community and the surrounding community via a future road connection (Road 'A') and could be served by the planned sewer line.

(2) Includes sufficient development capacity to support a healthy economy;

Together with remaining buildable lands within the UGB and other urban reserve lands throughout the region there will be sufficient development capacity to support a healthy economy. The addition of the Peterkort property adds approximately 80 acres of developable land to Urban Reserve Area 8C. The area could likely be developed as the sixth neighborhood of North Bethany, featuring a walkable community centered around parks and mixed use areas.

(3) Can be efficiently and cost-effectively served with public schools and other urban-level public facilities and services by appropriate and financially capable service providers;

This site has been included in facilities planning discussions during development of the North Bethany Plan. The Beaverton School District has made commitments for needed facilities in this area and has included discussion and consideration of potential urban reserves based growth impacts in the recent development of the 2010 update of their Long Range Facilities Plan. The Rock Creek Campus of Portland Community College is immediately adjacent to the southern boundary of this site. Other well-established facilities and services being extended to the North Bethany Community would also be expected to serve this site.

(4) Can be designed to be walkable and served with a well-connected system of streets, bikeways, recreation trails and public transit by appropriate service providers;

The Peterkort site will be served by a collector road (Road 'A') extending along the northern portion of the site to connect the North Bethany community to SW 185th Avenue to the west. The northeastern edge of this property directly abuts planned connections to both on and off-street pedestrian facilities linking to planned neighborhood parks in North Bethany. This site offers a major opportunity to link trails in the broader Bethany area along the Rock Creek corridor. Public transit service is currently available immediately south of the site with multiple lines providing connections to Westside Light Rail Transit.

(5) Can be designed to preserve and enhance natural ecological systems;

Limited opportunities for wetlands mitigation are available in this area of the county. Therefore, a key focus of adding the Peterkort site to the urban area is the opportunity to improve and enhance the currently degraded wetlands along Rock Creek. The entirety of Urban Reserve Area 8C would be subject to certain requirements identified in the county's Rural/Natural Resource Plan Policy 29. This area, called out as Special Concept Plan Area C, would require the implementation of Metro's "Integrating Habitats" program in the concept and community planning of the reserve area. The "Integrating Habitats" program utilizes design principles to improve water quality and provide wildlife habitat.

(6) Includes sufficient land suitable for a range of needed housing types;

The Peterkort site will provide added opportunities to meet local housing needs. The 80 acres of buildable land on the site can be developed with a variety of different housing types which would be expected to complement those already planned in the North Bethany area.

Considering that employment growth in Washington County has been historically very strong, and that the area remains attractive to new business and holds potential for significant growth, housing demand in this area will continue to grow.

(7) Can be developed in a way that preserves important natural landscape features included in urban reserves; and

As previously noted, this site is traversed by Rock Creek and its associated floodplain which is included on the Metro Regional Natural Landscape Features Map. Rock Creek and its associated wetlands are considered an important target area for long-term water quality improvements in the Tualatin River Basin and provide vital habitat linkage for sensitive species. Together with the other lands in Urban Reserve Area 8C, this site will be subject to a special planning overlay (Special Concept Plan Area C) designed to address the important values of this riparian corridor by requiring appropriate protection and enhancement through the use of progressive and environmentally sensitive development practices.

(8) Can be designed to avoid or minimize adverse effects on farm and forest practices, and adverse effects on important natural landscape features, on nearby land including land designated as rural reserves.

Concept and community level planning in conformance with established county plan policies can establish a site design which will avoid or minimize adverse impacts on farm practices and natural landscape features in the area. As noted above, Urban Reserve Area 8C will include a planning overlay specifically targeting special protection for the identified natural landscape features in the area. It is important to note that even without this special plan policy, the existing regulatory framework in urban Washington County would require significant levels of protection and enhancement of the Rock Creek corridor at the time of development of surrounding lands.

B. Washington County: Urban Reserves

The following findings provide an overview of and important references to the detailed analysis performed by Washington County to determine the amount of land that will be needed in Washington County to facilitate long-term planning for urbanization.

OAR 660-027-0050(2) – Does the land have enough development capacity to support a healthy economy?

A variety of methods were used to determine whether Candidate Urban Reserves would contain enough development capacity to form complete communities and support a healthy economy. Washington County staff utilized population and employment forecast data from Metro to develop a Land Needs Analysis for urban reserves that is outlined below. The complete analysis and methodology is fully detailed in the September 23, 2009, report and recommendations from the Washington County Urban and Rural Reserves Coordinating Committee to the Regional Reserves Steering Committee. WashCo. Rec. 3586-3609. In addition, the findings for OAR 660-027-0050(2) were supplemented by data presented by the National Association of Industrial and Office Properties (NAIOP), a business group focused on needs of industrial and related uses, as well as a stakeholder in the Reserves process and member of the Regional Reserves Steering Committee. WashCo. Rec. 6674.

Land Needs Estimates

A significant component of the urban reserves planning process was consideration of the population and employment forecasts to determine the amount of land that should be included in urban reserves recommendations. Population and employment projections were important to identify the gap between how much growth can be accommodated inside the current UGB and what, if any, additional land needs should be considered.

OAR 660-027-0040 requires that “*Urban Reserves designated under this division be planned to accommodate estimated urban population and employment growth in the Metro area for at least 20 years, and not more than 30 years, beyond the 20-year period for which Metro has demonstrated a buildable land supply in the most recent inventory, determination and analysis performed under ORS 197.296.*” Effectively, given that Metro is scheduled to make the next UGB expansion decision in 2010, the applicable planning period would run to between 2050 and 2060.

Metro provided initial 2005–2060 population and employment forecasts in May 2008. These forecasts covered the seven-county Portland-Beaverton-Vancouver Primary Metropolitan

Statistical Area (PMSA) in its entirety. No county-specific allocations were provided to assist in determining potential county level needs. In spring of 2009, Metro provided updates of the 20 and 50 year Regional population and employment range forecasts again without specific county allocations.

Members of the WCRCC and the regional Reserves Steering Committee, along with staff, noted many times that a range of future land demand was relevant to the urban reserves discussions. Washington County staff determined that in order to appropriately address market trends and reasonable assumptions for future market demand, estimates of long-term sub-regional growth and related land needs was an important consideration in these discussions. Washington County therefore developed county-specific growth estimates which were in turn used in developing land needs estimates for consideration and refinement of candidate urban reserves. These allocations were based on Metro's latest population and employment forecasts issued in April 2009. Metro 2005-2060 Population and Employment Range Forecast – April 2009 draft.

The county's land needs analysis, combined with the detailed analysis of remaining growth capacity within Washington County's 2007 UGB provided a clearer understanding of how much additional land might be needed to accommodate forecast long-term growth. Based on this information, in June 2009, the WCRCC recommended the candidate urban reserves in Washington County should be approximately 47,000 acres. WashCo Rec. 3011.

Beginning in June, 2009, the cities within Washington County began developing their Pre-qualified Concept Plans to assess how urban reserves, if brought into the UGB, could facilitate long-term growth needs and serve to complete each of their respective communities. This planning effort followed the general concepts of Region 2040 and provided opportunity for the cities to review their areas of interest and affirm if the identified areas were appropriate. These efforts further refined the candidate urban reserves recommendations to approximately 39,000 acres.

Following extensive review and consideration of all applicable issues and concerns raised by stakeholders in the county, on September 23, 2009, the WCRCC recommended approximately 34,300 acres as Washington County Urban Reserves. This recommendation was forwarded to the Regional Reserves Steering Committee and Core 4 on September 23, 2009. WashCo Rec. 2930-3818.

Released in September, 2009, and subsequently adopted in December, 2009, Metro's most recent Urban Growth Report and related materials suggest a long-term land need for Urban Reserves to the year 2060 of between 15,700 and 29,100 acres. *COO Recommendation, Urban Rural Reserves, Appendix 3E-C*, Metro Rec. 601-603; *Appendix 3E-D*, Metro Rec.607-610. The Core 4 recommendations for urban reserves completed as of February 25, 2010 were generally based upon these Metro estimates and resulted in the Core 4's recommendation for approximately 13,000 acres of urban reserves in Washington County.

Urban Reserves 4E, 4F and 4G: I-5 East - Washington County

General Description: These three coterminous areas are located east of Interstate 5 in the southeast corner of the county. The city of Tualatin forms the west boundary and Urban Reserve

Area 4D in Clackamas County is immediately east. Interstate 205 forms the north boundary and the south boundary is generally Elligsen Road, with an area of approximately 78 acres extending south of this road to the county line. These three areas combined total approximately 1,565 acres, 919 acres of which are considered buildable. WashCo Rec. 9276-9295. Saum Creek in the northwest corner of the reserve is the primary drainage. Rolling terrain with incised drainages typify the area.

How the Above Urban Reserves Fare Under the Factors: Urban Reserve Area 4E was included in a Pre-Qualifying Concept Plan (PQCP) developed by the city of Tualatin. Urban Reserve Area 4F was not included in a PQCP and future governance of the area has yet to be determined. However, Urban Reserve Area 4G was subject to a PQCP developed by the city of Wilsonville. These PQCPs included a detailed review of the planning area and provided findings demonstrating conformance with the "Factors for Designation of Lands as Urban Reserves" under OAR 660-027-0050. WashCo Rec. 3495-3563; 3564-3574.

Urban Reserve Factors 1 through 4

The city of Tualatin prepared a pre-qualified concept plan for the area that extends from Interstate 205 south to Frobase Road (Urban Area 4E). Approximately 546 acres of the 841-acre concept plan area was calculated as net developable land after removal of constrained lands. This area is expected to support a population of approximately 4,000 new residents. Future arterials and collectors have been identified and cost estimates and locational analysis have been conducted for provision of water and sewer facilities. Technical staff supporting the Project Management Team (the Core 4 technical team) rated the area as high for sewer provision and medium for the provision of water. One neighborhood center is mapped in the concept plan that could support approximately 252-420 jobs on 6-10 acres. School assessments have been conducted that call for at least one elementary school. Current service level provision for Tualatin residents was extrapolated to the new area to determine future police, fire, and park needs. A trail system that will connect with the existing trail system in Tualatin has been designed around the stream network and in the buffer areas along I-5 and I-205. A preliminary system of arterials, collectors, and local roads has been identified to efficiently connect the new urban area.

The urban reserve area is larger than the area included in Tualatin's pre-qualified concept plan included in the September 23, 2009 staff report. South of Frobase Road, the land is gently rolling with the exception of two knolls approximately 500 feet in elevation.

The city of Wilsonville has committed to providing urban services to Urban Reserve Area 4G. This 454-acres area features approximately 223 buildable acres. The draft concept plan map shows this area primarily as inner neighborhood with some employment designation due north of the city and adjacent to Interstate 5. Inner neighborhood assumes a residential mix of 50% SFR, 25% SFR attached, and 25% MFR at an average dwelling density of 10du/acre. The submitted concept plan notes that the area can facilitate "logical extensions of existing business parks, medical clinics, offices, and service centers along SW Parkway Avenue north of Elligsen Road and are a sufficient size to make efficient use of infrastructure investments." The city has

indicated its ability to provide services, including parks, water, sewer, storm, and transit. Tualatin Valley Fire & Rescue (TVFR) can easily service the reserve area from an existing area station.

The plan notes that "the city conducts a thorough master planning process to ensure a safe and connected multi-modal system."

Urban Reserve Factors 5 through 8

Resource protection measures were discussed in the pre-qualified concept plan submitted by Tualatin and included in the appendix to the September 2009 staff report. Environmentally constrained lands were removed from buildable land calculations, including riparian buffers of at least 50 feet as required by Clean Water Services. The city's existing regulatory framework will preserve and support enhancement of natural ecological systems potentially impacted by future urbanization, including area designated as open space and natural areas where large stands of trees currently exist. The reserve area does not include any significant natural landscape features from Metro's 2007 Natural Landscape Features Inventory.

Sufficient buildable land is available for the range of housing types necessary in contributing to a complete community. The concept plan includes areas projected for medium to low density residential development. The surrounding area to the reserve (4E) is already currently developed or is a proposed urban reserve. Together with remaining buildable lands within the UGB and other urban reserve lands throughout the region there will be sufficient development capacity to support a healthy economy.

For Area 4G, Wilsonville has stated that the city's existing resource program will "ensure that natural resource values are preserved and where possible enhanced to compliment and improve natural ecological systems. Important natural resources within the urban reserve area will be considered for protection under the city's Goal 5 inventory process.

Housing capacity is improved with addition of the reserve area inside the city limits. With an expected increase in the jobs to population ratio for the city, the need exists to provide more housing options to those who work in the Wilsonville area.

An undesignated area currently in agricultural use occurs east of the southern extension of urban reserve area 4G and northeast of Wilsonville. That city's pre-qualified concept plan notes that agricultural areas will be buffered by elevation differences and preservation of existing trees and vegetation, where applicable.

Why This Area was Designated Urban Reserve: This area will provide dwelling capacity to accommodate future growth in Tualatin over the 50 year reserves timeframe. The area is highly parcelized and has relatively dense rural residential development. The area was ranked low under consideration of rural reserve factors in staff's reserves analysis given the highly parcelized nature of the tax lots and the existing residential development. Existing road capacity is adequate to allow for cost-efficient expansion of the transportation network. The city of Tualatin has agreed to provide governance and needed urban services to the area.

Wilsonville has indicated in the concept planning submittals that the urban reserve areas are envisioned to complement the existing city and provide for the city's 20-year housing need and the 20-50 year housing/employment need.

Urban Reserve 5A: Sherwood North

General Description: This area would extend the city boundary north to the edge of the slope that overlooks the Tualatin River National Wildlife Refuge. The 123-acre area is currently undeveloped.

How Urban Reserve 5A Fares Under the Factors: Urban Reserve Area 5A contains three small areas of land that are included in a Pre-Qualifying Concept Plan (PQCP) area analyzed by the city of Sherwood to meet long-term growth needs. This PQCP analysis included a detailed review of the initial planning area and provided findings demonstrating conformance with the "Factors for Designation of Lands as Urban Reserves" under OAR 660-027-0050. WashCo. Rec. 3479.

Urban Reserve Factors 1 through 4: The city of Sherwood has submitted a PQCP that includes this 123-acre reserve area as well as Urban Reserve Areas 5B (Sherwood West) and 5D (Sherwood South) into its concept planning for newly developable lands adjacent to the city. Approximately 60 acres of this area were mapped as buildable. The northwest corner of the reserve area is mapped as employment areas on the concept plan map. The remainder of the area is not designated for a particular use on the concept plan map. Future uses would likely be either open space, designated parks, or limited residential due to land constraints. WashCo Rec. 3479-3481.

Urban Reserve Factors 5 through 8

The existing regulatory framework in Washington County and Sherwood will preserve and support enhancement of natural ecological systems potentially impacted by future urbanization of this area. The elevation difference between the edge of the urban reserve area and the Tualatin River National Wildlife Refuge will provide a buffer from urban development. The area was planned for employment and industrial development in Sherwood's draft pre-qualified concept plan. WashCo Rec. 3481-3482.

Why This Area was Designated Urban Reserve: Sherwood has included this area as an urban reserve to add capacity for industrial and employment needs. The northeast section of this urban reserve adjacent to Highway 99W and existing light industrial uses is designated industrial in the draft concept plan. The northwest area of the reserve was originally noted as part of a larger employment area. Much of this employment area as shown on the concept plan was included in a rural reserve during Core 4 deliberations after September 2009.

Urban Reserve 5B: Sherwood West

General Description: Urban Reserve Area 5B is approximately 1,291 acres and is located on the west boundary of Sherwood. The area is bounded by Chapman Road to the south, Lebeau Road to the north, and generally extends approximately 3/4 mile west of the city. The area consists of parcels that are in residential or agricultural use, including small woodlots and orchards. Chicken Creek flows through the north section of the reserve. SW Chapman Road and SW Eddy Road are classified as collector streets in the county transportation plan. SW Elwert Road is classified as an arterial.

How Urban Reserve 5B Fares Under the Factors: Urban Reserve Area 5B is included in a larger Pre-Qualifying Concept Plan (PQCP) area analyzed by the city of Sherwood to meet long-term growth needs. This PQCP analysis included a detailed review of the initial planning area and provided findings demonstrating conformance with the "Factors for Designation of Lands as Urban Reserves" under OAR 660-027-0050. WashCo Rec. 3479.

Urban Reserve Factors 1 through 4

The city of Sherwood submitted a PQCP that considers this reserve area along with Urban Reserve Areas 5A (Sherwood North), 5A (Sherwood North) and 5F (Tonquin) into its planning for developable lands adjacent to the city. WashCo Rec. 9276-9295. According to analysis done by county staff, this area contains approximately 204 acres of developable land. The flatter, northwest corner of Urban Reserve Area 5D is planned for a Station Center surrounded by commercial development. This area, centered along Highway 99W between this urban reserve and Urban Reserve Area 5B to the northwest, can be integrated efficiently with existing development. Residential density in the station center is projected at 20 units per acre and 25 jobs per acre are projected on employment lands. Residential use is proposed for the rest of the reserve area at 10 units per acre. Capacity will allow for a variety of housing design types.

The area is within the boundaries of the Sherwood School District. Urban services can be provided by the city, and in the case of fire protection, Tualatin Valley Fire and Rescue. According to the submitted concept plan, a combination of public and private investment would be needed to service the newly urbanized areas.

Topography varies widely across the study area but the city anticipates that existing street and trail patterns can be continued with the addition of Urban Reserve Area 5B. The city will continue to work with Metro and regional partners to achieve a regional and local system of well-connected trails, bikeways, and streets.

Urban Reserve Factors 5 through 8

The existing regulatory framework in Washington County and the City of Sherwood will preserve and support enhancement of natural ecological systems potentially impacted by future urbanization of the south Sherwood area. Lands constrained from development include floodplain areas, slopes greater than 25 percent, vegetated corridor proxy areas, and Metro-designated riparian and wildlife habitat. Clean Water Services standards are used to ensure protection and enhancement of riparian areas.

Vacant buildable lands, along with redevelopment and infill lands, will provide sufficient land to support a range of needed housing types and contribute to a healthy economy. This area can be designed to avoid or minimize potential adverse effects on surrounding farms and adjoining Natural Landscape Features. The Chicken Creek riparian corridor functions as a buffer between rural agricultural uses and potential urbanization, minimizing potential urban impacts to nearby farm uses west of the reserve boundary. WashCo Rec. 3479-3482.

Why This Area was Designated Urban Reserve: Future development in Sherwood is constrained to the east by the city limits of Tualatin and the north border is constrained by the presence of the Tualatin River National Wildlife Refuge. Designation of this area as an urban reserve allows for the continued development of Sherwood over the 50-year reserves timeframe by adding needed housing and employment capacity. The floodplain of Chicken Creek forms an effective buffer between the adjacent agricultural use to the west and future urban development should the reserve be brought into the UGB. The city has provided a concept plan for the area that illustrates residential areas and neighborhood centers at the border of the urban reserve area and the existing city. The plan notes that this area (and Areas 5A and 5D) can be efficiently developed while protecting existing natural ecological systems. WashCo Rec. 3481.

Urban Reserve 5D: Sherwood South

General Description: This 439-acre area is located south of the city of Sherwood and Brookman Road and extends west to Highway 99 and east to Ladd Hill Road. The area is a mix of exception lands (AF-5 and AF-10) and resource lands (AF-20) applied to the 57 parcels that comprise the area. The area is a mix of residential and small farm use. The east side of the reserve contains Christmas tree operations and timbered parcels without dwellings. Cedar Creek and its associated floodplain are present as are several tributaries that enter Cedar Creek within the reserve area. The east area of Urban Reserve Area 5D has greater topographical relief than the west area.

How Urban Reserve Area 5D Fares Under the Factors: Urban Reserve Area 5D is included in a Pre-Qualifying Concept Plan (PQCP) area analyzed by the city of Sherwood to meet long-term growth needs. This PQCP analysis included a detailed review of the initial planning area and provided findings demonstrating conformance with the "Factors for Designation of Lands as Urban Reserves" under OAR 660-027-0050. WashCo Rec. 3479.

Urban Reserve Factors 1 through 4

The city of Sherwood submitted a PQCP that considers this reserve area along with Urban Reserve Areas 5B (Sherwood West), 5A (Sherwood North) and 5F (Tonquin) into its planning for developable lands adjacent to the city. WashCo Rec. 9276-9295. The flatter, northwest corner of Urban Reserve Area 5D is planned for a Station Center surrounded by commercial development. This area, centered along Highway 99W between this urban reserve and Urban Reserve Area 5B to the northwest, can be integrated efficiently with existing development. Residential density in the station center is projected at 20 units per acre and 25 jobs per acre are

projected on employment lands. Residential use is proposed for the rest of the reserve area at 10 units per acre. Capacity will allow for a variety of housing design types.

The area is within the boundaries of the Sherwood School District. Urban services can be provided by the city of Sherwood, and in the case of fire protection, Tualatin Valley Fire and Rescue. According to the submitted concept plan, a combination of public and private investment would be needed to service the newly urbanized areas.

The station community would provide for a walkable center in a key transportation hub. Sherwood staff noted that existing street patterns and trail systems could be extended if and when a reserve is brought into the UGB. WashCo Rec. 3480.

Urban Reserve Factors 5 through 8

The existing regulatory framework in Washington County and Sherwood will preserve and support enhancement of natural ecological systems potentially impacted by future urbanization of the Sherwood south area. Lands constrained from development include floodplain areas, slopes greater than 25 percent, vegetated corridor proxy areas, and Metro-designated riparian and wildlife habitat. Clean Water Services standards are used to ensure protection and enhancement of riparian areas. Constrained lands constitute roughly a third of the area.

Although a portion of this area currently supports low-density single family development, the remaining vacant buildable lands, along with redevelopment and infill lands, will provide sufficient land to support a range of needed housing types and contribute to a healthy economy. This area can be designed to avoid or minimize potential adverse effects on surrounding farms and adjoining natural landscape features. WashCo Rec. 3481.

Why This Area was Designated Urban Reserve: The city's pre-qualified concept plan shows this urban reserve as a mix of constrained lands, residential areas, and a station center within a mixed-use neighborhood area shared between this urban area and urban reserve 5B. The 99-acre station area has a projected capacity of 2,475 jobs and 1,980 dwelling units. The area is within the Sherwood School District and can be served by existing service providers, including Tualatin Valley Fire and Rescue (TV F&R). Existing street and trails can be extended into this area. The station center encompasses several transportation corridor connections and can be designed to be a walkable center. WashCo Rec. 3482.

Urban Reserve 5F: Tonquin

General Description: Urban Reserve Area 5F is approximately 565 acres and is part of the larger Tonquin Scablands area. Portions of this area are included on Metro's 2007 Natural Landscape Features Inventory map. The area is comprised of the unincorporated land east of the city of Sherwood and includes portions of the Tualatin River National Wildlife Refuge, quarry operations, a gun club practice facility, and training area for Tualatin Valley Fire and Rescue. Much of the area is included in the county's Goal 5 inventory as a mineral and aggregate area. Rock Creek and Coffee Lake Creek are the principal drainages in the reserve area. Approximately 143 acres in this area are considered buildable lands. WashCo Rec. 9276-9295.

How Urban Reserve 5F Fares Under the Factors: A portion of Urban Reserve Area 5F is included in the Pre-Qualifying Concept Plans (PQCP) submitted by Tualatin to meet long-term industrial needs. The remainder of the area was shown as residential on the city of Sherwood's PQCP for the area. WashCo Rec. 3495-3518.

Urban Reserve Factors 1 through 4

The city of Tualatin included a 117-acre portion of this reserve in its PQCP included with the September 23, 2009, staff report. WashCo Rec. 3495-3518. Referred to in that document as "Knife River," the area occurs on the north and south sides of Tonquin Road and is of interest primarily for transportation connectivity to extend SW 124th Avenue and to expand the city's industrial land base. The core 4 technical team rated this area a high suitability for sewer service and medium suitability for provision of water service. For transportation, the area received a medium ranking indicating that this area is somewhat suitable for providing a transportation system capable of accommodating urban levels of development. The city has evaluated the area for walkability and notes that the Knife River area can be designed to be walkable and served with a well-connected system of streets, bikeways, recreation trails and public transit by appropriate service providers. Cost estimates have been completed for provision of urban services to the area and together with remaining buildable lands within the UGB and other urban reserve lands throughout the region there will be sufficient development capacity to support a healthy economy.

The remaining area features predominately Goal 5-designated resources. Urban development in this area would likely be non-residential. The area could also serve employment lands. Potential exists for pedestrian and bike trail development along Coffee Lake Creek and Rock Creek.

Urban Reserve Factors 5 through 8

Future development of the area will need to account for the presence of significant natural features in the area, including creeks, floodplains, and wetlands. Parts of the area are in the county's mineral and aggregate overlay district and the Tonquin Geologic Area is included in Metro's Natural Features Inventory. A well-connected system of trails throughout the area can be designed to avoid or minimize potential adverse effects on adjoining natural landscape features. (WashCo Rec. 3495-3518.) Tualatin's concept plan did not designate residential use for this area due in part to the existing non-residential uses noted above. Farm and forest uses do not abut the reserve boundary and impacts to either resource are not anticipated.

Why This Area was Designated Urban Reserve: The natural features in this area can be protected and enhanced under the existing regulatory framework in Washington County, Sherwood and Tualatin. The 568 acres in Area 5F is located between the cities of Sherwood and Tualatin and is bordered on three sides by the existing UGB. This area includes quarry activity, Tualatin Valley Fire and Rescue training facilities and the Tualatin Valley Sportsman's Club. Capacity exists to provide land to support future business/industrial growth and will support important transportation connections. The city of Tualatin has developed general service costs estimates and has agreed to provide governance and public facilities and services to eastern portion of this area.

Urban Reserve 6A: Hillsboro South

General Description: Urban Reserve Area 6A abuts the southern edge of the City of Hillsboro and generally extends from the city limits south to Rosedale Road and from SW 209th Avenue on the east to SW River Road on the west. Area 6A covers approximately 2,007 acres. (WashCo Rec. 8845.) Urban Reserve Area 6A includes a variety of existing land uses including rural and suburban housing with connections to public water, a golf course (the Reserve Vineyards and Golf Club), landscape horticulture, greenhouse nurseries, orchards, field crops and small woodlands. Area 6A is divided north-south by Butternut Creek and its associated floodplain, the northwest corner of the area is traversed by Gordon Creek and the southeast corner of the area is traversed by Hazeldale Creek. This area is adjacent to the southeast corner of the city of Hillsboro.

How Urban Reserve 6A Fares Under the Factors: Urban Reserve Area 6A was included as part of a larger area in a Pre-Qualifying Concept Plan (PQCP) analyzed by the city of Hillsboro to meet long-term growth needs. This PQCP analysis included a detailed review of the initial planning area and provided findings demonstrating conformance with the "Factors for Designation of Lands as Urban Reserves" under OAR 660-027-0050. WashCo Rec. 3110-3452.

Urban Reserve Factors 1 through 4

There are approximately 1,442 acres of gross buildable land on this site WashCo. Rec. 9075-9094 that can be efficiently and cost-effectively served by public facilities and services provided by the City of Hillsboro. Buildable lands within the UGB and Urban Reserve Area 8A can provide sufficient development capacity to support a healthy economy in Hillsboro and the region. The city has indicated that the lands in Area 6A can be designed to be walkable and appropriately served with a well connected system of streets, bikeways, recreation trails and public transit and can be efficiently and cost-effectively served with schools and other urban level facilities and services. The city's PQCP utilized 2040 Design Types and developed a summary of potential development capacity of the area. This summary estimates a housing capacity of over 10,200 dwelling units and an employment capacity of over 1,400 jobs. WashCo Rec. 3110.

Urban Reserve Factors 5 through 8

The riparian corridors and associated floodplains of Butternut, Gordon and Hazeldale Creeks can be protected and enhanced under the existing regulatory framework in Washington County and the city of Hillsboro. Buildable lands within the UGB, along with other urban reserve lands throughout the region, will provide sufficient development capacity to support a healthy economy. Future concept and community level planning can assure a site design that will preserve and enhance ecological systems. The city of Hillsboro has indicated that up to 925 acres of the South Hillsboro urban reserve area and adjoining undeveloped lands to the east may be dedicated to open space and parks and that these areas can be designed to preserve applicable natural landscape features. Concept and community level planning in conformance with

established city plan policies can establish a site design which will avoid or minimize adverse impacts on farm practices and natural landscape features in the area. WashCo Rec. 3110.

Why This Area was Designated Urban Reserve: A large segment of this urban reserve has been the focus of development projections and planning by the city of Hillsboro for over twenty years. In February 2008, the city of Hillsboro developed a Draft South Hillsboro Community Plan, which fully integrates a design for future development of Urban Reserve Area 6A into the surrounding area. This draft plan integrates a proposed new town center with a neighborhood centers, residential neighborhoods, a complex greenspace system (including the golf course, community and neighborhood parks, protected floodplains, wetlands and other open space) and a well-connected, multi-modal transportation system.

Urban Reserve 6B: Cooper Mountain Southwest

General Description: Urban Reserve Area 6B is located on the west-facing slopes of Cooper Mountain and is bordered by the existing UGB on the north and east, SW Scholls Ferry Road on the south and Tile Flat Road and Grabhorn Road on the west. Urban Reserve Area 6B includes approximately 1,777 acres. WashCo Rec. 8838. Urban Reserve Area 6B includes a variety of existing land uses including rural and suburban housing with connections to public water, landscape horticulture and plant nurseries, orchards, field crops, small woodlands and many areas of unmanaged vegetation. The area is characterized by a number of steep slopes and drainage ravines. This area adjoins the city of Beaverton on the east and the unincorporated Aloha area on the north.

How Urban Reserve 6B Fares Under the Factors: Urban Reserve Area 6B is a portion of a larger area included in a Pre-Qualifying Concept Plan (PQCP) analyzed by the city of Beaverton to meet long-term growth needs. The PQCP analysis included a detailed review of the initial planning area and provided findings demonstrating conformance with the "Factors for Designation of Lands as Urban Reserves" under OAR 660-027-0050. WashCo Rec. 3056-3061.

Urban Reserve Factors 1 through 4

There are approximately 892 acres of gross buildable land in Urban Reserve Area 6B that could be developed at urban densities which is proposed to be served by the city of Beaverton. Buildable lands within the UGB and other urban reserve areas throughout the region will provide sufficient development capacity to support a healthy economy. As indicated by its pre-qualifying concept plan, the city of Beaverton has indicated that the lands in Urban Reserve Area 6B can reasonably be designed to be walkable and appropriately served with a well connected system of streets, bikeways, recreation trails and public transit and can be efficiently and cost-effectively served with schools and other urban level facilities and services. WashCo Rec. 3056-3058.

Urban Reserve Factors 5 through 8

Headwaters to two tributaries to the Tualatin River originate in the reserve, which are identified as local and regional Goal 5 resources. Steep slopes and public open space that will likely constrain future development of the area. These limitations are addressed in the "Principles for

Concept Planning of Urban Reserves” attached as Exhibit B to the Intergovernmental Agreement between Metro and Washington County that provides for implementation of urban and rural reserves in the county. These concept planning principles were established specifically to address concerns related to environmental impacts that could occur as a result of urbanization of the sensitive lands in Urban Reserve Area 6B. WashCo Rec. 3058-3061. Existing development standards implemented by Washington County, Clean Water Services and the city of Beaverton will provide protection and potentially require enhancement of designated significant resources.

Why This Area was Designated Urban Reserve: Urban Reserve Area 6B lies within a designated critical groundwater area and supports only limited commercial agricultural activities. Approximately thirty percent of the area is developed suburban home sites, is immediately adjacent to fully serviced urban development and provides opportunity to serve local market demand for housing. The city of Beaverton has agreed to provide governance and urban services to this area.

Urban Reserve 6C: Roy Rogers West

General Description: Urban Reserve Area 6C is located in the Bull Mountain area south of Scholls Ferry Road near the northwest corner of the city of Tigard. This reserve area is approximately 562 acres. Urban Reserve Area 6C includes a variety of existing land uses including rural housing, landscape horticulture, orchards, small woodlands and small scale agriculture. The southern portion of Urban Reserve Area 6C, east of Roy Rogers Road, is included in the preferred draft concept plan for the West Bull Mountain urban planning area. In order to provide appropriate transportation system links and to limit pumping of sewage and stormwater, the design relies upon expansion of the planning area to include this southern portion of Area 6C.

How Urban Reserve 6C Fares Under the Factors: Urban Reserve Area 6C included in Pre-Qualifying Concept Plans (PQCP) prepared by Washington County and the city of Tigard to address how the area would meet long-term growth. The area includes a portion of land that is part of the West Bull Mountain planning area. The PQCP analysis included a detailed review of the initial planning area and provided findings demonstrating conformance with the "Factors for Designation of Lands as Urban Reserves" under OAR 660-027-0050. WashCo Rec. 3487-3490.

Urban Reserve Factors 1 through 4

There are approximately 340 acres of gross buildable land in Urban Reserve Area 6C that could be developed at urban densities and which could be efficiently and cost-effectively served by public facilities and services provided by the city of Tigard. Buildable lands within the UGB and other urban reserve lands throughout the region will provide sufficient development capacity to support a healthy economy. The city of Tigard has indicated that the lands in Urban Reserve Area 6C can reasonably be designed to be walkable and appropriately served with a well connected system of streets, bikeways, recreation trails and public transit and can be efficiently and cost-effectively served with schools and other urban level facilities and services. WashCo Rec. 3487-3489.

Urban Reserve Factors 5 through 8

Urban Reserve Area 6C includes small scale drainage areas and forested upland wildlife habitat. This area can support a range of housing types which would be expected to develop at average densities ranging from 10 to 12 units per acre. WashCo Rec. 3489-3490. Although there are no designated significant landscape features within this urban reserve area, existing development standards implemented by Washington County, Clean Water Services and the city of Tigard will provide protection and potentially require enhancement of designated significant Goal 5 resources. The majority of Area 6C is naturally buffered from surrounding commercial agricultural activities by the broad floodplain of the Tualatin River and local tributaries or by established small woodlands.

Why This Area was Designated Urban Reserve: Urban Reserve Area 6C lies within a designated critical groundwater area and has very limited access to water for commercial agricultural operations. This area adjoins the West Bull Mountain Community Planning area in unincorporated Washington County and approximately 248 acres of this urban reserve area has been included in that planning study in order to provide appropriate transportation system connectivity and support the creation of a more complete community. The city of Tigard has agreed to provide governance and urban services to this area.

Urban Reserve 6D: Beef Bend South

General Description: Urban Reserve Area 6D is located in the Bull Mountain area south of Beef Bend Road near the northwest corner of Tigard. This urban reserve is approximately 521 acres. Many of the taxlots within this urban reserve area are devoted to suburban housing with an average lot size of approximately 1.4 acres. The remainder of the area includes agricultural activities primarily focused on landscape horticulture, field crops and small woodlands.

How Urban Reserve 6D Fares Under the Factors: Urban Reserve Area 6D is included in a Pre-Qualifying Concept Plan (PQCP) analyzed by the city of King City to meet long-term growth needs. The PQCP analysis included a detailed review of the initial planning area and provided findings demonstrating conformance with the "Factors for Designation of Lands as Urban Reserves" under OAR 660-027-0050. WashCo Rec. 3462-3464.

Urban Reserve Factors 1 through 4

There are approximately 253 acres of gross buildable land in Urban Reserve Area 6D that could be developed at urban densities and which could be efficiently and cost-effectively served by public facilities and services provided by the city of King City. Buildable lands within the UGB and other urban reserve lands throughout the region will be sufficient development capacity to support a healthy economy. The city of King City has indicated that the lands in Urban Reserve Area 6D can reasonably be designed to be walkable and appropriately served with a well connected system of streets, bikeways, recreation trails and public transit and can be efficiently and cost-effectively served with schools and other urban level facilities and services. WashCo Rec. 3462.

Urban Reserve Factors 5 through 8

This urban reserve includes a segment of the Tualatin River floodplain, which is included in Metro's Natural Landscape Features Inventory. The city has indicated that natural areas along the river would be protected. The Beef Bend South urban Reserve Area can support a range of housing types which would be expected to develop at average densities of approximately 10 units per acre. WashCo Rec. 3462-3463. The majority of Area 6D is buffered from surrounding commercial agricultural activities by the broad floodplain of the Tualatin River and local tributaries to the south and by Roy Rogers Road to the west. Lands to the north of Beef Bend Road are either developed or lie within Urban Reserve Area 6C.

Why This Area was Designated Urban Reserve: Urban Reserve Area 6D lies within a designated critical groundwater area and has very limited access to water for commercial agricultural operations. This area adjoins the western edge of the city of King City and will provide capacity to support projected housing and jobs growth in Washington County. WashCo Rec. 3602. King City has agreed to provide governance and urban services to this area.

Urban Reserve 7A: David Hill

General Description: Urban Reserve Area 7A is located at the northwest corner of Forest Grove and generally extends along the northwestern edge of the UGB northeast and southwest of David Hill Road. The northeast edge of this area extends to Thatcher Road while the southwest boundary extends to Gales Creek Road. This area is approximately 340 acres. Urban Reserve Area 7A is generally characterized by rolling hillside lands containing diverse rural land uses. These uses range from small woodlands to a variety of small to moderate scale agricultural activities primarily focused on landscape horticulture. This urban reserve area was added by the Core 4 during its deliberations.

How Urban Reserve 7A Fares Under the Factors:

Urban Reserve Factors 1 through 4

Due to location and general terrain, the David Hill site will be generally limited to residential use, park areas and open space. The city of Forest Grove has developed preliminary recommendations for the use of this area. There are approximately 134 buildable acres within this area. (WashCo Rec. 9276-9295.) The majority of areas with steeper slopes are recommended for clustered single family development, while areas of lesser slope are proposed as multi-family residential areas and a small area of neighborhood commercial. The David Hill area could reasonably be developed at urban densities which would efficiently utilize existing and future infrastructure investments and includes sufficient development capacity to support a healthy economy. These lands can be designed to be walkable and appropriately served with a well connected system of streets, bikeways, recreation trails and public transit and can be served with schools and other urban level facilities and services. WashCo Rec. 3089-3098.

Urban Reserve Factors 5 through 8

The existing regulatory framework in Washington County and Forest Grove will preserve and support enhancement of natural ecological systems potentially impacted by future urbanization of the David Hill area. The developable lands in this area can support a range of needed housing types and can be designed to avoid or minimize potential adverse effects on surrounding farms and natural landscape features. WashCo Rec. 3089-3098.

Why This Area was Designated Urban Reserve: The city of Forest Grove has agreed to provide governance and urban services to lands within Urban Reserve area 7A – David Hill. The buildable land within this area will provide opportunities to meet long-term housing needs in the city of Forest Grove. WashCo Rec. 3089-3090.

Urban Reserve 7B: Forest Grove North

General Description: Urban Reserve Area 7B is located along the northern edge of Forest Grove and generally extends from the existing UGB north to Purdin Road between Highway 47 on the east and Thatcher Road on the west. This area is approximately 508 acres.

How Urban Reserve 7B Fares Under the Factors: Urban Reserve Area 7B is a small portion of a Pre-Qualified Concept Plan (PQCP) area analyzed by the city of Forest Grove to meet long-term growth needs. This PQCP analysis included a detailed review of the initial planning area and provided findings demonstrating conformance with the "Factors for Designation of Lands as Urban Reserves" under OAR 660-027-0050. WashCo Rec. 3089-3098.

Urban Reserve Factors 1 through 4

Urban Reserve Area 7B contains approximately 508 acres. Roughly 374 acres are considered buildable with few constraints. (WashCo Rec. 9276-9295.) This area can reasonably be developed at urban densities that would efficiently utilize existing and future infrastructure investments. Buildable lands within the UGB and other urban reserve areas in the region include sufficient development capacity to support a healthy economy. The city of Forest Grove has recommended a variety of uses for this area, including Industrial, Office, Residential, Mixed-Use and Agricultural Services. The city has also indicated that these lands can be designed to be walkable and appropriately served with a well connected system of streets, bikeways, recreation trails and public transit and can be efficiently and cost-effectively served with schools and other urban level facilities and services. WashCo Rec. 3089-3098.

Urban Reserve Factors 5 through 8

The existing regulatory framework in Washington County and Forest Grove will preserve and support enhancement of natural ecological systems potentially impacted by future urbanization of the Forest Grove North area. The developable lands in this area can support a range of needed housing types and can be designed to avoid or minimize potential adverse effects on surrounding farms and adjoining natural landscape features. WashCo Rec. 3089-3102.

Why This Area was Designated Urban Reserve: Urban Reserve Area 7B will add needed jobs and housing capacity to support the employment continuing growth in Washington County. This area was derived from a much larger proposed urban reserve within a PQCP developed by the city of Forest Grove. The larger PQCP area was over 3,100 acres and was designed to meet long-term growth needs for the city of Forest Grove through the year 2060. The city of Forest Grove has agreed to provide governance and needed urban services to this urban reserve area.

Urban Reserve 7C: Cornelius East

General Description: Urban Reserve Area 7C is located along the eastern edge of the city of Cornelius and generally extends north of Tualatin Valley Highway to the north and east to the floodplains of Council Creek and Dairy Creek. This area also includes a 6.5-acre parcel of land adjoining the eastern limits of the city of Cornelius south of Tualatin Valley Highway between the highway and Southern Pacific Railroad line. Urban Reserve Area 7C is approximately 137 acres. The area supports approximately 96 detached single family homes and a small number of commercial activities.

How Urban Reserve 7C Fares Under the Factors: Urban Reserve Area 7C is a small portion of a Pre-Qualifying Concept Plan (PQCP) area analyzed by the city of Cornelius to meet long-term growth needs. The PQCP analysis included a detailed review of the initial planning area and provided findings demonstrating conformance with the "Factors for Designation of Lands as Urban Reserves" under OAR 660-027-0050. WashCo Rec. 3071-3075.

Urban Reserve Factors 1 through 4

This urban reserve contains approximately 118 acres of buildable land together with a variety of infill and redevelopment opportunity sites. This area could reasonably be developed at urban densities which would efficiently utilize existing and future infrastructure investments. Buildable lands within the UGB, along with other urban reserve lands within the region provide sufficient development capacity to support a healthy economy. The city of Cornelius has indicated that these lands can be designed to be walkable and appropriately served with a well-connected system of streets, bikeways, recreation trails and public transit and can be efficiently and cost-effectively served with schools and other urban level facilities and services. WashCo Rec. 3071-3072.

Urban Reserve Factors 5 through 8

The existing regulatory framework in Washington County and the city of Cornelius will preserve and support enhancement of natural ecological systems potentially impacted by future urbanization of Urban Reserve Area 7C. Although a significant portion of this area currently supports low-density single family development, the remaining vacant buildable lands, along with redevelopment and infill lands will provide sufficient land to support a range of needed housing types. This area can be designed to avoid or minimize potential adverse effects on surrounding farms and adjoining natural landscape features. The broad floodplains of Council Creek and Dairy Creek provide effective buffers between urban and rural uses in the area. WashCo Rec. 3072-3075.

Why This Area was Designated Urban Reserve: Urban Reserve Area 7C will add needed housing capacity to support continuing employment growth in Washington County. The city has indicated a need to include approximately 40 acres of this urban reserve in a 2010 UGB expansion designed to meet short term growth needs. The established land use pattern in the area is suburban residential and the area is isolated from surrounding large block agricultural lands by the broad floodplains of Council Creek and Dairy Creek, which will buffer urban development from surrounding commercial agricultural operations. Lands south of Tualatin Valley Highway are separated from surrounding farm and forest lands by the Southern Pacific Railroad line approximately 600 ft. south of the highway. The city of Cornelius has agreed to provide governance and all needed urban services to this area.

Urban Reserve 7D: Cornelius South

General Description: Urban Reserve Area 7D is located at the southeastern corner of Cornelius between the existing city limits and the Tualatin River floodplain on the west and SW 345th Avenue on the east. The urban reserve is approximately 211 acres.

How Urban Reserve 7D Fares Under the Factors: Urban Reserve Area 7D is a small portion of a Pre-Qualifying Concept Plan (PQCP) area analyzed by the city of Cornelius to meet long-term growth needs. The PQCP analysis included a detailed review of the initial planning area and provided findings demonstrating conformance with the "Factors for Designation of Lands as Urban Reserves" under OAR 660-027-0050. WashCo Rec. 3071-3075.

Urban Reserve Factors 1 through 4

Urban Reserve Area 7D contains approximately 173 acres of buildable land with few development constraints. WashCo Rec. 9276-9295. This area could reasonably be developed at urban densities which would efficiently utilize existing and future infrastructure investments. Buildable lands within the UGB along with other urban reserve lands within the region provide sufficient development capacity to support a healthy economy. The city of Cornelius has indicated through its PQCP for the area that these lands can be designed to be walkable and appropriately served with a well-connected system of streets, bikeways, recreation trails and public transit and can be efficiently and cost-effectively served with schools and other urban level facilities and services. WashCo Rec. 3071-3072.

Urban Reserve Factors 5 through 8

The existing regulatory framework in Washington County and Cornelius will preserve and support enhancement of natural ecological systems potentially impacted by future urbanization of the urban reserve. The developable lands in this area can support a range of needed housing types and can be designed to avoid or minimize potential adverse effects on surrounding farms and adjoining natural landscape features. WashCo Rec. 3072-3075.

Why This Area was Designated Urban Reserve: This urban reserve area will add needed housing capacity to support continuing growth in Washington County. The relatively large parcels of undeveloped land will support the larger scale development projects that can make the most

efficient and cost effective use of public facilities and services. The city of Cornelius has agreed to provide governance and needed urban services to this area. This area includes a 41-acre parcel owned by the Hillsboro School District, which has indicated a need to develop a new high school on this site within the next three to five years.

Urban Reserve 7E: Forest Grove South

General Description: Urban Reserve Area 7E is located along the southeastern edge of the city of Forest Grove adjoining the southern edge of the UGB south of Highway 47 at the southern terminus of Elm Street. The northwest border of the urban reserve follows the existing Forest Grove city boundary while the remaining borders of the area are defined by the 100 year floodplain of the Tualatin River. This area includes portions of two tax lots covering approximately 38 acres of those lots lying outside of the 100 year floodplain. This area is generally characterized by relatively flat agricultural lands. The city of Forest Grove prepared a pre-qualifying concept plan for this area to address how it met the urban reserve factors.

How Urban Reserve 7E Fares Under the Factors: Urban Reserve Area 7E is a small portion of a Pre-Qualifying Concept Plan (PQCP) area analyzed by the city of Forest Grove to meet long-term growth needs. The PQCP analysis included a detailed review of the initial planning area and provided findings demonstrating conformance with the "Factors for Designation of Lands as Urban Reserves" under OAR 660-027-0050. WashCo Rec. 3089-3102.

Urban Reserve Factors 1 through 4

Forest Grove's PQCP indicated that this site will likely be committed to industrial use due to its limited size, relative isolation and existing industrial uses in the immediate area. The urban reserve could be developed at urban industrial densities which would efficiently utilize existing and future infrastructure investments. The site is within close proximity to the Pacific & Western rail line and has access to Highway 47.

Urban Reserve Factors 5 through 8

The existing regulatory framework in Washington County and Forest Grove will preserve and support enhancement of natural ecological systems potentially impacted by future urbanization of this urban reserve area. The developable lands in the area can be designed to avoid or minimize potential adverse effects on surrounding farms and natural landscape features.

Why This Area was Designated Urban Reserve: The city of Forest Grove has agreed to provide governance and urban services to lands within this urban reserve. There are approximately 36 acres of buildable land within this area that will provide opportunities to support jobs growth in the city of Forest Grove.

Urban Reserve 7I: Cornelius North

General Description: Urban Reserve Area 7I is located along the northern edge of the city of Cornelius and generally extends north of Council Creek, north and east to Long Road and the

floodplain of Dairy Creek. The western border is Cornelius-Schefflin Road. Area 7I includes approximately 624 acres.

How Urban Reserve 7I Fares Under the Factors: Urban Reserve Area 7I is a portion of a Pre-Qualifying Concept Plan (PQCP) area analyzed by the city of Cornelius to meet long-term growth needs. The PQCP analysis included a detailed review of the initial planning area and provided findings demonstrating conformance with the "Factors for Designation of Lands as Urban Reserves" under OAR 660-027-0050. WashCo Rec. 3071-3075.

Urban Reserve Factors 1 through 4

The urban reserve contains approximately 470 acres of buildable land with limited development constraints. WashCo Rec. 9276-9295. This area could reasonably be developed at urban densities which would efficiently utilize existing and future infrastructure investments. Buildable lands within the UGB and other urban reserve lands within the region provide sufficient development capacity to support a healthy economy. The city of Cornelius has prepared a pre-qualifying concept plan, which indicated that these lands can be designed to be walkable and appropriately served with a well connected system of streets, bikeways, recreation trails and public transit and can be efficiently and cost-effectively served with schools and other urban level facilities and services. WashCo Rec. 3071-3072.

Urban Reserve Factors 5 through 8

The existing regulatory framework in Washington County and Cornelius will preserve and support enhancement of natural ecological systems potentially impacted by future urbanization of the urban reserve. The concept plan map shows a mix of inner neighborhood and industrial uses for the reserve area, consistent with the county's suitability analysis, with buffers along Council Creek and its tributaries and open space adjacent to Dairy Creek. The developable lands in this area can support a range of needed housing types and can be designed to avoid or minimize potential adverse effects on surrounding farms and adjoining natural landscape features. WashCo Rec. 3074.

Why This Area was Designated Urban Reserve: This urban reserve will add needed jobs and housing capacity to support the continuing growth in Washington County. Approximately 178 acres of this area (~28% of total land in Urban Reserve Area 7I) has been recommended by Cornelius for UGB expansion in 2010. This area can help support Metro recommendation for roughly 3,000 acres of land suitable for large-parcel industrial use, which provides capacity for specific industrial uses such as the existing high-tech industrial sector. WashCo Rec. 3067. Cornelius has indicated a need for approximately 150 acres of industrial land. The relatively large parcels of undeveloped land in this urban reserve can support the larger scale developments that facilitate efficient and cost-effective provision of public facilities and services. These parcels would accommodate the establishment of a large industrial site of approximately 100 acres. The city of Cornelius has agreed to provide governance and needed urban services to this area.

Urban Reserve 8A: Hillsboro North

General Description: Urban Reserve Area 8A is located along the northwest edge of the city of Hillsboro and generally extends from the city limits/UGB north to Sunset Highway and west from NW Shute Road to the eastern edge of the 100 year floodplain of McKay Creek. The urban reserve also contains Waibel Creek, which runs north-south, with the northern portion featuring Storey Creek, which runs east-west. This area is situated northwest of existing industrial and employment lands north of Hillsboro, is adjacent to the Hillsboro Airport and totals approximately 2,712 acres in size.

How Urban Reserve 8A Fares Under the Factors

Urban Reserve Area 8A is a portion of a larger Pre-Qualifying Concept Plan (PQCP) area analyzed by the city of Hillsboro to meet long-term growth needs. The PQCP analysis included a detailed review of the initial planning area and provided findings demonstrating conformance with the "Factors for Designation of Lands as Urban Reserves" under OAR 660-027-0050. WashCo Rec. 3113-3137.

Urban Reserve Factors 1 through 4

There are approximately 2,265 acres of buildable land on this site that could be developed at urban densities which could be efficiently and cost-effectively served by public facilities and services provided by the city of Hillsboro. WashCo Rec. 3117-3137. Buildable lands within the UGB and other urban reserve lands in the region will provide sufficient development capacity to support a healthy economy. Hillsboro prepared a pre-qualifying concept plan which identified how the industrial areas within this urban reserve can be designed to include pedestrian facilities along with an appropriate system of well-connected streets, bikeways, recreation trails and public transit service.

Urban Reserve Factors 5 through 8

The natural ecological systems within Waibel and Storey Creeks and their associated floodplains on this site will be protected and enhanced under the existing regulatory framework in Washington County and Hillsboro. Both concept and community level planning can assure a site design that will preserve and enhance ecological systems. This urban reserve area can be designed to preserve natural landscape features. Concept and community level planning in conformance with established city plan policies can establish a site design which will minimize adverse impacts on farm practices and natural landscape features in the area. WashCo Rec. 3133-3137.

Why This Area was Designated Urban Reserve: Urban Reserve Area 8A was specifically selected for its key location along the Sunset Highway and north of existing employment land in Hillsboro and also because of the identified need for large-lot industrial sites in this region. WashCo Rec. 3124-3128. This area's pattern of relatively large parcels can help support the Metro recommendation for roughly 3,000 acres of large-parcel areas which provide capacity for emerging light industrial high-tech or biotech firms such as Solarworld and Genentech.

Transportation needs for this sector and other development in the reserve can be met by Highway 26, which provides a high-capacity transit link to other areas of the region. Additionally, industrial development in this area will be proximate to existing and future labor pools residing in Hillsboro and nearby cities. These lands will also provide opportunities to attract new industries which would help diversify and balance the local and regional economy.

Urban Reserve 8B: Shute Road Interchange

General Description: Urban Reserve Area 8B is located at the northwest quadrant of the intersection of Sunset Highway and NW Shute Road. This site totals approximately 88 acres and includes land within the 100 year floodplain of Waibel Creek. The existing UGB and the corporate limits of Hillsboro run along the eastern border of the site, while the southern boundary runs along Sunset Highway and is contiguous to Urban Reserve Area 8A. Lands to the north and west of the site are agricultural lands.

How Urban Reserve 8B Fares Under the Factors: Urban Reserve Area 8B is a small portion of a Pre-Qualifying Concept Plan (PQCP) area analyzed by the city of Hillsboro to meet long-term growth needs. The PQCP analysis included a detailed review of the initial planning area and provided findings demonstrating conformance with the "Factors for Designation of Lands as Urban Reserves" under OAR 660-027-0050. WashCo Rec. 3113-3137.

Urban Reserve Factors 1 through 4

There are approximately 60 acres of buildable land within this urban reserve that could be developed at urban densities and served efficiently and cost-effectively by public facilities and services provided by the City of Hillsboro. Buildable lands within the UGB along with other urban reserve lands throughout the region will provide sufficient development capacity to support a healthy economy. In conjunction with existing urban lands to the east, this area could be designed to be walkable and to include pedestrian facilities along with a well-connected system of streets, bikeways, recreation trails and public transit service. WashCo Rec. 3132.

Urban Reserve Factors 5 through 8

The natural ecological systems within the tributary of Waibel Creek and its associated floodplain on this site will be protected and potentially enhanced under the existing regulatory framework in Washington County and Hillsboro. Both concept and community level planning can assure a site design that will preserve and enhance ecological systems. Independent of other urban reserve lands in the region, this site is of adequate size to support a mix of housing types and, following a detailed community planning process, could be developed in a way that preserves applicable natural landscape features. Concept and community level planning in conformance with established city plan policies can establish a site design which will minimize adverse impacts on farm practices and natural landscape features in the area. Adjoining lands are not designated rural reserves.

Why This Area was Designated Urban Reserve: Urban Reserve Area 8B sits at the northwest corner of a major highway interchange which has recently received funding commitments for

significant improvements. This interchange is located at the northwestern edge of a very large technology-based industrial area. This site will provide flexibility in planning for needed interchange improvements as well as other infrastructure needs (e.g. sewer and stormwater management) for developing urban lands to the east.

Urban Reserve 8C - Bethany West

Note: Urban Reserve Area 8C is comprised of 2 separate collections of parcels which are further identified as: *Urban Reserve Area 8C- Bethany West / PCC Rock Creek*; and *Urban Reserve Area 8C- Bethany West / West Union* – separate findings and conclusions for these subareas are provided below.

Study Area 8C – Bethany West / PCC Rock Creek

General Description: Including the Peterkort site, the PCC Rock Creek portion of Study Area 8C is approximately 173 acres in size. This land is located near the intersection of NW Springville Rd. and NW 185th Avenue at the northern end of the PCC Rock Creek Campus. This area abuts the current UGB along its eastern and southern boundaries.

One of the Metro conditions for the ordinance that brought North Bethany into the UGB called for the county to “recommend appropriate long-range boundaries for consideration by the Council in future expansions of the UGB or designation of urban reserves.” Additional urban land to the immediate west of the North Bethany Community Planning Area is necessary for the provision of sanitary sewer and storm drainage and to assist in the funding for a primary road link to SW 185th Avenue.

Following the directives of the Board of County Commissioners at its May 25, 2010 public hearing on Ordinance No. 733, the Peterkort site was included within this Urban Reserve subarea. In order to address a number of concerns raised in relation to the wetlands and floodplains on the Peterkort site as well as within the "West Union" portion of Urban Reserve Area 8C, a Special Concept Plan Area overlay was added to Ordinance No. 733 (Special Concept Plan Area C). This special plan overlay requires application of the “Integrating Habitats” approach to planning and development of these lands. Independent findings for inclusion of the Peterkort site are provided above under **Section B** of these findings. Additional information relating to the Peterkort site is included in the record on pages 8533 to 8540.

How Urban Reserve 8C Fares Under the Factors: Note that this urban reserve area is included as an important element of the North Bethany Community Planning area. See associated findings related to the Peterkort site under **Section B** of these findings. This section of Urban Reserve Area 8C is a small portion of a Pre-Qualifying Concept Plan (PQCP) area analyzed by the city of Beaverton to meet long-term growth needs. The PQCP analysis included a detailed review of the initial planning area and provided findings demonstrating conformance with the "Factors for Designation of Lands as Urban Reserves" under OAR 660-027-0050. WashCo Rec. 3062.

Urban Reserve Factors 1 through 4

Together with the West Union portion of this area, approximately 141 acres of this reserve area is considered buildable land with few development constraints. Ref Record p.) The land is reasonably flat and contains a portion of Rock Creek and its associated floodplain. The established regulatory framework in Washington County will protect and potentially require buffers from and enhancement to this important landscape feature.

This area will support extension and/or expansion of public facilities (e.g. sewer and storm drainage) from adjoining urban areas, especially the new North Bethany community. Urban services are currently being provided to lands immediately east and south of this area. Although constrained by floodplain and related buffers, developable portions of this area can be connected to surrounding trails and roadways within the North Bethany community. Public transit currently serves adjacent lands to the south. The developable portions of this area \, together with other urban reserves and lands already inside the UGB, provide sufficient development capacity to support a healthy economy.

Urban Reserve Factors 5 through 8

The natural ecological systems within the segments of Rock Creek and associated floodplain on this site will be protected and potentially enhanced under the existing regulatory framework in Washington County, as well as through the application of Special Concept Plan Area requirements. These requirements state that future concept and community planning of the area must take into account Metro's "Integrating Habitats" program to ensure that future development protects natural features. Lands on this site can provide stormwater management, wetlands mitigation and provide public facility links to support housing and related urban development in adjoining urban areas.

Concept and community planning of the developable portion of Urban Reserve Area 8C would be considered as part of the North Bethany development scheme. The area would be planned as one of a series of walkable neighborhoods oriented around parks and mixed use areas and would be designated to provide a variety of housing types. Incorporating the "Integrating Habitats" program as required by Special Concept Plan Area C language (WashCo Rec. 9044-9046) into the planning for this area will ensure the preservation of landscape features. As in the North Bethany planning process, impacts to farm uses in the adjoining rural area will be considered and mitigated.

Why This Area was Designated Urban Reserve: This urban reserve will support critical infrastructure links to the North Bethany Community planning area located immediately east of this site. These lands will also support required connections to primary transportation, sewer and stormwater facilities, as well as key opportunities for wetlands mitigation on currently degraded wetlands along Rock Creek. A final financing plan for North Bethany did not include funding projections from the lands within Urban Reserve Area C; however, a new neighborhood could provide the opportunity for additional funding to support the provision of infrastructure such as Road A.

Urban Reserve 8C: Bethany West / West Union:

General Description: The West Union segment of this urban reserve is located within the northwestern quadrant of the intersection between NW West Union Road and NW 185th Avenue. This site is approximately 132 acres and includes home sites and a small commercial site at the intersection of NW 185th Avenue and NW West Union Road. This site is bordered on the east and south by the UGB and to the north and west by Rock Creek. Approximately 28 % of this site lies within the 100 year floodplain of Rock Creek.

How Urban Reserve 8C Fares Under the Factors: This portion of Urban Reserve Area 8C is a small area included in a larger Pre-Qualifying Concept Plan (PQCP) area analyzed by the city of Beaverton to meet long-term growth needs. The PQCP analysis included a detailed review of the initial planning area and provided findings demonstrating conformance with the "Factors for Designation of Lands as Urban Reserves" under OAR 660-027-0050. WashCo Rec. 3062.

Urban Reserve Factors 1 through 4

Together with the PCC Rock Creek portion of this area, there are approximately 141 acres of buildable land in this urban reserve that could be developed at urban densities which could be efficiently and cost-effectively served by public facilities and services. WashCo Rec. 3062. This site could also support the extension of services designed to improve the efficiency of service to surrounding urban lands. Buildable lands within the UGB along with other urban reserve lands throughout the region will provide sufficient development capacity to support a healthy economy. Development in the surrounding area includes pedestrian facilities along with a well-connected system of streets, bikeways, recreation trails and public transit service. The pre-qualifying concept plan submitted by city of Beaverton indicates that the site can be reasonably linked to these facilities and services.

Urban Reserve Factors 5 through 8

The natural ecological systems within the segments of Rock Creek and associated floodplain on this site will be protected and potentially enhanced under the existing regulatory framework in Washington County. Both concept and community level planning can assure a site design that will preserve and enhance ecological systems. Independent of other urban reserve lands in the region, this site is of adequate size to support a broad mix of housing types and, following a detailed community planning process, could be developed in a way that preserves adjoining natural landscape features. Rock Creek and its associated broad floodplain (averaging over 800 feet in width at this location) provides an excellent buffer between the potential urbanization of this site and surrounding rural reserve lands. Concept and community level planning in conformance with established county plan policies can establish a site design which will avoid or minimize adverse impacts on farm practices and natural landscape features in the area.

Why This Area was Designated Urban Reserve: The West Union segment of this urban reserve is located at the intersection of two major urban arterials (NW West Union Road and NW 185th Avenue) and is physically isolated from surrounding rural resource lands by Rock Creek and its floodplain. This site provides opportunity to extend and expand gravity flow sewer service as

well as large scale stormwater management facilities to this site as well as the North Bethany community planning area located to the northeast.

C. Washington County: Rural Reserves

1. Introduction

The following general comments are applicable to the specific subarea findings below:

Undesignated Area

Undesignated areas appeared under two different scenarios in the final recommendations contained in the September 23, 2009 staff report. Area around Banks and North Plains were left undesignated to provide the opportunity for each city to undergo UGB management and urban reserves planning under Oregon Administrative Rule 660-021. It is the county's expectation that such planning will result in application of urban reserve designations in appropriate locations and quantities within these currently undesignated areas. WashCo Rec. 9044-9046.

The other type of undesignated area was derived from the iterative GIS analysis that resulted in a rural reserve suitability determination for lands outside the UGB. These undesignated areas were shown on Map 36 in the appendix to the September 23, 2009 staff report. WashCo Rec. 3033. These areas did not qualify as a rural or urban reserve under the applicable factors. During Core 4 deliberations from October 2009 to February 2010, many previously undesignated areas were folded into adjacent rural reserves with the exception of the areas around North Plains and Banks and five undesignated areas adjacent to either a proposed urban reserve or the existing UGB. Technical map amendments adopted June 15 by the Board of Commissioners adjusting the total acreage of urban and rural reserve areas for the purposes of correcting mapping errors, "parcel shifts" when digital map layers are updated, and right-of-way adjustments to reserves boundaries. These adjustments increased the net amount of undesignated area outside the UGB by approximately 105 acres, primarily through the right-of-way adjustments. In addition, the Core 4 left some areas as undesignated for future consideration – these include North of Sunset Hwy near Urban Reserve Area 8B near Roy Rogers Road.

Subject to urbanization-OAR 660-027-0060(2)(a);(3)(a)

Staff divided the subject to urbanization factor into three classifications: high, medium, and low. These three classifications were applied to the 41 sub-areas in the rural reserve study area. Areas considered highly subject to urbanization were the initial areas of interest by cities. Medium subject to urbanization areas began from the outer edge of the city interest areas and included areas where potential urbanization over the reserves 50-year timeframe was possible. Low subject to urbanization areas were those areas in the study area beyond the medium subject areas, where urbanization potential was least likely. WashCo Rec. 3969. Fair market value was evaluated through a number of analytical iterations, yet staff found the application of "fair market value" independent of other indicators did not provide a conclusive indication of lands that may be subject to urbanization. WashCo Rec. 2972.

Safe Harbor factor- OAR 660-027-0060(4)

This factor [OAR 660-027-0060(4)] allows for a county to "deem that Foundation Agricultural Lands or Important Agricultural Lands within three miles of a UGB qualify for designation as rural reserves under section (2) without further explanation under OAR 660-027-0040(10)." Staff was compelled to conduct a more rigorous analysis of county agricultural land given the broad application of foundation farmland to the county study area. Staff did not use the three mile "safe harbor" factor as it would not reasonably capture the extent of analysis staff conducted to arrive at rural reserve recommendations. This factor is therefore not applicable to the rural reserve area findings and is not addressed therein.

Agricultural and Forestry Considerations - OAR 660-027-0060(2)

Agricultural and forestry considerations were applied to the above rule separately when considering which areas were most suitable as rural reserves. The study area was classified into 41 sub-areas included in four tiers. Tier 1 areas ranked as the highest priority for rural reserves based on either agricultural, forestry, or natural landscape feature considerations. A composite map for all Tier 1 areas resulted in the final map noting those areas most suitable for rural reserves. WashCo Rec. 3024.

The map results from the ODA analysis are limited to a total of three classifications in the 2007 Agricultural Lands Inventory: Foundation, Important, and Conflicted lands. The overwhelming majority of the acreage in Washington County was considered foundation land; this designation was broadly applied and made no further distinction among those agricultural areas. (As an example, the entirety of Hagg Lake and relatively large blocks of forestland were classified as foundation land.) To better apply the rural reserve factors found under OAR 660-027-0060, staff believed a more intensive agricultural analysis was important to the rural reserve designation process. Components of this analysis included parcelization, dwelling density, potential crop productivity based on successive agricultural inputs, and possession of a water right or inclusion within the Tualatin Valley Irrigation District. WashCo Rec. 2971-2980.

Staff asked both the Department of Agriculture and the county Farm Bureau for quantitative information that would help us better address Factor (2)(d), which calls for a consideration of the sufficiency of agricultural infrastructure in the rural area. A quantitative response specific to agricultural infrastructure was not provided by the ODA or Farm Bureau. This factor is briefly addressed in the findings below. Generally, staff could not find quantitative information that established a threshold for continued viability of agricultural suppliers when considering this factor relative to a 'tipping point' when considering this factor and the associated loss of farm acreage.

To map forestlands, staff used the Oregon Department of Forestry's (ODF) Wildland Forest Inventory mapping data from 2008. This data more accurately assessed on-the-ground conditions relative to forest lands by including eight separate land use categories. ODF recommended larger blocks of forested land in the outer edges of the study area for protection. Cite. These areas (Wildland Forest) were included as Tier 1 candidates for rural reserve recommendation. The ODF inventory states that *Wildland Forest* areas need to be protected in order to sustain long-

term forestry operations for forest land.¹⁰ Tier ranking determinations for forestry were facilitated by this greater level of detail.

Natural Features Considerations - OAR 660-027-0060(3)

Natural feature considerations were applied to the above rule separately from agricultural and forestry considerations. Tier 1 areas for natural landscape features ranked as the highest priority for rural reserves. A composite map for Tier 1 forestry, agriculture, and natural feature areas resulted in a final map noting the areas most suitable for rural reserve designation. WashCo Rec. 3024.

Metro's Natural Landscape Features map formed the basis of staff's natural landscape features analyses. This map included county floodplains as well as the Hagg Lake watershed and natural areas such as the Tonquin Scablands, Killen Wetlands, and Wapato Lake. WashCo Rec. 3028. Staff additionally considered the county's Goal 5 Significant Natural Resource inventory as suitable for rural reserve designation. This includes areas protected for floodplain, riparian corridor, and/or wildlife habitat value. Areas with slopes over 25% were also included as pertinent information in determining rural reserve designation under this factor given constraints on urban development in these areas. Finally, a criterion that included a "sense of place" [factor (3)(e)] was met by including all areas above 350 feet in elevation as suitable for rural reserve designation in addition to those natural areas that might shape and define a regional identity perspective. Limiting urban development above 350 foot elevation level helps provide a sense of place by preserving viewpoints and minimizing residential density. The composite map for the above features revealed a reserves map that included all areas of the Chehalem Mountains as suitable for rural reserve designation.

2. Rural Reserve Descriptions

Rural Reserve 5C: East Chehalem Mountains

General Description: This 15,152 acre reserve area has a similar land use pattern as reserve 6E, with larger agricultural lots on the valley floor and smaller parcels in the Chehalems. The Tualatin River flows through the northern portion of the reserve. The larger sub-basins that flow into the Tualatin include Heaton Creek, Baker Creek, and Chicken Creek. Key natural landscape features include the river and the Tualatin River National Wildlife Refuge. Scholls Ferry and Scholls Sherwood Roads are the primary arterials.

Urban Reserve Area 5A (Sherwood North - 123 acres) is located on the rural reserve's northern border, while Urban Reserve Area 5B (Sherwood West - 1,280 acres) occurs on the east border of the reserve and Urban Reserve Areas 6D (Beef Bend South - 519 acres) and 6C (Roy Rogers West - 557 acres) are located on the north border. An undesignated area of approximately 199 acres is located immediately west of SW Roy Rogers Road. The area was initially included in a rural reserve but was changed to undesignated during Core 4 deliberations from February 8, 2010, to the date of the IGA adoption between the county and Metro on February 25, 2010. Land

¹⁰ As described in *Forests, Farms and People: Land Use Changes on Non-Federal Land in Western Oregon, 1973-2000*, Oregon Department of Forestry, May, 2002.

originally recommended as undesignated between Mountain Home and Scholls-Sherwood Roads was added to the rural reserve recommendations based on public input and discussion among the county planning directors, elected officials, and the Core 4.

Rural Reserve Area 5C best qualifies as a rural reserve through agricultural factors and natural features factors.

Findings: Designation of Lands as Rural Reserves

Factor (2)(a) is addressed under the *general comments* section in the rural reserves introduction.

Agricultural Considerations Under Factor (2)(b-d)

A portion of this reserve area was identified as Tier 1 suitability for agriculture in the September 23, 2009, staff report. The Tier 1 area correlates roughly to the Tualatin River floodplain south to Scholl's-Sherwood Road, extending east to Roy Rogers Road. Proposed urban reserves immediately west of Sherwood and King City were ranked as Tier 3 areas for agriculture based on degree of parcelization and proximity to urban areas.

Capability for agricultural operations was determined by an evaluation of existing agricultural uses, soil class, and availability of water. Approximately one third of the reserve area is located within the Chehalem Mountains. Class II and Class III soils are the dominant soil classes with pockets of Class IV soils immediately adjacent to the river. Additional Class IV (and Class VI) soils occur in the Chehalems in those areas noted as Tier 3 or Tier 4 in the county's agricultural analysis. The most capable area for agricultural operations is within the Tualatin River's floodplain. The larger farm operations (greater than 35 acres) in this reserve are located within a half-mile to three-quarters of a mile of the river, generally between Scholls-Sherwood Road and Scholls Ferry Road.

The Tualatin floodplain in this reserve area is the southern limit of the TVID. TVID boundaries and existing water rights were mapped to help define agricultural infrastructure. Numerous water rights exist within the floodplain. WashCo Rec. 3015. Scattered rights to groundwater and surface water also occur in the foothills. Availability of water was an important consideration in staff's analysis of capable farm areas given assumptions of climate change impacts and expected limitations to in-stream flow over the reserves timeframe.

The area of existing large lot agricultural use is likewise most suitable for long-term agricultural operations due to existing use patterns and the degree of parcelization elsewhere within the reserve. Most of the lots in the southern portion of this reserve (the Chehalems) are less than 15 acres, resulting in a greater degree of parcelization than elsewhere. Residential density in this area of the Chehalems is greater relative to the Chehalem area in adjacent Rural Reserve Area 6E to the west.

Forestry Considerations Under Factor (2)(b-d)

Based on aerial photos, forested areas in this reserve occur primarily along the Tualatin River riparian corridor and in the riparian areas of the river's tributaries. A number of smaller

residential parcels are timbered. Commercial, large-scale forestry operations do not occur in this reserve.

Land designated by ODF as *Wildland Forest* occurs on either side of Highway 219 near the Yamhill County line. Areas designated as *Wildland Forest* were included as Tier 1 areas suitable for rural reserve based on the department's analysis. Most of the mountain is in contiguous timber and is either in small-woodlot cultivation or unmanaged forest use. Future commercial forestry operations may be constrained due to existing parcelization of the area, steepness of the topography, and existing and future transportation limitations.

Natural Landscape Feature Considerations Under Factor (3)(a-h)

Factor (3)(a) is addressed under the *general comments* section of the rural reserves introduction.

The Tualatin River and the Chehalem Mountains are prominent natural features in this proposed reserve. The river's floodplain serves important hydrological functions related to flood water retention and discharge and additionally serves important biologic functions such as its use as a wildlife dispersal corridor and provision of critical habitat for anadromous fish. The Chehalem Mountains provide upland habitat and have the potential as a wildlife corridor for east-west dispersal. Both features are significant identifiers for a sense of place at a local and regional level.

The river's floodplain can also function as a buffer between the mixed farm and residential use found in the Chehalems and the transition to urban uses north of the river.

Several units of the Tualatin River National Wildlife Refuge form an effective natural buffer between resource lands and the cities of Sherwood, King City and Tualatin. The refuge also provides a regional sense of place by providing natural habitat features in close proximity to urban areas.

Consideration was given to provision of recreational access to natural features in the area. A segment of the trail alignment for the proposed Tonquin Trail connecting Sherwood, Wilsonville, and Tualatin borders the 88-acre section of the reserve to the northeast. Changes are not anticipated to the transportation system that would limit existing or future access to recreational opportunities.

Rural Reserve 5I: Parrett Mountain

General Description: This reserve consists of approximately 1,922 acres centered around Parrett Mountain and 88 acres east of Baker Road in the Tonquin Scablands area. The Parrett Mountain area is west of Baker and Tooze Roads and bounded by Highway 99W east to the county boundary at SE Ladd Hill Road. Parrett Mountain Road divides the topography of the area with most of the parcels north of the road in forest use and parcels south of the road in agricultural and residential use. Proposed urban reserve area 5D (539 acres) is on the north border of the reserve. Rural reserve area (in Clackamas County) is located south and west of the smaller Tonquin area of the reserve. Immediately east of this unit is the city of Tualatin and north is Urban Reserve Area 5F (568 acres). The area best qualifies as a rural reserve through forestry and natural features factors.

Cedar Creek and its tributaries are the predominant natural landscape features in addition to Parrett Mountain.

Findings: Designation of Lands as Rural Reserves

Agricultural Considerations Under Factor (2)

Factor (2)(a) is addressed under the *general comments* section in the rural reserves introduction.

Agricultural Considerations Under Factor (2)(b-d)

This rural reserve area was ranked at Tier 4 (lowest ranking) for agriculture in staff's analysis. The area was mapped as conflicted land in the Oregon Department of Agriculture's (ODA) agricultural inventory. The west unit of this reserve area consists primarily of the uplands of Parrett Mountain and is unsuitable for agricultural operations due to topography and lack of prime soils. Exceptions exist south of Parrett Mountain Road, which is relatively flat and is capable of sustaining long-term agriculture, and north of Parrett Mountain adjacent to Highway 99. Both areas are primarily residential or in limited farm use.

The east unit of the reserve consists primarily of Coffee Lake and is unsuitable for agricultural use.

Forestry Considerations Under Factor (2)(b-d)

Forest cover is generally limited to the undeveloped areas of Parrett Mountain. Some forest cover occurs within the riparian corridor of Cedar Creek adjacent to Highway 99 and in isolated pockets between Cedar Creek and the north slope of the mountain. Commercial forestry operations are not present and the area does not appear to be in active woodlot management, based on aerial photos. However, the area is capable of sustaining forestry based on soil type and the existing forest cover. Moderate-sized forestry operations and small woodlot management is possible.

The ODF forest inventory includes much of Parrett Mountain as *Wildland Forest* with the exception of an existing subdivision centered on either side of Labrousse Road. South of Parrett Mountain Road the map shows the area as *Mixed Forest & Agriculture*. The *Wildland Forest* section of Parrett Mountain was ranked as a Tier1 area in staff's analysis given the *Wildland Forest* designation.

Natural Landscape Feature Considerations Under Factor (3)(a-h)

Factor (3)(a) is addressed under 'general comments' in the rural reserves introduction.

Areas included on Metro's Natural Features Inventory area were included as Tier 1 areas for rural reserve designation in staff's analysis. This includes the 88 acres in the Tonquin Scablands area. The Parrett Mountain area was also included as a Tier 1 consideration given the regional sense of place that is found in the area. Parrett Mountain likely contains suitable habitat for wildlife, including big game cover, and also provides a buffer between the city of Sherwood and rural areas south of the mountain.

Consideration was given to provision of recreational access and no changes are expected to the transportation system that would limit any existing access to recreational opportunities.

Rural Reserve 6E: Central Chehalem Mountains

General Description: This 25,381-acre rural reserve is almost evenly divided by the Tualatin River, which is a key natural feature of the reserve. The Chehalem Mountains are also a prominent natural feature. The north half of this reserve area is typified by farm parcels adjacent to and north of the river. South of the river and Highway 219, the lots are smaller and uses are more varied, including residential use, nursery use, and small farm and forest use parcels. The Chehalem foothills start in this southern half and extend south-southwest to the county line. The upper drainages in the Chehalems feed into the McFee Creek basin. The reserve area is divided by several arterials, including Highway 219, Farmington Road, and River Road. Proposed urban area 6B (Cooper Mountain Southwest) abuts the northeast corner of the reserve and Urban Reserve area 6A (Hillsboro South) is located northeast of the junction of Rosedale and River Roads.

Two undesignated areas are located on the north boundary. One area of approximately 358 acres is located between the Tualatin River and Minter Bridge Road south of the Hillsboro city limits. The area has remained undesignated throughout the reserves mapping changes. The other undesignated portion near Rural Reserve Area 6E is approximately 568 acres and encompasses the quarry area between Farmington Road and Clark Hill Road. This area was initially recommended as an urban reserve by the WCRCC in the September 23, 2009, staff report. The status of the area was changed to undesignated with the release of the Bragdon/Hosticka Urban and Rural Reserves map of 12/08/09. A small amount of additional undesignated acreage area was added to the area during Core 4 deliberations from February 8, 2010 to the date of the IGA adoption between the county and Metro on February 23 and 25, 2010.

Rural Reserve Area 6E best qualifies as a rural reserve through application of the agricultural, forestry, and natural features factors.

Findings: Designation of Lands as Rural Reserves

Agricultural Considerations Under Factor (2)

Factor (2)(a) is addressed under the *general comments* section of the rural reserves introduction.

Agricultural Considerations Under Factor (2)(b-d)

Much of the central area of this reserve was classified as Tier 1 for agricultural operations and is capable of supporting agricultural operations over the 50-year reserves timeframe. The Tier 1 defined area includes the area from Bald Peak Road east to Highway 210 and from Highway 219 east to River Road and is bounded by the Tualatin river floodplain. The majority of the area is considered Foundation farm land on the Oregon Department of Agriculture map. WashCo Rec. 2998. Capability was determined through soil class and availability of water. Availability of water was an important consideration in staff's analysis of capable farm areas given assumptions of climate change impacts and expected limitations to in-stream flow over the reserves timeframe.

Class II and class III soils predominate, with isolated pockets of Class I soils and some Class IV soils immediately adjacent to the river. Class III and IV predominate in the Chehalem Mountains. Numerous parcels in the river's floodplain are included in the Tualatin Valley Irrigation District and existing water rights are widespread. Numerous water rights also exist outside the water district in the Chehalem foothills. WashCo Rec. 3015. As with Rural Reserve 8E, the area is potentially some of the most productive land in the study area for agricultural purposes, based on Staff's analysis.

The majority of parcels in the Tier 1 area are 35 acres or larger and are currently in agricultural use. This area discussed above under Tier 1 considerations is a component of the larger sub-area 25. These farm parcels are typically on the valley floor, gradually transitioning to smaller lots and more residential use as one moves south into the Chehalem foothills. The gradual transition to residential lots containing pasture or small woodlots acts as an effective buffer to the existing agricultural uses on the valley floor.

As noted above, TVID boundaries and existing water rights were mapped to help define agricultural infrastructure. Infrastructure to support agricultural uses is likely sufficient given the predominance of relatively large agricultural operations throughout the valley floor.

Forestry Considerations Under Factor (2)(b-d)

Aerial photos show that forest canopy in the Tier 1 agricultural area described above is limited to a few streams. Forested areas in this reserve occur south of the Tualatin River in the Chehalem Mountains. Commercial forestry operations do not occur in this reserve.

An area designated *Wildland Forest* by the Oregon Department of Forestry is present at the crest of the Chehalems adjacent to the county line. Staff included this area as suitable for rural reserve based on this forestry consideration. WashCo Rec. 3027. No other *Wildland Forest* designations occur in the reserve area. Existing parcelization of the area, steepness of the topography, and existing and future transportation limitations preclude large-scale forestry operations.

Natural Landscape Feature Considerations Under Factor (3)

Factor (3)(a) is addressed under the *general comments* section in the rural reserves introduction.

The Tualatin River and the Chehalem Mountains are prominent natural features in this proposed reserve. The river floodplain serves important hydrological functions related to flood water retention and discharge and additionally serves important biologic functions such as provision of a wildlife dispersal corridor and critical habitat provisions for anadromous fish. Both features are also significant identifiers for a sense of place at a local and regional level. Additionally, Jackson Bottoms is a regionally significant wetland that provides wintering habitat for ducks, geese, and swans as well as other migrants. This area also provides a sense of place year-round as a natural area.

Urban Reserve Area 6A abuts south Hillsboro and Urban Reserve Area 6B abuts the western boundary. The floodplain of the Tualatin River helps form the west boundary of Urban Reserve Area 6A. Existing floodplains can function as buffer areas between future development in the proposed urban reserve and the agricultural uses south of Rosedale Road and west of River

Road. Urban Reserve Area 6B consists primarily of the southwest slopes of Cooper Mountain. The topography of the area creates an effective buffer between agricultural uses on the valley floor and the more intense residential development located east of the Metro-owned and operated 231-acre Cooper Mountain Nature Park located on the mountain's upper slopes. The park provides an additional buffer between urban and rural uses. Consideration was given to provision of recreational access to natural features in the area.

Rural Reserve 7F: Hagg Lake

General Description: This approximately 25,652 acre area includes land west and southwest of Forest Grove to the study area boundary. Gales Creek Road forms the northern edge and Highway 47 its eastern edge. With the exception of the Gales Creek and Tualatin River floodplains, the reserve area is characterized by incised ravines and rolling topography to an elevation of approximately 1,000 feet. The predominant landscape features are Gales Peak and Hagg Lake. Commercial forestry operations occur throughout much of the area with farm parcels within the Gales Creek floodplain and on either side of the Highway 47 corridor. The area best qualifies as a rural reserve through forestry factors.

The community of Dilley is located between Forest Grove and Gaston west of Highway 47.

Findings: Designation of Lands as Rural Reserves

Agricultural Considerations Under Factor (2)

Factor (2)(a) is addressed under 'general comments' for the rural reserves introduction.

Agricultural land in this reserve is located in the area between Gales Creek south to the hills around Hagg Lake as well as land between Old Highway 47 and Highway 47. The Patton Valley Road area south to the county line is also in agricultural use. The area in the vicinity of Gales Creek was ranked as Tier 1 for agriculture in the staff analysis. Row crops are the predominant agricultural use in the area. Several large parcels in nursery use occur in the vicinity of SW Stringtown Road and SW Ritchey Road.

Soil classes in the Tier 1 area are predominantly Class II and Class III. Availability of water was an important consideration in staff's analysis of capable farm areas given assumptions of climate change impacts and expected limitations to in-stream flow over the reserves timeframe. Virtually all of the flat area of Rural Reserve 7F is currently in farm use and is capable of supporting agriculture over the reserves timeframe.

Agricultural infrastructure in the area is likely to be sufficient given the on-going agricultural use in the farm areas noted above. The towns of Forest Grove, Cornelius and Hillsboro are close enough to the reserve to provide agricultural support such as machinery purchase and repair as well as supply and distribution outlets.

Forestry Considerations Under Factor (2)

The majority of this reserve includes the mountainous west end of the study area. The area northeast of Hagg Lake rises to approximately 1,000 feet in elevation and gradually increases to approximately 1,600 feet northwest of the lake. Virtually all of the area is commercial forest

land, including a number of contiguous parcels held by Stimson Lumber Company. Most of the hilly terrain in the reserve is included as *Wildland Forest* in ODF's forest inventory and was therefore proposed as a high priority for rural reserve designation by staff. This area includes the largest contiguous block of forested land in the Washington County reserves study area.

Stimson Lumber Company maintains an active log processing facility in Scoggins Valley that provides an outlet for much of the timber harvested in the hills above Hagg Lake. The cities of North Plains and Banks also have mills that provide log processing. Logging supply and equipment repair facilities can be found in surrounding communities, including McMinnville in Yamhill County.

Natural Landscape Feature Considerations Under Factor (3)

Factor (3)(a) is addressed under *general comments* in the rural reserves introduction.

Much of the reserve area, including the foothills north of Hagg Lake and the Gales Creek floodplain, occur on the Natural Landscape Features Inventory (cite source). Significant portions of the reserve are either in a floodplain or in areas where slopes are greater than 25%. The area is considered Wildlife Habitat in the county's Goal 5 Inventory with the recognition that the contiguity of the forest cover provides important habitat throughout the life cycle of big game species and other mammals. Most of the topography is over 350 feet in elevation, providing a visual sense of place and a relatively undisturbed mountainous area close to the county's westernmost cities.

The Reserve area provides some measure of separation between the cities of Forest Grove and Gaston, limiting the type of development that could extend beyond each city's boundary.

Hagg Lake is one of the county's most significant recreational facilities. Access to the area is via Scoggins Valley Road, an improved two-lane road. Access to the recreational potential of the Gales Creek watershed is provided by Gales Creek Road, also a two-lane improved road.

Rural Reserve 7G: West Chehalem Mountains

General Description: This diverse area of approximately 26,898 acres includes the west end of the Chehalem Mountains, farm lots of varying sizes, residential parcels with pasture and/or woodlots, and timbered parcels. Numerous perennial tributaries of the Tualatin River originate in this reserve, including Davis, Christenson and Mill Creeks. The Tualatin River floodplain is the predominant natural feature and forms the northern boundary of the area, with Highway 47 serving as the western boundary. Bald Peak Road forms the area's southern boundary and Highway 219 forms the eastern boundary. The small community of Laurelwood is located southeast of the town of Gaston. Roads south of Cornelius and Forest Grove include Tongue Lane, Blooming Fern Hill Road, and Golf Course Road. Urban Reserve Area 7D (Cornelius South) is located adjacent to Cornelius at the north boundary of the reserve area. A 1,013-acre undesignated area south of Cornelius was initially recommended as an urban reserve by the WCRCC in September, 2009. The status of the area was changed to undesignated (without acreage adjustments) with the release of the Bragdon/Hosticka Urban and Rural Reserves map of December 8, 2009. The area remained unchanged from this designation during the rest of the Core 4 deliberative process into February 2010.

The area best qualifies as a rural reserve through agricultural factors.

Findings: Designation of Lands as Rural Reserves

Agricultural Considerations Under Factor (2)

Factor (2)(a) is addressed under the *general comments* section in the rural reserves introduction.

The majority of the relatively flat land in this reserve is currently devoted to agriculture use. Nursery operations are not uncommon south of the Tualatin River floodplain. The area comprising the floodplain boundaries south to Simpson Road and north to the Forest Grove city limits was ranked as the highest suitability for agriculture (Tier 1) in this reserve. Class I soils are located between Golf Course Road and Blooming Hill Road with Class II and Class III soils in the remaining area. The land use pattern supports this area as being highly suitable for agricultural use. The larger parcels in the area are currently in farm use and most are located within the Tualatin Valley Irrigation District. Water rights are present throughout much of the valley floor.

Staff presumes that an adequate agricultural infrastructure currently exists in the surrounding area given the number of farm operations in this reserve.

Forestry Considerations Under Factor (2)

The remaining area of the reserve includes the western end of the Chehalem Mountains, which are characterized by smaller lots, variable topography, and multiple uses, including small hobby farms, residential parcels, and larger lots north of Dixon Mill Road that historically have been used for forestry operations. Metro has recently purchased approximately 1,143 acres that were in historic forestry use for the Chehalem Ridge Natural Area, a new regional park that is currently undeveloped. The new park area was mapped as *Mixed Forest and Agriculture* on the ODF inventory.

Natural Landscape Feature Considerations Under Factor (3)

Factor (3)(a) is addressed under the *general comments* section in the rural reserves introduction.

The important natural landscape features of the area include the west end of the Chehalem Mountain Ridge, the Wapato Lake area north of Gaston and a section of the Tualatin River that flows through this reserve. Each of these features was ranked as the highest priority for rural reserve in the staff analyses. The Fernhill Wetlands complex south of Forest Grove provides regionally important wintering habitat for ducks, geese, swans, and other migratory birds. Including this feature, as well as other County Goal 5 inventoried resources in a rural reserve will protect important fish and wildlife habitat from the effects of urbanization and provides a regional sense of place that would be lost with urban encroachment. Water quality can be maintained by limiting impervious surfaces and urban development in the Chehalem area where tributaries to the river are located. The floodplain helps form a natural boundary between the urban uses in Forest Grove and Cornelius and the farmland south of those cities.

Consideration was given to provision of recreational access to natural features in the area. Changes are not anticipated to the transportation system that would limit existing or future access to recreational opportunities.

Rural Reserve 7H: West Fork Dairy Creek

General Description: This wedge-shaped area is approximately 15,696 acres northwest of Forest Grove and west of the city of Banks. State Highway 47 and Gales Creek Road define the east and west boundaries, respectively. Highway 47 is classified as a principal arterial on the county's Transportation Plan and Gales Creek Road as an arterial. David Hill and the west fork of Dairy Creek and its tributaries are the predominant landscape features. Much of the area is characterized by farm parcels over 30 acres with scattered residential dwellings. Urban Reserve Areas 7A (David Hill) and 7B (Forest Grove North) abut the northern edge of Forest Grove. Land around Banks has been left undesignated to allow for that city's future growth. The area qualifies as a rural reserve through agricultural, forestry, and natural landscape features factors.

Findings: Designation of Lands as Rural Reserves

Agricultural Considerations Under Factor (2)

Factor (2)(a) is addressed under the *general comments* section of the rural reserves introduction.

The agricultural land in this reserve is farmed up to the lower slopes of the hills that encircle the floodplain of the west fork of Dairy Creek. This area has been in agricultural use for decades and is capable of maintaining that use. The reserve contains large blocks of contiguous Class II soils and also has the largest contiguous block of parcels within the Tualatin Valley Irrigation District. Availability of water was an important consideration in staff's analysis of capable farm areas given assumptions of climate change impacts and expected limitations on water removal from in-stream flow over the reserves timeframe. Large areas west, southwest and north of Banks have water rights outside of the irrigation district. WashCo Rec. 3015.

Parcels in the agricultural area are contiguous and typically over 35 acres in size, which can facilitate large-scale farming operations.

Agricultural infrastructure in the area is likely sufficient given the ongoing agricultural use in the farm areas noted above. The towns of Forest Grove, Cornelius, and Hillsboro are close enough to the reserve to provide agricultural support such as machinery purchase and repair and supply and distribution outlets.

Forestry Considerations Under Factor (2)

As noted above, the agricultural area in the reserve is ringed by forested hills to an elevation of approximately 500 feet northwest of Banks and just over 1,100 feet in the David Hill area. Based on aerial photographs, much of the forested area in the reserve has been harvested in the past and continues to be in commercial rotation or small-scale woodlot management. With the exception of smaller parcels on the lower slopes of David Hill and exception lands northwest of Banks, the forested lands of this reserve include very limited residential development.

The majority of David Hill is ranked as *Wildland Forest* by the ODF as is a wedge of land at the north edge of the reserve between SW Cedar Canyon Road and Highway 47. WashCo Rec. 2999. Staff ranked these areas as Tier 1 and Tier 2 (i.e. most suitable) in applying the forestry element under this factor. The ODF ranked the remaining hill areas above the floodplain as *Mixed Forest & Agriculture*. Staff determined through the analyses iterations that these (non-Tier 1) hill areas be left undesignated given the lack of priority for either forestry or agriculture. During Core 4 deliberations, the undesignated areas within this reserve were assimilated into surrounding rural reserves, with the exception of undesignated area around the city of Banks.

David Hill is buffered by Hillside Road to the north and Gales Creek Road to the south, effectively creating a forested island above the valley floor. Cedar Canyon Road separates the forested uses northwest of Banks from the agricultural uses on the valley floor.

Natural Landscape Feature Considerations Under Factor (3)

Factor (3)(a) is addressed under the *general comments* section in the rural reserves introduction.

The west fork of Dairy Creek and David Hill are the predominant natural landscape features in the reserve area. The David Hill area and much of the surrounding hill areas contain slopes too excessive for efficient and cost-effective urban development and are included as Tier 1 (forestry) lands for this reason alone. Residential development in the hill areas is limited and contiguous blocks of forest in varying age classes are not uncommon, providing a variety of habitat potential for wildlife. Feeder streams to the west fork tributaries originate in the surrounding hills and help to maintain water quality and quantity for Dairy Creek, a stream recognized by the Oregon Department of Fish and Wildlife as important for anadromous and resident fish.

David Hill is the highest hill in this reserve area and provides views from its summit north to the Tualatin Mountains and south to Yamhill County. The Dairy Creek floodplain covers both this reserve and Rural Reserve Area 8E (Dairy Creek) to the east and encompasses the largest contiguous agricultural area in the county. Both features serve to provide a sense of place. The floodplain further functions as a natural buffer from the urban uses south to Forest Grove.

Rural Reserve 8E: Dairy Creek

General Description: This area of approximately 19,182 acres consists of the relatively flat agricultural land located north of the city of Forest Grove to Highway 26. Highway 47 defines the western boundary and McKay Creek defines the east boundary. The east and west forks of Dairy Creek meet in the approximate center of the reserve to form the main stem of Dairy Creek, which flows southeast through the southern half of this reserve. Cornelius-Schefflin Road, Zion Church Road, Verboort Road, and Martin Road are classified as arterials in the county's Transportation Plan. The small communities of Verboort and Roy are located within this reserve. Urban Reserve Areas 7I (Cornelius North) and 7C (Cornelius East) are located at the southern edge of the reserve adjacent to Cornelius. Urban Reserve Area 8A (Hillsboro North) is located on the northeast boundary of this area. The area qualifies as a rural reserve through agricultural and natural landscape features factors.

Findings: Designation of Lands as Rural Reserves

Agricultural Considerations Under Factor (2)

Factor (2)(a) is addressed under the *general comments* section in the rural reserves introduction.

This reserve area continues to be a key agricultural sector of the county due to the contiguity of larger parcels in agricultural use, the proximity to perennial water from McKay Creek and the east and west forks of Dairy Creek, and the presence of high-value farm soils. Class II soils predominate in this reserve and relatively large areas of Class I soils occur between Zion Church Road and North Plains, west of Gordon Road, and the vicinity of Scotch Church and Glencoe Roads. The area benefits from being centrally located between the cities of Hillsboro, North Plains, Banks, Forest Grove and Cornelius relative to agricultural infrastructure such as seed and feed distribution, farm equipment repair, and transportation capacity. This area has been in long-term farm use and maintains the capability for long-term agricultural use.

Forestry Considerations Under Factor (2)

This area is recommended as a rural reserve given its agricultural importance and suitability under factor (3) below. Forest cover is limited in this reserve to the riparian corridors of Dairy Creek and McKay Creek.

Natural Landscape Feature Considerations Under Factor (3)

Factor (3)(a) is addressed under the *general comments* section in the rural reserves introduction.

The east and west forks of Dairy Creek meet in the approximate center of the reserve, creating a large floodplain area that serves important hydrologic and biological functions. Stormwater retention and release, water quality, and lower water temperatures are facilitated by limits on impervious surface area and its associated run-off. The creek and associated tributaries provide full life cycle habitat as migration corridors, rearing area for young, and feeding and resting areas for anadromous and native fish and amphibians. The east and west forks of Dairy Creek are the main cutthroat trout spawning and rearing areas within the Tualatin sub-basin. Species of concern found in the drainage include the northern red-legged frog and steelhead trout.

The entire reserve consists of flat to gently rolling topography that is almost exclusively in agricultural use. Views south into the reserve from Highway 26 provide a sense of place by connecting Metro area residents to close-in farmland identified through numerous public comment submittals as important elements in the regional identity.

Trails and parks are currently not found in this reserve area but adequate access to potential trail areas, such as along the riparian corridors, is available through the existing road network.

Rural Reserve 8F: Highway 26 North

General Description: Highway 26 (Sunset Highway) forms the southern boundary of this approximately 21,446-acre rural reserve. The north and west boundaries are defined by the edge of the study area and the east boundary is formed by Rock Creek. The area is characterized by several tributaries flowing south from the Tualatin Mountains, including Waibel, Storey, and

Holcomb Creeks. Sections of McKay Creek and the East Fork of Dairy Creek also flow through this reserve area. The topography of the area is characterized by the foothills of the Tualatin Mountains. Tributary ravines are common in the area, particularly in the eastern half. NW Cornelius Pass Road and NW West Union Road are designated arterials in the county's Transportation Plan; collector roads include NW Shady Brook, NW Jackson School, NW Helvetia, and NW Phillips Roads. Urban Reserve Area 8C (West Bethany) occurs as two small units located on the east boundary adjacent to the regional UGB. The area best qualifies as a rural reserve through agricultural and natural landscape features factors.

The community of Helvetia is located in this reserve.

Findings: Designation of Lands as Rural Reserves

Agricultural Considerations Under Factor (2)

Factor (2)(a) is addressed in the *general comments* section in the rural reserves introduction.

Land in existing agricultural use extends from the south reserve boundary north to the foothills of the Tualatin Mountains. The larger parcels, such as those located adjacent to Jackson School Road and Mountindale Road, are in agricultural use. Class II soils predominate north of West Union Road. Areas of Class I soils exist south of West Union Road in the vicinity of Jackson School road and on either side of Helvetia Road. Relatively large areas of Class I soil occur north of North Plains and Mountindale Road. Mountainous areas of the reserve tend to be Class III and IV soils. Water rights are concentrated along McKay and Dairy Creeks and intermittently along Waibel Creek and Rock Creek. Water rights are sporadic throughout the rest of the reserve. WashCo Rec. 3015. Residential and small farm use is typical in the foothills, where parcels are generally smaller than those on flatter terrain to the south. Availability of water was an important consideration in staff's analysis of agricultural lands given assumptions of climate change impacts and expected limitations to in-stream flow over the reserves timeframe.

The majority of this reserve ranked as Tier 2 and Tier 3 for rural reserve designation. Relative to other rural areas of the county, dwelling density and parcelization is high throughout much of the reserve, particularly in the Helvetia area. WashCo Rec. 3021-3022. Also, agricultural productivity ratings developed by applying the Huddleston methodology ranked considerably lower throughout this reserve than rural reserve areas in the Tualatin River floodplain and the Dairy Creek basin between Banks and Forest Grove. The most productive agricultural areas in the reserve are located northwest of North Plains in the Mountindale area. WashCo Rec. 3017.

Forestry Considerations Under Factor (2)

The majority of this reserve area is in agricultural use. Forested parcels and rural residential areas occur in the foothills of the Tualatin Mountains. The ODF inventory included several areas designated *Wildland Forest* at the northern edge of the study area, including north of the Highway 26/Highway 6 junction as well as areas at the county's east edge northeast of North Plains. All areas designated *Wildland Forest* in the ODF inventory had Tier 1 suitability in the county's forestry analysis. The foothills are typified by scattered woodlots and soils are potentially suitable for long-term forestry operations. Existing parcelization and dwelling density would likely limit larger commercial forestry operations.

Natural Landscape Feature Considerations Under Factor (3)

Factor (3)(a) is addressed under the *general comments* section in the rural reserves introduction.

Rock Creek, McKay Creek, and the East Fork of Dairy Creek flow through this reserve and several important tributaries - including Bledsoe Creek, Jackson Creek, and Holcomb Creek - originate in the Tualatin Mountain foothills. These streams are critical for enhancement of water quality and quantity necessary for resident and anadromous fish habitat. Downstream flow for agriculture is dependent on the tributary streams in this reserve. Relatively large floodplain areas exist in the Mountindale area north of Highway 26 and north of North Plains, providing a buffer between rural uses and the city.

Elevations over 350 feet were included as Tier 1 areas for rural reserves to address factor (3)(e) relative to a sense of place. Portions of the hills above this elevation were also included in Metro's Natural Features Inventory given their significance as headwaters to Rock Creek. Foothills to the Tualatin Mountains provide a natural buffer between agricultural uses closer to the Sunset Highway and the more intensive residential use further north. Access to recreation areas such as Forest Park and Sauvie Island in Multnomah County are provided through several roads that run north-south in this reserve. The Banks-to-Vernonia State Trail from Stub Stewart State Park to the city limits of Banks occurs in this reserve and is likewise unimpeded from recreational access.

IX. CONSISTENCY WITH REGIONAL AND STATE POLICIES

A. Regional Framework Plan

Policy 1.1: Urban Form (1.1.1(a); 2.3)

The determination of the amount of urban reserves needed to accommodate growth to the year 2060 was based upon the current focus of the 2040 Growth Concept on compact, mixed-use, pedestrian-friendly and transit-supportive communities and a new strategy of investment to use land more efficiently. The reserves decision assumes that residential and commercial development will occur in development patterns more compact than the current overall settlement pattern in the UGB. In addition, amendments made by the reserves decisions to Title 11 (Planning for New Urban Areas) of the Urban Growth Management Functional Plan place greater emphasis than the previous version of Title 11 on “great communities” that achieve levels of intensity that will support transit and other public facilities and services.

Policy 1.4: Economic Opportunity (1.4.1)

The four governments selected urban reserves with factor OAR 660-027-0050(2) (healthy economy) in mind. Rating potential urban reserves for suitability for industrial development, using staff maps and the *Business Coalition Constrained Land for Development and Employment Map* produced by Group McKenzie, resulted in designation of thousands of acres suitable for industrial and other employment uses as urban reserves. These reserves are distributed around the region to provide opportunities in all parts of the region.

Policy 1.6: Growth Management (1.6.1(a))

See finding for Policy 1.1.

Policy 1.7: Urban/Rural Transition

The four governments inventoried important natural landscape features outside the UGB and used those features to help make a clear transitions from urban to rural lands. The findings above explain how the governments applied the landscape features factors in OAR 660-027-0060(3) in designation of urban and rural reserves and demonstrate the use of natural and built features to define the extent of urban reserves.

Policy 1.11: Neighbor Cities

The four governments reached out to the non-Metro cities within the three counties and to Columbia, Yamhill and Marion counties and their cities to hear their concerns about designation of reserves near their boundaries. All expressed an interest in maintenance of separation between the metro urban area and their own communities. The four governments were careful not to designate urban reserves too close to any of these communities. As the findings above indicate, the counties consulted with “neighbor cities” within their borders about which lands near them should be left un designated so they have room to grow, and which lands to designate rural reserve to preserve separation. The city of Sandy asked Metro and Clackamas County to revise the three governments’ agreement to protect a green corridor along Hwy 26 between Gresham and Sandy. At the time of adoption of these decisions, the three governments agreed upon a set of principles to guide revision to the agreement to use reserves to protect the corridor.

Policy 1.12: Protection of Agriculture and Forest Resource Lands (1.12.1; 1.12.3; 1.12.4)

See section II of the findings for explanation of the designation of farmland as urban or rural reserves. Metro’s Ordinance No. 10-1238A revises Policy 1.12 to conform to the new approach to urban and rural reserves.

Policy 1.13 Participation of Citizens

See sections III and IX (Goal 1) of the findings for full discussion of the public involvement process. The findings for each county (sections VI, VII and VIII) discuss the individual efforts of the counties to involve the public in decision-making.

Policy 2.8: The Natural Environment

The four governments inventoried important natural landscape features outside the UGB and used the information to identify natural resources that should be protected from urbanization. The findings above explain how the governments applied the landscape features factors in OAR 660-027-0060(3) in designation of rural reserves for long-term protection of natural resources.

B. Statewide Planning Goals

Goal 1 - Citizen Involvement

The four governments developed an overall public involvement program and, pursuant to the Reserve Rule [OAR 660-027-0030(2)], submitted the program to the State Citizen Involvement

Advisory Committee (CIAC) for review. The CIAC endorsed the program. The four governments implemented the program over the next two and a half years. Each county and Metro adapted the program to fit its own public involvement policies and practices, described above. In all, the four governments carried out an extraordinary process of involvement that involved workshops, open houses, public hearings, advisory committee meeting open to the public and opportunities to comment at the governments' websites. These efforts fulfill the governments' responsibilities under Goal 1.

Goal 2 - Land Use Planning

There are two principal requirements in Goal 2: providing an adequate factual base for planning decisions and ensuring coordination with those affected by the planning decisions. The record submitted to LCDC contains an enormous body of information, some prepared by the four governments, some prepared by their advisory committees and some prepared by citizens and organizations that participated in the many opportunities for comment. These findings make reference to some of the materials. The information in the record provides an ample basis for the urban and rural reserve designated by the four governments.

The four governments coordinated their planning efforts with all affected general and limited purpose governments and districts and many profit and non-profit organizations in the region (and some beyond the region, such as Marion, Yamhill and Polk Counties and state agencies) and, as a result, received a great amount of comment from these governments. The governments responded in writing to these comments at several stages in the two and one-half year effort, contained in the record submitted to LCDC. See Attachment 2 to June 3, 2010, Staff Report, Metro Rec.___. These findings make an additional effort to respond to comments from partner governments (cities, districts, agencies) on particular areas. These efforts to notify, receive comment, accommodate and respond to comment fulfill the governments' responsibilities under Goal 2.

Goal 3 - Agricultural Lands

The designation of urban and rural reserves does not change or affect comprehensive plan designations or land regulations for lands subject to Goal 3. Designation of agricultural land as rural reserve protects the land from inclusion within an urban growth boundary and from re-designation as urban reserve for 50 years. Designation of agricultural land as urban reserve means the land may be added to a UGB over the next 50 years. Goal 3 will apply to the addition of urban reserves to a UGB. The designation of these urban and rural reserves is consistent with Goal 3.

Goal 4 - Forest Lands

The designation of urban and rural reserves does not change or affect comprehensive plan designations or land regulations for lands subject to Goal 4. Designation of forest land as rural reserve protects the land from inclusion within an urban growth boundary and from re-designation as urban reserve for 50 years. Designation of forest land as urban reserve means the

land may be added to a UGB over the next 50 years. Goal 4 will apply to the addition of urban reserves to a UGB. The designation of reserves is consistent with Goal 4.

Goal 5 - Natural Resources, Scenic and Historic Areas and Open Spaces

The designation of urban and rural reserves does not change or affect comprehensive plan designations or land regulations for lands inventoried and protected as Goal 5 resource lands. Designation of Goal 5 resources as rural reserve protects the land from inclusion within an urban growth boundary and from re-designation as urban reserve for 50 years. Designation of Goal 5 resources as urban reserve means the land may be added to a UGB over the next 50 years. Goal 5 will apply to the addition of urban reserves to a UGB. The designation of reserves is consistent with Goal 5.

Goal 6 - Air, Water and Land Resources Quality

The designation of urban and rural reserves does not change or affect comprehensive plan designations or land regulations intended to protect air, water or land resources quality. Nor does designation of reserves invoke state or federal air or water quality regulations. The designation of reserves is consistent with Goal 6.

Goal 7 - Areas Subject to Natural Hazards

The designation of urban and rural reserves does not change or affect comprehensive plan designations or land regulations intended to protect people or property from natural hazards. Nonetheless, the four governments consulted existing inventories of areas subject to flooding, landslides and earthquakes for purposes of determining their suitability for urbanization or for designation as rural reserve as important natural landscape features. This information guided the reserves designations, as indicated in the findings for particular reserves, and supported designation of some areas as rural reserves. Goal 7 will apply to future decisions to include any urban reserves in the UGB. The designation of reserves is consistent with Goal 7.

Goal 8 - Recreational Needs

The designation of urban and rural reserves does not change or affect comprehensive plan designations or land regulations intended to satisfy recreational needs. The designation of reserves is consistent with Goal 8.

Goal 9 - Economic Development

The designation of urban and rural reserves does not change or affect comprehensive plan designations or land regulations for lands subject to Goal 9. All urban and rural reserves lie outside the UGB. No land planned and zoned for rural employment was designated rural reserve. Designation of land as urban reserve helps achieve the objectives of Goal 9. Much urban reserve is suitable for industrial and other employment uses; designation of land suitable

for employment as urban reserve increases the likelihood that it will become available for employment uses over time. The designation of reserves is consistent with Goal 9.

Goal 10 - Housing

All urban and rural reserves lie outside the UGB. No land planned and zoned to provide needed housing was designated urban or rural reserve. The designation of urban and rural reserves does not change or affect comprehensive plan designations or land regulations and does not remove or limit opportunities for housing. The designation of reserves is consistent with Goal 10.

Goal 11 - Public Facilities and Services

The designation of urban and rural reserves does not change or affect comprehensive plan designations or land regulations and does not place any limitations on the provision of rural facilities and services. The four governments assessed the feasibility of providing urban facilities and services to lands under consideration for designation as urban reserve. This assessment guided the designations and increases the likelihood that urban reserves added to the UGB can be provided with urban facilities and services efficiently and cost-effectively. The designation of reserves is consistent with Goal 11.

Goal 12 - Transportation

The designation of urban and rural reserves does not change or affect comprehensive plan designations or land regulations and does not place any limitations on the provision of rural transportation facilities or improvements. The four governments assessed the feasibility of providing urban transportation facilities to lands under consideration for designation as urban reserve, with assistance from the Oregon Department of Transportation. This assessment guided the designations and increases the likelihood that urban reserves added to the UGB can be provided with urban transportation facilities efficiently and cost-effectively. The designation of reserves is consistent with Goal 12.

Goal 13 - Energy Conservation

The designation of urban and rural reserves does not change or affect comprehensive plan designations or land regulations and has no effect on energy conservation. The designation of reserves is consistent with Goal 13.

Goal 14 - Urbanization

The designation of urban and rural reserves directly influences future expansion of UGBs, but does not add any land to a UGB or urbanize any land. Goal 14 will apply to future decisions to add urban reserves to the regional UGB. The designation of urban and rural reserves is consistent with Goal 14.

Goal 15 - Willamette River Greenway

No land subject to county regulations to protect the Willamette River Greenway was designated urban reserve. The designation of urban and rural reserves is consistent with Goal 15.

WILSONVILLE

AREA CHAMBER OF COMMERCE

A South Metro Business Advocate

April 8, 2011

Honorable Suzanne Bonamici, Chair
Senate Committee on Redistricting
900 Court Street, NE
Salem, OR 97301

Honorable Chris Garrett, Co-Chair
House Committee on Redistricting
900 Court Street, NE
Salem, OR 97301

Honorable Shawn Lindsay, Co-Chair
House Committee on Redistricting
900 Court Street, NE
Salem, OR 97301

RE: Legislative Redistricting

Dear Chairs:

The Board of Directors of the Wilsonville Chamber of Commerce would like to provide information for your deliberations to establish new boundaries for congressional and state legislative districts in the southern part of the greater Portland metropolitan area. Our Chamber represents nearly 400 businesses operating in the south metro region. These businesses employ approximately 12,000 people.

The City of Wilsonville's 2000 decennial census population of 13,991 persons increased in 2010 to 19,509 persons, a gain of 39.5 percent. This substantial population gain clearly shows the City of Wilsonville is near the top of any list showing the fastest growing cities in Oregon. Growth projections indicate the City of Wilsonville's population should double in size during the next 20-years.

The Chamber requests this Committee continue recognizing the City of Wilsonville as a unified community of interest as did the Secretary of State and the Oregon Supreme Court following the 2000 decennial census. The Wilsonville community needs strong legislative presence in the Oregon Legislative Assembly to support the legislative needs of the Wilsonville community as the city continues to grow rapidly. The Chamber feels the strength of this presence is strongest with representation by one Senator and one Representative for all of the City of Wilsonville, the 28th largest city in Oregon.

The City of Wilsonville is currently in Congressional District 5, State Senate District 13 and State Representative District 26. We are aware Congressional District 5 is 1.18 percent below the exact population for an Oregon Congressional District. The Chamber requests the City of Wilsonville remain entirely within Congressional District 5.

The Chamber also is aware that state legislative districts representing the City of Wilsonville are substantially above the desired population for state Senate and Representative districts based on the 2010 decennial census. In fact, it appears these legislative districts could be at the top of all of the state's legislative districts with

substantial population gains in excess of the desired population for these districts. This did not come as a surprise to our Chamber given the population projections for our community for the next 20-years.

The City of Wilsonville has two geographical boundaries: Interstate 5 dividing the city's citizens living east and west of I-5; and, the Willamette River separating another segment of the city's citizens living in the southern part of the City. Each of these three population clusters contain a significant number of the city's citizens: 52-percent of the City's population live east of I-5; 29-percent of the City's population live west of I-5; and, 19-percent of the City's population live south of the Willamette River.

Significant population growth in the city during the next several years will occur in the city's new planned development west of I-5 – Villebois Urban Village. This project is projected to add a total of 2,500 residential dwelling units to the City's housing inventory. Currently 800 residential dwelling units have been constructed and sold. Notwithstanding the current economic situation, there are a number of residential units under construction at this time.

Transportation needs dictate the City of Wilsonville join to the west of its boundary with the Cities of Tualatin and Sherwood in an active partnership to resolve south metro region's transportation needs impacting each community. This partnership is of paramount importance since the City of Wilsonville is physically constrained to its south by the Willamette River at the heavily used Boones Bridge. As an aside, the number of vehicles using the Boones Bridge in nearly the same as the number of vehicles using the I-5 bridge crossing the Columbia River.

The importance of this relationship for resolving transportation issues was never clearer than during a recently completed three-year community outreach project to identify how to connect 99W with I-5. This project was intended to develop a solution for improving the west-east flow of commercial vehicles between the cities of Sherwood and Tualatin to enable economic development in the City of Sherwood as well as on the 1,000 acres of regionally significant industrial land added inside the metro Urban Growth Boundary adjacent to the current southern boundary of the City of Tualatin and the northwest boundary of the City of Wilsonville.

Sincerely,



Scott Philips, President
Wilsonville Chamber of Commerce

cc: Honorable Tim Knapp, Mayor, City of Wilsonville and
Members of City of Wilsonville City Council
Honorable Barbara Roberts, Metro Councilor, District 6 and
Lead Councilor of Metro Redistricting Committee
Honorable Carl Hosticka, Metro Councilor, District 3

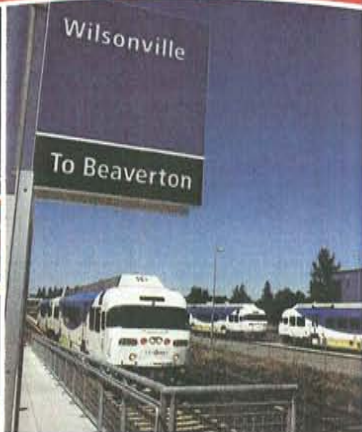
WILSONVILLE

AREA CHAMBER OF COMMERCE

A South Metro Business Advocate



2011 Street & Area Map



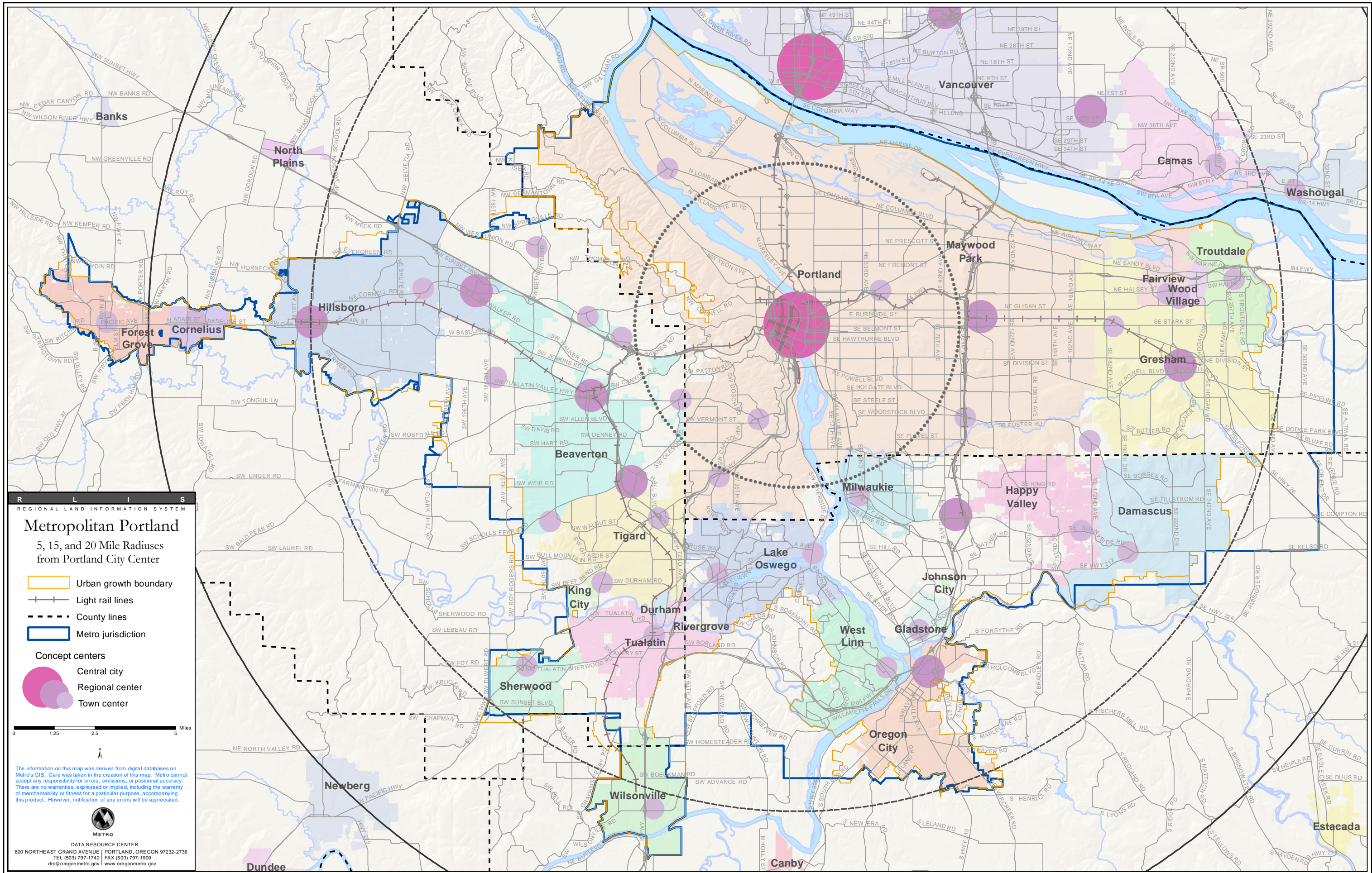
Visitor Center 503-682-3314
Toll-Free Information 800-647-3843
Chamber Office 503-682-0411

Town Center Park, 29600 SW Park Place

I-5 Exit 283 - follow signs to Visitor Center/Oregon Korean War Memorial

PO Box 3737, Wilsonville, Oregon 97070

www.WilsonvilleChamber.com



In an effort to be sustainable and conserve resources, we invite you to view Metro's full FY 2011-12 Proposed Budget at:

<http://www.oregonmetro.gov/budget>

Select the "Budgets" link on the right and click on "proposed budget" from the right side of the screen.

If you find you need a full printed copy, contact Sarah Grover at 503.797.1616 or at sarah.grover@oregonmetro.gov

FY 2011-12 Proposed Budget

by the numbers

	FY 11-12 Budget	FY 10-11 Budget	% Change
Total Budget <i>(all resources and requirements)</i>	\$389 million	\$431 million	(9.7%)
Current Revenues	230 million	255 million	(9.8)
Current Expenditures	324 million	358 million	(9.5)
Wages and benefits	79.1 million	77.0 million	2.7
Full-Time positions	750 positions	757 positions	(7 positions)
General Fund			
Total	\$108 million	\$105 million	2.9%
Current revenues	83 million	78 million	6.4
Current Expenditures	93 million	91 million	2.2
Enterprise revenues			
Enterprise revenues <i>(excluding Risk management)</i>	\$111 million	\$109 million	1.8%
Solid Waste	57 million	56 million	1.8
Venues			
Oregon Zoo	19 million	19 million	-
MERC	30 million	30 million	-
Property Taxes			
Permanent Operating Rate <i>(per thousand)</i>	9.66¢	9.66¢	- %
Debt service <i>(per thousand)</i>	22.0¢	31.5¢	(30.2)
Average homeowner <i>(\$150,000 assessed value)</i> <i>(\$220,000 market value)</i>	\$48	\$62	(22.6)



April 7, 2011

FY 2011-12 Council Budget Review*(REVISED as of March 23, 2011)*

Thursday April 7, 2011 3:30 p.m. (60 minutes)	COUNCIL MEETING (<i>Public Hearing on budget</i>) Chief Operating Officer acting as Budget Officer presents Proposed Budget and Budget Message to the Metro Council acting as Budget Committee <i>1st reading of Ordinance 11-1253</i>
Thursday (after Council mtg) April 14, 2011 2:30 p.m. (120 minutes)	BUDGET WORK SESSION Presentations on proposed budget
Tuesday April 19, 2011 2:00 p.m. (120 minutes)	BUDGET WORK SESSION Presentations on proposed budget
Thursday April 21, 2011 2:00 p.m.	COUNCIL MEETING (<i>Public Hearing on budget</i>) Additional opportunity for public comment <i>1st reading of Ordinance 11-1253</i>
Tuesday April 26, 2011 2:00 p.m. (120 minutes)	BUDGET WORK SESSION Discussion of Councilor amendments (without management response)
Tuesday May 3, 2011 1:00 p.m. (90 minutes)	BUDGET WORK SESSION Further discussion of Council amendments Discussion of management response to amendments Review of department technical and substantive amendments
Thursday May 5, 2011 2:00 p.m. (TBD)	COUNCIL MEETING (<i>Public Hearing on budget, rates, excise tax</i>) Final vote on amendments to proposed budget Approval of resolution setting tax rates and transmitting budget to TSCC <i>Additional reading/amendments to ordinance 11-1253</i> <i>Approval of resolution 11-xxxx</i>
Thursday June 9, 2011 12:30 – 1:30	TSCC Public Hearing Metro Regional Center Council Annex <i>(tentatively scheduled with TSCC)</i>
Tuesday June 14, 2011 2:00 p.m. (30 minutes)	COUNCIL WORK SESSION Metro Council Chamber Review and discussions of final amendments
Thursday June 16, 2011 2:00 p.m. (TBD)	COUNCIL MEETING: (<i>Public Hearing on budget</i>) Metro Council Chamber Consideration and vote on final amendments to budget <i>Additional reading/amendments to ordinance 11-1253</i>
Thursday, June 23, 2011 2:00 p.m. (TBD)	COUNCIL MEETING: (<i>Public Hearing on budget</i>) Metro Council Chamber Adoption of budget <i>Final reading/adoption of ordinance 11-1253</i>

Note: Additional budget work sessions may be added during April at the Council President's discretion

www.oregonmetro.gov

600 NE Grand Ave.
Portland, Oregon
97232-2736

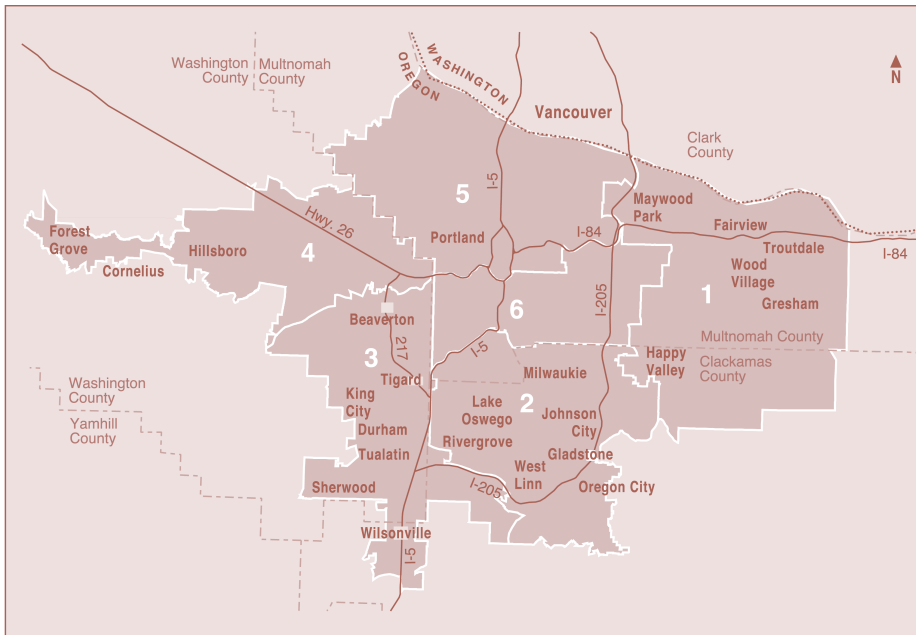
2011-12

PROPOSED BUDGET

Summary



Metro | *Making a great place*



Your Metro representatives

Council President

Tom Hughes

503-797-1889

District 1

Shirley Craddick

503-797-1547

District 2

Carlotta Collette

503-797-1887

District 3

Carl Hosticka

503-797-1549

District 4

Kathryn Harrington

503-797-1553

District 5

Rex Burkholder

503-797-1546

District 6

Barbara Roberts

503-797-1552

Auditor

Suzanne Flynn, CIA

503-797-1891

Metro

Making a great place

Clean air and clean water do not stop at city limits or county lines. Neither does the need for jobs, a thriving economy and good transportation choices for people and businesses in our region. Voters have asked Metro to help with the challenges that cross those lines and affect the 25 cities and three counties in the Portland metropolitan area.

A regional approach simply makes sense when it comes to protecting open space, caring for parks, planning for the best use of land, managing garbage disposal and increasing recycling. Metro oversees world-class facilities such as the Oregon Zoo, which contributes to conservation and education, and the Oregon Convention Center, which benefits the region's economy.

2011-12

PROPOSED BUDGET – SUMMARY

Printed on recycled paper.

Proposed Budget Fiscal Year 2011-12

Prepared by

Finance and Regulatory Services

Margo Norton, Director

Financial Planning

Kathy Rutkowski, Budget Coordinator

Karen Feher, Capital Budget Coordinator

Ann Wawrukiewicz, Budget Analyst

Sarah Grover, Document design, layout and production

Council Office

Michael Jordan, Scott Robinson, Reed Wagner

Office of the Auditor

Suzanne Flynn

Office of Metro Attorney

Dan Cooper, Alison Kean Campbell

Visitor Venues

Teri Dresler

MERC Venues

Jeff Blosser, Chris Bailey, Robyn Williams, Cynthia Hill

The Oregon Zoo

Kim Smith, Joanne Ossanna, Patty Mueggler

Parks and Environmental Services

Paul Slyman, Brian Kennedy, Maria Roberts

Planning and Development

Robin McArthur, Diane Arakaki, Sherrie Blackledge

Research Center

Michael Hoglund, Diane Arakaki, Sherrie Blackledge

Sustainability Center

Jim Desmond, Brian Kennedy, Maria Roberts

Communications

Jim Middaugh

Human Resources

Mary Rowe

Information Services

Rachel Coe



FY 2011-12 Proposed Budget

A. BUDGET MESSAGE

User's guide	A-7
Chief Operating Officer's Budget Message	A-9

B. BUDGET SUMMARY

Budget summary	B-2
Where the money comes from	B-4
Where the money goes	B-8
Fund balances	B-12
Salaries, wages and benefits	B-14
Staff levels	B-16

C. ORGANIZATIONAL SUMMARY

Organizational Summary	C-2
Metro Council	C-5
Metro Auditor	C-9
Office of Metro Attorney	C-13
Visitor Venues	C-17
Oregon Convention Center	C-23
Portland Center for Performing Arts	C-27
Portland Expo Center	C-31
MERC Administration	C-33
Oregon Zoo	C-35
Parks and Environmental Services	C-39
Planning and Development	C-45
Research Center	C-55
Sustainability Center	C-61
Communications	C-69
Finance and Regulatory Services	C-75
Human Resources	C-81
Information Services	C-87
General expense summary	C-93



D. FUND SUMMARIES

Summary of all funds	D-2
General Fund	D-5
General Obligation Bond Debt Service Fund	D-13
General Renewal and Replacement Fund	D-17
General Revenue Bond Fund	D-23
Metro Capital Fund	D-29
Metropolitan Exposition Recreation Commission Fund	D-35
Natural Areas Fund	D-41
Open Spaces Fund	D-47
Oregon Zoo Infrastructure and Animal Welfare Bond Fund	D-51
Pioneer Cemetery Perpetual Care Fund	D-55
Rehabilitation and Enhancement Fund	D-59
Risk Management Fund	D-65
Smith and Bybee Wetlands Fund	D-71
Solid Waste Revenue Fund	D-75

E. CAPITAL IMPROVEMENT PLAN

Acknowledgments	E-2
User's guide and calendar	E-3
Overview	E-5
Organizational unit summary and analysis	E-11
Finance and Regulatory Services	E-13
Information Services	E-17
Visitor Venues	E-21
Parks and Environmental Services	E-31
Research Center	E-35
Sustainability Center	E-39
List of unfunded projects	E-43
Current project status report	E-44
Capital Asset Management Policies	E-46

F. DEBT SUMMARY

Debt summary	F-3
Summary of planned debt	F-4
Outstanding debt issues	F-5
Debt ratios	F-6
Debt limitation comparison	F-6
Debt service payments	F-8
Debt schedules	
Oregon Convention Center, 2001 Series A	F-11
Open Spaces, Parks and Streams, 2002 Series	F-12
Metro Washington Park Zoo Oregon Project, 2005 Series	F-13
Natural Areas Program, 2007 Series	F-14
Oregon Zoo Infrastructure and Animal Welfare, 2010 Series	F-15
Full Faith and Credit Refunding Bonds, 2003 Series	F-16
Full Faith and Credit Refunding Bonds, 2006 Series	F-17
Limited Tax Pension Obligation Bonds, 2005 Series	F-18



G. APPENDICES

Schedule of appropriations	G-3
Property tax levy	G-7
FY 2011-12 budget transfers	G-8
Excise tax	G-11
Limited duration positions	G-12
Charter limitation on expenditures	G-15
Fringe benefit calculation	G-16
Glossary	G-19





This guide is intended to assist readers in finding information in the three volumes of the Metro FY 2011-12 Proposed Budget. Information generally is grouped according to the sections identified by tabs or colored dividers in the budget document. In addition, Metro's budget and other financial information are available online at www.oregonmetro.gov.

SUMMARY (VOLUME 1)

The summary presents the entire Metro budget and general information pertinent to the development of the budget.

Budget message

By law the budget message is given at the time the budget is proposed and identifies any significant changes from one year to the next. The Metro Chief Operating Officer serves as Metro's Budget Officer.

Budget summary

This section provides a comprehensive summary of the detailed information contained in the three budget volumes: Summary, Line Item Detail and Program Budget. It provides information on revenues and expenditures, including trends and fund balances, and summarizes staffing changes in the organization.

Organizational summary

The organizational summary presents Metro's appropriations units as required by Oregon budget law. In FY 2009-10 centers and services replaced former departments under the Sustainable Metro Initiative, Metro's strategy to align programs and services more effectively and efficiently. In FY 2011-12 Metro presents Visitor Venues as an organizational unit for the first time. Centers and services may be budgeted in one fund only or in several funds, but always by appropriations unit. This section discusses the purpose, organization and accomplishments related to the prior year's objectives. It identifies service level changes in the proposed budget and the new objectives for the upcoming budget year. It also connects specific programs to the program budget volume.

Fund summaries

This section presents summary financial information and analysis for each of Metro's 14 funds, the legal units by which the budget is appropriated. For example the Solid Waste Revenue Fund contains all revenues, other financial resources and expenditures necessary for the operation and maintenance of the region's solid waste disposal and recycling system. This ensures that revenues generated by the solid waste system are used to support that system.

Capital Improvement Plan

Metro's capital budget for fiscal years 2011-12 through 2015-16 is included in the FY 2011-12 budget document. The capital improvement plan is divided into the following sections: Overview, Project Summaries and Analysis, Lists of Unfunded Projects, Current Projects Status Reports and Capital Asset Management Policies.

Debt summary

Information about Metro's current debt position and future debt obligations is provided here. This section also provides information on Metro's debt capacity and the debt service for existing revenue bonds, general obligation bonds, capital leases and other debt.

Appendices

The appendices include several related documents that are legally required to be included with Metro's budget document or that provide additional policy background information. These appendices include the FY 2011-12 schedule of appropriations, calculations for property and excise taxes and fringe benefits, budget transfers, limited duration positions, charter of limitations on expenditures and a glossary of technical terms and acronyms used throughout all three documents.

LINE ITEM DETAIL (VOLUME 2)

The line item detail contains technical information used by Metro managers to manage their programs. This detail includes current as well as historical line item revenues and line item expenditures required by law.

The section also provides line item detail of resources and requirements for each fund. The line item detail is the breakdown of revenues and expenditures which comprise Metro's budget.

PROGRAM BUDGET (VOLUME 3)

The FY 2011-12 program budget is organized by the four Metro goals: Great Communities, Healthy Environment, Regional Services and Responsible Operations. Each budget program begins with a visual map showing the main operational area and key projects or activities within the program.

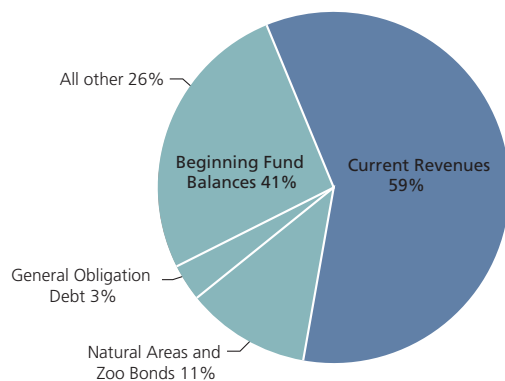
As presented on April 7, 2011

To the Metro Council, citizens and regional partners and valued employees:

We are pleased to present Metro's Fiscal Year 2011-12 proposed budget. This is the final budget I have prepared, and it will be presented by Dan Cooper, now the acting Chief Operating Officer and Budget Officer. Our challenge this year goes beyond balancing the budget. It sets Metro on a 5-year path to preserve its financial sustainability, to provide the highest public service, to deliver on the promises made to voters and to invest in the region's future. This is the essence of Metro's mission, to preserve and enhance the quality of life and the environment for ourselves and future generations.

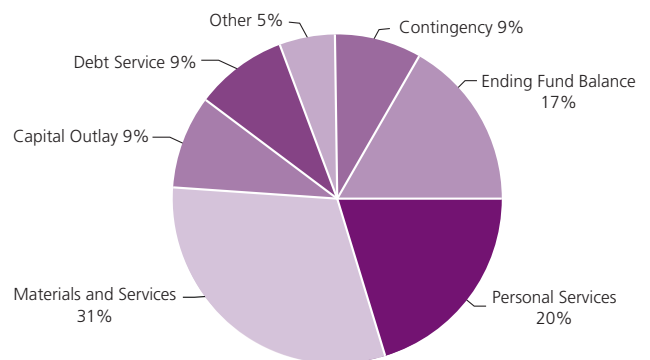
Chief Operating Officer's Budget Message

FY 2011-12 Resources



Total resources \$389.4 million

FY 2011-12 Requirements



Total requirements \$389.4 million

By law Metro must present a balanced budget. The legal budget, accounting for all resources and all requirements, tops \$389 million, a drop of almost 10 percent. At the operating level we anticipate annual revenues of \$230 million and planned expenditures of \$291 million without contingency, also a decline of about 10 percent. The difference between annual revenues and expenditures is use of fund balance. In all instances the spending of fund balance is intentional, from acquiring and protecting more natural areas to moving forward on construction to improve both the animal welfare and the environmental footprint at the zoo. Delivering on the bond promises is a key priority in this budget. Preserving and maintaining public assets entrusted to Metro through strategic one-time capital expenditures is vital for our visitor venues and sustainability goals. And finally, Metro has chosen to invest in the future of the region through collaborative, multi-year projects aimed directly toward achieving the Council's desired outcomes.

Metro employs just fewer than 750 regular, year-round staff and as many as 1,500 agency employees during the busy season. Labor costs exceed \$79 million, an increase of 2.74 percent over last year despite a net reduction in seven full-time positions. Health care and pension costs are the significant drivers of the increase in personal services. Debt service payments are reduced by \$6.7 million as balances are paid down. While the majority of capital spending continues to be for land acquisition (\$21 million), an additional \$15 million in capital projects provides good jobs in the local economy.

Six desired outcomes

Seeing the budget as an essential investment strategy

This year the Metro Council has engaged regional leaders in significant conversation about the future of the region. The lingering economic downturn has renewed a sense that collaboration and partnerships are essential to regional progress and prosperity. The Council amended the Regional Framework Plan to include six characteristics of a successful region:

- *Vibrant communities* People live, work and play in vibrant communities where their everyday needs are easily accessible.
- *Economic Prosperity* Current and future residents benefit from the region's sustained economic competitiveness and prosperity.
- *Safe and reliable transportation* People have safe and reliable transportation choices that enhance their quality of life.
- *Leadership on climate change* The region is a leader in minimizing contributions to global warming.
- *Clean air and water* Current and future generations enjoy clean air, clean water and healthy ecosystems.
- *Equity* The benefits and burdens of growth and change are distributed equitably.

The FY 2011-12 budget is an essential strategy for achieving these outcomes.

Paying attention to core services

In order to move forward with key investments for the future, Metro must deliver its core services with excellence and efficiency. The Visitor Venues – Oregon Convention Center, Portland Expo Center, the Portland Center for the Performing Arts and the Oregon Zoo, – greet 3.5 million guests annually, a high proportion of regional citizens among them. Add to them the visitors to our public parks, users of the regional solid waste system, community gardeners and paint purchasers, and Metro has 5 million opportunities each year to demonstrate how we operate. To engage the region in our future vision requires that we make the most of each opportunity. In FY 2011-12 we invest \$160 million or 55 percent, more than half of the operating budget, in meeting this daily, operational requirement.

To deliver on the bond promises for Natural Areas acquisition and protection as well as leveraging local projects through local share and capital grants, we will spend \$38 million. Planning, pre-construction and construction activities for infrastructure and animal welfare at the zoo, approved by voters in 2008, will add another \$7.4 million. Capital spending to maintain and refresh our convention and arts facilities, our parks and our buildings adds an additional \$7.3 million investment. Capital spending and capital maintenance account for 16 percent of the operating expenditures, or \$52 million.

Supporting these core services requires an internal structure of transparency, accountability, public review and an efficient engine room. Without this structure Metro cannot deliver on the core services and support investments for the future. Metro's internal structure, from governance to management to business processes, is an efficient 9.5 percent of the budget.

To pay attention to these core services and deliver on the bond promises commits 80 percent of the annual operating expenditures.

Key initiatives

If the direct public service programs, supported by the agency structure, are the daily essence of Metro, the key initiatives are the future. Under the Council's leadership Metro is directing and driving its land use and transportation programs straight at the regional outcomes.

- Integrated corridor planning, the integration of land use and transportation plans for mobility corridors, will stimulate community and economic development.
- The Research Center has developed a Greenhouse Gas Emissions Analysis Toolkit for use in evaluating policy choices and public investments for their effectiveness in reducing greenhouse gases. This and other analytic tools will support land use and transportation planning for climate smart communities.
- The Community Investment Strategy is focused on the 2040 vision of thriving centers and effective corridors. Working as regional partners, public and private, a Community Investment Initiative Leadership Council will craft an integrated federal, state, regional and local investment strategy to close the gap between the region's needs and financial resources.
- A regional parks system planning effort, pairing internal, cross-functional programs and supported by the Community Investment Strategy, will be key to addressing the long-term operational costs of the more than 11,000 acres of natural lands acquired for the region.
- The future of the regional solid waste system must consider new technologies, more active management of what is in the waste stream and greater product stewardship to prevent materials from entering the waste stream. This future will also require Metro to examine the intensifying tension between its environmental sustainability and its financial sustainability.

Strategies for balancing the budget – for the long term

Our goal in preparing the FY 2011-12 budget is to plan for the future. Among the lessons of the economic downturn which began in 2007, Metro has seen the value of its disciplined financial policies, its strategic use of fund balance to support multi-year initiatives and its willingness to make difficult choices and take another approach. The FY 2011-12 budget continues this direction, choosing to shift resources toward key initiatives, making some hard choices to refocus current efforts and even increasing some spending now in order avoid higher costs in the future.

Oregon budget law directs the budget officer to highlight significant changes in the proposed budget. The changes reflect Metro's strategy to ride out the downturn without damaging core services and losing momentum. As our region prepares to emerge from the downturn, Metro must maintain focus, care for its public structures, operate with transparency and accountability and continue to anticipate and meet the needs of the region's future.

Labor costs

The most significant budget assumptions are related to labor costs. These assumptions are applied consistently across all programs with differences between and among individual bargaining units and non-represented employee groups. The largest bargaining unit, American Federation of State, County, and Municipal Employees (AFSCME) is currently engaged in bargaining; the current contract expires on June 30, 2011.

In FY 2011-12 Metro's employer rates for Public Employees Retirement System (PERS) will increase from an average of 3 percent to an average of 8.2 percent. Metro has been preparing for this expected increase and will use a portion of its PERS reserves, accumulated over the last five years, to ease this transition. Operating units will no longer contribute 3 percent to a reserve for future rates, and the accumulated reserves will be used to make the annual debt service for the limited tax obligation bonds, an annual obligation of about \$1.5 million. Accumulated reserves will fund this debt service payment for as many as five years and will position Metro for the next PERS rate period which will begin on July 1, 2013. Beginning July 1, new non-represented employees will be responsible for the 6 percent employee contribution.

KEY INITIATIVES:

Corridors

Climate Change

Community

Investment Strategy

Regional Parks

Funding

Solid Waste Road Map

More than 20 bills affecting PERS have been introduced at the 2011 legislative session. Depending on the outcome, additional PERS changes may be in Metro's future.

Benefit-eligible employees have been paying a portion of their health benefit costs for a number of years. Recent collectively bargained agreements have designated a specific 94 percent/6 percent cost sharing. Beginning July 1 non-represented employees will move to a 92 percent/8 percent sharing. A cost sharing approach may give additional incentive to benefit plan design changes that reduce costs for both Metro and its employees.

Salary increases for non-represented employees will be limited to an average of 1 percent, applied progressively and paid out as a lump sum. Employees at the lowest salary levels may be eligible for as much as 2.5 percent, while employees at the highest end of the salary plan will be limited to no more than 0.25 percent. Other cost-of-living adjustments will follow collective bargaining agreements.

The proposed budget also includes the following service level changes:

Metro Council

The Metro Council budget includes the Council, the Office of the Chief Operating Officer, Government Affairs and Policy Development and the Community Investment Strategy, the signature initiative of the agency. The proposed budget eliminates the special appropriation for federal lobbying until a formal plan is developed and discontinues a position previously loaned to the Oregon Department of Transportation for the Columbia River Crossing. Individual Councilor budgets remain at \$3,000 annually. In FY 2011-12 the Council will appoint a new Chief Operating Officer, following the departure of Michael Jordan in spring 2011. The Metro Attorney will serve as acting COO until a successor is named later in the year.

The Community Investment Strategy will serve as the focus for many of Metro's top priorities, carrying the vision of thriving centers and effective corridors, supporting and moving forward regional funding for parks and trails and steering Metro's internal and external climate and sustainability objectives.

Office of Metro Auditor

Metro's elected Auditor operates independently and is a link between the public and Metro. The Office of the Metro Auditor conducts performance auditing and oversees the financial auditing of the agency. The Auditor assesses how well Metro services and activities are performing, ensuring accountability and transparency. There are no service level changes for FY 2011-12.

Office of Metro Attorney

In addition to its continuing due diligence responsibilities for the Natural Areas acquisitions, the Office of Metro Attorney is a primary advisor to the Oregon Zoo for the master planning, land use and development approvals for the new bond measure. OMA also provides review and advice to the Metro Council to support its land use and transportation decisions. The Metro Attorney is currently serving as the interim Chief Operating Officer; the Deputy Metro Attorney is serving as the interim Metro Attorney. There are no other service level changes for FY 2011-12.

Visitor Venues

The FY 2011-12 budget presents the Visitor Venues together, unifying the Oregon Convention Center, the Portland Center for Performing Arts, the Portland Expo Center and the Oregon Zoo. A General Manager of Visitor Venues oversees all four venues and reports to Metro's Chief Operating Officer.

Organizationally the Visitor Venues represent 35 percent of the annual operating revenues and 45 percent of the agency's payroll.

The Oregon Zoo will be implementing a new agreement with The Oregon Zoo Foundation to recognize the respective roles and the financial costs related to member admissions, member services and major fundraising campaigns. While the zoo and the foundation provide the majority of support to the zoo's operations, the General Fund funds about 28 percent of the zoo's operating costs. The zoo is considering a fee increase to be implemented later in FY 2011-12.

The Portland Expo Center is completely self-supporting, including the use of annual operating revenues to meet debt service payments for the Exhibit Hall D renovation. The Oregon Convention Center depends on transient lodging tax for 36 percent of its operating revenues; Portland Center for Performing Arts receives a smaller share of transient lodging tax as well as support from the City of Portland, owner of the facilities. Transient lodging tax receipts have begun to recover from the economic slump of the past two years; receipts are expected to be 5 percent higher in the coming year.

The Metro and MERC business services began its merger in FY 2010-11. The FY 2011-12 budget recognizes this steady progression, transferring a number of staff positions to agencywide services resulting in individual cost savings to MERC and to the agency as a whole. Transitions have occurred in Information Services, Human Resources, procurement (FRS) and construction management (PES).

Oregon Convention Center

The Oregon Convention Center will complete construction and begin startup of both the Community Café on the Metro Plaza and the new Convention Center Plaza located across from OCC on Martin Luther King Jr. Boulevard. The business strategy is to focus on customer service and retaining repeat clients. Currently 30 national or regional conventions are booked for FY 2011-12, a decrease of seven.

Portland Center for the Performing Arts

The number of Broadway series' weeks affects every budget year at PCPA. For FY 2011-12 the series is scheduled for 12.5 weeks compared to 13 weeks in FY 2010-11 and nine weeks in FY 2009-10. Broadway and commercial rental rates will increase by 3 percent; user fees for resident tenants will increase by 50 cents per ticket, an increase deferred from last year. A part-time marketing position is increased to full-time with emphasis on enhancing sales and marketing through the website. Exterior renovations at the Arlene Schnitzer Concert Hall will be completed.

Portland Expo Center

The Expo Center has completed its Conditional Use Master Plan and expects its approval in FY 2011-12. Individual space (exhibit hall/meeting room) rental rates will increase by approximately 3 percent, and combined exhibit hall rental fees are proposed to increase by approximately 6 percent. No other service changes are expected.

Oregon Zoo

Guests continue to visit the Oregon Zoo in record numbers, and guest spending is beginning to recover to prerecession levels. A catering position is restored, and a number of new food cart options will be introduced to guests; three premium concerts will be added to the summer lineup. The marketing division is restructured, converting several temporary positions into a permanent position and adding a web content and social media position.

The conservation surcharge continues to support internal conservation programs, and a new education manager position will energize a cross-functional approach to delivering all Metro's education programs. The Sustainable Metro Initiative in 2008 identified the need to consolidate all conservation education at Metro. A proposed plan for consolidating the human and financial resources of education staff at both the Sustainability Center and the Oregon Zoo begins in this budget. The overall vision is to create a regionwide program that creates environmental stewardship in our community through classes, camps, school curriculum and youth leadership programming. By combining the staffs from the Resource Conservation and Recycling programs in the Sustainability Center, zoo and community programs given by parks' naturalists, a framework will be created to provide real behavior change by centering programming at the zoo, which already has an audience of over 1.6 million people and an award-winning youth program. A common classification for educators across all programs is underway. In FY 2011-12 we will undertake a one-to-two year transition to create a unified set of curricula that serves K-12 children in a variety of programs designed to increase environmental awareness and future consumer behaviors and lifestyles. This transition will be led by the Sustainability Center and the Oregon Zoo with staff eventually reporting to the zoo management team, dovetailing with the planning and eventual opening of the new conservation education facility, an important zoo bond project. The new education manager will be responsible for meeting specific benchmarks to achieve the integration and vision during the transition period.

The Veterinary Medical Center will be completed in FY 2011-12. The master plan project will also be completed, producing refined individual project scopes, sequencing and budget estimates. The bond program continues to purchase public engagement support from Metro's communications group. As construction projects proceed, the zoo will encounter more operating challenges, including guest circulation, train circulation and disruption of animals on exhibit. Special temporary exhibits and well-timed openings will be key to maintaining a positive guest experience.

Parks and Environmental Services

Parks and Environmental Services operates Metro's parks facilities, including pioneer cemeteries, the Metro Regional Center building and its associated services, and solid waste facilities. At the Metro Regional Center parking fees will be increased to generate additional revenue to support recent upgrades and maintenance. A cemetery fee proposal will be made when the business plan is completed. PES will implement a Project Management Office for major construction projects, merging former MERC construction staff to form an agency team. A contract analyst is transferred to the procurement section in Finance and Regulatory Services and one finance management analyst position, vacant following a retirement, will not be filled.

The solid waste operations will study alternative uses for methane gas generated at the St. Johns Landfill; the current contract to purchase the collected gas expires in 2012. Capital projects include improvements at Metro Central to increase the capacity to handle commercial and residential organic food waste. Metro collects excise tax on the recovery service and on the sale of paint products and compost bins.

The operations contract for Glendoveer golf course also expires in 2012. A master plan for the site is being completed by the Sustainability Center.

Planning and Development

Planning and Development includes three units: Land Use Planning and Development; Transportation System Planning; and Corridor Planning and Development. Together its programs and projects work with communities throughout the region to boost economic vitality, provide transportation choices and prepare for population growth consistent with shared local and regional aspirations.

The delays in federal reauthorization of transportation funds have significantly reduced federal planning grants and complicated project planning. Some corridor planning work program may proceed at a slower pace that advances projects at the speed with which revenue, including local match, is available. Still, Metro has been awarded a \$2 million multi-year grant from the Federal Transit Administration to study the best ways to improve transit in the Southwest corridor between downtown Portland and Sherwood. The Alternatives Analysis grant is part of the U.S. Department of Transportation's livability initiative. At the same time, grants authorized by the 2009 legislature (HB 2001) are in the second of three years and provide resource to initiate state-mandated greenhouse gas scenarios project in coordination with Metro's Climate Smart Communities activities.

One limited duration planner position related to the Development Opportunity fund ends on June 30, 2011, as planned, and a program analyst for Active Transportation will conclude in February 2012. A limited duration records and information analyst position is eliminated in Planning and Development, but is proposed as an addition to the Records Information Management group unit in Information Services to manage planning records for public access and long-term electronic storage.

Research Center

The Research Center provides accurate and reliable data, information, mapping and technical services to support public policy and regulatory compliance for Metro programs and for the region. The Research Center also supports and complements the Community Investment Strategy initiative by integrating its HB 2001 greenhouse gas research and model enhancement work with the strategy. Data collection, spatial analysis, mapping and visualization, requirements of the HB 2001 scenario planning, are underway.

The proposed budget eliminates two part-time limited duration GIS specialists doing contract work. A limited duration planner for the Greater Portland-Vancouver Indicators project is continued until September 30. Metro will then hand off this project to an outside agency and make a financial contribution to support the ongoing effort. A vacant transportation modeler position is eliminated, allowing grant funds to be applied to other planning functions.

Sustainability Center

The Sustainability Center contributes directly to the region's livability and focuses on providing accessible regional natural areas, parks and trails, and maintaining and enhancing environmental quality. It also promotes sustainable resource management through waste reduction initiatives, hands-on interpretive programs, youth and adult education, grants and demonstration projects and volunteer opportunities.

The proposed budget extends a limited duration planner position for an additional year to continue work on the longer-range financial needs for Metro's growing natural areas land base and The Intertwine. This work is integrally aligned with the Community Investment Strategy and is a key to future resources. A GIS technician will be transferred from the Research Center to the Natural Areas bond program to increase direct mapping support for acquisitions.

The Sustainability Center and the Oregon Zoo will be leading a project to consolidate all conservation education at Metro. The overall vision is to create a region wide program that creates environmental stewardship in our community through classes, camps, school curriculum and youth leadership programming. In FY 2011-12 we will undertake a one-to-two year transition to create a unified set of curricula that serves K-12 children in a variety of programs designed to increase environmental awareness and future consumer behaviors and lifestyles. The program and staff will eventually be located and report to the zoo, dovetailing with the planning and eventual opening of the new conservation education facility, an important zoo bond project.

Nature in Neighborhoods will also undergo an evolution, transitioning from a series of small programs to a more comprehensive way of doing business throughout Metro. Two positions associated with the smaller programs will be eliminated, and the focus will shift to the Community Investment Strategy and corridor projects. Remaining Nature in Neighborhoods staff will be realigned in the Sustainability Center to leverage the previous work of the program and incorporate those principles throughout Metro.

The Resource Conservation and Recycling program will shift its climate change work toward the Climate Smart Communities work managed in Planning and Development. After completing the project objectives established by the Council with the completion of the Climate Prosperity Greenprint and the creation of the greenhouse gas lens and measurement tools, climate change staff is reassigned to the Community Investment Strategy.

Operational support

Communications

Communications provides strategic communications guidance and coordinates a full range of services to advance the region's six desired outcomes, helps Metro programs achieve desired results and supports the effectiveness of the agency.

In FY 2010-11 Communications launched Opt In, an innovative online opinion panel designed to increase diverse, sustained community engagement and provide a cost-effective public opinion research tool. Participating Metro users include Planning and Development and the Sustainability Center. Other users may include the Visitor Venues and Parks and Environmental Services, although any Metro service is eligible to participate. Users fund field surveys through their individual budgets, anticipated to be \$125,000 collectively.

An administrative support position is eliminated in the FY 2011-12 budget. In addition, the integration of the Nature in Neighborhoods program with other Metro programs and projects will change the communication strategy somewhat.

Finance and Regulatory Services

In addition to its portfolio of financial services, risk management and procurement, FRS is responsible responsibility for solid waste regulation, rate setting and financial analysis and modeling for solid waste operations. The proposed budget includes the transfer of two contracts analysts, one from Parks and Environmental Services and one from MERC, into the FRS procurement unit to standardize the contracting business process. This additional effort allows a vacant contracts analyst position to be eliminated. The Risk Management staff, 2.8 FTE, is transferred from the Risk Fund into the FRS General Fund, to simplify cost allocation and limit the Risk Fund to claims-only transactions.

The second phase of the Solid Waste Information System project will be completed into FY 2011-12. This SWIS project will provide a more robust and effective system for collecting and reporting on the more than \$30 million in annual revenues from regional system and excise taxes paid by privately owned solid waste facilities. SWIS will also increase efficiency in monitoring compliance with regulatory requirements of licensees and franchisees and management compliance with the non-financial obligations of the long-term waste disposal contract.

Human Resources

Human Resources supports both the operating units and the individuals of Metro, providing strategic leadership, building collaborative relationships, promoting diversity and instilling best human resources management practices.

To deliver the best and most efficient services, Human Resources has restructured its organization and transferred in a MERC human resources manager. The proposed budget adds a Diversity coordinator, the highest priority of Metro's Diversity Action Plan, to increase recruitment and retention efforts for all Metro programs. A half-time payroll position is eliminated, and a current position is redeployed to assist the benefits section with an emphasis on leave management. The limited duration position for maintaining the Learning Management System becomes a regular position and will provide support in other areas as well. A new limited duration position will focus on updating and upgrading human resources policies for the agency.

Information Services

Keeping pace with technology remains a challenge for Metro. Information Services provides technology-based leadership and solutions to support Metro's goals and business processes through the development, implementation, support and management of key information systems.

The MERC/Metro business practices study has unified the Information Services function under single management. Two positions remain in the MERC Fund to provide exclusive service to the MERC venues while two positions are reclassified and moved to the central Information Services budget to facilitate standardization and strategic planning. A part-time position is eliminated to offset this change. A limited duration records management analyst position is increased from part-time to full-time and transferred from Planning and Development to the Records Information Management group in IS. The position will transfer planning records into TRIM for public access and long term electronic storage.

General Expense

The General Expense category in the General Fund includes non-program revenues such as property tax, excise tax and interest earnings as resources. On the expenditure side, it includes non-operating expenses such as general obligation debt, transfers, and special appropriations that are not tied to an individual program service or center.

Revenues

Interest rates are at a significant low due to the economic climate and the federal monetary policy. In FY 2007-08 all Metro funds earned \$12 million; in FY 2011-12, we expect to earn less than \$1 million. The excise tax may increase annually based on a specific consumer price index and the average tonnage from the previous two years. In 2010 the Council updated the excise tax code and combined the various aspects of the tax into a single rate calculation, increasing stability and predictability. With CPI at record low levels, the excise tax yield for FY 2011-12 increases very modestly (1.59 percent). Because the tonnage period includes the significant declines of the past two years, the rate per ton increases by 86 cents. Excise tax on other Metro facilities and services remains at 7.5 percent. Construction excise tax is projected to increase modestly compared to the recession years but will not recover to prerecession levels for at least two more years.

Property taxes are levied for both operations and general obligation debt service. The operating levy has a permanent rate of .0966, about ten cents. The levy for general obligation debt will decrease from \$39 million to \$28 million, based on debt schedules and cash flow requirements. Despite economic conditions, collections have remained strong and are estimated to be 94 percent. Combined, the estimated tax rate for an urban Metro resident is 32 cents (.3165) per thousand, or about \$48 for owners of property assessed at \$150,000 (approximately \$220,000 market value).

Expenditures

The general expense spending includes general agency payments for elections, the outside annual audit, a minimum \$100 appropriation for Measure 37 claims and, in accordance with the financial policies, the appropriated contingency for the General Fund. A \$500,000 Opportunity fund is also budgeted to provide Council with a modest resource to take advantage of new opportunities that arise which require a partnership match or otherwise leverage existing budgeted funds.

The General Expense category also includes special appropriations. These include payments for previously awarded grants for Nature in Neighborhoods small projects and Construction Excise Tax grants; and payments for specific organizational dues and sponsorships such as Rail-Volution, the Regional Arts and Culture Council and the Lloyd Business Improvement District. The proposed FY 2011-12 budget also includes new payments which recognize a fresh approach to participating in regional programs: \$25,000 for regional economic development membership; an initial \$100,000 for Intertwine organizational support, intended to diminish over three years as the organization becomes more self-supporting; and \$45,000 to support the Greater Portland-Vancouver Indicators project at Portland State University. This approach maintains Metro as an active and collaborative partner, using Metro resources to leverage financial participation from other partners, public and private, to assure a truly regional approach.

CAPITAL IMPROVEMENT PLAN

The 5-year Capital Improvement Plan identifies all capital projects, whether new capital projects or renewal and replacement projects, which exceed \$100,000 and meet the State of Oregon's definition for public improvements. Of the 102 projects identified, 75 percent is for new acquisitions or construction; 23 percent is for renewal and replacement, and 2 percent is for expansion or remodeling. The Capital Improvement Plan now includes a Visitor Venues section, incorporating all MERC venues in the plan. This transition began in FY 2010-11 and will become fully integrated this year.

New capital projects

New capital project spending continues to be dominated by land acquisition and stabilization under the Natural Areas bond measure (48.5 percent of CIP expenditures), new capital projects under the Zoo Infrastructure and Animal Welfare Bond program (23 percent) and, to a lesser extent, new capital projects at solid waste facilities funded by the Solid Waste Revenue Fund capital reserves. In FY 2011-12 natural areas land acquisition and stabilization will continue, although still at a slower pace than in pre-recession years. At the zoo construction of the Veterinary Medical Center and the master plan for the remaining bond projects will be completed. Progress on the remote elephant facility will depend on securing an appropriate site which meets land use conditions. New projects for the solid waste facilities include Phase I (feasibility) for gas-to-energy conversion at the St. Johns Landfill and improvements at Metro Central for the organics/food handling area.

The Solid Waste Fund maintains reasonable reserves for new capital. The MERC Fund, following an intensive study of reserves this year, has identified very modest reserves for either new capital or strategic business opportunities. The Portland Center for Performing Arts has relied on the Friends of PCPA to assist with new capital funding. The General Fund, however, does not have reserves for new capital acquisition in the future. The Oregon Zoo relies on The Oregon Zoo Foundation for new capital funds for small-to-medium projects such as the *Predators of the Serengeti* exhibit completed in 2009. Otherwise the General Fund has relied on voter-approved debt financing for major new capital acquisitions.

Renewal and replacement

The consolidated General Renewal and Replacement Fund provides for scheduled renewal and replacement of assets at the Oregon Zoo, parks facilities and the Metro Regional Headquarters. Established by the Metro Council in FY 2008-09, the fund contains a favorable balance which, when combined with the annual contribution of \$1.5 million, will meet the General Fund needs for the foreseeable future. The annual contribution is increased in FY 2011-12 to recognize the fleet program assumed from Multnomah County in 2010 and the addition of newly completed assets in the zoo and parks programs. The Solid Waste Revenue Fund continues to maintain renewal and replacement reserves, and MERC has designated renewal and replacement reserves in FY 2011-12. The proposed budget also includes funding for the periodic inventory and asset condition evaluation required by the Capital Asset Management Policies.

SOLID WASTE RATES

Under the rate making process implemented last year, the proposed rates and a rate report now accompany the proposed budget, and the Council will also receive a review of the rates prepared by an independent consultant. The public will be able to review the proposed rates, the rate report and the consultant's opinion, and comment to the Council at any public hearing on the budget. If the Council considers and makes changes affecting the Solid Waste Revenue Fund during the budget process, the rate impact will be known immediately. Likewise, if the Council considers changes to the rates, the budget impact will be known immediately. Based on the proposed budget, the anticipated tip fee, including all fees and taxes, will be \$89.53, an increase of \$3.68 over current rates. Tonnage estimates, contract escalators and concerns about increasing fuel prices are the primary factors in the rate increase.

CHARTER LIMITATION ON EXPENDITURES

Metro's charter includes a limitation on expenditures of certain tax revenues imposed and collected by Metro, specifically the general excise tax and the construction excise tax. The general excise tax is a yield-base tax which may increase annually only by the consumer price index. The majority of the excise tax is collected on solid waste activities and is calculated as a per-ton tax. The rate for FY 2011-12 is \$11.80 per ton, an increase of 86 cents. The excise tax on services and product sales provided by Metro facilities remains 7.5 percent. Activities at the Oregon Zoo are specifically exempted by Metro Code; activities at the Portland Center for Performing Arts are excluded by intergovernmental agreement with the City of Portland, owner of the facilities. The expenditure limit for FY 2011-12 is \$19.4 million; budgeted expenditures are \$18.8 million. The proposed budget does not exceed this limitation.

KEYS TO THE FUTURE

The FY 2011-12 budget was undertaken with a clear intention to balance the budget not for one year, but for the future. The economic downturn has lasted already longer than originally thought, and we believe that it will be an additional two years before Metro's revenues return to prerecession growth patterns. The downturn has shed harsh light on areas Metro has been concerned about, thought about, talked about, but not resolved.

The past year the Council and the region have adopted six desired outcomes. The Council and the Senior Leadership Team have engaged employees in recommitting to the values that guide our day-to-day actions and earn the confidence and trust of our partners and citizens.

The proposed budget is based on the Metro's priorities and collaborative initiatives. At the same time it has been developed around four intersecting influences: footprint, focus, employee compact and resources. Each is a key to our future sustainability.

METRO VALUES:

Public Service
Excellence
Innovation
Respect
Teamwork
Sustainability

Footprint

How big is Metro and have we organized ourselves in the best possible way?

The proposed budget eliminates 17 positions, some limited duration and scheduled to end; some, but not all, vacant. The budget proposes to add 10 positions and transfers a number of positions, decreasing the overall footprint by 7 FTE. But the footprint story is not exclusively a count of positions.

The budget reflects the maturing of the Sustainable Metro Initiative, a new approach to structuring Metro's operations that began in 2008. We continue that work in the proposed budget by formalizing our Visitor Venues. United under single management in 2010, this budget presents our Visitor Venues as an organizational unit. Already we are seeing new synergies in marketing strategies, asset sharing and the breadth and capability brought to problem solving.

The MERC/Metro business practices study has brought new consolidation among the business practice groups. A common approach to labor relations, benefits and business processes is honing our efficiency. The MERC reserves study, a key analytical tool for financial stability, is smart thinking in action.

The proposed budget strives to further evolve and integrate the Nature in Neighborhoods mission into Metro's work across program areas and activities. Nature in Neighborhoods becomes a way of doing business for the organization – not an isolated program. By integrating the Nature in Neighborhoods approach into a wider range of Metro activities and programs, we can reduce our footprint while expanding our influence.

Focus

Are we focusing on our priorities, applying our expertise in a way that Metro can make the most significant contributions?

In order to see Metro through the next five years and address financial sustainability, it may be necessary to increase our investment in the short term or decide on new ways of doing business.

The Community Investment Strategy, launched in FY 2010-11, is representative of this new way. The region has limited dollars to invest and these resources should be used strategically to leverage past investments so we can build and maintain the thriving communities our growing population desires. In December 2010 the Metro Council adopted a new regional framework in its capacity ordinance, committing to policy and investment actions that maintain and improve existing communities and protect the urban growth boundary. In addition to specifying the six overall regional outcomes to which Metro and its local government will aspire, the new policies aim to focus public and private investments in city centers, main streets, corridors connecting centers and light rail stations. The new policies will use transportation investments to offer lower-income residents less expensive modes of travel to leave more household income for housing. Finally, new policies will aim to improve the regional economy by ensuring a supply of large sites for industries that need them to prosper.

The Community Investment Strategy is the focal point for Metro's integrated corridor planning, its climate smart communities' work and the integration of green spaces, trails and nature. The FY 2011-12 proposed budget continues to rely heavily on federal transportation dollars for its corridor work. A \$2 million multi-year Alternatives Analysis grant, part of the U.S. Department of Transportation's livability initiative, helps move this work along despite the delay in reauthorization of underlying federal transportation funds.

One of the six desired outcomes is for the region to be a leader in minimizing contributions to global warming. Metro's premier contribution to this effort is the

greenhouse gas modeling work led by the Research Center. Focusing our efforts on modeling, an area where Metro excels, will benefit the region and the state. We will maintain our internal commitment to reducing our footprint in construction, in our operations and in our consumption through sustainable procurement practices.

Metro has served as a catalyst for The Intertwine work. Within Metro and within the proposed budget we continue our important work in land acquisition with the Natural Areas bond program, now at more than 11,000 acres. In conjunction with the Community Investment Strategy we continue to convene and lead discussions about regional parks financing. We are also prepared to make a direct payment of \$100,000 to the new Intertwine organization to support its initial formation and work plan, reducing funding over three years to a membership level consistent with other participating partners. Metro is also ready to transition from a lead agency to a funding partner in the Greater Portland-Vancouver Indicators work. By catalyzing these efforts and promoting shared responsibility among partners of common interest, Metro will maintain our focus while reducing our footprint.

The proposed budget also reflects a small additional investment in conservation education, adding traction to an alignment identified for future development during the Sustainable Metro Initiative. The overall vision is to create a region wide program that creates environmental stewardship in our community. Led by the Sustainability Center and the Oregon Zoo, the consolidation of program will mesh with the construction of the new Conservation Discovery Zone, one of the significant zoo bond projects. By investing now in the consolidation effort, we see the potential for a strengthened program at lower future costs.

Employee Compact

What is Metro's strategy as an employer?

Metro is not alone in struggling to maintain its balance as a responsible employer and as a responsible steward of public resources. We share with other local governments and private employers the desire to hire and retain top flight staff while addressing the accelerating costs of health care and retirement.

The budget is being proposed during a time of collective bargaining at Metro and a legislative session in which multiple bills have been introduced to modify the Public Employees Retirement System (PERS). The outcomes are uncertain. Metro is committed to a fair and responsible total compensation plan, and we recognize that labor costs have been our fastest accelerating cost center for many years. The proposed FY 2011-2 budget includes a longer-term plan to address rising health care costs. Non-represented employees, mostly management employees, currently pay an average of 6 percent of their health care costs; beginning in FY 2011-12 this will increase to 8 percent, increasing by 1 percent a year to 10 percent. New non-represented employees hired after July 1, 2011, will pay the 6 percent employee share of PERS, consistent with some other Metro bargaining unit members. Non-represented employees will receive a progressive, lump sum salary adjustment, awarding a higher percentage to lower paid employees and excluding the highest paid employees from any adjustment. The lump sum payment does not adjust the salary ranges, a key element in managing future costs. Metro is able to do this because our salary ranges still remain competitive with comparable local governments. Changes for represented employees will be addressed through the collective bargaining process.

Resources

Is Metro moving the resource dial?

Resource work is less visible in the proposed budget, but clearly visible in our planning. There are some small, customary fee increases in parking fees and facility rental rates, reflecting the cost of doing business. Solid waste rates are a function of

disposal costs, program costs and tonnage. Excise tax is regulated by formula. We are looking forward to executing a new agreement with The Oregon Zoo Foundation that recognizes the operational cost of an increasing number of members. The cemetery program will bring forward a new business model and fee structure. The budget proposes to reinstate a small fee for household hazardous waste disposal. These are modest operational changes to the resource dial.

But as the recession has pointed out painfully, Metro has a significant, unsustainable resource plan. Metro's sustainability goals emphasize waste prevention – less waste and tonnage in our disposal system – while our financial sustainability depends on more waste in the system. This has to change, and the Solid Waste Road Map project will examine this dilemma and raise broader resource questions in the coming year.

The capacity ordinance, urban and rural reserves and Community Investment Strategy work have given sharp focus to the difficulty Metro and local governments have in funding the front-end policy and infrastructure planning necessary for more innovative public and private investments. As the economic downturn has illustrated, the Construction Excise Tax, one positive resource strategy in this effort, may not be sufficient. The Community Investment Strategy will need to consider how basic regional and local planning is funded in the future.

The voters have asked Metro twice, once in 1995 and again in 2006, to preserve thousands of acres of wildlife habitat, to improve water quality, to provide trail corridors and to preserve access to nature for future generations. Bond funds allow Metro to acquire the land, but there is no identified revenue for sustainable operations and maintenance of these lands and public access parks. Metro is not alone in this dilemma. We are working with our partners to find solutions to fund regional parks and open spaces. This is part of The Intertwine strategy as well as the Community Investment Strategy.

Decisions for the future

As budget officer I am required to bring forward a balanced budget for your consideration. The budget is proposed with a deliberate strategy for the next five years, not a single year. With your guidance and the hard work of the Senior Leadership Team, I have proposed a budget that reflects the highest quality public services, delivers on the bond promises made to the voters, meets our mandated requirements and supports your budget priorities. The budget proposes some new ways of approaching internal programs and some different ways of accomplishing Metro's work by collaborating with external partners. It proposes to limit some labor costs, and it sets in motion the consideration of future resources. The proposed budget remains true to Metro's financial policies, funding prudent operating reserves and applying one-time accumulated reserves to one-time or limited duration projects.

While I will not be with you during the consideration of this proposed budget, I have complete confidence that your deliberations and decisions will be made not for the year, but for the future.

Sincerely,

A handwritten signature in dark ink, appearing to read "Michael Jordan", with a stylized, flowing script.

Michael Jordan

Chief Operating Officer

Budget summary	B-2
Where the money comes from	B-4
Where the money goes	B-8
Fund balances	B-12
Salaries, wages and benefits	B-14
Staff levels	B-16

Budget summary

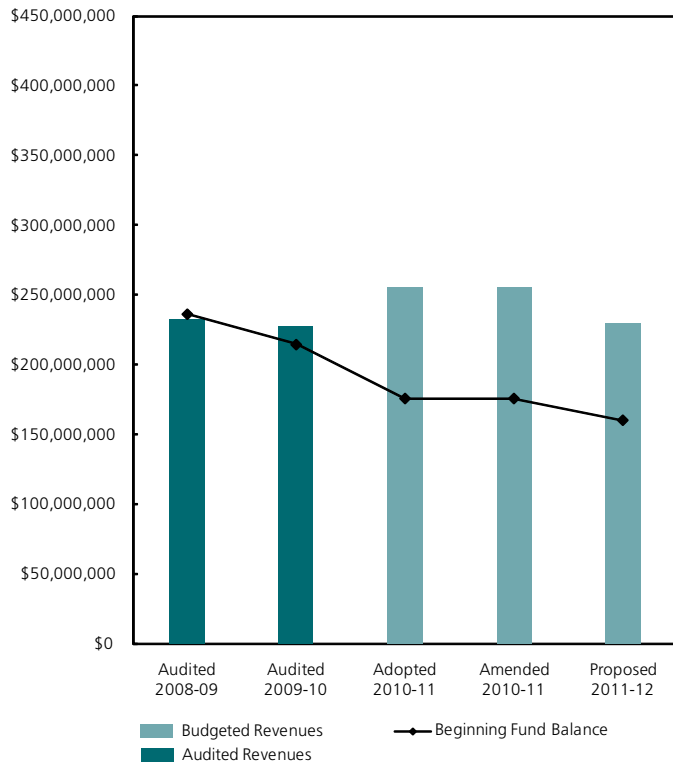


Budget summary by year

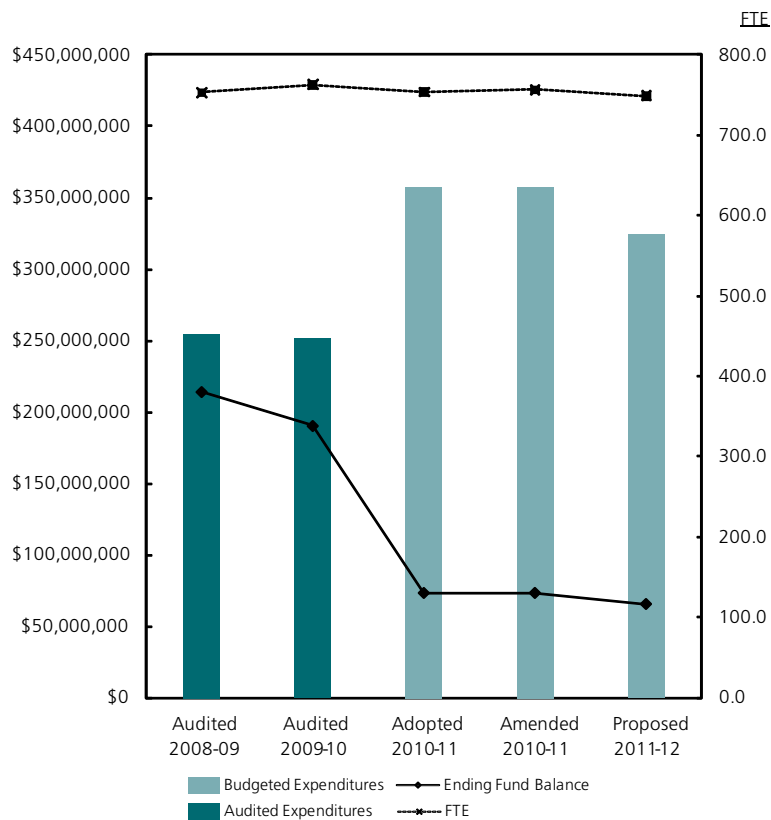
	Audited FY 2008-09	Audited FY 2009-10	Adopted FY 2010-11	Amended FY 2010-11	Proposed FY 2011-12	Approved FY 2011-12	Adopted FY 2011-12	Change from FY 2010-11 Amended
RESOURCES								
<i>Beginning Fund Balance</i>	\$236,190,429	\$214,223,352	\$175,322,025	\$175,322,025	\$159,647,197			(8.94%)
Current Revenues								
Real Property Taxes	44,897,096	51,457,063	48,483,349	48,483,349	39,039,151			(19.48%)
Excise Tax	14,705,646	14,392,093	16,203,937	16,203,937	16,705,765			3.10%
Other Derived Tax Revenue	24,168	25,497	23,300	23,300	25,000			7.30%
Grants	14,306,069	13,115,905	14,783,392	14,809,693	12,271,501			(17.14%)
Local Gov't Shared Revenues	11,202,982	10,406,511	11,173,508	11,173,508	11,708,979			4.79%
Contributions from other Gov'ts	1,001,028	2,271,100	2,361,371	2,547,234	3,827,419			50.26%
Enterprise Revenue	109,086,690	109,754,507	118,870,045	118,870,045	120,751,815			1.58%
Interest Earnings	6,675,487	2,131,822	1,611,106	1,611,106	825,959			(48.73%)
Donations	8,324,043	5,235,274	1,806,930	1,806,930	3,041,100			68.30%
Other Misc. Revenue	2,758,599	2,469,556	2,514,169	2,514,169	302,779			(87.96%)
Bond and Loan Proceeds	5,000,000	0	15,000,000	15,000,000	0			(100.00%)
Interfund Transfers:								
Interfund Reimbursements	7,474,080	7,680,866	8,396,573	8,396,573	9,397,205			11.92%
Internal Service Transfers	944,972	2,723,052	3,122,488	3,122,488	3,000,237			(3.92%)
Interfund Loan	0	0	0	0	0			0.00%
Fund Equity Transfers	6,389,113	5,925,727	10,765,853	10,765,853	8,816,595			(18.11%)
Subtotal Current Revenues	232,789,973	227,588,973	255,116,021	255,328,185	229,713,505			(10.03%)
TOTAL RESOURCES	\$468,980,402	\$441,812,325	\$430,438,046	\$430,650,210	\$389,360,702			(9.59%)
REQUIREMENTS								
Current Expenditures								
Personal Services	\$70,830,852	\$71,819,988	\$76,661,194	\$76,999,346	\$79,107,224			2.74%
Materials and Services	92,362,911	95,771,568	122,107,946	121,993,043	119,918,224			(1.70%)
Capital Outlay	31,654,775	22,391,158	62,131,378	62,331,378	35,711,934			(42.71%)
Debt Service	45,100,347	45,182,021	41,954,002	41,954,002	35,261,700			(15.95%)
Interfund Transfers:								
Interfund Reimbursements	7,474,080	7,680,866	8,396,573	8,396,573	9,397,205			11.92%
Internal Service Transfers	944,972	2,723,052	3,122,488	3,122,488	3,000,237			(3.92%)
Interfund Loan	0	0	0	0	0			0.00%
Fund Equity Transfers	6,389,113	5,925,727	10,765,853	10,765,853	8,816,595			(18.11%)
Contingency	0	0	32,455,006	32,217,620	33,157,377			2.92%
Subtotal Current Expenditures	254,757,050	251,494,380	357,594,440	357,780,303	324,370,496			(9.34%)
<i>Ending Fund Balance</i>	<i>214,223,352</i>	<i>190,317,945</i>	<i>72,843,606</i>	<i>72,869,907</i>	<i>64,990,206</i>			<i>(10.81%)</i>
TOTAL REQUIREMENTS	\$468,980,402	\$441,812,325	\$430,438,046	\$430,650,210	\$389,360,702			(9.59%)
FULL-TIME EQUIVALENTS	753.06	762.84	753.94	756.60	749.56			(0.93%)
FTE CHANGE FROM FY 2010-11 AMENDED BUDGET								(7.04)

Budget summary by year

Current revenues and fund balance



Current expenditures and full-time equivalents



Where the money comes from

Resources to meet Metro's obligations and needs are derived from two primary sources: beginning fund balance and current revenues. Beginning fund balance consists of resources carried forward from previous fiscal years, including proceeds from voter-approved bonds (e.g., Natural Areas and Oregon Zoo Infrastructure and Animal Welfare), reserves for specific purposes (e.g., self insurance, debt reserves) and monies used for cash flow. Current revenues are those earned from Metro operations or taxes levied during the fiscal year. The principal sources of current revenues are user fees and charges from individuals and organizations that pay to use Metro facilities or buy its services.

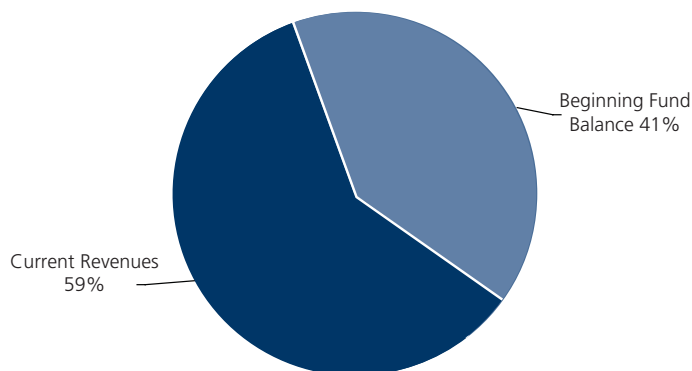
BEGINNING FUND BALANCE

The beginning fund balance for each fund consists of unspent resources carried forward from the previous fiscal year. Primary among these are resources in the Natural Areas Fund for bond proceeds authorized by the voters in November 2006 and issued in spring 2007, and in the Solid Waste Revenue Fund for operations, capital projects and other dedicated accounts. These funds account for 48 percent of the beginning fund balance. Another element of the beginning fund balance includes reserves for specific purposes (e.g., self-insurance, future capital reserves, debt reserves and trust reserves), which are generally required by law, policy or operating agreements. The beginning fund balance also provides cash flow for specific operations until current year revenues are received.

The General Fund's \$24.9 million beginning fund balance accounts for 15.6 percent of the total beginning balances and is a combination of designated and undesignated reserves. Designated reserves include grant funds, construction excise tax for local development grants, Public Employees Retirement System (PERS) reserves and debt service reserves. The Council also designated reserve funds for multi-year Nature in Neighborhoods grants, future elections costs and participation in a development opportunity fund. The FY 2011-12 budget sets aside \$1.8 million for years two and three of a cross functional project called the Community Investment Strategy. Finally, as part of its financial policies, the Council also directed that undesignated reserves be maintained for contingency and stabilization reserves, available for any lawful purpose in the event of sudden and unforeseen revenue drops or unplanned expenditures. For FY 2011-12 about \$6.1 million of the General Fund's beginning fund balance is funding these financial reserves.

Metro's beginning fund balance constitutes 41 percent of its total resources.

FY 2011-12 Total resources



Total resources \$389,360,702

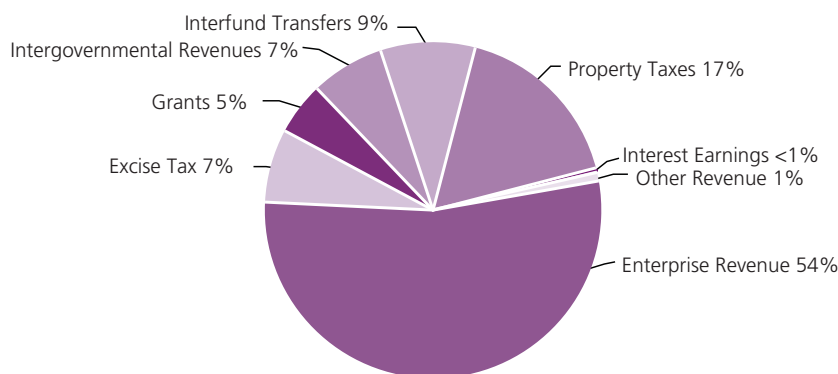
CURRENT REVENUES

Current revenues account for 59 percent of Metro's total resources. Metro's enterprise activities provide the largest amount of fee-generated revenues, constituting 54 percent of current revenues. Property tax revenues provide the next largest amount of total current revenues at 17 percent, followed by interfund transfers at 9 percent and intergovernmental revenue and excise tax at 7 percent each. Federal, state and local grants provide 5 percent. The major elements of current revenues and the percentage of total current revenues they represent include the following:

Enterprise revenues– 54 percent

Enterprise activities account for the largest piece of current revenues at \$120.8 million. Metro's largest enterprise activity is solid waste disposal, generating \$56.5 million, which comes from fees charged on solid waste deposited at Metro's transfer stations or several other designated solid waste facilities. This is about a 1.0 percent increase over the FY 2010-11 budget. Tonnage related disposal fees are anticipated to increase about 2.0 percent. Metro saw a dramatic decline in tonnage in the past several years due to the economic downturn. Forecasts now indicate that the decline has flattened out and will remain at this lower level through the end of FY 2011-12. However, costs related to new disposal facility operating contracts have resulted in higher disposal charges. The Visitor Venues (Oregon Zoo, Oregon Convention Center, Portland Center for the Performing Arts and Portland Expo Center) produce \$49.2 million and regional parks facilities another \$2.8 million. In spite of record attendance at the Oregon Zoo, per capita spending by visitors has yet to return to pre-recession levels. Regional park revenues are projected to increase moderately over FY 2011-12. Glendoveer golf course revenues are expected to increase after falling to historic lows in FY 2009-10 and FY 2010-11. Careful monitoring will be necessary to determine if this is a short term event or an indication of a longer term trend requiring modification to revenue projections. The Risk Management Fund generates \$10.2 million in internal charges for services to Metro centers and services for health and welfare premium costs. Parking fees, business license fees and Data Resource Center revenues account for the remainder of enterprise revenues. Parking fees increased by \$10 for monthly parking both in spring 2010 and 2011.

FY 2011-12 Current revenues



RESOURCES

Beginning Fund Balance \$159,647,197

Current Revenues

Real Property Taxes	\$39,039,151
Excise Tax	16,705,765
Other Derived Tax Revenue	25,000
Grants	12,271,501
Local Gov't Shared Revenues	11,708,979
Contributions from other Gov'ts	3,827,419
Enterprise Revenue	120,751,815
Interest Earnings	825,959
Donations	3,041,100
Other Misc. Revenue	302,779
Interfund Transfers:	
Interfund Reimbursements	9,397,205
Internal Service Transfers	3,000,237
Interfund Loan	0
Fund Equity Transfers	8,816,595
Subtotal Current Revenues	\$229,713,505

Total current revenues \$229,713,505

Property taxes– 17 percent

Metro expects to receive \$39.0 million in property tax revenues in FY 2011-12. This includes current year tax receipts to the General Fund directed toward operations (\$11.4 million) and debt service levies for outstanding general obligation bond issues for the Open Spaces Acquisition program, the original Oregon Convention Center construction, the zoo's Great Northwest project, the Natural Areas program and the Oregon Zoo Infrastructure and Animal Welfare Bond projects (\$26.5 million). The remainder, approximately \$1.1 million, will be received in the form of delinquent property taxes, levied in prior years but received in the current year, and interest and penalties on those late payments.

Interfund Transfers– 9 percent

Metro budgets its resources in separate and distinct funds. Transfers between funds pay for internal services provided directly by one center or service to another or indirectly on a cost-share basis as determined through the indirect cost allocation plan. Interfund reimbursements (indirect services) and internal service transfers (direct services) total \$12.4 million in FY 2011-12. The transfer classification also includes \$8.8 million in Fund Equity Transfers (revenue sharing between funds) such as the transfer of discretionary revenues from the General Fund to assist in capital development and renewal and replacement of General Fund assets. Interfund transfers appear in the budget as both a resource to the receiving fund and a requirement for the transferring fund.

Excise Taxes– 7 percent

The Metro excise tax is paid by users of Metro facilities and services in accordance with the Metro Charter and Metro Code. The tax is recorded as revenue in the General Fund. It supports the costs of general government activities, such as the Council Office, elections expense and lobbyist functions. The tax also supports various planning, parks and natural areas activities.

The Metro excise tax is levied as a flat rate per-ton tax on solid waste activities and as a percentage on all other authorized revenues. For budgeting purposes, the amount of excise tax raised by the flat rate per-ton may be increased based on an annual Consumer Price Index factor. The rate for all other authorized revenues remains the same from year to year unless amended by the Metro Council by ordinance. The current percentage rate for all other authorized revenue is 7.5 percent.

In addition to the base per-ton tax generated on solid waste activities, an additional per-ton tax has been levied in previous years. The additional levy was set initially at \$3.00 per ton in FY 2004-05 for specified purposes; in FY 2006-07 the dedications were removed from the Metro Code and became subject to the annual budget process. The FY 2010-11 budget implemented an additional change, combining the additional tax into a single per-ton base rate. This increases predictability and moderates revenue swings in times of either increasing or decreasing tonnage. The combined base rate is modified by the CPI indicator, not tonnage, in future years; the charter limitation on expenditures does not change. The combined rate results in a flat fee of \$11.80 per ton on solid waste tonnage. The decline in solid waste tonnage, mirroring the economic downturn in construction, has resulted in a lower forecast for general excise tax receipts during FY 2010-11. The FY 2011-12 budget projects a relatively flat tonnage base for the year. The collection of excise tax on revenues generated by the Oregon Zoo was eliminated effective Sept. 1, 2008, a reduction of about \$1.4 million annually.

The Metro excise tax is projected to raise \$15.1 million from these sources during FY 2011-12.

In 2006, the Metro Council adopted a construction excise tax to provide funding for expansion area planning. Effective July 1, 2006, the 0.12 percent tax is levied on building permit values of the new construction. Local jurisdictions collect the tax on behalf of Metro as part of the permit process. In June 2009 the Metro Council extended the tax for an additional five years, until Sept. 30, 2014, to provide funding for planning of future expansion areas, future urban reserves and planning that enables redevelopment of centers, corridors and employment areas within the existing Urban Growth Boundary. The Construction Excise Tax is expected to generate \$1.6 million in FY 2011-12.

Intergovernmental Revenues– 7 percent

Metro receives revenue from both state and local agencies. Among these are hotel/motel tax receipts from Multnomah County, funds from the City of Portland to support the Portland Center for the Performing Arts, state marine fuel tax revenues and a portion of the recreational vehicle registration fees passed through Multnomah County from the State of Oregon to support the regional parks.

Grants– 5 percent

Grants are anticipated to provide \$12.3 million to the revenue mix. The primary planning functions of the agency – Planning and Development and the Research Center – receive approximately \$10.5 million in grant funds, about 85 percent of all grants. These functions rely on federal, state and local grants to fund most of the transportation planning and modeling programs. The delay in the federal reauthorization of transportation funding has placed a portion of these grants funds at risk. However, a \$2 million multi-year grant from the Federal Transit Administration to study the best ways to improve transit in the Southwest corridor between downtown Portland and Sherwood as well as the second year of a three year funding commitment from the State of Oregon related to the study of greenhouse gas emissions will provide substitute or bridge funding until such time as the federal funding is reauthorized. Metro also receives grants for projects planned at regional parks and natural areas, Oregon Zoo and solid waste facilities.

Other miscellaneous revenues– 2 percent

In FY 2011-12 other revenues include \$1.6 million in operating and capital donations to the zoo, \$500,000 in donations and sponsorship revenue to MERC and \$866,000 in donations for the Natural Areas program.

Interest– <1 percent

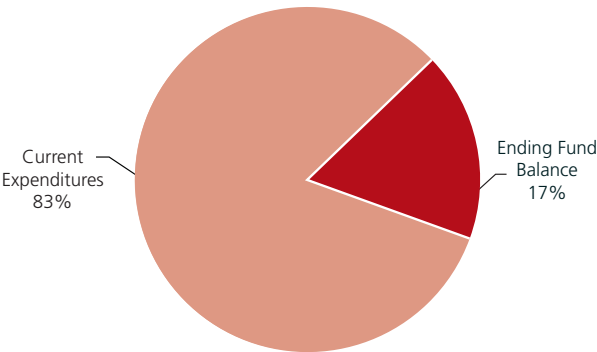
Interest earnings are projected at \$826,000. Interest earned is based upon investing cash balances throughout the year. This revenue source fluctuates by the planned spending of bond proceeds and the current rates earned by investments, estimated at 0.5 percent for FY 2011-12. The earnings rate is considerably lower than prior years' rates due to current market conditions. In FY 2009-10 the most recent audited year, Metro earned \$2.1 million; in FY 2010-11, Metro is estimated to earn about \$1.2 million.

Where the money goes

Metro uses its resources for a variety of purposes prescribed by state law and Metro Charter. Ending fund balances are resources that are not spent during the year but carried over to subsequent year(s). They include reserves, monies for cash flow purposes and bond proceeds that will be spent in ensuing years for capital projects. Resources to be spent during the year can be categorized in one of several current expenditure categories.

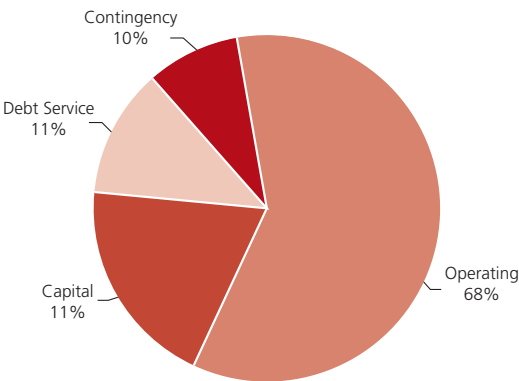
Metro’s total current expenditures are allocated for the specific programs and functions described in the Organizational Summary section contained in the body of this budget document. Sixty-eight percent of current expenditures support the operations of Metro facilities such as the Oregon Zoo, the Oregon Convention Center, the Portland Expo Center, Portland Center for the Performing Arts, regional park facilities and solid waste disposal facilities, as well as programs such as waste reduction, recycling information and regional transportation and growth management planning. Another 11 percent is dedicated to debt service on outstanding general obligation and revenue bonds, and 11 percent is allocated for capital outlay and improvements to various facilities and acquisition of new natural areas. Contingencies for unforeseen needs, such as unexpected increases in costs or drops in revenue, make up the balance of current expenditures.

FY 2011-12 Total requirements



Total requirements \$389,360,702

FY 2011-12 Current expenditures by purpose

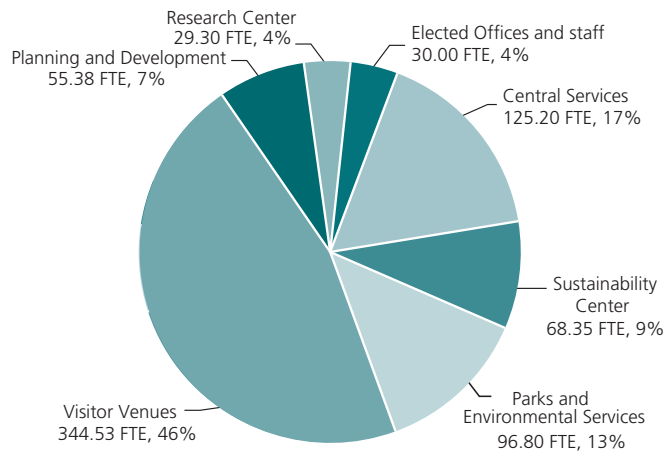


Total expenditures by purpose \$324,370,496

Full-time equivalent staff (FTE) totals 749.56 positions for Metro. Fifty nine percent of these staff work for two organizational units: Visitor Venues (Oregon Convention Center, Portland Center for the Performing Arts, Portland Expo Center and Oregon Zoo) and Parks and Environmental Services.

Metro uses its resources for a variety of programs and functions related to its primary goals. Those programs and functions are explained in detail in the Organizational Summary section contained in the body of this budget document and in the program budget narratives contained in the FY 2011-12 Program Budget. The chart on page B-10 and the following explanation give the information by expenditure classification.

FY 2011-12 FTE positions by function



Total FTE 749.56

CURRENT EXPENDITURES

Current expenditures consist of amounts to be paid out in the current fiscal year by categories defined in budget law. This includes payments for operations, debt service, capital improvements and acquisitions and transfers to other funds. The major elements of current expenditures and the percentage of total current expenditures they represent include the following:

Personal services– 24 percent

Metro plans to spend about \$79.1 million for salaries and wages and related expenditures for its employees in FY 2011-12. Personal services includes employee related benefit costs such as health and welfare and pension contributions. Fringe benefits are about 40 percent of salaries and wages, and 28.5 percent of total personal services costs. For a more detailed discussion of fringe benefits refer to the appendix “Fringe benefit rate calculation.” A ten-year comparison of salaries, wages and benefits is provided later in this section.

The FY 2011-12 budget includes 749.56 full-time equivalent positions, a reduction of 7.04 FTE. “FTE” means regular, benefit-eligible full or part-time positions. While temporary, seasonal and event-related labor costs are reflected in the total personal services expenditures, these employees are not considered as FTE. A discussion of staff levels is provided later in this section.

Materials and Services– 37 percent

Metro plans to spend about \$119.9 million on materials and services in FY 2011-12. Large expenditures in this area include solid waste transfer station operations and the transport of solid waste to the Columbia Ridge Landfill in Gilliam County (about \$27.3 million). Materials and services also include costs for contracted operations of the Oregon Convention Center, the Oregon Zoo, the Portland Center for the Performing Arts, the Portland Expo Center and the regional parks.

Capital outlay– 11 percent

Approximately \$35.7 million is provided for capital expenditures. These funds provide for land acquisitions and major capital improvement projects at various facilities. The largest uses of capital funds are \$20.9 million for land acquisition and capital expenditures related to the Natural Areas program, \$3.6 million for solid waste facility capital projects, \$5.8 million for capital improvements at the Oregon Zoo under the Oregon Zoo Infrastructure and Animal Welfare bond measure and \$1.4 million for capital improvements at MERC facilities. Another \$2.4 million is provided for various renewal and replacement projects at the Oregon Zoo, regional parks or Metro Regional Center including information technology infrastructure. Capital expenditures include purchases of land and equipment, improvements to facilities and other capital related expenditures. Projects costing \$100,000 or more are included in Metro's capital improvement plan, updated and adopted annually.

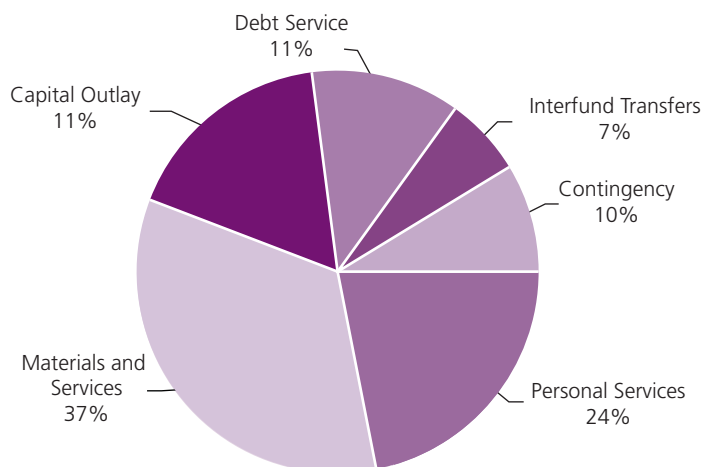
Debt service– 11 percent

Debt service provides for payments on general obligation and full faith and credit bonds sold for the Oregon Convention Center, Metro Regional Center, the Open Spaces Acquisition program, the Natural Areas program, the Expo Center and the Oregon Zoo. Refer to the Debt Summary portion of this budget for the debt service schedules.

Interfund transfers– 7 percent

Metro budgets its resources in separate and distinct funds. Transfers between funds are made to pay for the cost of services provided in one fund for the benefit of another (e.g., payroll, fleet, etc.) or to share resources between funds. Interfund transfers in FY 2011-12 total about \$21.2 million. Interfund transfers appear as both a resource to the receiving fund and a requirement for the transferring fund in the budget. An explanation of all transfers is provided in the appendices.

FY 2011-12 Current expenditures by budget category



REQUIREMENTS

Current Expenditures

Personal Services	\$79,107,224
Materials and Services	119,918,224
Capital Outlay	35,711,934
Debt Service	35,261,700
Interfund Transfers:	
Interfund Reimbursements	9,397,205
Internal Service Transfers	3,000,237
Interfund Loan	0
Fund Equity Transfers	8,816,595
Contingency	33,157,377
Subtotal Current Expenditures	\$324,370,496
Ending Fund Balance	64,990,206
TOTAL REQUIREMENTS	\$389,360,702

Total current expenditures \$324,370,496

Contingency– 10 percent

Contingencies in each fund are created to provide for unforeseen requirements such as unexpected increases in costs or drops in revenue. These funds may be spent only after an action of the Metro Council authorizes transferring appropriations from contingency to an expenditure line item.

PROGRAM BUDGET

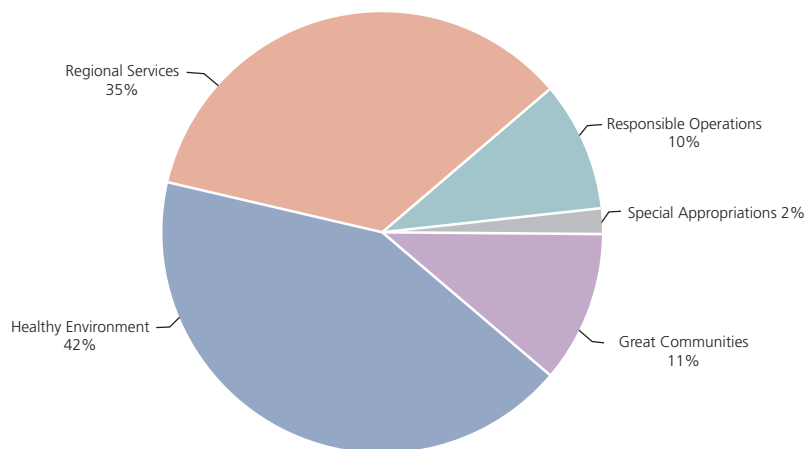
Another way to consider the budget is by program, organized by Metro goals and program performance measures. The detailed program budget can be found in FY 2011-12 Proposed Program Budget.

The four Metro goals – Great Communities, Healthy Environment, Regional Services and Responsible Operations – are an expression of Metro’s strategic intent for the region. In some cases Metro has a direct service aligned with a particular goal; in others, Metro serves as the convener or facilitator, working collaboratively with its local partners and regional residents toward the outcome.

The program budget also includes both agency-wide measures and program specific measures that look at how Metro operates: its business practices, its relationships inside the organization and its relationships within the region.

Metro’s budget and appropriations schedules have been organized under state law by fund, by organizational unit and by specific budget categories of expense. Metro’s goals rise above and cross over fund and organizational unit boundaries. The program budget demonstrates the ways in which our programs interrelate and support Metro’s strategic intent for the region.

FY 2011-12 Program expenditures by Metro goal



Total program expenditures \$245,507,907

The above chart shows the respective operational spending, without contingency, across all goals areas. The program budget which accompanies the proposed budget gives additional detail about the individual goals, the specific programs aligned with those goals and how Metro measures the activities and performance of the individual programs.

Fund balances

BEGINNING FUND BALANCE

Approximately 41 percent (\$159.6 million) of Metro's FY 2011-12 total resources comes from beginning fund balances — money carried over from previous fiscal years.

Solid Waste Revenue Fund– \$39.5 million

The Solid Waste Revenue Fund's beginning fund balance of \$39.5 million comprises the largest piece of the beginning fund balance resource. This amount includes \$5.1 million in reserves for landfill closure; \$8.7 million in the Renewal and Replacement Account; \$5.8 million for capital reserves; \$6.9 million in other dedicated accounts for rate stabilization and pension liability, \$5.2 million for environmental impairment; and \$7.8 million in undesignated fund balance.

Natural Areas Fund– \$36.7 million

The Natural Areas Fund's beginning fund balance of \$36.7 million comprises the second largest piece of the beginning fund balance resource. In November 2006 the voters of the Metro region approved a \$227.4 million general obligation bond measure. In April 2007 Metro issued the first series of bonds under this authorization for \$125.4 million.

General Fund– \$24.9 million

This is the combined balance for several major operating areas — Oregon Zoo, Parks and Environmental Services, Planning and Development and Research Center — as well as all general government and central service functions such as Metro Council, Metro Auditor, Metro Attorney, Communications, Finance and Regulatory Services, Human Resources and Information Services. It includes several dedicated reserves such as the General Fund Recovery Rate Stabilization Reserve, the PERS Reserve for pension liability and a reserve for future debt service on the full faith and credit bonds issued to refinance the Metro Regional Center. It also includes reserves for cash flow and fund stabilization. In January 2007 Metro performed a comprehensive review of fund balance needs in the General Fund. Based on this historical analysis, the “adequate reserves” financial policies call for a minimum of 7 percent of operating expenditures to be set aside in either a contingency or stabilization reserve to guard against unexpected downturns in revenues and stabilize resulting budget actions. The 7 percent target provides a 90 percent confidence level that revenues might dip below this amount only once in a ten-year period. If Metro taps into reserves as a reaction to an economic downturn, then in accordance with the “pay ourselves first” financial policy, these reserves will be replenished before developing spending plans in the subsequent year.

MERC Fund– \$23.0 million

This is the combined operating and capital balance for the three facilities (Oregon Convention Center, Expo Center and Portland Center for the Performing Arts) managed by MERC. In FY 2010-11 Metro and MERC initiated a similar reserve study for the MERC fund, resulting in reserving recommendations for the proposed budget. Operating contingency and stabilization reserves are sized by venue, recognizing the differences in lines of business. Accumulation reserves for renewal and replacement provide a firm five-year plan and will be the basis for continuing refinement work to move toward the 15-year plan that has served the General Fund well. Additional reserves for new capital and business strategy have been identified for all three venues.

General Obligation Bond Debt Service Fund– \$13.2 million

This amount is required to pay debt service due early in FY 2011-12 before property tax revenues are received.

Oregon Zoo Infrastructure and Animal Welfare Fund – \$7.4 million

In November 2008 the voters of the Metro region approved a \$125 million general obligation bond measure for Oregon Zoo infrastructure and projects related to animal welfare. Five million in bonds were issued under this authorization in December 2008 and another \$15 million was issued in August 2010. The fund balance reflects the unspent balance of these proceeds.

General Renewal and Replacement Fund– \$4.9 million

The General Renewal and Replacement Fund provides long term funding for the future renewal and replacement of the General Fund's assets. The fund is managed to provide a positive balance for a minimum of 15 years. The 20 year asset plan is reviewed annually with a full inventory every five years.

Remaining Funds– \$10.1 million

The remainder of the total beginning fund balance is divided among Metro's seven other funds and includes a combination of reserves for debt, future long-term maintenance needs and funds held in trust.

ENDING FUND BALANCES

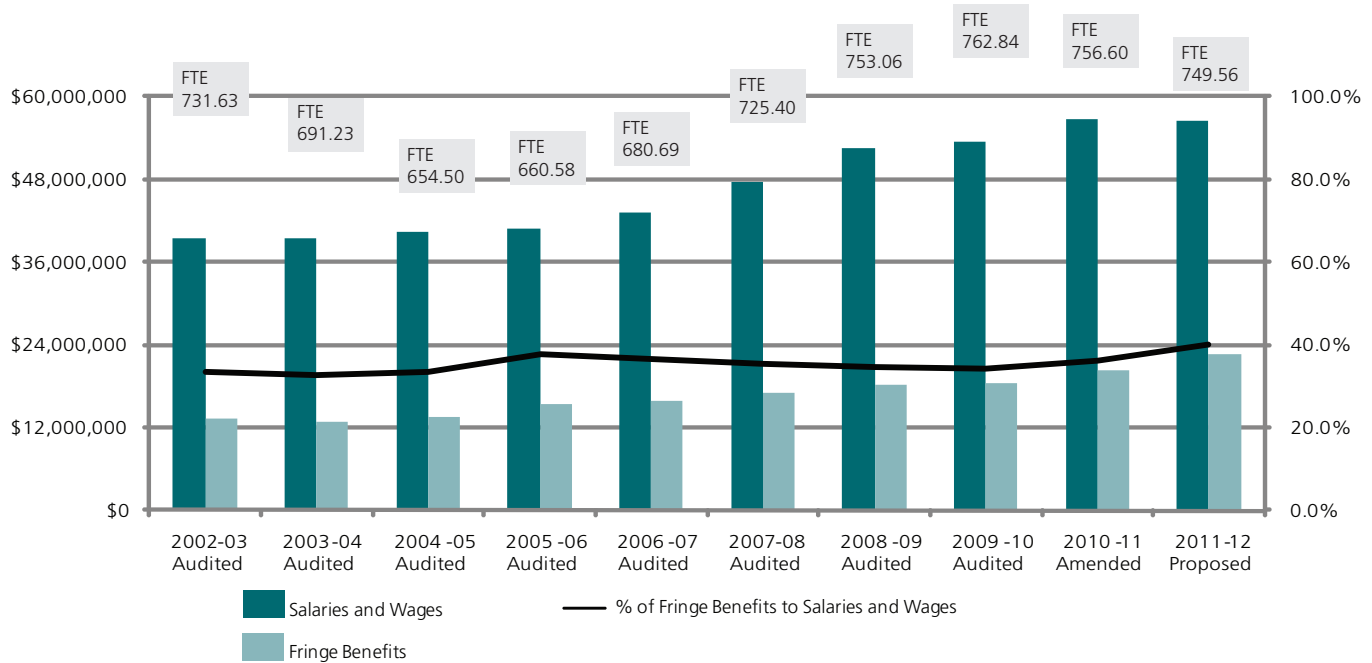
Ending fund balances in one fiscal year become the beginning fund balances of the next fiscal year. Metro plans to carry forward \$65.0 million into FY 2012-13. In addition to the planned carry-over at the end of FY 2011-12, Metro will also carry forward unspent contingency funds and any surplus from operations.

Primary among the planned funds to be carried forward are bond proceeds received in FY 2006–07 for the voter approved Natural Areas acquisition program, bond proceeds received in 2010 for voter approved Oregon Zoo infrastructure projects and reserves for specific purposes (solid waste activities and debt reserves) which are generally required by law, policy or operating agreement. In addition, planned ending balances also include funds to be carried over to provide cash flow for specific operations so that they can operate early in the next fiscal year even though their primary current revenues may not be received until later in that fiscal year.

Salaries, wages and benefits

The table below provides a ten-year comparison of salaries, benefits and authorized FTE.

FY 2011-12 Comparison of salaries and wages



Over the ten-year period authorized FTE has risen by approximately 18, mostly in enterprise or visitor venue areas such as the Oregon Convention Center, the Oregon Zoo and solid waste or hazardous waste disposal facilities. Decreases in FTE between FY 2002-03 through FY 2004-05 were in response to economic fluctuations seen as a result of world events like the World Trade Center terrorist attack of 9/11 and the fear of the SARS epidemic. As the economy began to stabilize and recover, the visitor venues once again began to grow. The reduction in FTE seen in FY 2010-11 and FY 2011-12 is again in response to the current economic situation.

Salaries are a reflection of authorized FTE and will be adjusted based on cost of living, step increase or merit awards, and other collective bargaining factors. Metro is currently engaged in bargaining with its largest unit (AFSCME 3580); other units have agreements already in place for FY 2011-12. The proposed budget establishes a progressive salary adjustment for non-represented employees, ranging from 2.5 percent for the least compensated employees and comparable to similar positions in represented positions, down to 0.5 percent for upper level professional staff. Executive staff earning more than \$125,000 will not receive a salary adjustment. Metro's salary plan remains competitive in the market although there may be slight adjustments to salary ranges for specific classifications.

Fringe benefits include components such as payroll taxes, pension contribution and health and welfare premiums. Overall costs are driven primarily by two factors – pension contributions and health and welfare. The Oregon PERS system was negatively impacted by investment losses during 2008 and 2009. The PERS rate will see a significant rate increase of 5.2 percent effective July 1, 2011. Anticipating this outcome, the Metro Council decided in FY 2009-10 to reserve for two years the 3.0 percent rate reduction of the current actuarial period as a hedge against future rate increases. This reserve is now being used to reduce PERS related costs associated with the outstanding pension liability bonds, resulting in a 3 percent offset to the rate increase for FY 2011-12.

Metro provides medical, dental and vision coverage on behalf of its employees. Prior to FY 2011-12, the agency's cost was subject to a cap set by the Metro Council for non-represented employees and through collective bargaining for represented employees. Monthly premium costs above the cap were paid by the employee. Historically, the cap increased approximately 5 percent annually. However, collective bargaining agreements negotiated a 10 percent cap increase from FY 2008-09 through FY 2010-11. Beginning in FY 2011-12 Metro has moved to a cost sharing plan whereby the agency picks up a set percentage amount of the premium based on an employee's health and welfare elections. For FY 2011-12 non-represented employees will be on a 92 percent employer share and 8 percent employee share while most collective bargaining agreements will be on a 94 percent/6 percent cost sharing plan. As an agency, the budget assumes its total health and welfare costs will increase approximately 10 percent over the current year. Actual costs are dependent on provider proposals received each spring, which are reviewed by the agency's Joint Labor Management Committee on health care.

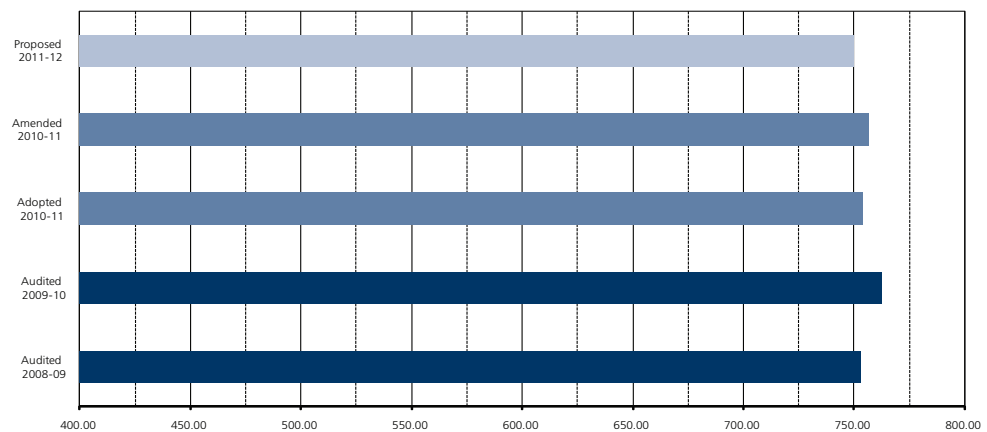
Additional discussion on staffing levels is provided later in this section. The appendices provide more detailed discussion on fringe benefit components.

Staff levels

Metro counts regular, benefit-eligible staff positions by full-time equivalent (FTE). One FTE equals one person working full-time for one year (2,080 hours). One FTE most often is one person working full-time, but it may also be two people each working half-time, or some other combination of people whose total work time does not exceed 2,080 hours. Temporary, seasonal and MERC part-time, event-related positions are not included in the FTE chart.

Between FY 2008-09 and FY 2009-10, staffing levels initially increased by 10 FTE, 1.3 percent. In response to the economic downturn, staff levels have decreased in each of the last two fiscal years to a level just slightly below FY 2008-09.

Historic staffing levels - overall



Historic staffing levels by service

	Audited FY 08-09	Audited FY 09-10	Adopted FY 10-11	Amended FY 10-11	Proposed FY 11-12	% Change from FY 10-11	% Change from FY 08-09
Office of the Metro Auditor	6.00	6.00	6.00	6.00	6.00	0.00%	0.00%
Office of the Council	24.83	26.90	24.50	25.25	24.00	(4.95%)	(3.34%)
Office of Metro Attorney	15.50	15.50	15.50	15.50	15.50	0.00%	0.00%
Communications	22.25	21.00	22.00	22.00	21.00	(4.55%)	(5.62%)
Finance and Regulatory Services	41.70	44.70	43.70	43.70	43.70	0.00%	4.80%
Human Resources	15.00	16.00	16.50	16.50	19.00	15.15%	26.67%
Information Services	22.50	24.50	23.50	23.50	26.00	10.64%	15.56%
Planning & Development	54.15	57.60	56.30	57.20	55.38	(3.18%)	2.27%
Parks & Environmental Services	112.80	104.55	97.55	98.55	96.80	(1.78%)	(14.18%)
Research Center	29.50	31.18	31.91	32.67	29.30	(10.32%)	(0.68%)
Sustainability Center	61.85	62.93	71.50	69.75	68.35	(2.01%)	10.51%
Visitor Venues	346.98	351.98	344.98	345.98	344.53	(0.42%)	(0.71%)
TOTAL	753.06	762.84	753.94	756.60	749.56	(0.93%)	(0.46%)

Several key factors have contributed to the overall change in FTE during this period:

Economy

Several years of economic recovery clearly had a positive impact on Metro's operations. Initially, even with the economic downturn, Metro continued to grow. Metro's revenue sources are more diverse than other local agencies, which are more dependent on one or two primary sources of revenue like property tax or business

income tax, which contract sharply in downturns. People stayed closer to home to take advantage of the local entertainment and visitor attractions in and around the metro region, resulting in record attendance at the Oregon Zoo and the Portland Center for Performing Arts. The Oregon Convention Center, which books major conventions years in advance, continued to do well. As operations increased, the Council authorized additional staff to meet service demands and expectations. However, as the economic downturn persists, Metro is not immune to its effects. Guests continue to visit the Oregon Zoo in record numbers, but they spend less on food and other concessions, producing flat revenue. The MERC venues have also noticed a decrease in days-per-event and the selection of less costly menus for events that previously selected the premium menus. The FY 2010-11 and FY 2011-12 budgets recognize the persisting economic impact on revenues, eliminating several positions and redirecting other staffing resources to the Metro Council's highest priorities.

Bond Program

In November 2008 the voters of the Metro region authorized the sale of \$125.0 million in general obligation bonds for a variety of capital projects all related to the Oregon Zoo infrastructure or animal welfare. With the approval of the bond measure, the Metro Council approved the addition of three new positions to support the intense demands of the new 10 to 12 year capital program. In addition, several existing positions were transferred in whole or part from the zoo's operating department or existing Capital Fund to provide administrative and other support to the program.

Implementation of the Sustainable Metro Initiative

In fall 2008 Metro began a major new effort called the Sustainable Metro Initiative (SMI). The goal of the effort was to advance Metro's mission of protecting and enhancing the regional's environment and quality of life by transforming Metro into a modern, mission driven organization equipped to fulfill the promise as the leader in regional conservation and civic innovation. The approach reoriented Metro's management structure by core competencies and functions to align programs with desired regional outcomes. The agency was structured around two broad areas of focus: strategy and services. The new structure promotes collaboration and efficiency among programs with common goals, improves financial transparency and provides for a more strategic approach to solving regional problems and leading regional initiatives. While SMI did not increase the overall agency FTE, it did change the distribution of FTE by service, most notably between Parks and Environmental Services and Sustainability Center.

The Sustainable Metro Initiative included a major reorganization of Metro departments and functions resulting in the shifting of staff and responsibilities between organizational areas. Where distinct budget sections could be identified they were moved along with the prior year historic data to the new organizational unit under SMI. As a result, not all staff changes resulting from SMI will show as shifts between FY 2008-09 and FY 2009-10.

In addition to merging the Visitor Venues under a single General manager, the FY 2011-12 budget reflects continued consolidation of business services arising from the MERC/Metro Business Practices review. The Metro and MERC business services began its merger in FY 2010-11. The FY 2011-12 budget recognizes this steady progression, transferring a number of staff positions to agency-wide services resulting in individual cost savings to MERC and to the agency as a whole. Transitions have occurred in Information Services, Human Resources, procurement (Finance and Regulatory Services) and construction management (Parks and Environmental Services).

New positions in FY 2011-12

The FY 2011-12 budget shows an decrease of 7.04 FTE from the amended FY 2010-11 budget. The changes can be divided into four categories:

- FTE changes approved during FY 2010-11.
- Changes in FTE to increase or decrease existing FTE.
- Positions eliminated during the preparation of the FY 2011-12 budget.
- New position requests.

The following tables provide a summary of FTE changes by organizational unit.

Full-time equivalent changes by organizational unit

	FY 2011-12 Amended FTE	FY 2011-12 Changes					Total FTE Change	FY 2011-12 Proposed FTE
		Approved in FY 2010-11	Changes in FTE	Transfer Positions	Eliminated Positions	New Positions		
Office of Metro Auditor	6.00	–	–	–	–	–	–	6.00
Council Office	25.25	–	–	–	(1.25)	–	(1.25)	24.00
Office of Metro Attorney	15.50	–	–	–	–	–	–	15.50
Communications	22.00	–	–	–	(1.00)	–	(1.00)	21.00
Finance and Regulatory Services	43.70	–	–	1.00	(1.00)	–	–	43.70
Human Resources	16.50	–	–	1.00	(1.50)	3.00	2.50	19.00
Information Services	23.50	–	–	2.00	(0.50)	1.00	2.50	26.00
Planning and Development	57.20	–	–	–	(1.82)	–	(1.82)	55.38
Parks and Environmental Services	98.55	–	–	0.25	(2.00)	–	(1.75)	96.80
Research Center	32.67	(0.03)	–	(1.00)	(2.34)	–	(3.37)	29.30
Sustainability Center	69.75	(0.15)	0.25	1.00	(2.00)	–	(1.40)	68.35
Visitor Venues	345.98	–	–	(4.25)	(3.80)	6.60	(1.45)	344.53
TOTAL	756.60	(0.18)	0.25	–	(17.21)	10.60	(7.04)	749.56

The FY 2011-12 budget continues the reorganizational efforts begun in fall 2008 under SMI. During FY 2010-11 the MERC venues of Oregon Convention Center, the Portland Center for the Performing Arts and the Portland Expo Center were combined with the Oregon Zoo to create a single organization of Visitor Venues. The consolidation provided an opportunity to review core business services provided at MERC facilities and integrate those services more fully with all other Metro services. As a result, six positions have been transferred in whole or part from the MERC Administration division to various Metro central services such as Finance and Regulatory Services, Human Resources and Information Services.

Labor costs for salaries, wages and benefits such as pension and health insurance continue to rise while revenues to the General Fund and the many visitor venues of the agency remain flat or have begun to experience declines. To avoid unsustainable use of reserves the agency has made selective reductions in staffing levels through the consolidating functions or refocusing staff efforts.

The following FTE changes are made in the FY 2011-12 Proposed Budget:

Action - Eliminated positions	FTE Change
LD Columbia River Crossing Director	(1.00)
LD Associate Public Affairs Specialist - Community Investment Strategy	(0.25)
Administrative Specialist IV	(1.00)
Associate Management Analyst - Procurement	(1.00)
Payroll Technician	(0.50)
LD Administrative Assistant II - Learning Management System (converted to regular status)	(1.00)
Technical Specialist	(0.50)
LD Records and Information Analyst	(0.50)
LD Assistant Regional Planner	(1.00)
LD Program Analyst IV (effective 2/12/12)	(0.32)
Assistant Management Analyst	(1.00)
Program Supervisor I	(1.00)
Assistant Transportation Modeler	(1.00)
LD GIS Technician	(0.67)
LD GIS Technician	(0.67)
LD Senior Regional Planner - Climate Change	(1.00)
Senior Regional Planner - Nature in Neighborhood (job share)	(1.00)
Program Supervisor II - Marketing	(1.00)
Associate Public Affairs Specialist - Marketing	(0.63)
LD Program Analyst IV (effective 10/31/11)	(0.67)
Maintenance Supervisor	(1.00)
Manager I - Construction (effective 12/31/11)	(0.50)
TOTAL	(17.21)

Action - New positions	FTE Change
Program Analyst IV - Diversity Manager	1.00
LD Program Analyst III - procedure/policy development (duration through 6/30/12)	1.00
Administrative Assistant II - Learning Management System (converted from LD)	1.00
LD Records and Information Analyst - (duration through 6/30/12)	1.00
Service Supervisor II - catering (reinstatement of position)	1.00
Senior Public Affairs Specialist - marketing	1.00
Web content and social media specialist	1.00
Manager II - education	1.00
Program Assistant I - volunteer resources	0.60
Marketing Promotions Coordinator	1.00
Utility Lead	1.00
TOTAL	10.60

Action - Misc. action	FTE Change
Program Supervisor II - reduce to 75 percent time	(0.25)
TOTAL	(0.25)

In addition, the following limited duration positions received extended assignment durations:

Action - Limited duration extentions	FTE Change
Principal Regional Planner - Intertwine (extend through 6/30/12)	1.00
Associate Planner Position - HB 2001 (extend through 6/30/12)	1.00
Principal Regional Planner - Regional Indicators (extend through 9/30/11; 80% time)	0.20
TOTAL	2.20

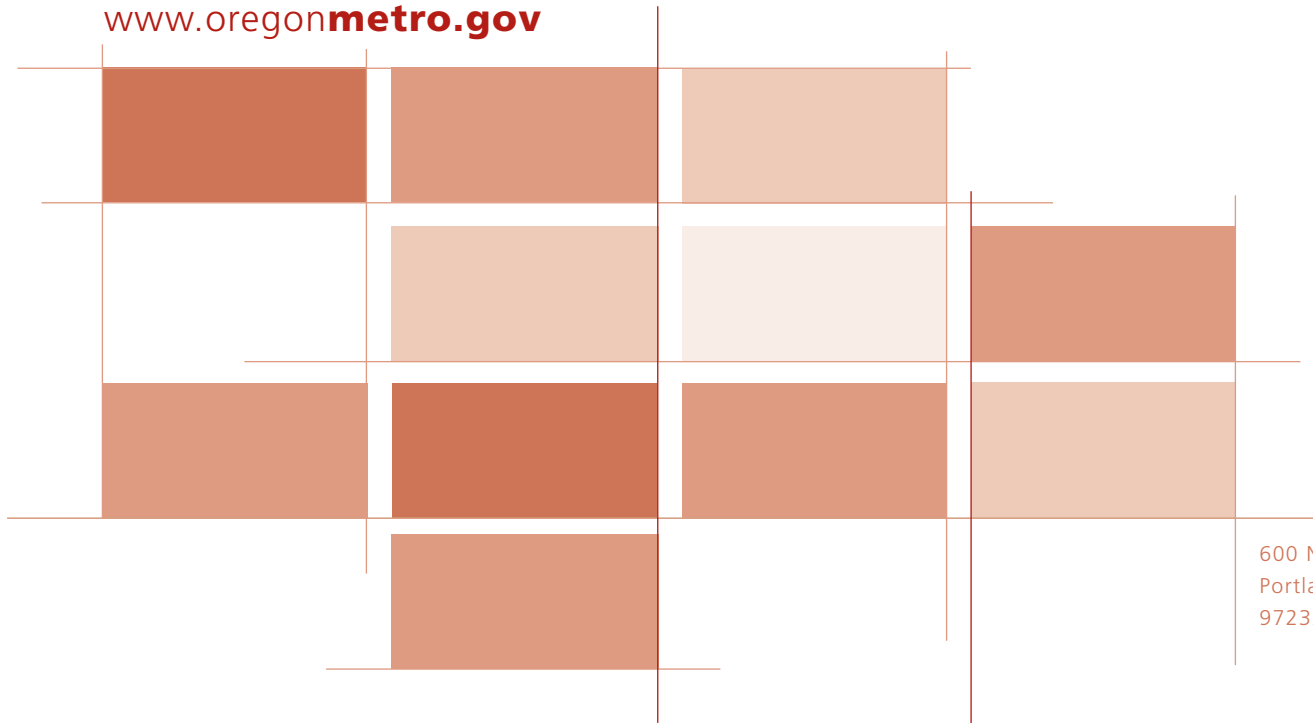
The preceding actions can also be summarized by organizational unit:

	FTE Change from 2010-11
Communications	
Eliminate Administrative Specialist IV	(1.00)
<i>Subtotal</i>	<i>(1.00)</i>
Council	
Eliminate Columbia River Crossing Director	(1.00)
Eliminate Associate Public Affairs Specialist - Community Investment Strategy	(0.25)
<i>Subtotal</i>	<i>(1.25)</i>
Finance and Regulatory Services	
Eliminate Associate Management Analyst - Procurement	(1.00)
Transfer Senior Management Analyst from Parks & Environmental Services	1.00
Transfer Associate Management Analyst from Visitor Venues - Administration	1.00
Transfer Senior Solid Waste Planner to Parks & Environmental Services	(1.00)
<i>Subtotal</i>	<i>0.00</i>
Human Resources	
Eliminate Payroll Technician	(0.50)
Eliminate LD Administrative Assistant II - Learning Management System (converted to regular status)	(1.00)
Add Program Analyst IV - Diversity Manager	1.00
Add LD Program Analyst III - procedure/policy development (duration through 6/30/12)	1.00
Add Administrative Assistant II - Learning Management System (converted from LD)	1.00
Transfer Program Analyst V from Visitor Venues - Administration	1.00
<i>Subtotal</i>	<i>2.50</i>
Information Services	
Eliminate Technical Specialist	(0.50)
Add LD Records and Information Analyst - (duration through 6/30/12)	1.00
Transfer Manager 1 From Visitor Venues - Administration	1.00
Transfer Manager 1 From Visitor Venues - Administration	1.00
<i>Subtotal</i>	<i>2.50</i>
Parks and Environmental Services	
Eliminate Assistant Management Analyst	(1.00)
Eliminate Program Supervisor I	(1.00)
Transfer Senior Management Analyst to Finance & Regulatory Services	(1.00)
Transfer Senior Solid Waste Planner from Finance & Regulatory Services	1.00
Transfer Program Director to Visitor Venues - Administration	(0.30)
Transfer Assistant Management Analyst from Visitor Venues - Administration	0.40
Transfer Manager 1 from Visitor Venues - Administration	0.15
<i>Subtotal</i>	<i>(1.75)</i>
Planning & Development	
Eliminate Records and Information Analyst	(0.50)
Eliminate LD Assistant Regional Planner	(1.00)
Eliminate LD Program Analyst IV (effective 2/12/12)	(0.32)
<i>Subtotal</i>	<i>(1.82)</i>
Research Center	
Eliminate Assistant Transportation Modeler	(1.00)
Eliminate GIS Technician	(0.67)
Eliminate GIS Technician	(0.67)
Extend Associate Planner Position - HB 2001 (extend through 6/30/12)	0.57
Extend Principal Regional Planner - Regional Indicators (extend through 6/30/12; 80% time)	(0.60)
Transfer Senior GIS Specialist to Sustainability Center	(1.00)
<i>Subtotal</i>	<i>(3.37)</i>

	FTE Change from 2010-11
Sustainability Center	
Eliminate LD Senior Regional Planner - Climate Change	(1.00)
Eliminate Senior Regional Planner - Nature in Neighborhood (job share)	(1.00)
Reduce Program Supervisor II - reduce to 75 percent time	(0.25)
Extend Principal Regional Planner - Intertwine (extend through 6/30/12)	0.00
Transfer Senior GIS Specialist from Research Center	1.00
Transfer Associate Planner Position to Research Center	(0.15)
<i>Subtotal</i>	<u>(1.40)</u>
Visitor Venues	
<i>Oregon Zoo</i>	
Eliminate LD Program Analyst IV (effective 10/31/11)	(0.67)
Eliminate Program Supervisor II - Marketing	(1.00)
Eliminate Associate Public Affairs Specialist - Marketing	(0.63)
Add Service Supervisor II - catering (reinstatement of position)	1.00
Add Senior Public Affairs Specialist - marketing	1.00
Add Web content and social media specialist	1.00
Add Manager II - education	1.00
Add Program Assistant I - volunteer resources	0.60
Transfer Director from Visitor Venues - Administration	0.25
Transfer Program Analyst II from Visitor Venues - Administration	0.15
<i>Subtotal</i>	<u>2.70</u>
<i>Administration</i>	
Eliminate Manager I - Construction (effective 12/31/11)	(0.50)
Transfer Associate Management Analyst to Finance & Regulatory Services	(1.00)
Transfer Program Analyst V to Human Resources	(1.00)
Transfer Manager 1 To Information Services	(1.00)
Transfer Manager 1 To Information Services	(1.00)
Transfer Program Director from Parks & Environmental Services	0.30
Transfer Assistant Management Analyst to Parks & Environmental Services	(0.40)
Transfer Manager 1 to Parks & Environmental Services	(0.15)
Transfer Director to Visitor Venues - Zoo	(0.25)
Transfer Program Analyst II to Visitor Venues - Zoo	(0.15)
<i>Subtotal</i>	<u>(5.15)</u>
<i>Portland Center for the Performing Arts</i>	
Eliminate Maintenance Supervisor	(1.00)
Add Marketing Promotions Coordinator	1.00
Add Utility Lead	1.00
<i>Subtotal</i>	<u>1.00</u>
Total FTE Changes (including limited duration extensions)	<u>(7.04)</u>



www.oregonmetro.gov



600 NE Grand Ave.
Portland, Oregon
97232-2736

2011-12

PROPOSED BUDGET

Budget Presentation

April 7, 2011

Overview

- Budget ordinance
- Budget message
- Budget by the numbers
- Office of Metro Auditor
- MERC
- Proposed Solid Waste Rates
- Upcoming Budget Consideration
- Public Hearing

First Reading

Dan Cooper, Acting Chief Operating Officer

Margo Norton, Finance and Regulatory Services Director

Suzanne Flynn, CIA, Metro Auditor

Judie Hammerstad, MERC Commissioner
Budget Committee Chairperson

Douglas Anderson, Solid Waste Policy and Compliance

Dan Cooper, Acting Chief Operating Officer

required when budget is introduced

Budget message

- Budget Environment Emerging from the recession is not easy or fast

Metro can't build its budget for just one year at a time

Council's budget guidance established priorities

Budget Priorities

Daily Operations

- Offer highest quality public services
- Deliver bond programs
- Execute mandated functions
- Advance Sustainable Metro Initiative

Budget Priorities

Advance collaborative initiatives

- Community Investment Strategy
- Integrated corridor planning
- Climate Smart Communities
- Solid Waste Road Map
- The Intertwine System Development Initiative



The BIG picture

	FY 11-12 Budget	FY 10-11 Budget	Budget % Change
Total Budget <i>(all resouces and requirements)</i>	\$389 million	\$431 million	(9.7%)
Current Revenues	230 million	255 million	(9.8)
Current Expenditures	324 million	358 million	(9.5)
Wages and benefits	79.1 million	77.0 million	2.7
Full-time positions	750 positions	757 positions	(7 positions)

Budget Strategies

How to deliver on the budget priorities within resource constraints

- Footprint
- Focus
- Employee compact
- Resources

FOOTPRINT Is Metro right sized?

Reduce and Consolidate

Proposed budget reduces by 7 FTE overall

Some projects end

Eliminate vacant positions where possible

SMI continued integration

Visitor venues consolidation gives capacity and depth

MERC- Metro consolidation finds best business practices

FOOTPRINT Is Metro right sized?

Change how we provide services

Nature in Neighborhoods becomes a full strategy, not a program

Conservation Education needs a small investment to build a stronger, smarter delivery and link with bond program (Conservation Discovery Zone project)



FOOTPRINT Is Metro right sized?

Incubate and Launch

Moving from principal to partner

Greater Portland Vancouver Indicators project

Intertwine Alliance

FOCUS What is Metro the best at?

Metro must deliver its core services with excellence and efficiency.

Daily operations

+ bond promises

+ protection of public assets

+ transparent governance and business processes

= 80 percent of Metro budget

Visitor venues – heart of core operations



3.5 million guests at 4 largest venues

\$160 million operating investment

Creates Significant economic impact
to the region

OCC

PCPA

Expo

Zoo

Visitor venues – heart of core operations



+Public access parks

+Solid Waste operations

= 5 million public interactions annually
Creating trust in government

Delivering on the bond promises- no exceptions

Natural areas acquisitions

Zoo construction

Transparency and accountability



Integrated transportation and land use planning

Metro Council passes Capacity ordinance in Dec 2010

Identifies 6 desired regional outcomes

Proposed budget becomes an essential strategy for integration

Integrated transportation and land use planning

- Winding down reserves and UGB work
 - + Moving from policy to implementation
 - + Changing and maturing how we think about Corridors and centers
-

= where Metro makes a significant economic development contribution

Climate Change

HB 2001 mandates for GhG modeling

+ ODOT funding source

+ Research Center and Planning and Development
expertise

= Metro's climate change niche

EMPLOYEE COMPACT Can we balance being a good employer and a good public steward?

Total Compensation approach

Wages

Leading with nonreps – lump sum is progressive and limits base increases

Exec leadership voted for pay freeze

Strategic investment:

new diversity coordinator position, a key recommendation of the diversity action plan

EMPLOYEE COMPACT

Total Compensation approach

Benefits

Health Insurance

more visible premium sharing builds incentives to
tighten up plan design

Non-Reps lead with 8 percent share

Some employee units at 6 percent share

EMPLOYEE COMPACT

Total Compensation approach

PERS

Using PERS reserves saved specifically to mitigate the rate increase.

Planned application of accumulated reserves over next 5 years as a glide path

Some small units pay 6 percent now; New non reps will pay 6 percent beg. July

Unknown: will legislature enact other changes?

RESOURCES How do we invest for the future?

Modest fee increases

MRC Parking

additional \$10 per month

Reinstate household
hazardous waste fee

\$5 per load
Community events remain free

Disposal fees

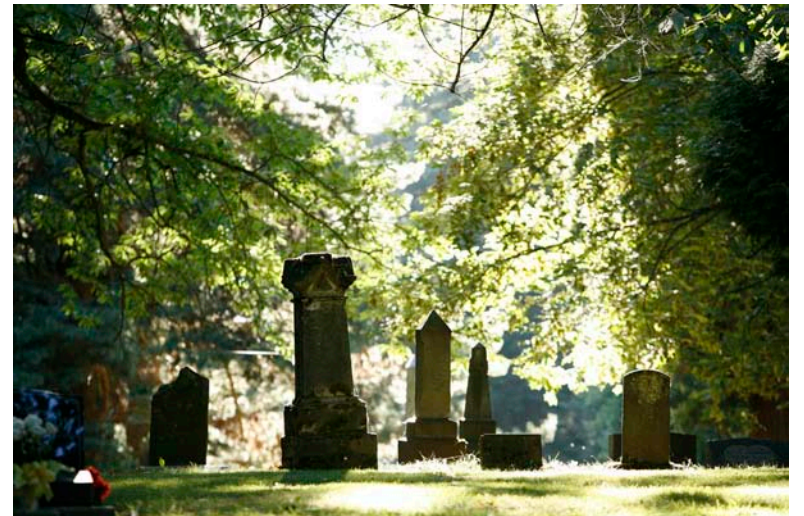
lowest increase in 3 years
\$3.68

RESOURCES How do we invest for the future?

In the works

Cemetery business plan

Increasing zoo revenue generation



RESOURCES How do we invest for the future?

For the future

Community Investment Initiative

2nd of 3 year plan to focus and prioritize investments by aligning separate efforts on jobs, parks, housing, equity, transportation, growth management into a collaborative regional approach

RESOURCES How do we invest for the future?

Front end Policy and Infrastructure planning
necessary for innovative public and private investment

Construction Excise Tax is not enough to fund regional
planning

RESOURCES How do we invest for the future?

Regional Parks Financing

Clear line to Community Investment Initiative

Continues dedicated position to advance financing options

RESOURCES How do we invest for the future?

Solid Waste Road Map: where will we be in 5-7 years?

New technologies

More waste stream diversion – organics and more

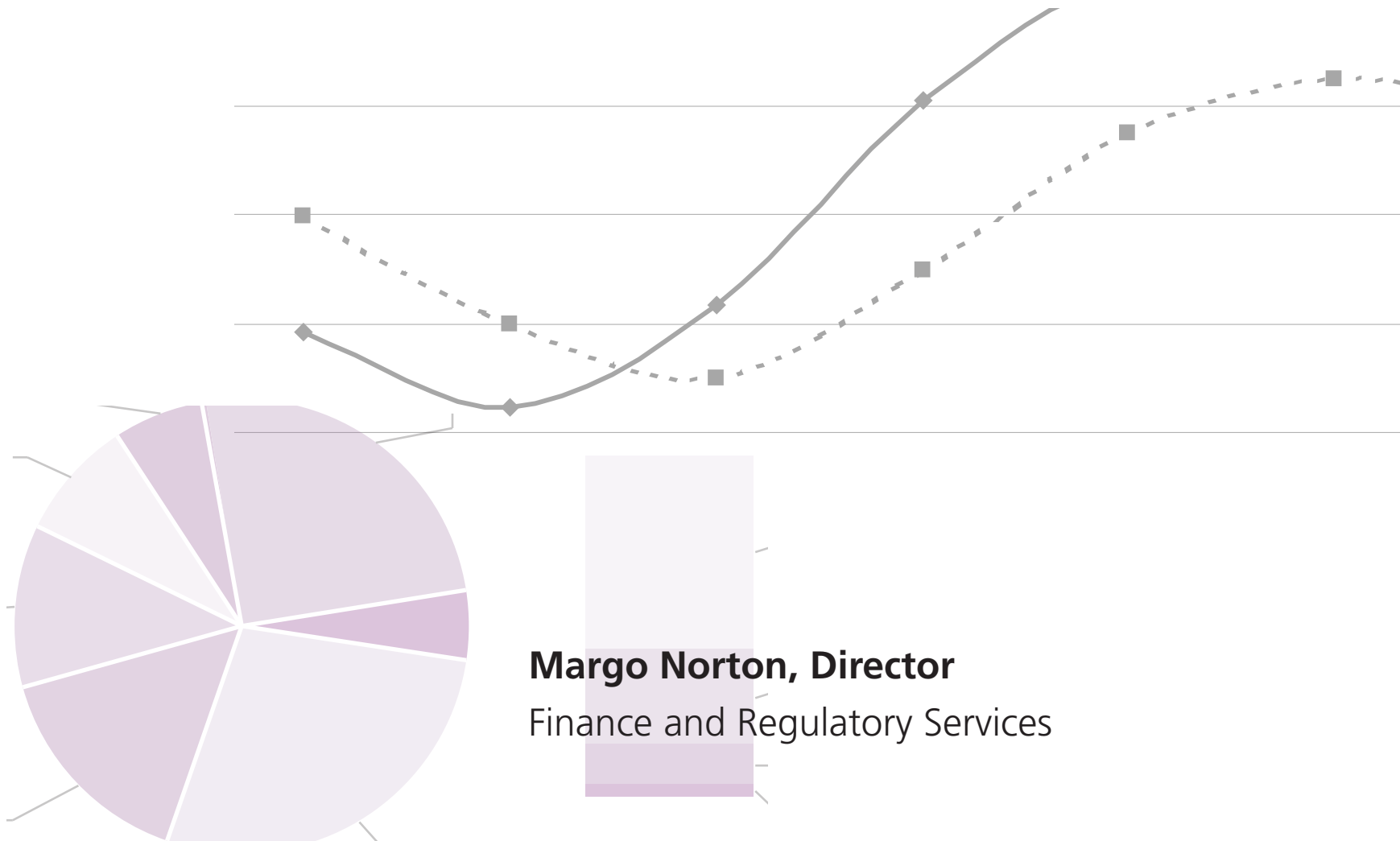
Greater producer responsibility – product stewardship

Financial implications for both solid waste system and
Metro general fund

Getting to the future

- Understand budget drivers
- Look beyond next year

Budget by the numbers



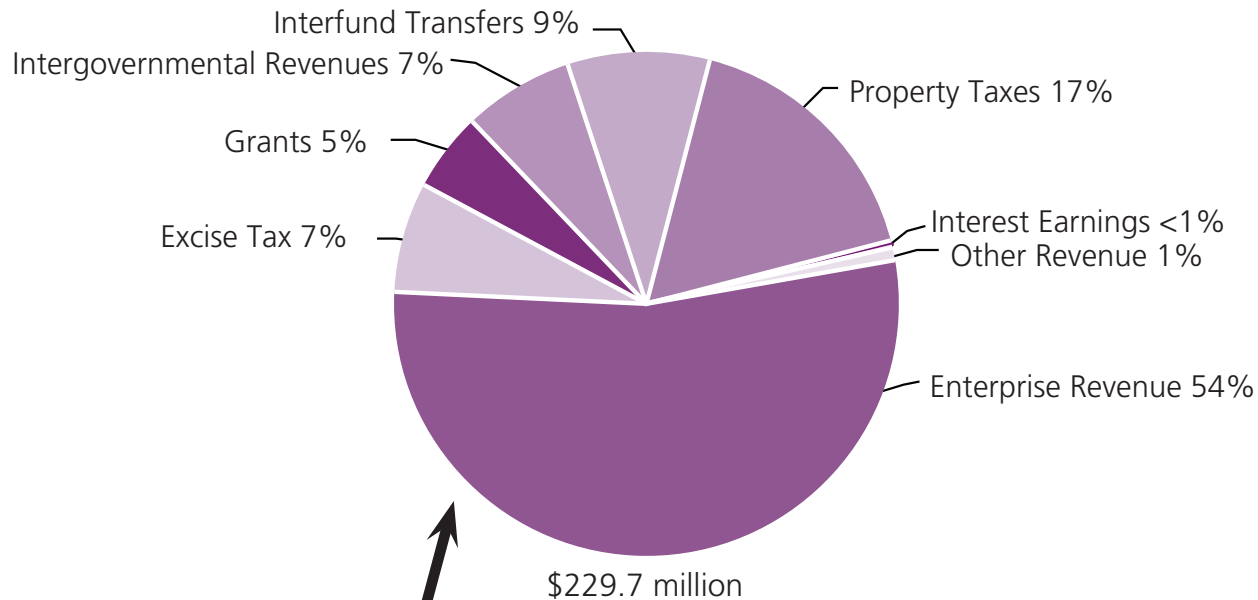
Margo Norton, Director
Finance and Regulatory Services

The “Legal” Budget

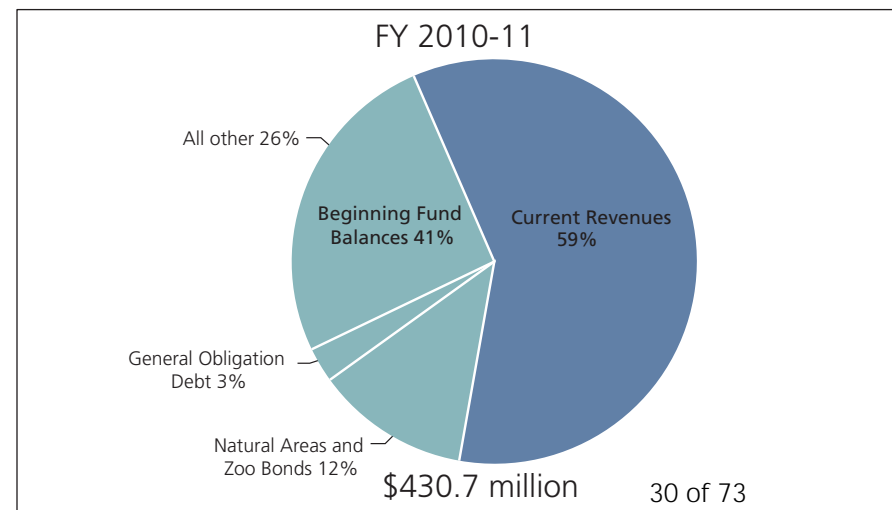
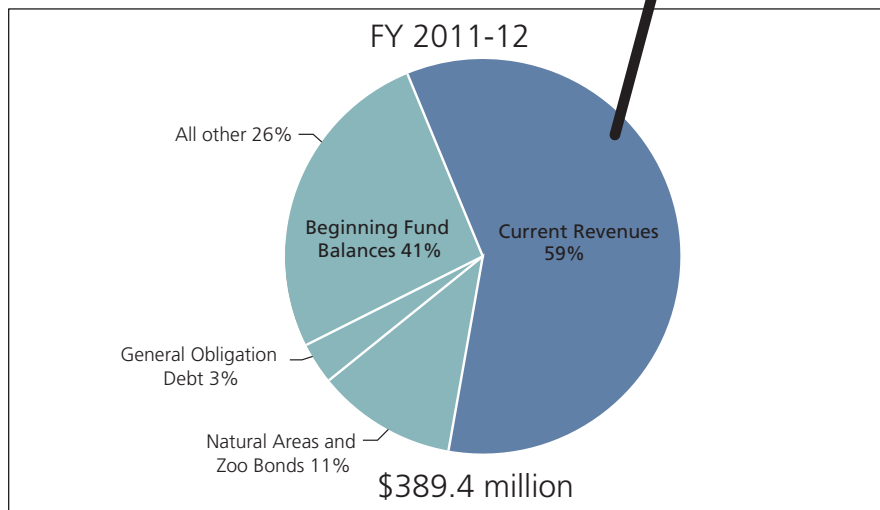
	FY 11-12 Budget	FY 10-11 Budget	Budget % Change
Total Budget <i>(all resouces and requirements)</i>	\$389 million	\$431 million	(9.7%)
Current Revenues	230 million	255 million	(9.8)
Current Expenditures	324 million	358 million	(9.5)
Wages and benefits	79.1 million	77.0 million	2.7
Full-time positions	750 positions	757 positions	(7 positions)

Resources

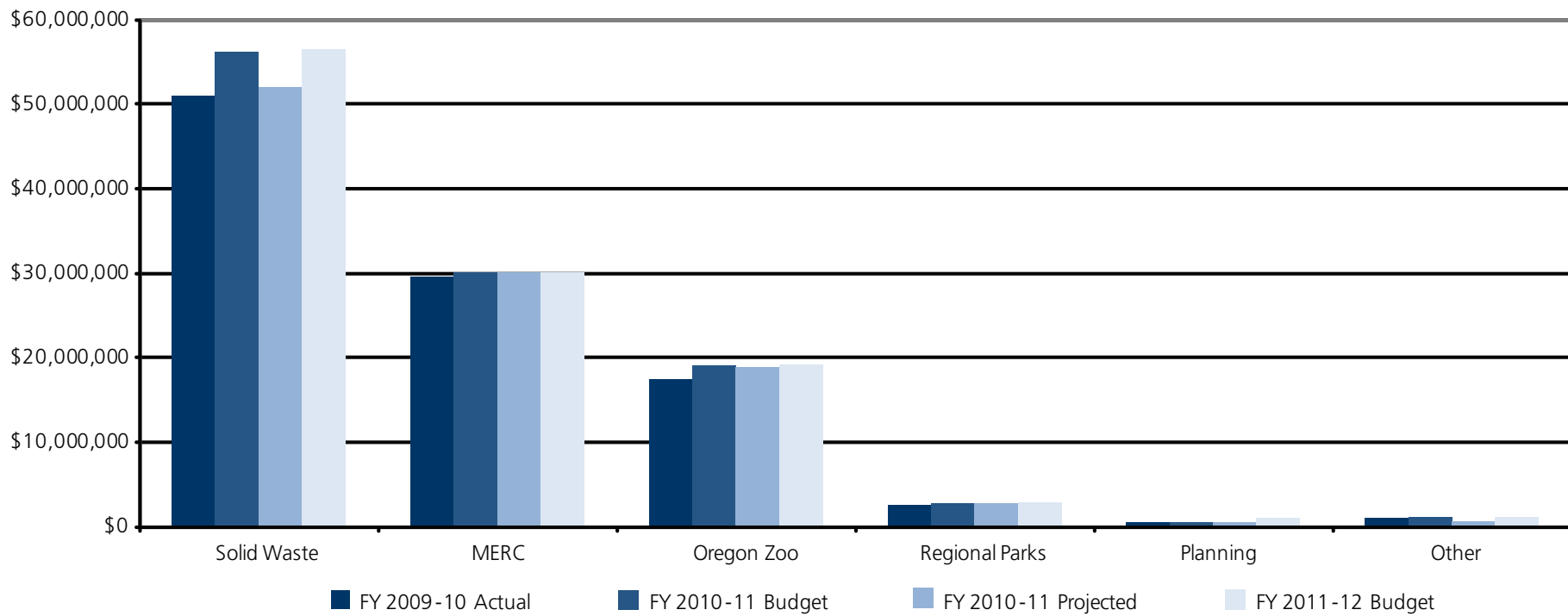
Current Revenues



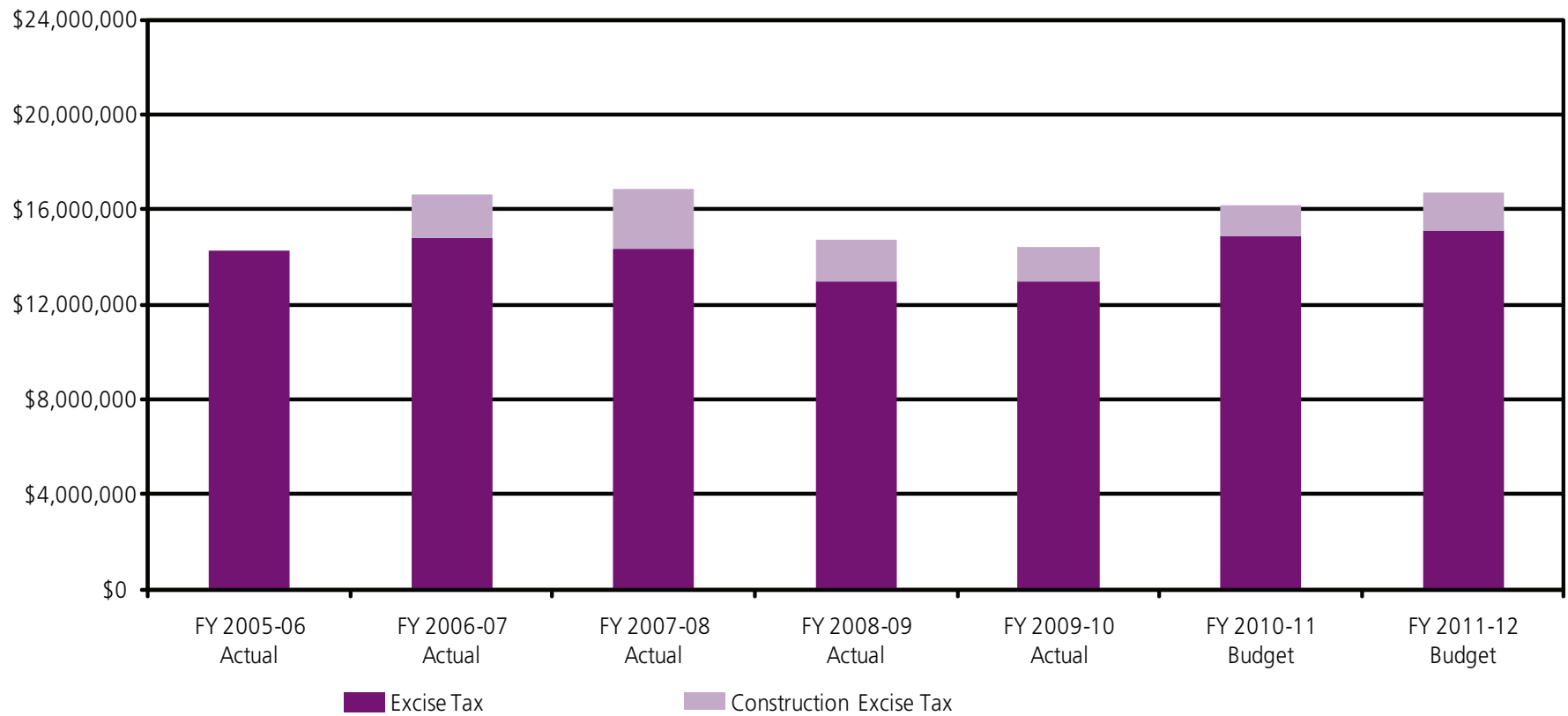
Total Resources



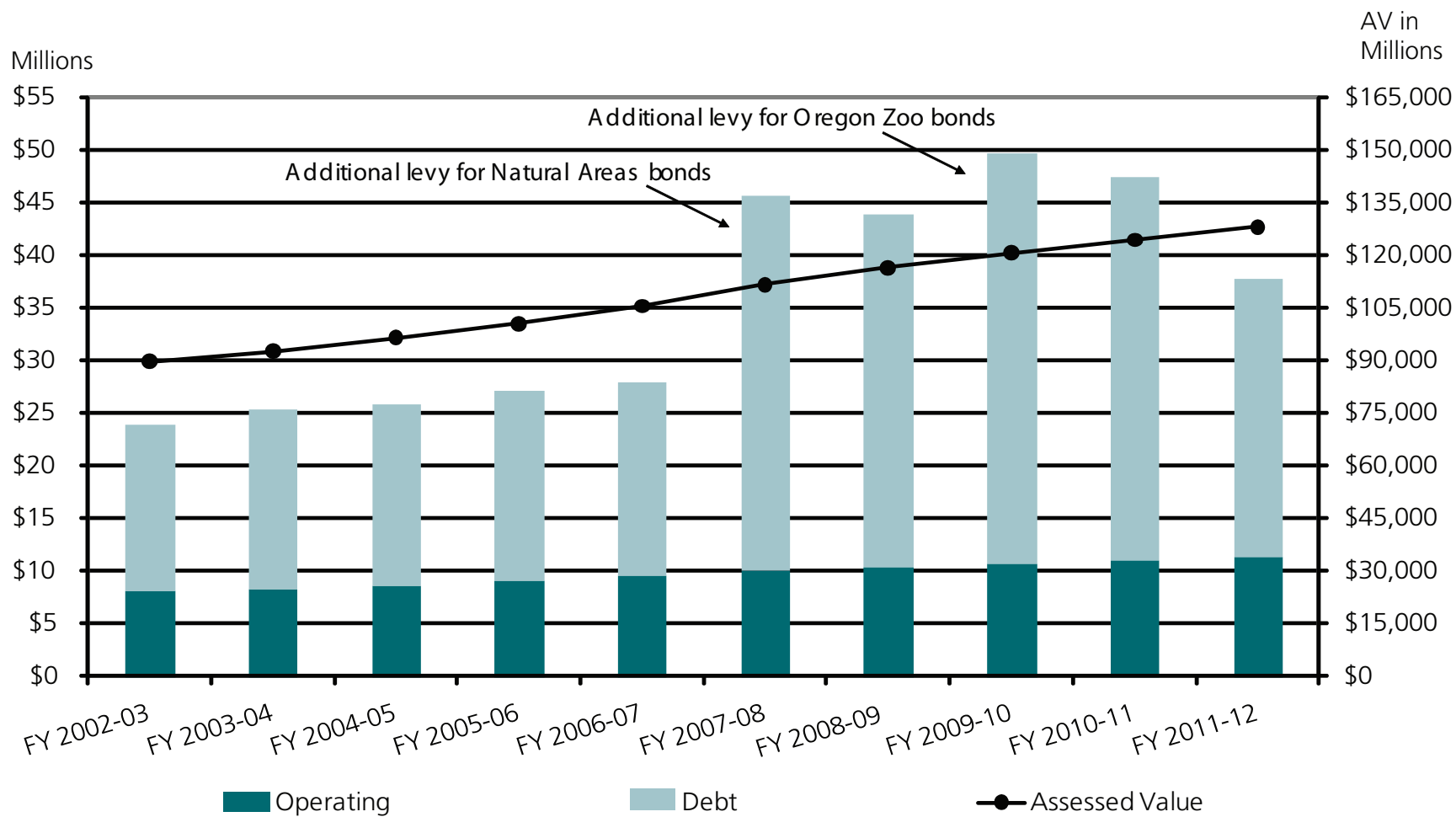
Enterprise revenue



Excise tax

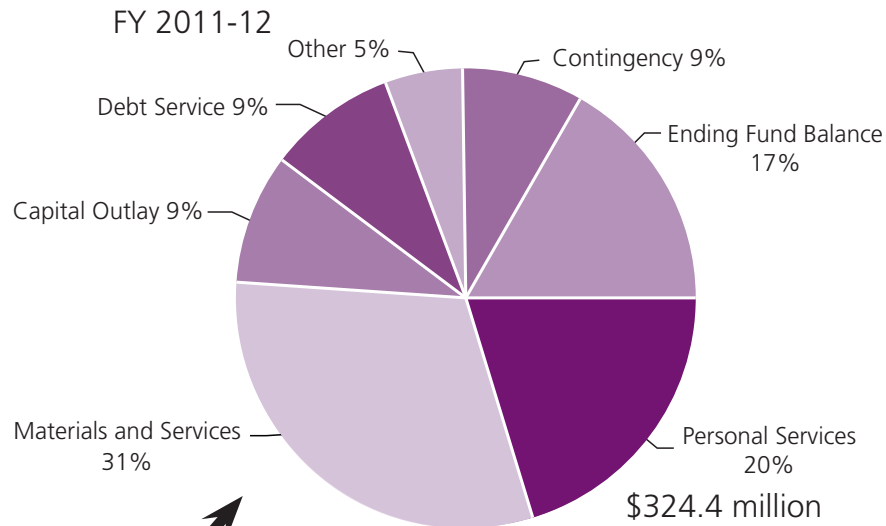


Property tax

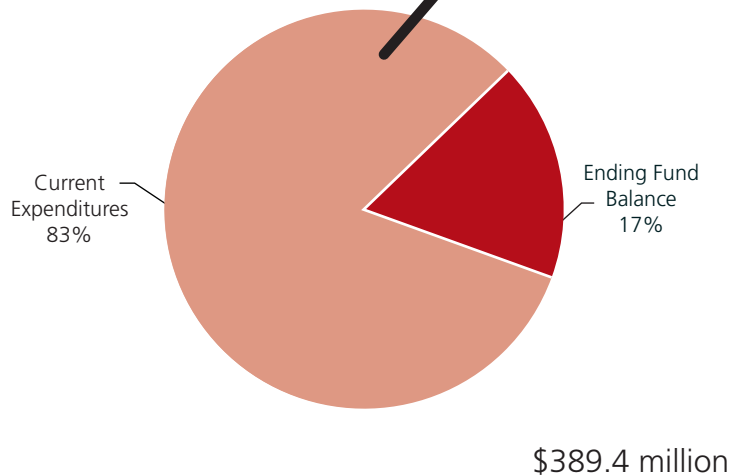


Requirements

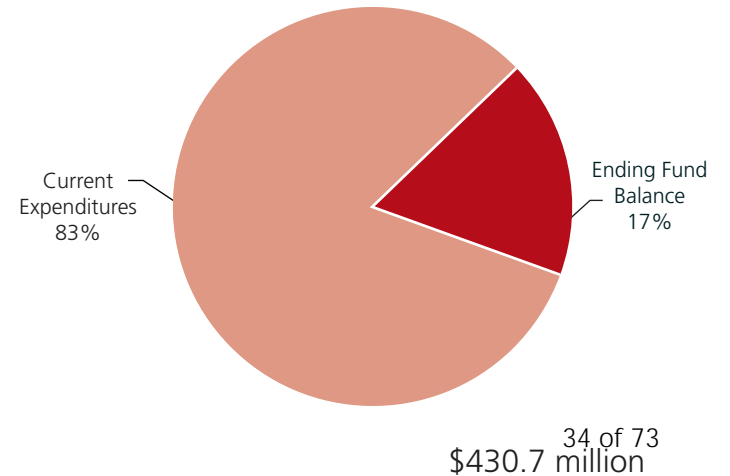
Total Requirements



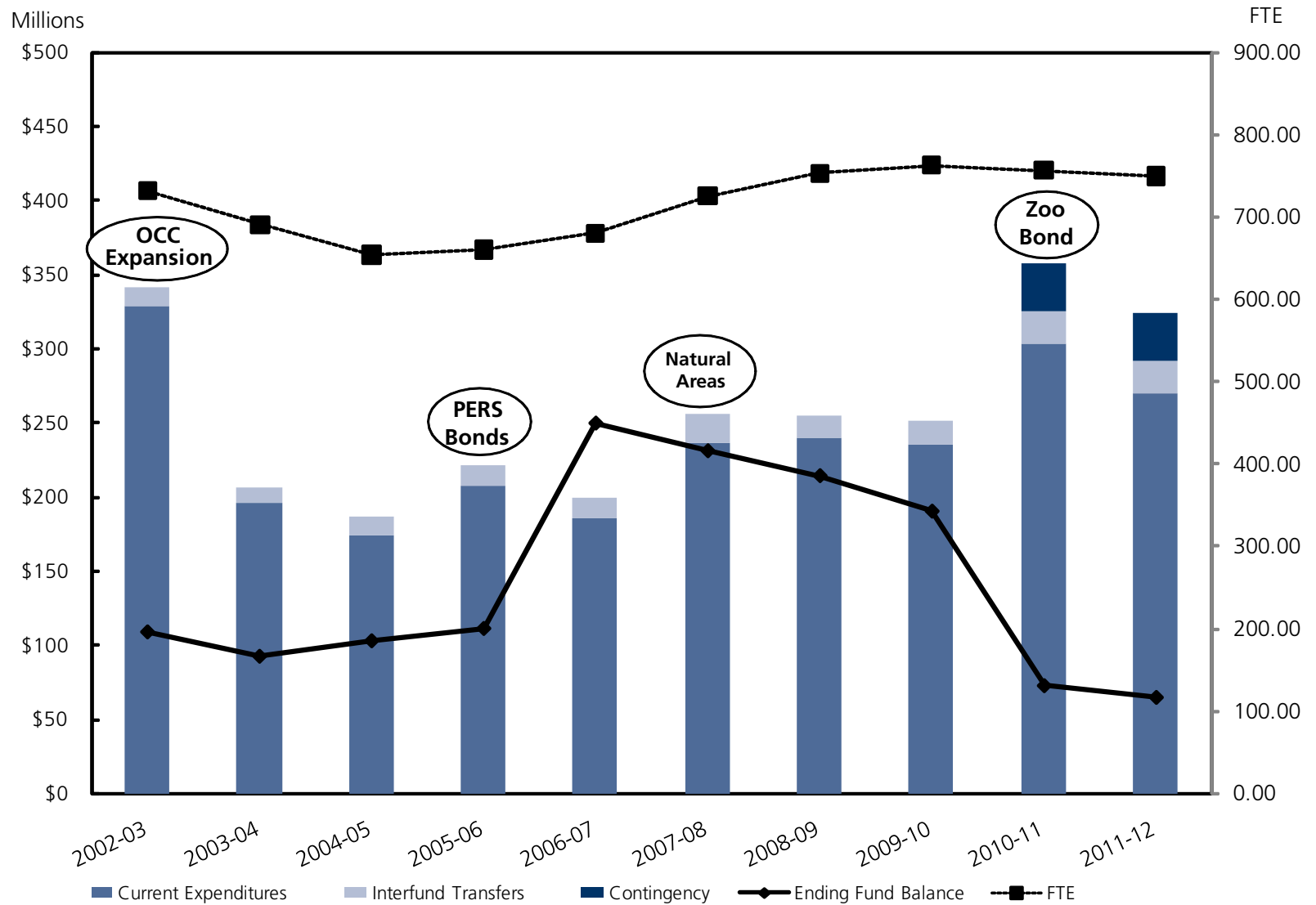
FY 2011-12 Proposed Expenditures



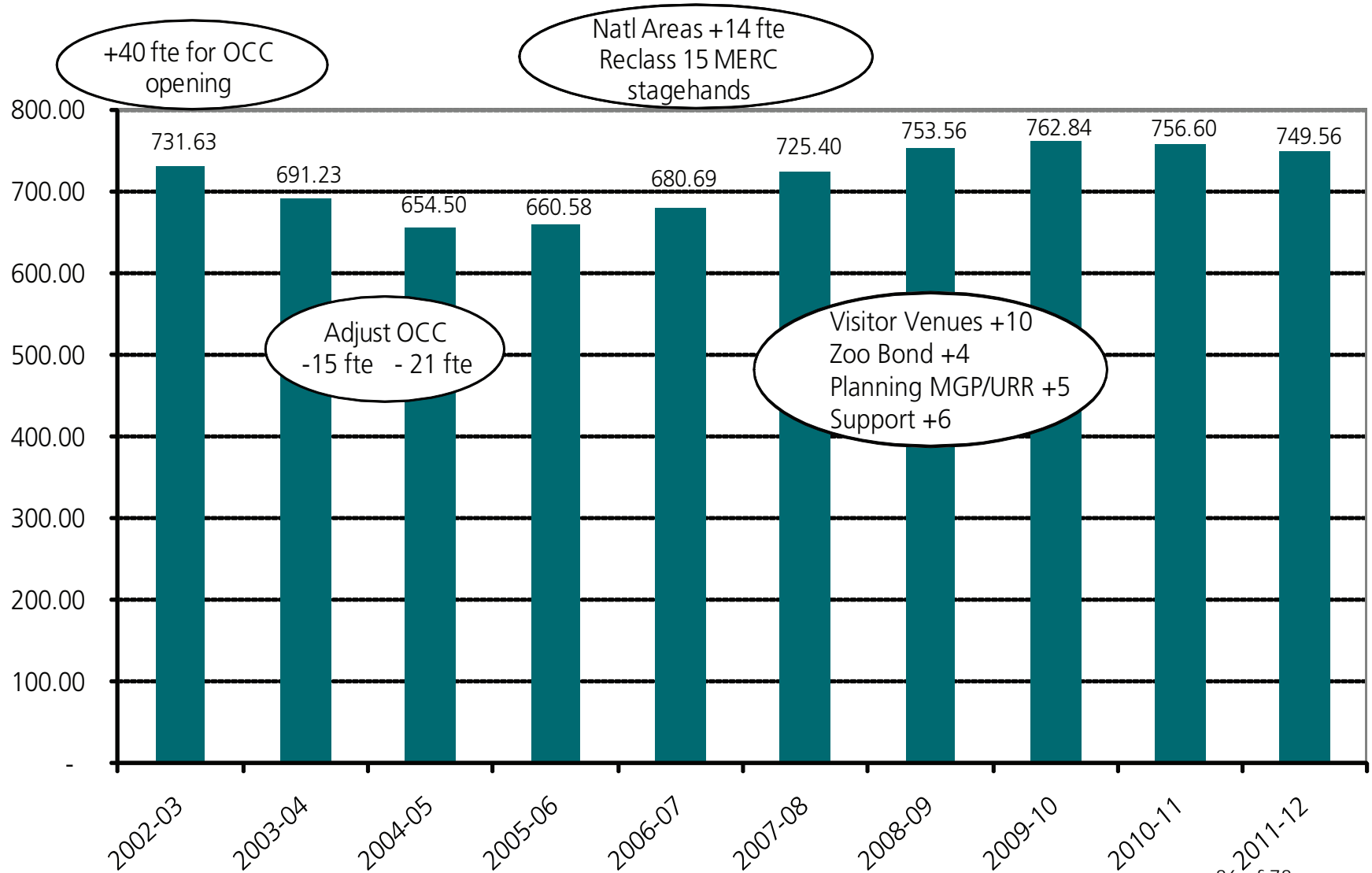
FY 2010-11 Current Expenditures



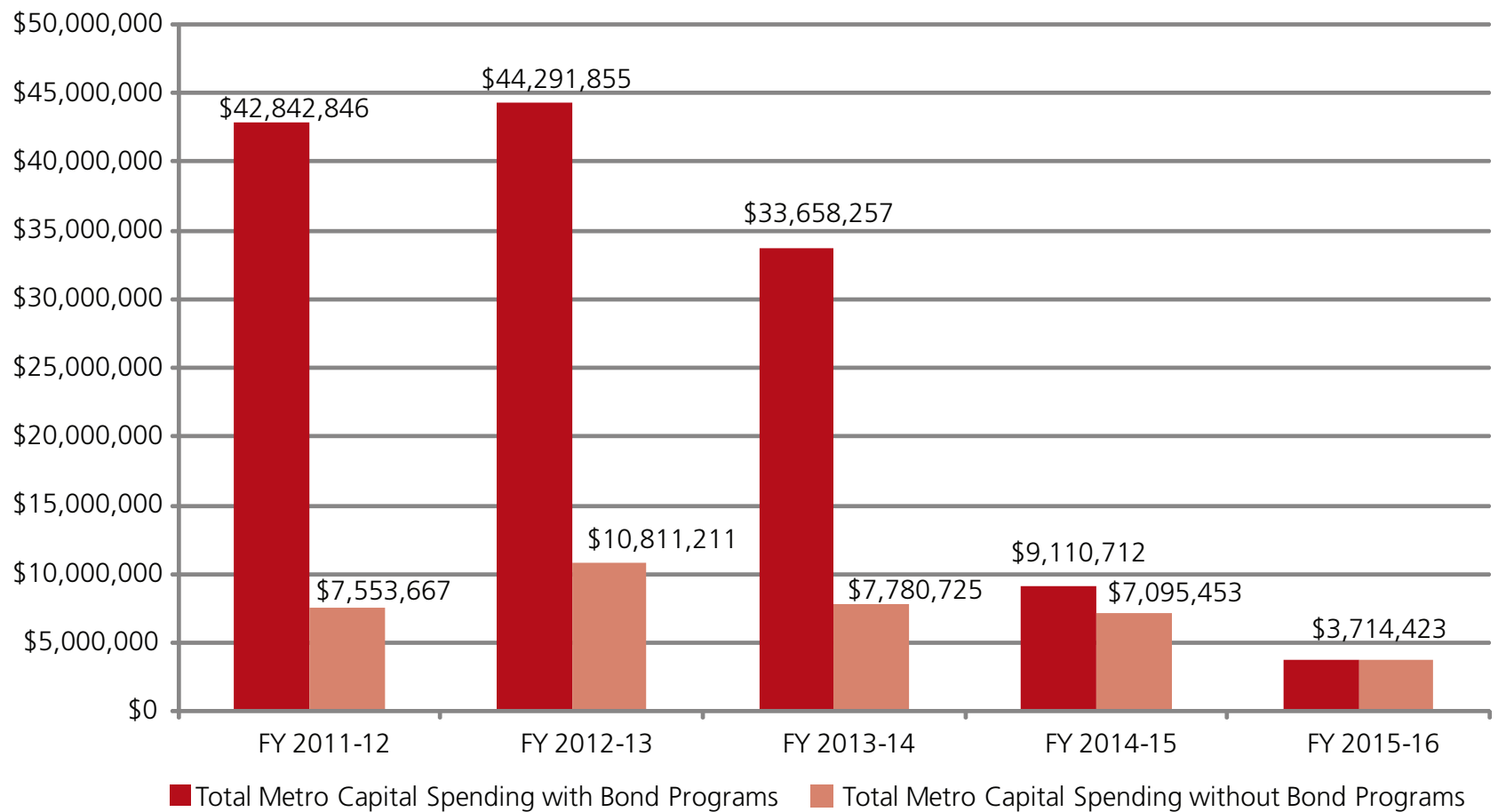
10-year expenditure history



10-year total agency FTE history

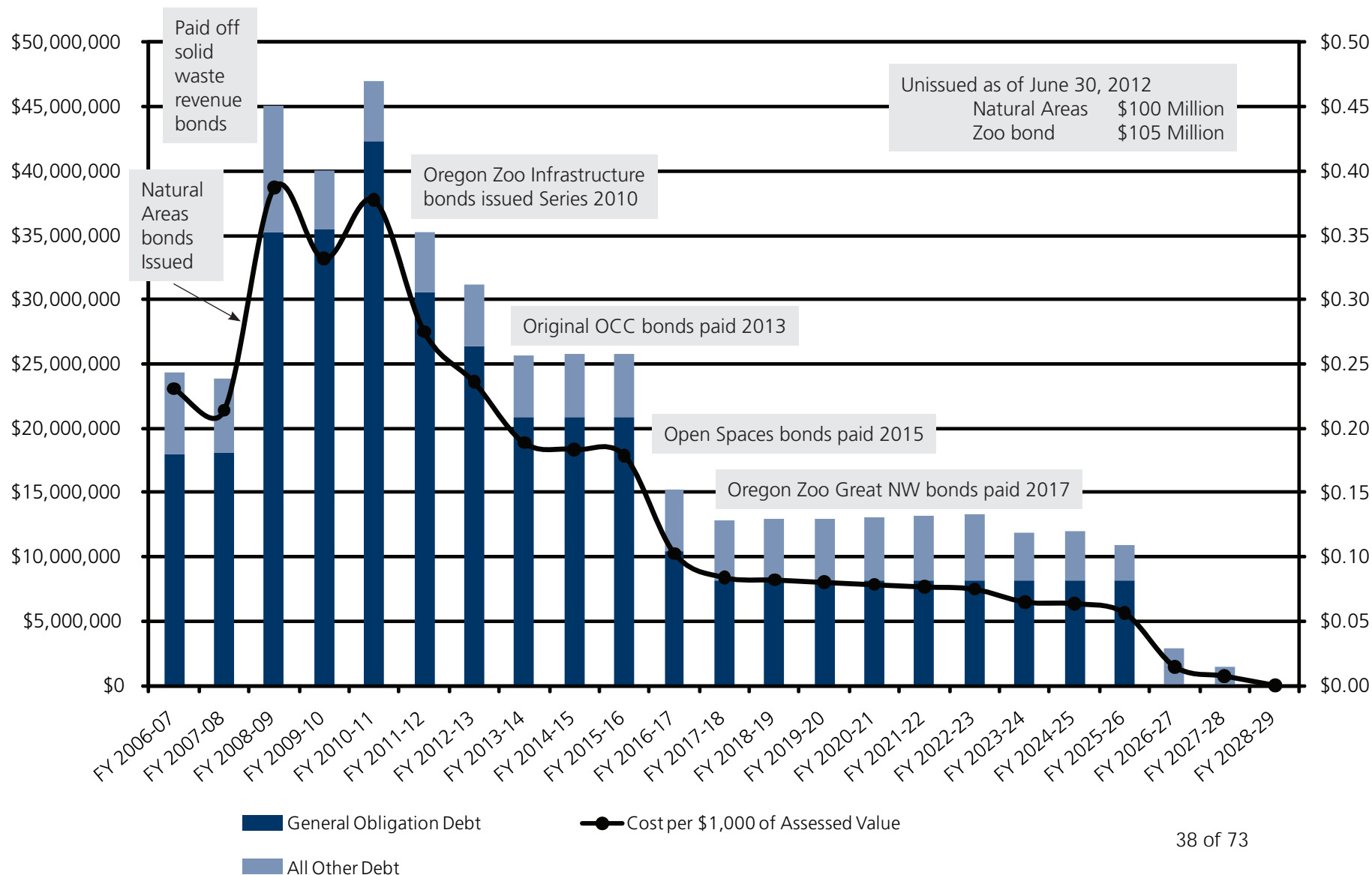


Capital Improvement Plan



Debt Service payments

not including authorized but unissued debt





Office of the *Metro* Auditor

FY11-12 Proposed Budget



Mission

- Ensure that Metro is accountable to the public
- Ensure that Metro activities are transparent
- Improve the efficiency, effectiveness, and quality of Metro services and activities

Accomplishments FY2010-11

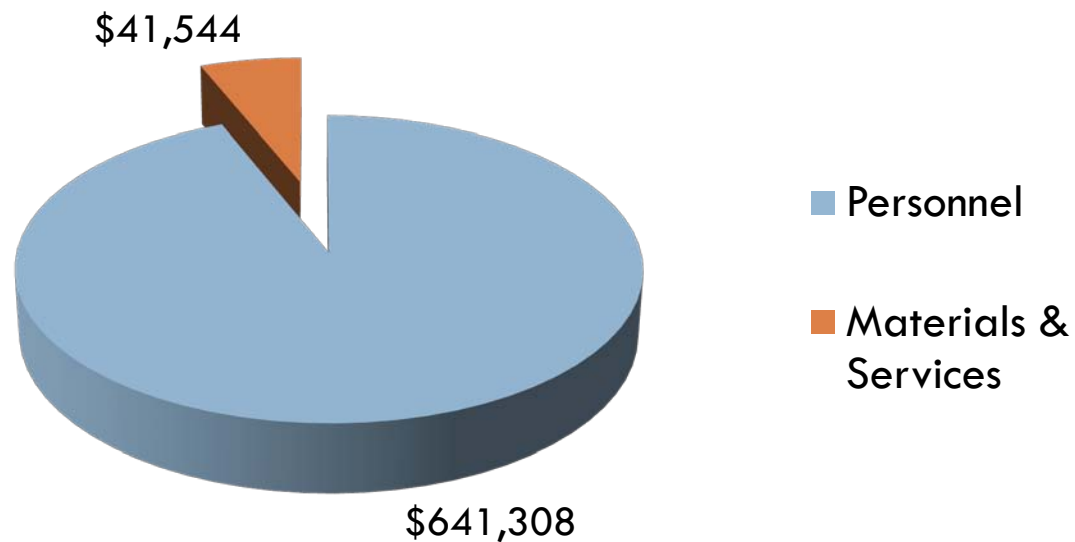
- Audits completed
 - ▣ Payroll and Benefits Programs
 - ▣ Leave Management
 - ▣ Public Engagement
 - ▣ Administration of Large Contracts
 - ▣ Suspended one audit – Construction Excise Tax Grants
 - ▣ Three follow-up audits
 - TOD Program
 - Fleet Management (added)
 - Waste Reduction and Outreach (added)
 - ▣ Added one audit – Frequent Flyer Benefits

Accomplishments FY2010-11

- Designed and implemented survey of local officials to provide input into audit schedule
- Reviewed 23 reports to the Ethics Line in 2010
 - ▣ Have now completed 3 audits that were the result of Ethics Line reports
- Administered contract with external auditor Moss Adams
- Started a library of ethics articles to be published on website



Proposed Budget FY2011-12





Comparison to Previous Years

	FY10 Actual	FY11 Amended Budget	FY12 Proposed
Personnel	\$595,351	\$632,082	\$641,308
Materials & Services	\$17,978	\$39,996	\$41,544
TOTAL	\$613,329	\$672,078	\$682,852

Notes:

- In FY 2011-2012 primary driver of personnel increase is benefits.
- Had been paying for Ethics Line contract in wrong year. Adjustment resulted in lower expenditure in M&S in FY10



Upcoming Audits:

- ❑ Transportation Outcomes – Case Studies
- ❑ Follow-up on Zoo Audit
- ❑ Maintenance of Natural Areas



FY 2011-12 Proposed Budget MERC Fund Venues

Presented by
MERC Budget Chair Judie Hammerstad
Metro Council Meeting
April 7, 2011

Budget Process and Outcomes

- Considered economic climate, business challenges and opportunities
- Approved a MERC reserve policy to guide use of contingency, renewal/replacement, strategic business and capital fund reserves
- Realized operational efficiency savings identified through Metro/MERC Business Practices Study
- Operating costs met with current revenues; fund balances for one-time capital

FY 2011-12 Economic & Business Climate

OCC: National convention bookings down

- 30 in FY 2011-12 compared to 37 in FY 2010-11
- Reflects FY 2008-09 economic downturn when conventions booked
- Transient lodging tax revenues increasing after severe low

Expo: Consumer show bookings stabilizing

- Event attendance reflects modest increases over previous years
- Concession sales supplemented by West Delta Bar & Grill

PCPA: Strong Broadway season booked

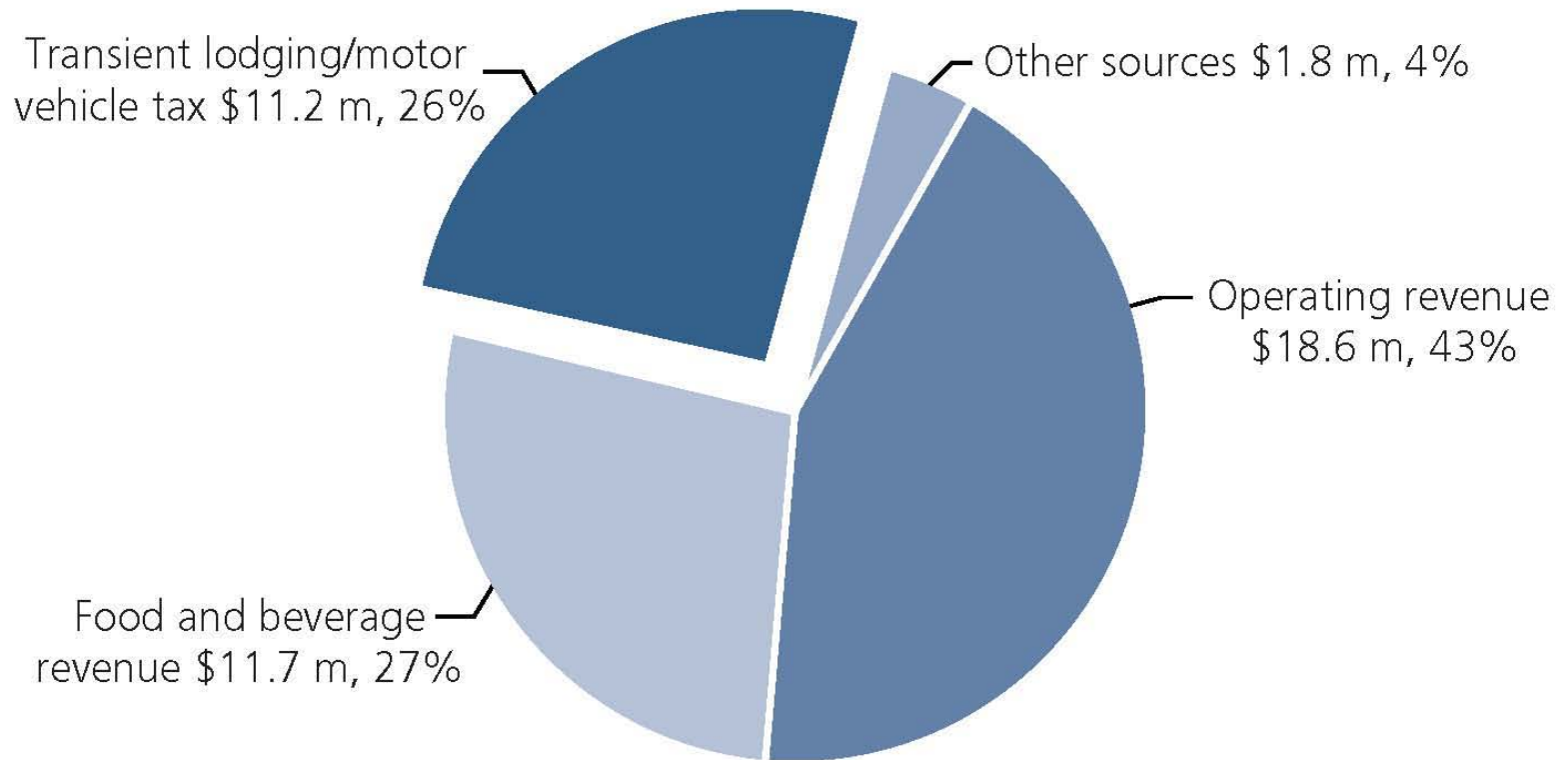
- 12.5 weeks in FY 2011-12 compared to 13 in FY 2010-11
- Slow to recapture transient lodging tax revenue increases

New Reserve Policy

	Expo	OCC	PCPA	Admin	Total
Proposed FY 2011-12 Balances	\$4.4 m	\$7.8 m	\$7.9 m	827 k	\$20.9 m
<u>Contingency</u>					
Operating Contingency	\$364 k	\$1.5 m	\$300 k	\$95 k	\$2.3 m
Stabilization Reserve	\$186 k	\$260 k	\$175 k		\$620 k
<u>Accumulation</u>					
Renewal & Replacement	\$925 k	\$5.3 m	\$5.6 m	\$732 k	\$12.6 m
New Capital/ Business Strategy	\$2.9 m	\$655 k	\$1.8 m		\$5.4 m
Sum of Reserves	\$4.4 m	\$7.8 m	\$7.9 m	\$ 827 k	\$20.9 m

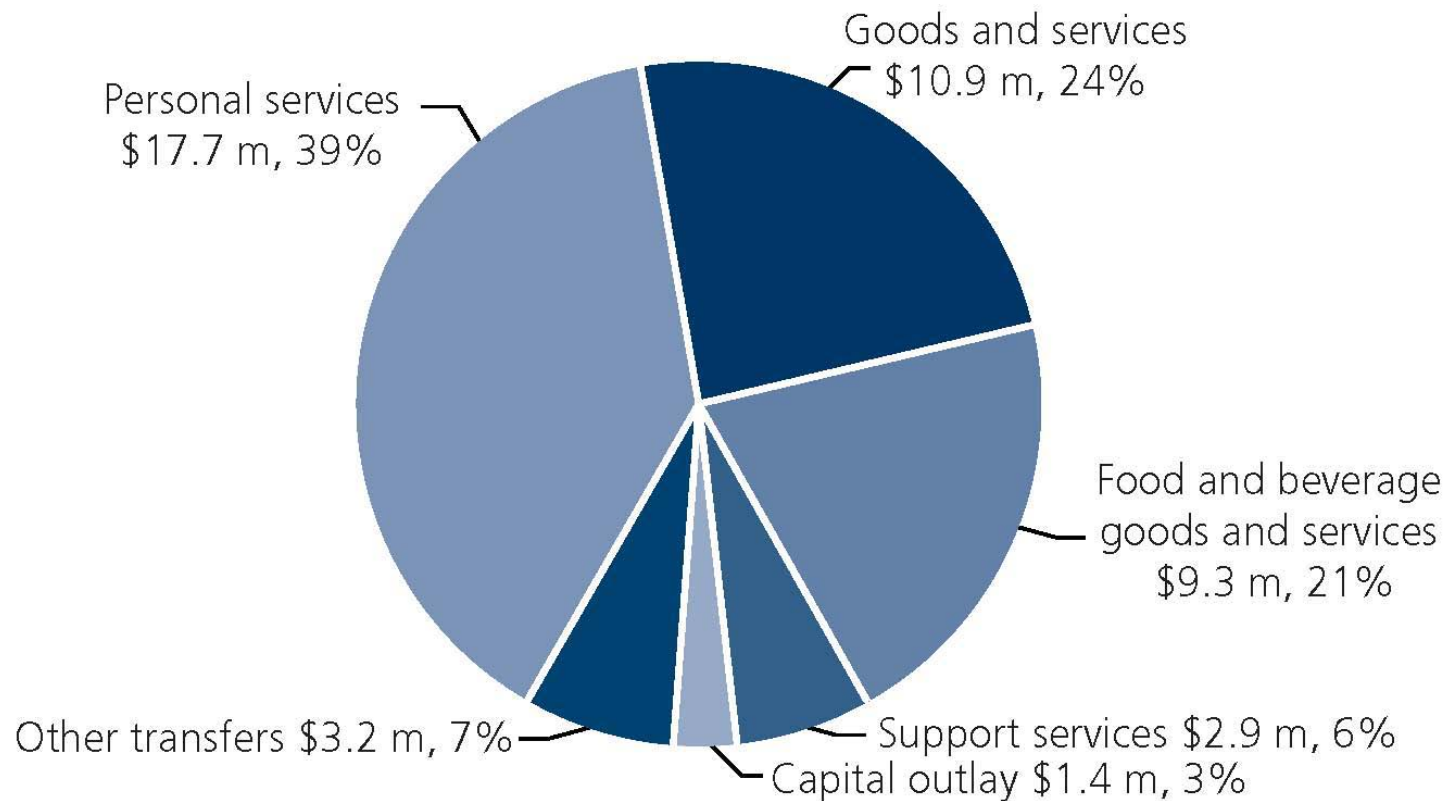
Total Revenue for FY 2011-12

Total revenue \$43.30 m



Total Expenditures for FY 2011-12

Total expenditures \$45.40 m



MERC Budget Committee and Staff Support

Judie Hammerstad, Budget Committee Chair

Cynthia Haruyama, Budget Committee

Chris Erickson, Budget Committee

Michael Jordan, Metro Chief Operating Officer

Teri Dresler, Metro Visitor Venue General Manager

Chris Bailey, Portland Expo Center Director

Jeff Blosser, Oregon Convention Center Executive Director

Robyn Williams, Portland Center for the Performing Arts Executive Director

Cynthia Hill, Budget/Finance Manager for MERC venues

Special thanks:

Margo Norton, Metro Finance and Regulatory Services (FRS) Director

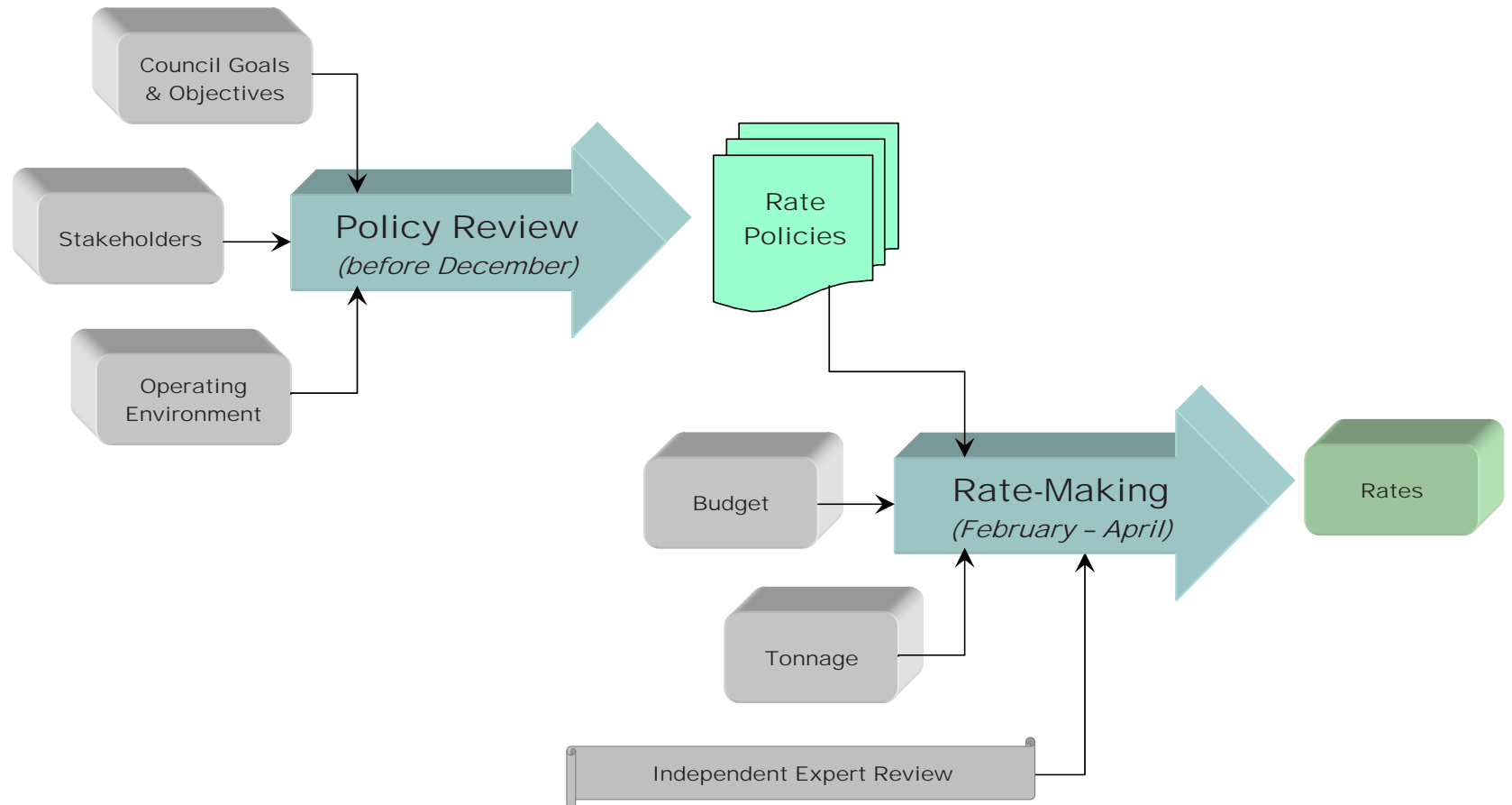
Douglas Anderson, Policy and Compliance Manager, FRS

Proposed Solid Waste Rates

Douglas Anderson

Solid Waste Policy and Compliance

Two-Stage Annual Rate Cycle



Where the dollars come from

- 1.1 to 1.3 million tons discarded per year
- Metro transfer stations handle 44 percent
- The balance goes to privately-owned landfills

Where the dollars come from

1. **Disposal Charges at Metro transfer stations only**
 - Pay for disposal operations
 - Designed to raise \$30.5 million in FY 2011-12

2. **Regional System Fee on all disposal**
 - Pays for regional solid waste programs and services
 - Designed to raise \$19.1 million in FY 2011-12

The solid waste excise tax

- Raises discretionary revenue for the General Fund
- \$13.1 million expected in FY 2011-12
- The tax rate resets automatically each year
- This ordinance only sets the effective date for the rate

Regional System Fee & Excise Tax

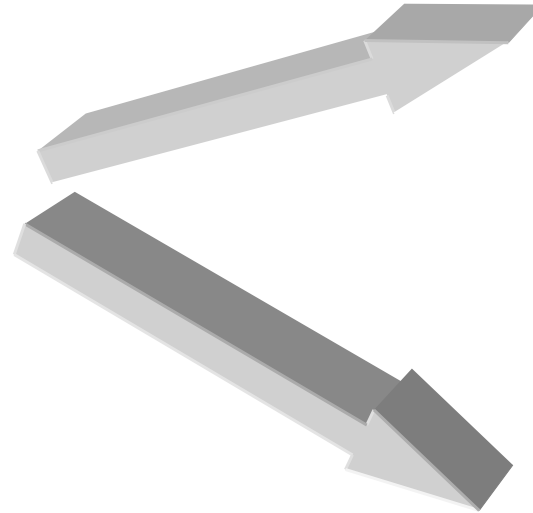
Revenue is collected at all disposal sites:

- Two Metro transfer stations and one private station
- 11 landfills serving the region
- 1.1 to 1.3 million tons total per year

The proposed FY 2011-12 rates:

Rate	Current	Proposed	Change
Regional System Fee	\$16.72	\$17.64	\$0.92
Excise Tax	10.94	11.80	0.86
TOTAL	\$27.66	\$29.44	\$1.78

Two-part charge at Metro



Flat rate per load
"Transaction Fee"

plus

Rate for each ton
"Tip Fee"

Metro transfer station rates

Rate	Current	Proposed	Change
Transaction Fee			
Staffed scales	\$11.00	\$12.00	\$1.00
Automated scales	3.00	3.00	– 0 –
Tonnage Charge	\$56.45	\$58.35	\$1.90
Minimum Load Charge	\$28	\$28	– 0 –
<i>Minimum pounds per load</i>	400	360	(40)

Metro's Tip Fee: the sum of several charges

Component	Current	Proposed	Change
Tonnage Charge	\$56.45	\$58.35	\$1.90
Pass-Throughs			
Regional System Fee	\$16.72	\$17.64	\$0.92
Excise tax	10.94	11.80	0.86
DEQ fees	1.24	1.24	– 0 –
Community Enhancement Fee	0.50	0.50	– 0 –
Metro Tip Fee	\$85.85	\$89.53	\$3.68

What's driving the changes

• Fuel price	\$1.42
• Regional System Fee	0.92
• Excise Tax	0.86
• Inflation	0.51
• Miscellaneous	0.19
• Savings in general and administrative costs.	(0.22)
NET INCREASE	\$3.68

If ordinance is approved

On August 1, 2011:

1. Metro's tip fee would rise \$3.68 to \$89.53
2. The add-ons at landfills rise \$1.78 to \$29.44
 - \$17.64 Regional System Fee (up \$0.92)
 - \$11.80 Metro Excise Tax (up \$0.86)
3. Revenue requirements of the budget met

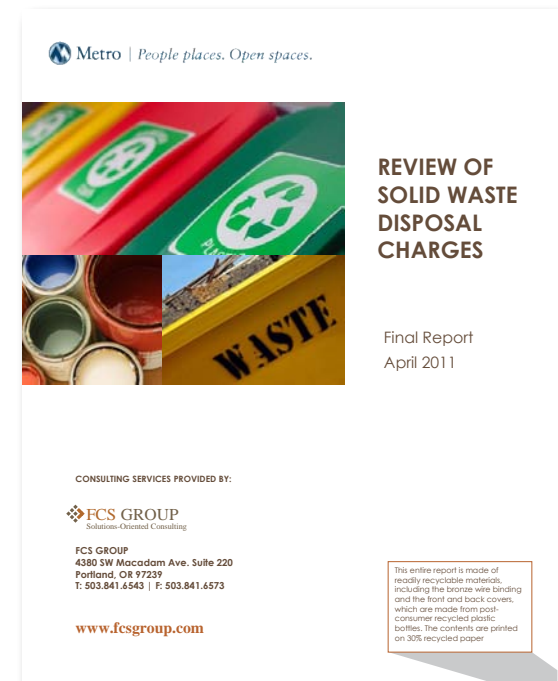
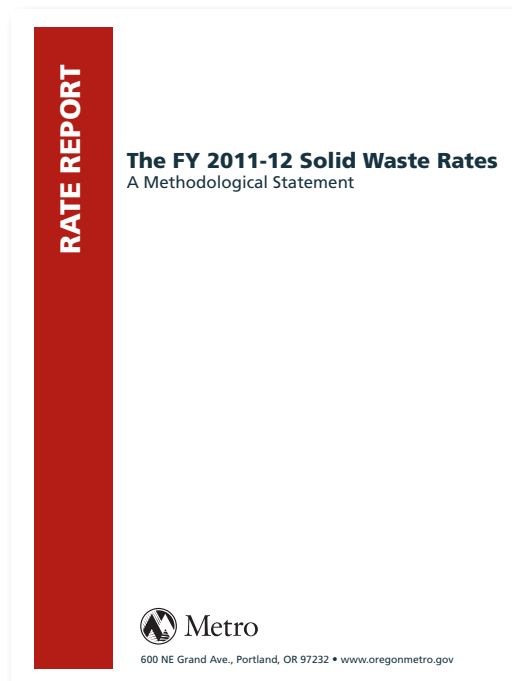
Rate payer effects

- **Residential** – less than a penny per day
- **Medium-Sized Office** – About \$1.30 per month
1.1 percent increase in total service cost
- **Retail Food** – up \$15 to \$18 per month
about 2.4 percent increase in total service cost
- **In-region transfer stations and recovery facilities**
\$1.78 more per ton on disposal

Council's Options

1. Adopt Rate Ordinance as proposed
2. Adopt later in May 2011
Rate effective Sept. 1, additional 30¢ on the tip fee.
3. Amend rate ordinance and adopt
Amendment optional if budget changes are +/- \$500,000.
4. Do not approve an increase
Rates stay the same
Reserves would cover costs
Puts reserves \$2 million below targets

For more resources



available at www.oregonmetro.gov
search "rate setting"

Upcoming budget consideration

Dan Cooper

Acting Chief Operating Officer

Upcoming budget consideration

- Balancing the budget is always challenging
- Core financial and budgetary policies help Metro to
 - Meet mandated requirements
 - Protect public assets
 - Maintain public trust

Upcoming budget consideration

- Proposed budget is designed to
 - Provide highest quality public services
 - Deliver on the bond promises
 - Support Council budget priorities
 - Set in motion future program and resource considerations

Next important dates

			Public Hearing
	April 7	Budget introduced	*
	April 14	Council worksession operating programs	
	April 19	Council worksession key initiatives	
April		Public Hearing FY 2011-12 Proposed Budget Solid Waste Rates <i>(last day to amend and meet Aug. 1 effective date)</i>	*
	April 21		
	April 28	Solid Waste rates second reading and action	*

Next important dates

			Public Hearing
May	May 5	Budget approval and tax levy Second reading and action	*
	May 15	Budget documents to TSCC	
June	June 9	TSCC review and hearing	*
	June 14	Council worksession	
	June 16	Final amendments	*
	June 23	Budget adoption	*
July	July 1	New budget begins	
	July 15	Tax levy submitted to counties	
August	August 1	New Solid Waste rates effective	

Acknowledgements

Thanks to:

Senior Management Team

Finance Team

Program Managers and Analysts

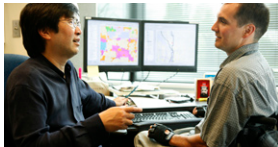
Production Team

Sarah Grover

Cover Design

Creative Services

Thank you



To view Metro's budget and the budget message in its entirety please visit:

www.oregonmetro.gov/budget