

Metro | Agenda

Meeting: Metro Council
Date: Thursday, June 14, 2012
Time: 2 p.m.
Place: Metro, Council Chamber

CALL TO ORDER AND ROLL CALL

1. **INTRODUCTIONS**
2. **CITIZEN COMMUNICATION**
3. **FOLLOW-UP AUDIT TO THE 2009 AUDIT OF METRO'S SUSTAINABILITY MANAGEMENT PROGRAM** **Flynn**
4. **CONSIDERATION OF THE MINUTES FOR MAY 24, 2012**
5. **ORDINANCES - FIRST READING**
 - 5.1 **Ordinance No. 12-1279**, For the Purpose of Amending the FY 2011-12 Budget and Appropriations Schedule and Amending the FY 2011-12 through FY 2015-16 Capital Improvement Plan.
 - 5.2 **Ordinance No. 12-1280**, For the Purpose of Amending and Re-Adopting Metro Code 7.03 (Investment Policy) for Fiscal Year 2012-2013.
6. **ORDINANCE - CARRIED OVER (SECOND READING ON MAY 24, 2012)**
 - 6.1 **Ordinance No. 12-1278**, For the Purpose of Amending the Regional Transportation Functional Plan to Remove the Schedule for Updating City and County Transportation System Plans; to Add an Exemption Process; and to Revise Procedures for Extensions and Exceptions. **Collette**

Public Hearing
7. **ORDINANCES - SECOND READING**
 - 7.1 **Ordinance No. 12-1274**, For the Purpose of Adopting the Annual Budget For Fiscal Year FY 2012-13, Making Appropriations, Levying Ad Valorem Taxes, and Authorizing an Interfund Loan. **Hughes**

Public Hearing
 - 7.2 Council Consideration and Vote on Final Proposed Council and Technical Amendments to the FY 2012-2013 Budget.
8. **CHIEF OPERATING OFFICER COMMUNICATION**
9. **COUNCILOR COMMUNICATION**

ADJOURN

Television schedule for June 14, 2012 Metro Council meeting

<p>Clackamas, Multnomah and Washington counties, and Vancouver, WA Channel 30 – Community Access Network <i>Web site:</i> www.tvctv.org <i>Ph:</i> 503-629-8534 <i>Date:</i> Thursday, June 14</p>	<p>Portland Channel 30 – Portland Community Media <i>Web site:</i> www.pcmtv.org <i>Ph:</i> 503-288-1515 <i>Date:</i> Sunday, June 17, 7:30 p.m. <i>Date:</i> Monday, June 18, 9 a.m.</p>
<p>Gresham Channel 30 - MCTV <i>Web site:</i> www.metroeast.org <i>Ph:</i> 503-491-7636 <i>Date:</i> Monday, June 18, 2 p.m.</p>	<p>Washington County Channel 30– TVC TV <i>Web site:</i> www.tvctv.org <i>Ph:</i> 503-629-8534 <i>Date:</i> Saturday, June 16, 11 p.m. <i>Date:</i> Sunday, June 17, 11 p.m. <i>Date:</i> Tuesday, June 19, 6 a.m. <i>Date:</i> Wednesday, June 20, 4 p.m.</p>
<p>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.</p>	<p>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.</p>

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

Agenda items may not be considered in the exact order. For questions about the agenda, call the Metro Council Office at 503-797-1540. Public hearings are held on all ordinances second read. Documents for the record must be submitted to the Regional Engagement Coordinator to be included in the decision record. Documents can be submitted by e-mail, fax or mail or in person to the Regional Engagement Coordinator. 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 No. 3.0

**Follow-up Audit to the 2009 Audit of
Metro's Sustainability Management Program**

Metro Council Meeting
Thursday, June 14, 2012
Metro, Council Chamber



Office of the Auditor

SUSTAINABILITY MANAGEMENT AUDIT FOLLOW-UP

Strong foundation created

Brian Evans
Senior Management Auditor

June 6, 2012

BACKGROUND

In 2003, the Metro Council passed a resolution to create a sustainable business model and set five long-term goals for internal sustainability at its facilities. The goals focused on preventing carbon emissions from growing, reducing water consumption and the amount of waste sent to landfills, eliminating the use of toxic products and preventing the degradation of habitat around Metro facilities. Five years later, in 2008, the Metro Council adopted sustainability as the guiding principle for all policies and programs.

The Metro Auditor released an audit of sustainability management the following year. The audit found:

- policies and goals could be clarified;
- organizational barriers were preventing Metro from putting its resources towards the areas of greatest impact; and
- tools were needed to help the organization implement a sustainable business plan.

The audit contained 11 recommendations to help improve the efficiency and effectiveness of Metro's sustainability efforts. This report assesses what has been accomplished in the three years since the initial audit was released.

SCOPE AND METHODOLOGY

The objective of this audit was to determine the status of recommendations from the 2009 audit. We interviewed management and employees who developed the sustainability plan and were involved in its implementation. We reviewed the data used to monitor and report on Metro's operations and goals. In addition, we analyzed information about the organizational structure, funding sources, expenditures and controls for sustainability management.

We conducted our follow-up audit work in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

SUMMARY

Metro made significant progress on the recommendations from the 2009 audit, **Sustainability Management: Focus efforts and evaluate progress**. We found nine of the eleven recommendations were implemented and two were in process. Metro created a strong foundation for its sustainable business model. Institutionalizing these efforts into everyday management decisions will help Metro make progress towards its long-term goals.

SUZANNE FLYNN

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RESULTS

Metro made significant progress in implementing the recommendations from the 2009 audit of sustainability management. We found that nine of the eleven recommendations were implemented and the other two were in process. The organization developed a plan, clarified roles and responsibilities, created tools to monitor progress towards goals and communicated the results of its efforts. The two recommendations that were in process, assessing the benefits and costs of activities, and continuing to develop the funding structure, remain important steps to incorporate sustainability concepts into operational decisions. Metro should also provide training and monitor the quality and completeness of data used to track progress in order to institutionalize sustainability. A list of all the recommendations and their status is on page seven.

Strong foundation created

By implementing nine of the eleven recommendations, Metro created a strong foundation for a sustainable business model. The agency-wide Sustainability Plan (plan) is the basis for developing the model and meeting the long-term environmental goals for the organization. Managers are expected to take actions to help implement it. The Metro Council adopted the plan in October 2010. The plan contained all the elements recommended in the audit:

- **Short-term goals:** Interim targets were established for each of the five sustainability goals. Performance targets were identified for 2013, 2015, 2020, 2025, and for one measure, 2050.
- **Prioritization strategy:** A preliminary hierarchy of how to prioritize projects for funding was established. Specific strategies for facilities were not outlined in the plan. Instead, it called for the development of “site-specific work plans.” Providing flexibility to managers to develop their own plans within the context of the larger agency goals was reasonable.
- **Landfill gas:** The plan included a high priority action item to address this recommendation. The Parks and Environmental Services department commissioned a study in December 2011 that evaluated options for using landfill gas. The primary purpose of the study was to determine the feasibility of building a gas-to-energy plant at St. Johns. Due to declining gas emissions, a gas-to-energy project was not recommended. Management stated that an extension of the current agreement with Ash Grove Cement was recently reached.
- **Recycling strategies:** Seven waste reduction strategies and actions were listed in the plan. There were some challenges in implementing all the strategies, but recent trends show improvement in the amount of waste recovered.

After the plan was adopted, written roles and responsibilities were developed to guide its implementation. During our interviews with management and employees, we found that there was improved understanding about expectations and accountability for results. In addition, many of the groups that work on sustainability at Metro developed charters and work plans to organize and guide their efforts.

Tools developed and progress measured

Metro developed tools to implement a sustainable business model. Employees created a greenhouse gas emissions toolkit and a protocol was selected to estimate greenhouse gas emissions resulting from Metro's operations. This information was used to develop the plan. Metro expects to use the same protocol in the future to report on its performance targets.

Metro employees put data management systems into place to track progress towards goals. They implemented a web based system to collect and analyze data about electricity, natural gas and water consumption from each of Metro's facilities. They created other data sets to track progress on the habitat improvement and toxics reduction goals. Employees were in the process of improving tracking of recycling and waste reduction information.

The first annual sustainability report was presented to the Metro Council in February 2012. The report contained data that tracked progress on each of Metro's goals. Metro exceeded its performance targets for reducing electricity use and improving the overall recycling rate. Small improvements over the baseline data occurred for the toxics reduction and water consumption measures. The report identified a negative trend for overall waste generation at Metro facilities, indicating that more work is needed to meet this target. The report also included information about innovative projects that may be of interest to other governments in the region, which was one of the recommendations from the initial audit.

Process to evaluate projects and commit funds evolving

Progress was made on implementing two other recommendations, developing a funding structure and assessing environmental benefits and costs, but more work is needed. While each recommendation presented its own challenges, we view them as being interrelated. Achievement of some of Metro's sustainability goals such as water reduction and energy efficiency may result in savings, which makes it easier to show the impact of investments. Other goals such as improved habitat, reduced toxics and waste reduction, may not directly reduce Metro's costs. Having more clarity about how to prioritize funding for these goals requires more information to determine if benefits outweigh costs.

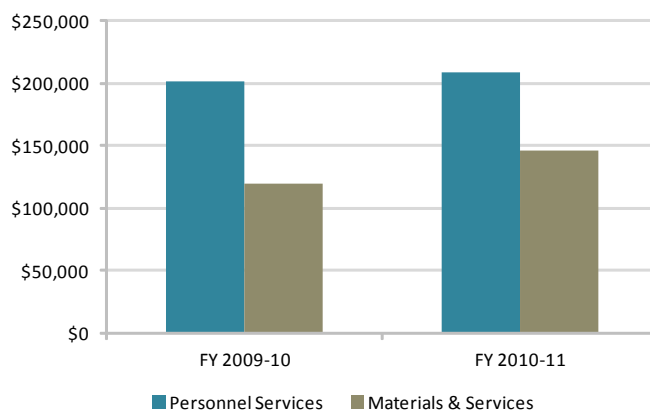
The funding structure for sustainability management was from a mix of department budgets and the capital improvement plan, which includes new capital projects as well as renewal and replacement of existing assets. Funds were used for three types of activities:

- **Agency-wide sustainability:** These expenditures were located in the Sustainability Center and consisted of the Sustainability Coordinator position, data management software, consultants and internal grants to help implement the plan.
- **Department specific:** These expenditures were located primarily in three departments: Parks and Environmental Services, Sustainability Center and Visitor Venues (Oregon Convention Center, Oregon Zoo, Portland Center for the Performing Arts and Exposition Center). Expenditures consisted of a Sustainability Coordinator at the Oregon Convention Center, capital construction projects, renewal and replacement projects and expenditures to improve the environmental performance of Metro's facilities.

- **Green Teams:** There were four green teams that led small projects to improve sustainability at some Metro facilities.

Expenditures for agency-wide sustainability and green team activities totaled about \$355,000 in FY2010-11. This was an increase of about 11% from FY2009-10. Most of the increase was for materials and services expenditures for consultants and software. Tracking expenditures for department specific actions was more challenging. In FY2010-11, departments coded an additional \$105,000 to sustainability project codes, but this total may not include all spending. Capital expenditures for projects at the Oregon Zoo and Oregon Convention Center were not included in these totals.

Sustainability program expenditures FY 2009-10 and FY 2010-11



Source: Metro Office of the Auditor's analysis of expenditure data in accounting system.

During interviews, the funding structure for sustainability was repeatedly cited as a challenge. Management and employees cited two separate, but related issues. The first was determining what source of funds should be used for sustainability projects. Managers wanted to use money in the renewal and replacement fund. Others felt sustainability activities should be funded from department budgets. The second issue raised was finding the right balance between investing in more efficient systems and technologies, and being good stewards of public resources. The renewal and replacement process was the primary place where there was uncertainty and tension between different perspectives about the appropriate balance. Some felt there was not enough flexibility in the process to invest in more efficient systems. Others felt there needed to be a verifiable savings to justify expenditures that were above the original asset value. A project was launched in April 2012 to reevaluate existing funding policies.

We concluded that the intent of one of the recommendations related to funding was implemented, even though the Metro Council did not formally specify the price premium it was willing to pay for sustainability. The purpose of the original recommendation was to make sure the agency's sustainability goals were considered during the annual budget process. Based on our review of Metro's recent program budgets and analysis of recent program expenditures, the intent of the recommendation was implemented. In recent years, departments were required to provide information about how their work contributed to meeting Metro's sustainability goals as

part of the budget process. This showed that the Metro Council and the public were provided with information about each program's efforts to achieve agency-wide goals. Providing this information was a good control to help ensure Metro was allocating resources to meet its objectives.

Assessing benefits and costs

Management completed some basic assessments of potential economic and environmental benefits, but they were not consistently done for all facilities and their value for decision making varied. The most common analysis was done as part of energy audits of many Metro facilities. The audits focused on evaluating the potential energy savings and expected return on investment from proposed projects. The Sustainability Coordinator used the results of the audits to make budget recommendations to departments.

Several interviewees mentioned the challenge of quantifying some of the potential environmental benefits of projects, such as improved habitat and reduced toxics. They also pointed out that achieving Metro's sustainability goals will not always result in savings. There were few guidelines to help managers assess these potential environmental benefits. Without clear standards and criteria about how to prioritize projects that provide benefits that are hard to quantify, it was difficult for management to know how much funding to seek.

Developing standards and criteria would help improve managers' understanding about how funding requests will be evaluated. In addition, it would help them know how much time and effort is needed to provide information about the potential benefits and costs of proposed projects.

Continue to incorporate sustainability goals into operational decisions

Metro has made progress in making its operations more sustainable. As Metro's efforts continue to evolve, it is important to continue to develop standards and tools to inform funding decisions. Addressing the funding process and continued refinement of some controls will help incorporate environmental sustainability objectives into operational decisions.

We recommend that Metro continue to implement the two recommendations that were in process. Reevaluating existing policies is a good first step toward clarifying the funding structure. Determining how to assess environmental costs and benefits and incorporate them into funding decisions remains a challenge. Comprehensive assessments of potential costs and benefits may not be possible, but developing standards and criteria would be helpful. Management should also gather information about the actual results of its projects to improve future efforts.

Metro should institutionalize the progress it made in the last three years to avoid possible setbacks, if personnel or funding changes. In general, controls were in place to institutionalize sustainability but they will need to be monitored and maintained to ensure long-term goals are met.

We identified two areas where management should focus its efforts in the future. The first was data quality and reporting. There were some gaps in Metro's performance data. Some of the gaps were outside of Metro's control, such as the availability of data from some solid waste haulers. Other gaps, specifically for water consumption, were the result of not having meters to monitor well water use at Glendoveer Golf Course. Water consumption data was estimated for this facility, which accounted for 27% of total water use at Metro. The second area was training for employees. An internal survey was recently completed to assess training needs for sustainability. To address these two areas Metro should:

- monitor and improve data quality and note changes in data when comparing year-to-year results in the annual report; and
- continue to solicit feedback about training needs and provide training when appropriate.

STATUS OF METRO AUDITOR RECOMMENDATIONS

2009 Recommendations	Status
1. To develop clear policies and goals for agency sustainability:	
a. The Metro Council should specify the price premium it is willing to pay for sustainability activities related to its internal business operations.	<i>IMPLEMENTED</i>
b. Create an agency-wide sustainability plan that includes: <ol style="list-style-type: none"> 1. Measurable short-term goals and objectives. 2. A strategy to prioritize, by facility and utility type, the highest impact areas. 3. Options to expand the use of landfill gas from St. Johns Landfill gas recovery system when the current lease agreement expires in 2012. 4. Strategies to ensure that Metro is meeting or exceeding regional recycling goals. 	<i>IMPLEMENTED</i>
2. To reduce organizational barriers, Metro should establish:	
a. Written roles and responsibilities for the various groups working on sustainability management at Metro.	<i>IMPLEMENTED</i>
b. A funding structure that enables effective sustainability management.	<i>IN PROCESS</i>
3. To ensure it has the tools needed to implement a sustainable business model, Metro should:	
a. Develop a data management system that can track the major sources of greenhouse gas emissions and water use.	<i>IMPLEMENTED</i>
b. Assess costs and potential economic and environmental benefits of sustainability activities.	<i>IN PROCESS</i>
c. Standardize the protocols used to estimate greenhouse gas emissions for internal operations and projects.	<i>IMPLEMENTED</i>
d. Utilize staff expertise and resources in the Sustainability Center to help managers develop strategies to increase recycling.	<i>IMPLEMENTED</i>
4. To measure progress towards meeting objectives and disseminate results of its efforts, Metro should:	
a. Issue regular sustainability report.	<i>IMPLEMENTED</i>
b. Collect and analyze data to measure progress towards its sustainability goals.	<i>IMPLEMENTED</i>
c. Publish results of its innovative demonstration projects to help inform best practices for sustainability management and provide leadership in the region.	<i>IMPLEMENTED</i>

MANAGEMENT RESPONSE

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Metro | Memo

Date: June 1, 2012

To: Suzanne Flynn, Metro Auditor

From: Martha Bennett, Chief Operating Officer
Scott Robinson, Deputy Chief Operating Officer
Jim Desmond, Director, Sustainability Center

CC: Matt Korot, Program Director, Resource Conservation & Recycling
Molly Chidsey, Sustainability Coordinator
Margo Norton, Director of Finance and Regulatory Services

Re: Sustainability Management Audit Follow-up

This memorandum is management's response to the final audit report transmitted by your office on May 17, 2012. We appreciate this thoughtful review and the recommendations you make for Metro's management of its internal sustainability program. We agree with the finding that Metro made significant progress in implementing the recommendations from the 2009 audit on sustainability management and believe that Metro's actions since the Sustainability Plan was adopted in 2010 demonstrate how those recommendations helped build a strong foundation for the program.

Response to Recommendations in the Auditor's Follow-up Report

The following summarizes the Sustainability Center's response to the specific recommendations in the Auditor's follow-up report.

Recommendation: Continue in-process work to establish a funding structure that enables effective sustainability management.

Response: We agree. Existing policies for financing sustainability-related facility operations and maintenance projects are not clear on how these projects might be funded. As noted by the Auditor, the Sustainability Program is working with Finance & Regulatory Services to review existing Capital Asset Management Policies for opportunities to clarify the application of existing funding sources for sustainability related capital and renewal projects. We plan to submit recommendations to Metro's Chief Operations Officer later this year.

Recommendation: Continue in-process work to assess costs and potential economic and environmental benefits of sustainability activities.

Response: We agree. While the Sustainability Plan includes prioritization criteria for sustainability projects at Metro, these criteria are not yet utilized fully in the agency's budget process for facility operations, capital projects and renewal and replacement. We are addressing this with the funding structure work noted above. These recommendations will include how to

apply cost-benefit tools to project budgeting as well as noting how a project supports Metro's adopted environmental sustainability goals beyond cost savings.

Recommendation: Monitor and improve data quality and note changes in data when comparing year-to-year results in the annual sustainability report.

Response: We agree that well water consumption data for Glendoveer Golf Course can be improved. With the installation of a flow meter on one of two wells at the golf course last year, water consumption data is markedly improved, though not complete. We plan to install a flow meter on the second well at Glendoveer Golf Course during FY 12-13 to further improve data collection on water consumption at that facility

Recommendation: Continue to solicit feedback about training needs and provide training when appropriate.

Response: We agree. A recent survey of staff involved with the sustainability program revealed that there are a variety of training topics that would build staff capacity to implement Metro's Sustainability Plan and led us to make revisions to our intended training plan. We intend to implement these trainings during FY 12-13 throughout the organization.

Agenda Item No. 4.0

Consideration of the Minutes for May 24, 2012

Metro Council Meeting
Thursday, June 14, 2012
Metro, Council Chamber

Agenda Item No. 5.1

Ordinance No. 12-1279, For the Purpose of Amending the FY 2011-12 Budget and Appropriations Schedule and Amending the FY 2011-12 through FY 2015-16 Capital Improvement Plan.

Ordinances – First Reading

Metro Council Meeting
Thursday, June 14, 2012
Metro, Council Chamber

BEFORE THE METRO COUNCIL

AMENDING THE FY 2011-12 BUDGET AND) ORDINANCE NO. 12-1279
APPROPRIATIONS SCHEDULE AND)
AMENDING THE FY 2011-12 THROUGH FY) Introduced by Martha Bennett, Chief
2015-16 CAPITAL IMPROVEMENT PLAN) Operating Officer, with the concurrence of
) Council President Tom Hughes
)

WHEREAS, the Metro Council has reviewed and considered the need to increase appropriations within the FY 2011-12 Budget; and

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

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

THE METRO COUNCIL ORDAINS AS FOLLOWS:

- 1. That the FY 2011-12 Budget and Schedule of Appropriations are hereby amended as shown in the column entitled "Revision" of Exhibits A and B to this Ordinance for the purpose of acknowledging new food and beverage revenue, transferring appropriations from contingency to operating expenses in the MERC Fund and transferring appropriations from the General Fund to provide for a capital project increase in the General Asset Management Fund.
- 2. That the FY 2011-12 through FY 2015-16 Capital Improvement Plan is hereby amended accordingly and a new project added.
- 3. This Ordinance being necessary for the immediate preservation of the public health, safety or welfare of the Metro area in order to meet obligations and comply with Oregon Budget Law, an emergency is declared to exist, and this Ordinance takes effect upon passage.

ADOPTED by the Metro Council this _____ day of _____ 2012.

Tom Hughes, Council President

Attest:

Approved as to Form:

Kelsey Newell, Recording Secretary

Alison Kean Campbell, Metro Attorney

**Exhibit A
Ordinance No. 12-1279**

ACCT	DESCRIPTION	Current		Revision		Amended	
		FTE	Amount	FTE	Amount	FTE	Amount
General Fund							
Council Office							
<i>Personal Services</i>							
<i>SALWGE Salaries & Wages</i>							
5000	Elected Official Salaries						
	Council President	1.00	114,468	-	0	1.00	114,468
	Councilor	6.00	228,936	-	0	6.00	228,936
5010	Reg Employees-Full Time-Exempt						
	Chief Operating Officer	1.00	179,466	-	0	1.00	179,466
	Council Policy Analyst	4.00	219,364	-	0	4.00	219,364
	Director	1.00	123,771	-	(29,385)	1.00	94,386
	Deputy Chief Operating Officer	1.00	160,322	-	0	1.00	160,322
	Policy Advisor I	3.38	350,371	-	0	3.38	350,371
	Policy Advisor II	2.00	272,198	-	0	2.00	272,198
	Program Analyst II	4.00	218,881	-	0	4.00	218,881
	Program Analyst IV	2.00	141,106	-	0	2.00	141,106
5030	Temporary Employees		137,300		0		137,300
5080	Overtime		5,000		0		5,000
5089	Salary Adjustments				0		
	Merit/COLA Adjustment (non-rep)		16,018		0		16,018
<i>FRINGE Fringe Benefits</i>							
5100	Fringe Benefits						
	Base Fringe (variable & fixed)		841,001		(6,742)		834,259
Total Personal Services		25.38	\$3,008,202	0.00	(\$36,127)	25.38	\$2,972,075
Total Materials & Services			\$890,783		\$0		\$890,783
TOTAL REQUIREMENTS		25.38	\$3,898,985	0.00	(\$36,127)	25.38	\$3,862,858

Exhibit A
Ordinance No. 12-1279

ACCT	DESCRIPTION	Current Budget		Revision		Amended Budget	
		FTE	Amount	FTE	Amount	FTE	Amount
General Fund							
General Expenses							
<u>Interfund Transfers</u>							
<i>INDTEX Interfund Reimbursements</i>							
5800	Transfer for Indirect Costs						
	* to Risk Mgmt Fund-Liability		344,916		0		344,916
	* to Risk Mgmt Fund-Worker Comp		382,344		0		382,344
<i>EQTCHC Fund Equity Transfers</i>							
5810	Transfer of Resources						
	* to General Revenue Bond Fund-Zoo		404,408		0		404,408
	* to Gen'l Asset Mgmt Fund-General Acct		10,000		36,127		46,127
	* to Gen'l Revenue Bond Fund-Debt Serv Acct		1,500,920		0		1,500,920
	* to MERC Fund (Tourism Opp. & Compt. Account)		480,000		0		480,000
	* to Renewal & Replacement Fund-General R&R		647,978		0		647,978
	* to Renewal & Replacement Fund-IT Renewal & Replacemer		255,000		0		255,000
	* to General Asset Management Fund		197,915		0		197,915
	* to Renewal & Replacement Fund-Regional Center R&R		322,540		0		322,540
	* to Renewal & Replacement Fund-Parks R&R		323,000		0		323,000
	* to Solid Waste Revenue Fund		148,458		0		148,458
Total Interfund Transfers			\$5,017,479		\$36,127		\$5,053,606
<u>Contingency & Unappropriated Balance</u>							
<i>CONT Contingency</i>							
5999	Contingency						
	* Contingency		2,908,646		0		2,908,646
	* Opportunity Account		153,496		0		153,496
	* Reserved for Streetcar LID (RRSR)		500,000		0		500,000
<i>UNAPP Unappropriated Fund Balance</i>							
5990	Unappropriated Fund Balance						
	* Stabilization Reserve		2,419,836		0		2,419,836
	* PERS Reserve		6,250,016		0		6,250,016
	* Recovery Rate Stabilization reserve		1,396,943		0		1,396,943
	* Reserved for Community Investment Initiative		812,000		0		812,000
	* Reserved for Future Natural Areas Operations		204,460		0		204,460
	* Reserved for Local Gov't Grants (CET)		1,165,574		0		1,165,574
	* Reserved for Future Planning Needs		14,993		0		14,993
	* Reserve for Future Debt Service		2,526,028		0		2,526,028
Total Contingency & Unappropriated Balance			\$18,351,992		\$0		\$18,351,992
TOTAL REQUIREMENTS		455.81	\$109,567,194	0.00	\$0	455.81	\$109,567,194

Exhibit A
Ordinance No. 12-1279

ACCT	DESCRIPTION	Current Budget		Revision		Amended Budget	
		FTE	Amount	FTE	Amount	FTE	Amount
General Asset Management Fund							
General Asset Management Fund							
<u>Resources</u>							
BEGBAL	Beginning Fund Balance						
3500	* Prior year ending balance		6,689,948		0		6,689,948
GRANTS	Grants						
4110	State Grants-Direct		63,334		0		63,334
INTRST	Interest Earnings						
4700	Interest on Investments		33,298		0		33,298
DONAT	Contributions from Private Sources						
4750	Donations and Bequests		841,180		0		841,180
EQTREV	Fund Equity Transfers						
4970	Transfer of Resources						
	* from Solid Waste Revenue Fund		173,163		0		173,163
	* from General Fund (Regional Parks)		323,000		0		323,000
	* from General Fund-IT R&R		255,000		0		255,000
	* from General Fund-MRC R&R		322,540		0		322,540
	* from General Fund-Gen'l R&R		647,978		0		647,978
	* from MERC		10,824		0		10,824
	* from General Revenue Bond Fund		216,821		0		216,821
	* from General Fund		207,915		36,127		244,042
TOTAL RESOURCES			\$9,855,001		\$36,127		\$9,891,128
Total Materials & Services			\$1,005,061		\$0		\$1,005,061
<u>Capital Outlay</u>							
CAPNON	Capital Outlay (non-CIP Projects)						
5710	Improve-Oth thn Bldg		74,095		0		74,095
CAPCIP	Capital Outlay (CIP Projects)						
5710	Improve-Oth thn Bldg		1,267,709		0		1,267,709
5720	Buildings & Related		257,956		0		257,956
5730	Exhibits and Related		825,000		0		825,000
5740	Equipment & Vehicles		1,128,879		0		1,128,879
5745	Licensed Vehicles		564,276		0		564,276
5750	Office Furniture & Equip		650,833		36,127		686,960
5760	Railroad Equip & Facil		49,610		0		49,610
5790	Intangible Assets		120,000		0		120,000
Total Capital Outlay			\$4,938,358		\$36,127		\$4,974,485
<u>Contingency & Unappropriated Balance</u>							
CONT	Contingency						
5999	Contingency						
	* Contingency		3,911,582		0		3,911,582
Total Contingency & Unappropriated Balance			\$3,911,582		\$0		\$3,911,582
TOTAL REQUIREMENTS		-	\$9,855,001	-	\$36,127	-	\$9,891,128

Exhibit A
Ordinance No. 12-1279

ACCT	DESCRIPTION	Current		Revision		Amended	
		FTE	Amount	FTE	Amount	FTE	Amount
Metro Exposition Recreation Commission Fund							
MERC Fund							
<u>Resources</u>							
<i>BEGBAL Beginning Fund Balance</i>							
	* Undesignated		3,871,587		0		3,871,587
	* Renewal & Replacement Reserve		12,543,636		0		12,543,636
	* Transient Lodging Tax Capital Reserve		430,310		0		430,310
	* New Capital / Business Strategy Reserve		5,100,848				5,100,848
	* Aramark Contract Capital Investment Reserve		652,366		0		652,366
	* PERS Reserve		1,991,822		0		1,991,822
<i>GRANTS Grants</i>							
4120	Local Grant - Direct		46,675		0		46,675
4130	Hotel/Motel Tax		11,155,335		0		11,155,335
<i>GVCNTB Contributions from Governments</i>							
4145	Government Contributions		784,320		0		784,320
<i>CHGSVC Charges for Service</i>							
4500	Admission Fees		1,880,177		0		1,880,177
4510	Rentals		7,468,683		0		7,468,683
4550	Food Service Revenue		12,090,548		2,323,903		14,414,451
4560	Retail Sales		7,000		0		7,000
4570	Merchandising		15,000		0		15,000
4575	Advertising		15,000		0		15,000
4580	Utility Services		1,578,500		0		1,578,500
4590	Commissions		1,123,500		0		1,123,500
4620	Parking Fees		3,107,371		0		3,107,371
4645	Reimbursed Services		2,645,172		0		2,645,172
4647	Reimbursed Services - Contract		527,989		0		527,989
4650	Miscellaneous Charges for Svc		370,050		0		370,050
<i>INTRST Interest Earnings</i>							
4700	Interest on Investments		122,806		0		122,806
<i>DONAT Contributions from Private Sources</i>							
4750	Donations and Bequests		450,000		0		450,000
4760	Sponsorship Revenue		160,000		0		160,000
<i>MISCRV Miscellaneous Revenue</i>							
4170	Fine & Forfeitures		1,500		0		1,500
4805	Financing Transaction		93,664		0		93,664
4890	Miscellaneous Revenue		35,926		0		35,926
<i>EQTREV Fund Equity Transfers</i>							
4970	Transfer of Resources						
	* from General Fund		480,000		0		480,000
	* from Risk Management Fund		114,822		0		114,822
TOTAL RESOURCES			\$68,864,607		\$2,323,903		\$71,188,510
Total Personal Services			185.85 \$17,791,493	-	\$0	185.85	\$17,791,493
<u>Materials & Services</u>							
<i>GOODS Goods</i>							
5201	Office Supplies		198,065		0		198,065
5205	Operating Supplies		307,112		0		307,112
5210	Subscriptions and Dues		55,295		0		55,295
5214	Fuels and Lubricants		16,600		0		16,600
5215	Maintenance & Repairs Supplies		524,140		0		524,140
5225	Retail		11,000		0		11,000
<i>SVCS Services</i>							
5240	Contracted Professional Svcs		805,309		0		805,309
5245	Marketing Expense		2,642,520		0		2,642,520
5246	Sponsorship Expenditures		41,000		0		41,000
5247	Visitor Development Marketing		425,397		0		425,397
5251	Utility Services		2,636,796		0		2,636,796

Exhibit A
Ordinance No. 12-1279

ACCT	DESCRIPTION	Current		Revision		Amended	
		FTE	Amount	FTE	Amount	FTE	Amount
Metro Exposition Recreation Commission Fund							
MERC Fund							
5255	Cleaning Services		34,200		0		34,200
5260	Maintenance & Repair Services		1,199,660		0		1,199,660
5265	Rentals		735,125		0		735,125
5270	Insurance		23,700		0		23,700
5280	Other Purchased Services		387,575		0		387,575
5281	Other Purchased Services - Reimb		448,571		0		448,571
5291	Food and Beverage Services		9,627,618		2,745,639		12,373,257
5292	Parking Services		272,931		0		272,931
<i>IGEXP Intergov't Expenditures</i>							
5300	Payments to Other Agencies		261,846		0		261,846
5310	Taxes (Non-Payroll)		17,000		0		17,000
<i>OTHEXP Other Expenditures</i>							
5450	Travel		175,696		0		175,696
5455	Staff Development		116,514		0		116,514
5490	Miscellaneous Expenditures		3,500		0		3,500
Total Materials & Services			\$20,967,170		\$2,745,639		\$23,712,809
Total Capital Outlay			\$3,116,366		\$0		\$3,116,366
Total Interfund Transfers			\$6,162,880		-		\$6,162,880
<u>Contingency and Ending Balance</u>							
<i>CONT Contingency</i>							
5999	Contingency						
	* General Contingency		2,279,221		(2,091,824)		187,397
	* New Capital/Business Strategy Reserve		4,802,541		(653,815)		4,148,726
<i>UNAPP Unappropriated Fund Balance</i>							
5990	Unappropriated Fund Balance						
	* Stabilization Reserve		620,500		0		620,500
	* New Capital/Business Strategy Reserve		0		2,347,241		2,347,241
	* Ending Balance		546,241		(23,338)		522,903
	* Renewal & Replacement		12,578,195		0		12,578,195
Total Contingency and Ending Balance			\$20,826,698		(\$421,736)		\$20,404,962
TOTAL REQUIREMENTS		185.85	\$68,864,607	-	\$2,323,903	185.85	\$71,188,510

Exhibit B
Ordinance 12-1279
Schedule of Appropriations

	<u>Current</u> <u>Appropriation</u>	<u>Revision</u>	<u>Revised</u> <u>Appropriation</u>
GENERAL FUND			
Communications	2,513,202	0	2,513,202
Council Office	3,898,985	(36,127)	3,862,858
Finance & Regulatory Services	3,877,640	0	3,877,640
Human Resources	2,183,806	0	2,183,806
Information Services	3,626,474	0	3,626,474
Metro Auditor	686,452	0	686,452
Office of Metro Attorney	1,984,575	0	1,984,575
Oregon Zoo	28,541,635	0	28,541,635
Parks & Environmental Services	6,656,184	0	6,656,184
Planning and Development	16,561,877	0	16,561,877
Research Center	4,489,582	0	4,489,582
Sustainability Center	5,022,941	0	5,022,941
Former ORS 197.352 Claims & Judgments	100	0	100
Special Appropriations	4,566,055	0	4,566,055
Non-Departmental			
Debt Service	1,588,215	0	1,588,215
Interfund Transfers	5,017,479	36,127	5,053,606
Contingency	3,562,142	0	3,562,142
Unappropriated Balance	14,789,850	0	14,789,850
Total Fund Requirements	\$109,567,194	\$0	\$109,567,194
GENERAL ASSET MANAGEMENT FUND			
Asset Management Program	5,943,419	36,127	5,979,546
Non-Departmental			
Contingency	3,911,582	0	3,911,582
Total Fund Requirements	\$9,855,001	\$36,127	\$9,891,128
MERC FUND			
MERC	41,875,029	2,745,639	44,620,668
Non-Departmental			
Interfund Transfers	6,162,880	0	6,162,880
Contingency	7,081,762	(2,745,639)	4,336,123
Unappropriated Balance	13,744,936	2,323,903	16,068,839
Total Fund Requirements	\$68,864,607	\$2,323,903	\$71,188,510

All other appropriations remain as previously adopted

STAFF REPORT

FOR THE PURPOSE OF AMENDING THE FY 2011-12 BUDGET AND APPROPRIATIONS SCHEDULE AND AMENDING THE FY 2011-12 THROUGH FY 2015-16 CAPITAL IMPROVEMENT PLAN

Date: May 25, 2012

Prepared by: Kathy Rutkowski 503-797-1630
Ann Wawrukiewicz 503-797-1566

BACKGROUND

Following the third quarter financial review, several additional items have been identified that necessitate amendment of the budget. Each action is discussed separately below.

MERC Food and Beverage

The MERC venues are experiencing food and beverage sales greater than original estimates. The current revenue forecast is \$14.4 million, an increase of \$2.3 million over the adopted budget. The current projected food and beverage cost is \$12.4 million with a margin of 13.6 percent, down 6.2 percent from the original budget estimate of 19.8 percent.

Oregon Convention Center (OCC)

OCC food and beverage revenue forecast is \$10.1 million, an increase over the adopted budget of \$1.9 million. Food and beverage cost forecast is \$8.8 million, an increase of \$2.2 million. The projected margin is 12.5 percent with net revenue of \$1.3 million. This represents a decrease of 6.3 percent from the adopted budget margin of 18.8 percent. This variance is due to an aggressive budget, reduced high margin convention business, increased wages and benefit costs.

Portland Center for Performing Arts (PCPA)

PCPA food and beverage revenue forecast is \$2.1 million, an increase over the adopted budget of \$421,000. Food and beverage cost forecast is \$1.7 million, an increase of \$259,000. The projected margin is 19.4 percent with net revenue of \$410,692. This represents an increase of 4.7 percent over the adopted budget margin of 14.7 percent. The increased sales are driven by the Broadway series and the increased points of sale in the theaters.

Portland Exposition Center (Expo)

Expo food and beverage revenue forecast is \$2.2 million, a decrease of \$23,000 from the adopted budget. Food and beverage cost forecast is \$1.9 million, an increase of \$289,000. The projected margin is 13.3 percent with net revenue of \$292,000. This represents a decrease of 14 percent from the adopted budget margin of 27.3 percent. This variance is a combination of an aggressive revenue forecast in the original budget and increased costs due to the Cirque event.

Oregon budget law does not allow the recognition and direct appropriation of this additional revenue without the benefit of a supplemental budget. This action transfers \$2,745,639 from contingency to materials and services to provide for the needed increase in food and beverage expense. It also acknowledges the receipt of \$2,323,903 in additional revenue but places the additional revenue in New Capital/Business Strategy Reserve (unappropriated).

Council Chamber Audio System Upgrade

During FY 2011-12, the audio system in the Council Chamber was upgraded. The existing equipment was outdated, subject to interference and did not comply with Federal Communications Commission regulations. The chamber system was also out of compliance with Americans with Disabilities Act requirements for the hearing impaired. The initial budget was \$60,000, but several additional project components were needed to meet Council requirements, resulting in final costs of \$96,127. Current year underspending of \$36,127 from position vacancies in the Council Office will be transferred to the General Asset Management Fund to cover the additional cost.

Front Plaza Planter project (CIP Amendment only)

The Front Plaza Planter restoration project will provide for an extended life cycle and reduce maintenance costs. The project includes relining and waterproofing five plaza planters; existing materials will be removed. The project will provide new drainage systems, lightweight planting media and improved irrigation. New materials will reflect the recently adopted planting theme of the entry plaza plantings. The original budget for this project was \$90,000 and bids came back at \$126,000, necessitating the amendment to the CIP. Sufficient appropriation exists to fund the additional cost; no budget action is needed.

ANALYSIS/INFORMATION

1. **Known Opposition:** None known.
2. **Legal Antecedents:** ORS 294.450(1) provides for transfers of appropriations within a fund, including transfers from contingency, if such transfers are authorized by official resolution or ordinance of the governing body for the local jurisdiction. ORS 294.450(3) provides for transfers of appropriations or of appropriations and a like amount of budget resources between funds of the municipal corporation when authorized by an official resolution or ordinance of the governing body.
3. **Anticipated Effects:** This action provides for changes in operations as described above; recognizing additional food and beverage sales and expenses at MERC Venues and providing for an upgrade to the Council Chamber audio system.
4. **Budget Impacts:** This action has the following impact on the FY 2011-12 budget:
 - Acknowledges \$2.3 million in additional food and beverage sales at various MERC Venues.
 - Transfers \$2.7 million from MERC contingency to fund additional food and beverage expenses.
 - Transfers approximately \$36,000 in Council Office underspending due to vacancies to the General Asset Management Fund to pay for additional costs associated with Council Chamber audio system upgrade.
 - Amends the Capital Improvement Plan to reflect actual bid for the Front Plaza Planter project.

RECOMMENDED ACTION

The Chief Operating Officer recommends adoption of this Ordinance.

Agenda Item No. 5.2

Ordinance No. 12-1280, For the Purpose of Amending and Re-
Adopting Metro Code 7.03 (Investment Policy) for
Fiscal Year 2012-2013.

Ordinances – First Reading

Metro Council Meeting
Thursday, June 14, 2012
Metro, Council Chamber

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF AMENDING AND RE-)	ORDINANCE NO. 12-1280
ADOPTING METRO CODE 7.03 (INVESTMENT)	
POLICY) FOR FISCAL YEAR 2012-2013)	Introduced by Martha Bennett, Chief Operating Office in concurrence with Council President Tom Hughes

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

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

WHEREAS, the Investment Coordinator has proposed one change to the Investment Policy to expand the definition of allowable Municipal debt to include lawfully issued debt of the States of California, Idaho and Washington and their political subdivisions if such obligations have a long-term rating of AA or better or are rated on the settlement date in the highest category for short-term municipal debt by a nationally recognized statistical rating organization [ORS 294.035 (3)]; and

WHEREAS, the Investment Advisory Board on April 17, 2012 voted to recommend this change, to Metro Code 7.03 and submit to the Metro Council for approval and readoption; now therefore,

THE METRO COUNCIL ORDAINS AS FOLLOWS:

1. That Metro Code Chapter 7.03 is hereby amended and re-adopted as attached hereto in Exhibit A to this ordinance.

2. That this Ordinance being necessary for the health, safety, or welfare of the Metro area, for the reason that the new fiscal year begins, July 1, 2012 and Oregon Budget Law requires the adoption of a budget prior to the beginning of the fiscal year, and that re-adoption of the Investment Policy should coincide with the adoption of the annual budget, an emergency is declared to exist and this Ordinance shall take effect immediately, pursuant to Metro Charter Section 39(1).

ADOPTED by the Metro Council this ___ day of June 2012.

Tom Hughes, Council President

Attest:

Approved as to Form:

Kelsey Newell, Recorder

Alison Kean Campbell, Metro Attorney

CHAPTER 7.03

INVESTMENT POLICY**

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

**Former Chapter 2.06 (readopted April 9, 1998; amended December 10, 1998; readopted April 15, 1999; readopted April 27, 2000; readopted December 11, 2001; readopted October 3, 2002; renumbered by Ordinance No. 02-976, Sec. 1; readopted June 12, 2003; amended and readopted April 7, 2005, by Ordinance No. 05-1075; readopted April 20, 2006; readopted June 21, 2007; amended and readopted June 26, 2008, by Ordinance No. 08-1190; amended and readopted June 25, 2009, by Ordinance No. 09-1216; amended and readopted June 17, 2010, by Ordinance No. 10-1243; readopted June 23, 2011, by Resolution No. 11-4272.)

7.03.010 Scope

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

Funds held and invested by trustees or fiscal agents are excluded from these policies; however, such funds are subject to the regulations established by the state of Oregon.

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

(Ordinance No. 90-365. Amended by Ordinance No. 97-684, Sec. 1; Ordinance No. 02-976, Sec. 1; Ordinance No. 05-1075; and Ordinance No. 09-1216, Sec. 1.)

7.03.020 General Objectives

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

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

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

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

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

- Structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity.

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

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

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

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

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

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

7.03.030 Standards of Care

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

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

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

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

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

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

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

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

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

(Ordinance No. 05-1075.)

7.03.040 Safekeeping and Custody

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

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

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

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

(c) Delivery vs. Payment. All securities purchased pursuant to this investment policy will be delivered by either book entry or physical delivery to a third party for safekeeping by a bank designated as custodian. Purchase and sale of all securities will be on a payment versus delivery basis. Delivery versus payment will also be required for all repurchase transactions and with the collateral priced and limited in maturity in compliance with ORS 294.035(2)(j).

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

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

(Ordinance No. 05-1075.)

7.03.050 Suitable and Authorized Investments

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

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

- (1) U.S. Treasury Bills, Notes, Bonds, Strips (Separate Trading of Registered Interest and Principal of Securities) and/or State and Local Government Series Securities (SLGS)
- (2) Securities of U.S. Government Agencies and U.S. Government Sponsored Enterprises
- (3) Certificates of Deposit (CD) from commercial banks in Oregon and insured by the Federal Deposit Insurance Corporation (FDIC)
- (4) Repurchase Agreements (Repo's)

- (5) Banker's Acceptances (BA)
- (6) Commercial Paper (CP) issued by a financial institution, commercial, industrial or utility business enterprise
- (7) State of Oregon and Local Government Securities with A ratings or better; also debt obligations of the States of California, Idaho and Washington and their political subdivisions with a long-term rating of AA or better or the highest category for short term municipal debt.
- (8) State of Oregon Investment Pool
- (9) Market Interest Accounts and Checking Accounts

(b) Collateralization. Deposit-type securities (i.e., Certificates of Deposit) and all bank deposits for any amount exceeding FDIC coverage shall be collateralized through the Public Funds Collateralization Program as required by ORS Chapter 295. ORS Chapter 295 governs the collateralization of Oregon public funds and provides the statutory requirements for the Public Funds Collateralization Program. Bank depositories are required to pledge collateral against any public funds deposits in excess of deposit insurance amounts. ORS 295 sets the specific value of the collateral, as well as the types of collateral that are acceptable.

(Ordinance No. 05-1075. Amended by Ordinance No. 09-1216, Sec. 1.)

7.03.060 Investment Parameters

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

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

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

25% minimum to mature under three months
75% minimum to mature under 18 months
100% minimum to mature under five years

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

(2) Long-Term Funds.

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

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

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

Security	Maximum Percent of Portfolio	Maximum Maturity
U.S. Treasury Bills, Notes, Bonds, Strips and/or State and Local Government Series (SLGS)	100%	
Securities of U.S. Government Agencies and U.S. Government Sponsored Enterprises	100%	
Certificates of Deposit (CD) Commercial Banks in Oregon Insured by FDIC	100%	
Repurchase Agreements (Repo's)	50%	90-day maturity
Banker's Acceptances (BA)	25%	
Commercial Paper (CP) - Issued by a financial institution, commercial, industrial, or utility business enterprise. For a corporation headquartered in Oregon For a corporation headquartered outside of Oregon	35%	A-1 and P-1 only, 90-day maturity; A-2 and P-2, A-1/P-2, or A-2/P1, 60-day maturity A-1 and P-1 only; 90-day maturity
State of Oregon and Local Government Securities with A ratings or better; <u>also States of California, Idaho and Washington and political subdivisions with a long term AA or better and short-term in the highest category for short term debt.</u>	25%	
State of Oregon Investment Pool	100%	

Security	Maximum Percent of Portfolio	Maximum Maturity
Market Interest Accounts and Checking Accounts	Minimum necessary for daily cash management efficiency	

(c) Diversification by Financial Institution.

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

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

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

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

Type of Security	Limitation
U.S. Government Treasuries	No limitations
U.S. Government Agencies	Securities of U.S. Government Agencies and U.S. Government Sponsored Enterprises as defined under ORS 294.035 and/or 294.040. No more than 40 percent of the portfolio in any one agency.
Certificates of Deposit - Commercial Banks	No more than the lesser of 25 percent of the total available funds or 15 percent of the equity of the financial institution may be invested with any one institution.
Repurchase Agreements	May be purchased from any qualified institution provided the master repurchase agreement is effective and the safekeeping requirements are met.

Type of Security	Limitation
	<p>All repurchase agreements will be fully collateralized by general obligations of the U.S. Government, the agencies and instrumentalities of the United States or enterprises sponsored by the United States government, marked to market.</p> <p>The investment officer shall not enter into any reverse repurchase agreements.</p>
Banker's Acceptances	<p>Must be guaranteed by, and carried on the books of, a qualified financial institution whose short-term letter of credit rating is rated in the highest category by one or more nationally recognized statistical rating organizations.</p> <p>Qualified institution means: A financial institution that is located and licensed to do banking business in the state of Oregon; or A financial institution located in the states of California, Idaho, or Washington that is wholly owned by a bank holding company that owns a financial institution that is located and licensed to do banking business in the state of Oregon.</p> <p>No more than the lesser of 25 percent of the total available funds or 15 percent of the equity of the financial institution may be invested with any one institution.</p>
Commercial Paper	No more than 5 percent of the total portfolio with any one corporate entity.
State and Local Government Securities; <u>also California, Idaho and Washington</u>	No more than 15 percent of the total portfolio in any one local entity.
State of Oregon Investment Pool	Not to exceed the maximum amount established in accordance with ORS 294.810, with the exception of pass-through funds (in and out within 10 days).

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

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

(f) Competitive Selection of Investment Instruments. Before the investment officer invests any surplus funds, a competitive offering solicitation shall be conducted orally, or alternatively through an electronic competitive bidding platform that compares several offers of the same security class like commercial paper, new issue GSE's and treasury issues. Offerings will be requested from financial institutions for various options with regards to term and instrument. The investment officer will accept the offering, which provides the highest rate of return within the maturity required and within the prudent investor rule. Records will be kept of offerings and the basis for making the investment decision.

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

7.03.070 Reporting

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

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

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

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

(Ordinance No. 05-1075.)

7.03.080 Policy Adoption and Re-adoption

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

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

(Ordinance No. 05-1075.)

7.03.090 List of Documents Used in Conjunction with this Policy

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

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

(Ordinance No. 05-1075.)

STAFF REPORT

IN CONSIDERATION OF ORDINANCE NO. 12-1280 FOR THE PURPOSE OF AMENDING AND RE-ADOPTING METRO CODE 7.03 (INVESTMENT POLICY) FOR FISCAL YEAR 2012-2013

Date: May 23, 2012

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

BACKGROUND

Metro Code, Chapter 7.03 contains the Investment Policy that applies to all cash-related assets held by Metro. Metro code requires the annual review and readopting with the assistance of the Investment Advisory Board who are appointed on staggered terms by the Council President. This Investment Policy is being submitted to Council for review and re-adoption in accordance with Section 7.03.160 of Metro Code.

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

The Investment Advisory Board (IAB) members asked staff to look into whether Metro could purchase municipal debt. Metro Code 7.03.050 (a) (7) already permits purchasing of Oregon municipal debt. Staff research revealed that Oregon State law (ORS 294.035.3c) also permits purchasing of higher grade municipal debt from the surrounding states. The IAB reviewed this option as allowed by the state and discussed the merits of municipal debt, concluding that in this market environment we do want to have all the available options that are permitted under law.

Specifically, the proposal is to amend the current policy to allow investments in municipal debt of California, Idaho and Washington and their political subdivisions if such obligations have a long-term rating of AA or better or are rated on the settlement date in the highest category for short-term municipal debt by a nationally recognized statistical rating organization [ORS 294.035 (3c)]. Approving this change would allow a larger universe of options for the current investment environment. Whether Metro uses this option or not, the policy requires that we continue to follow our principals of safety and liquidity before yield.

Metro's current policy has been approved by the Oregon State Short Term Fund Board (OSTFB) as required. If the Council approves this change, Metro must resubmit its policies for review. The wording proposed for change has been approved by the OSTFB for other jurisdictions in Oregon, including most recently the Multnomah County Investment Policy.

The IAB recommends Council amend the code to make this option available and readopt the code as amended.

ANALYSIS/INFORMATION

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

accordance with ORS 294.135. ORS 294.035.3c permits investments in municipal debt obligations of specifically named states.

Chapter 7.03 was formerly Chapter 2.06 (readopted April 9, 1998; amended December 10, 1998; readopted April 15, 1999; readopted April 27, 2000; readopted December 11, 2001; readopted October 3, 2002; renumbered by Ordinance No. 02-976, Sec. 1; readopted June 12, 2003; amended and readopted April 7, 2005, by Ordinance No. 05-1075; readopted April 20, 2006, by Ordinance 06-1114; readopted June 21, 2007 by Ordinance 07-1149; readopted June 26, 2008 by Ordinance 08-1190; readopted June 25, 2009 by Ordinance 09-1216.;readopted June 17, 2010 by Ordinance 10-1243; readopted by Resolution 11-4272 June 23,2011)

3. **Anticipated Effects:** In addition to debt obligations of municipal units in Oregon, Metro would be able to consider municipal debt obligations of California, Washington and Idaho.
4. **Budget Impacts:** None anticipated.

RECOMMENDED ACTION: The Investment Advisory Board recommends re-adoption as amended of Metro Code Chapter 7.03 by Ordinance No. 12-1280.

Agenda Item No. 6.1

Ordinance No. 12-1278, For the Purpose of Amending the Regional Transportation Functional Plan to Remove the Schedule for Updating City and County Transportation System Plans; to Add an Exemption Process; and to Revise Procedures for Extensions and Exceptions.

Ordinances – Carried Over

Metro Council Meeting
Thursday, June 14, 2012
Metro, Council Chamber

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF AMENDING THE)	ORDINANCE NO. 12-1278
REGIONAL TRANSPORTATION FUNCTIONAL)	
PLAN TO REMOVE THE SCHEDULE FOR)	
UPDATING CITY AND COUNTY)	
TRANSPORTATION SYSTEM PLANS; TO ADD)	Introduced by Chief Operating Officer Martha
AN EXEMPTION PROCESS; AND TO REVISE)	J. Bennett with the Concurrence of Council
PROCEDURES FOR EXTENSIONS AND)	President Tom Hughes
EXCEPTIONS)	

WHEREAS, the Metro Council adopted the 2035 Regional Transportation Plan (RTP) by Ordinance No. 10-1241B (For the Purpose of Amending the 2035 RTP (Federal Component) and the 2004 RTP to Comply with State Law; to add the Regional Transportation Systems Management and Operations Action Plan, the Regional Freight Plan and the High Capacity Transit System Plan; to amend the Regional Transportation Functional Plan (RTFP) and add it to the Metro Code; to amend the Regional Framework Plan; and to amend the Urban Growth Management Functional Plan) on June 10, 2010; and

WHEREAS, the RTFP contains a schedule for city and county updates to their transportation systems plans (TSPs) (Table 3.08-4); and

WHEREAS, a number of cities and counties have been unable to meet the schedule for updates due to budgetary and other limitations on their resources; and

WHEREAS, several cities seek exemptions from the requirements of the RTFP, which the RTFP does not authorize; and

WHEREAS, section 660-012-0055(6) of the Transportation Planning Rule (TPR) authorizes the director of the Department of Land Conservation and Development to grant small cities and counties exemptions from the TPR, but such exemptions are not fully effective without exemptions from associated requirements of the RTFP; and

WHEREAS, the RTFP provides procedures for extensions of time for compliance with, and exceptions from requirements of the RTFP, both of which, unlike similar procedures in the Urban Growth Management Functional Plan, require hearings before the Metro Council; and

WHEREAS, the Joint Policy Advisory Committee on Transportation and the Metro Policy Advisory Committee both considered the proposed amendments and recommended that the Metro Council adopt the amendments; and

WHEREAS, the Metro Council held a public hearing on the proposed amendments on May 24, 2012, on the proposed amendments; now, therefore,

THE METRO COUNCIL ORDAINS AS FOLLOWS:

1. The RTFP is hereby amended, as indicated in Exhibit A, attached and incorporated into this ordinance, to repeal the schedule for TSP updates in Table 3.08-4; to add a process for exemptions from the requirements of the RTFP; and to revise the procedures for

extensions of time and exceptions to allow the Chief Operating Officer to grant extensions and exceptions subject to appeal to the Metro Council.

- 2. The Findings of Fact and Conclusions of Law, attached and incorporated into this ordinance as Exhibit B, are adopted as the Council’s explanation how the amendments to the RTFP comply with the Regional Framework Plan and state law.

ADOPTED by the Metro Council this _____ day of _____, 2012.

Tom Hughes, Council President

Attest:

Approved as to Form:

Kelsey Newell, Regional Engagement Coordinator

Alison Kean Campbell, Metro Attorney

Exhibit A to Ordinance No. 12-1278

Amendments to Metro Code Chapter 3.08
Regional Transportation Functional Plan

3.08.620 Extension of Compliance Deadline

- A. A city or county may seek an extension of time for compliance with the RTFP by filing an application on a form provided by the COO. Upon receipt of an application, the ~~Council President shall set the matter for a public hearing before the Metro Council and shall notify the city or county, the Department of Land Conservation and Development (DLCD) and those persons who request notification of applications for extensions~~ COO shall notify the city or county, the Oregon Department of Transportation and those persons who request notification of applications for extensions. Any person may file a written comment in support of or opposition to the extension.
- B. ~~The Council shall hold a public hearing to consider the application. Any person may testify at the hearing. The Council~~ COO may grant an extension if ~~it finds that~~ the city or county is making progress toward compliance ~~with the RTFP; or There~~ there is good cause for failure to meet the compliance deadline. Within 30 days after the filing of a complete application for an Extension, the COO shall issue an order granting or denying the extension. The COO shall not grant more than two extensions of time. The COO shall send the order to the city or county and any person who filed a written comment.
- C. The ~~Council~~ COO may establish terms and conditions for an extension ~~in order~~ to ensure that compliance is achieved in a timely and orderly fashion and that land use decisions made by the city or county during the extension do not undermine the ability of the city or county to achieve the purposes of the RTFP requirement. A term or condition must relate to the requirement of the RTFP for which the Council grants the extension. The COO shall incorporate the terms and conditions into the order on the extension. ~~The Council shall not grant more than two extensions of time, nor grant an extension of time for more than one year.~~
- D. The city or county applicant or any person who filed written comment on the extension may appeal the COO's order to the Metro Council within 15 days after receipt of the order. If an appeal is filed, the Council shall hold a

Exhibit A to Ordinance No. 12-1278

hearing to consider the appeal. ~~The~~After the hearing, the Council shall issue an order with its conclusion and analysis and send a copy to the city or county, ~~the DLCD~~ and any person who participated in the proceeding. The city or county or a person who participated in the proceeding may seek review of the Council's order as a land use decision described in ORS 197.015(10)(a)(A).

3.08.630 Exception from Compliance

- A. A city or county may seek an exception from compliance with a requirement of the RTFP by filing an application on a form provided by the COO. Upon receipt of an application, the ~~Council President shall set the matter for a public hearing before the Metro Council and shall notify the DLCD and those persons who request notification of requests for exceptions~~COO shall notify the city or county, the Oregon Department of Transportation and those persons who request notification of requests for exceptions. Any person may file a written comment in support of or opposition to the exception.

~~Following the public hearing on the application, the Metro Council~~The COO may grant an exception if ~~it finds~~:

B.

1. It is not possible to achieve the requirement due to topographic or other physical constraints or an existing development pattern;
2. This exception and likely similar exceptions will not render the objective of the requirement unachievable region-wide;
3. The exception will not reduce the ability of another city or county to comply with the requirement; and
4. The city or county has adopted other measures more appropriate for the city or county to achieve the intended result of the requirement.

- B. Within 30 days after the filing of a complete application for an exception, the COO shall issue an order granting or denying the exception.

- C. The ~~Council~~COO may establish terms and conditions for the exception in order to ensure that it does not undermine the ability of the region to achieve the policies of the RTP.

Exhibit A to Ordinance No. 12-1278

A term or condition must relate to the requirement of the RTFP to which the Council grants the exception. The COO shall incorporate the terms and conditions into the order on the exception.

- D. The city or county applicant or a person who filed a written comment on the exception may appeal the COO's order to the Metro Council within 15 days after receipt of the order. If an appeal is filed, the Council shall hold a hearing to consider the appeal. TheAfter the hearing, the Council shall issue an order with its conclusion and analysis and send a copy to the city or county, the DLCD and those persons who have requested a copy of the order. The city or county or a person who participated in the proceeding may seek review of the Council's order as a land use decision described in ORS 197.015(10) (a) (A).

3.08.640 Exemptions

- A. A city or county may seek an exemption from the requirements of the RTFP. Upon receipt of a request, the COO shall notify the city or county, the Department of Land Conservation and Development, the Oregon Department of Transportation and those persons who request notification of applications for exemptions. Any person may file a written comment in support of or opposition to the exemption.
- B. The COO may grant an exemption from some or all requirements if:
1. The city or county's transportation system is generally adequate to meet transportation needs;
 2. Little population or employment growth is expected over the period of the exemption;
 3. The exemption would not make it more difficult to accommodate regional or state transportation needs;
and
 4. The exemption would not make it more difficult to achieve the performance objectives set forth in section 3.08.010A.
- C. Within 30 days after the filing the request for an exemption, the COO shall issue an order granting or denying the exemption.
- D. The COO shall prescribe the duration of the exemption and may establish other terms and conditions for the exemption

Exhibit A to Ordinance No. 12-1278

so long as the terms and conditions relate to the requirement of the RTFP to which the Council grants the exemption. The COO shall incorporate the terms and conditions into the order on the exemption.

- E. The city or county applicant or any person who filed written comment on the exemption may appeal the COO's order to the Metro Council within 15 days after receipt of the order. If an appeal is filed, the Council shall hold a hearing to consider the appeal. After the hearing, the Council shall issue an order with its conclusion and analysis and send a copy to the city or county and any person who participated in the proceeding. The city or county or a person who participated in the proceeding may seek review of the Council's order as a land use decision described in ORS 197.015(10) (a) (A).

Exhibit B to Ordinance No. 12-1278

Findings of Fact and Conclusions of Law

Introduction

Ordinance No. 12-1278 amends Metro’s Regional Transportation Functional Plan (RTFP; Metro Code Chapter 3.08), an element of the 2035 Regional Transportation Plan (RTP).¹ The RTFP implements those policies and programs of the RTP that are intended to be carried out by the “transportation system plans” (TSPs) of the 28 cities and counties in Metro.

The ordinance makes several procedural changes to the RTFP. First, the ordinance adds a process that allows a city or county to seek an exemption from all or some of the substantive requirements of the RTFP. This revision recognizes and complements a provision in LCDC’s Transportation Planning Rule that allows the agency to exempt local governments from requirements of the rule. OAR 660-012-0055(6). New section 3.08.640 establishes a set of criteria that an exemption request must satisfy (3.08.640B) and provides that the Chief Operating Officer (COO) makes the initial determination whether the request meets the criteria. The COO’s decision is final unless a person who opposes the request appeals the COO’s decision to the Metro Council. An appeal is heard by the Council at a public hearing. The decision by the Council can be appealed to LUBA as a “land use decision” under state law.

Second, the ordinance revises the current procedures in the RTFP for (1) extensions of time for cities and counties to implement requirements of the RTFP, and (2) exceptions from compliance with the requirements. The criteria that must be satisfied for an extension or an exception are not changed. The procedures are revised to match the procedures for extensions and exceptions in Metro’s Urban Growth Management Functional Plan. These procedures – similar for those described above for exemptions – will now be uniform among the functional plans.

Third, the ordinance removes Table 3.08-4 (“Work Plan for Updates to Local Transportation System Plans”) from the RTFP. The table establishes timelines for cities and counties to bring their TSPs into compliance with the RTFP. Removal of the table relieves Metro from having to revise it by ordinance each time Metro grants an extension of time to a city or county. The timelines, acknowledged by LCDC, remain in effect.

Policies of the Regional Transportation Plan

There are no policies in the RTP that govern the changes in procedures made by Ordinance No. 12-1278.

Policies of the Regional Framework Plan

There are no policies in the Regional Framework Plan (RFP) that govern the changes in procedures made by Ordinance No. 12-1278.

¹The RTP is, itself, an element of Metro’s Regional Framework Plan

Statewide Planning Goals

Goal 1, Citizen Involvement: The procedural revisions made by Ordinance No. 12-1278 provide notice to citizens at two stages of decision-making for extensions, exceptions and exemptions. The code will require notice be sent to the Oregon Department of Transportation and persons who request notification of applications for extensions, exceptions and exemptions or who participate in the proceedings. Any person may participate. The ordinance complies with Goal 1.

Goal 2, Land Use Planning: Metro coordinated procedural revisions made by Ordinance No. 12-1278 with cities and counties of the region by presenting the proposed changes to the Metropolitan Technical Advisory Committee and the Metropolitan Policy Advisory Committee at meeting held for that purpose. MTAC and MPAC endorsed the revision. The ordinance complies with Goal 2.

Goal 3, Agricultural Land: The procedural revisions made by Ordinance No. 12-1278 do not apply outside the UGB. Goal 3 does not apply to the ordinance.

Goal 4, Forest Land: The procedural revisions made by Ordinance No. 12-1278 do not apply outside the UGB. Goal 4 does not apply to the ordinance.

Goal 5, Open Spaces, Scenic and Historic Areas, and Natural Resources: The procedural revisions made by Ordinance No. 12-1278 do not affect resources protected by Goal 5. The revisions are consistent with Goal 5.

Goal 6, Air, Water and Land Resources Quality: The procedural revisions made by Ordinance No. 12-1278 do not affect resources protected by Goal 6. The revisions are consistent with Goal 6.

Goal 7, Areas Subject to Natural Disasters and Hazards: The procedural revisions made by Ordinance No. 12-1278 do not affect protections against disasters and hazards. The revisions are consistent with Goal 7.

Goal 8, Recreational Needs: The procedural revisions made by Ordinance No. 12-1278 do not affect recreational needs. The revisions are consistent with Goal 8.

Goal 9, Economic Development: The procedural revisions made by Ordinance No. 12-1278 do not affect economic development. The revisions are consistent with Goal 9.

Goal 10, Housing: The procedural revisions made by Ordinance No. 12-1278 do not affect housing or housing affordability. The revisions are consistent with Goal 10.

Goal 11, Public Facilities and Services: The procedural revisions made by Ordinance No. 12-1278 do not affect public facilities or services. The revisions are consistent with Goal 11.

Goal 12, Transportation: There are no provisions in Goal 12 or the TPR that govern the procedural revisions made by Ordinance No. 12-1278 for extensions, exceptions or exemptions. The new section that authorizes exemptions complements the exemptions process at OAR 660-012-0055(6) of the TPR. The revisions are consistent with Goal 12.

Goal 13, Energy Conservation: The procedural revisions made by Ordinance No. 12-1278 do not affect energy conservation. The revisions are consistent with Goal 13.

Goal 14, Urbanization: The procedural revisions made by Ordinance No. 12-1278 do not affect the UGB or urbanization of land within the UGB. The revisions are consistent with Goal 14.

Goal 15, Willamette River Greenway: The procedural revisions made by Ordinance No. 12-1278 do not affect resources protected by Goal 15. The revisions are consistent with the goal.

Conclusion

The Council concludes that the procedural revisions made by Ordinance No. 12-1278 comply with regional and state land use laws.

STAFF REPORT

IN CONSIDERATION OF ORDINANCE NO. 12-1278, FOR THE PURPOSE OF AMENDING THE REGIONAL TRANSPORTATION FUNCTIONAL PLAN TO REMOVE THE SCHEDULE FOR UPDATING CITY AND COUNTY TRANSPORTATION SYSTEM PLANS; TO ADD AN EXEMPTION PROCESS; AND TO REVISE PROCEDURES FOR EXTENSIONS AND EXCEPTIONS

Date: April 9, 2012

Prepared by: John Mermin, 503-797-1747

BACKGROUND

The Regional Transportation Functional Plan (RTFP) is part of Metro Code (Chapter 3.08) and implements the policies contained in the Regional Transportation Plan. Cities and Counties local transportation system plans and implementing ordinances must be consistent with the Regional Transportation Functional Plan.

The Metro Council approved the 2035 Regional Transportation Plan and Regional Transportation Functional plan on June 10, 2010. Metro consulted with each city and county to determine a timeline for this local work and adopted a schedule that is part of the RTP Ordinance (No.10-1241B). Since that time four jurisdictions were unable to meet 2011 deadlines due to resource constraints and other limitations. Metro staff expects several local jurisdictions to be unable to meet the existing schedule for 2012.

On December 16, 2010 Metro Council adopted Ordinance 10-1244B which amended several Urban Growth Management Functional Plan titles, including streamlining the local compliance procedures described in Title 8. Formerly the process for receiving extensions and exceptions was time consuming for the Council and local governments since it required a public hearing and decision by the Metro Council. Ordinance 10-1244B amended the procedure to make the granting of extensions & exceptions administrative decisions of Metro's Chief Operating Officer, with possible appeal to the Metro Council.

Since the adoption of the RTFP, the City of Rivergrove contacted Metro staff inquiring about exemption from its requirements. The Regional Transportation Functional Plan does not address the issue of exemptions. Metro staff believes there are other communities in the region that would be interested in an exemption process. The State Transportation Planning Rule (TPR) includes a provision for exemption from its requirements, but Metro had not previously addressed exemption from regional transportation requirements.

Staff Recommendation

Extensions & Exceptions - Metro staff recommends amending the RTFP procedures for extending compliance deadlines (3.08.620) and granting exceptions to specific requirements (3.08.630) to match the procedures within the UGMFP (3.07.830 and 3.07.840). The changes would make requests from local governments for extensions or exceptions administrative functions of Metro's Chief Operating Officer (COO), but still allow for an appeal to the Metro Council.

Exemptions - Staff recommends amending the RTFP to add a section (3.08.640) providing for exemption from all or some RTFP requirements. A jurisdiction would be eligible for an exemption if:

- its existing transportation system is generally adequate to meet its needs,
- little population or employment growth is expected, and

- exempting them would not make it more difficult to accommodate regional or state needs, or to meet regional performance targets.

Staff believes that five jurisdictions, Johnson City, Maywood Park, King City, Durham and Rivergrove, may meet these criteria and may wish to apply for exemption from RTFP requirements. To receive an exemption a jurisdiction would need to send a formal request to Metro's COO.

Schedule of deadlines - Metro staff recommends moving the schedule for RTFP compliance (Table 3.08-4) from the RTFP into the RTP Appendix (Exhibit A to Ordinance No. 10-1241) 2013. This change will ensure that Metro code need not be amended in the future when the COO grants extensions to compliance deadlines.

ANALYSIS/INFORMATION

1. Known Opposition

None known at this time.

2. Legal Antecedents

- Metro Ordinance No.10-1241B, which included adoption of the Regional Transportation Plan and Regional Transportation Functional Plan
- Metro Ordinance No.10-1244, which included updates to the Urban Growth Management Functional Plan to streamline the compliance process to make the granting of extensions and exceptions an administrative decision of Metro's Chief Operating Officer

3. Anticipated Effects

Adoption of the legislative would amend Title 6 of the Regional Transportation Functional Plan (Compliance Procedures).

4. Budget Impacts

None

RECOMMENDED ACTION

Metro Staff recommends that the Council adopt Ordinance No.12-1278

Agenda Item No. 7.1

Ordinance No. 12-1274, For the Purpose of Adopting the Annual Budget For Fiscal Year FY 2012-13, Making Appropriations, Levying Ad Valorem Taxes, and Authorizing an Interfund Loan.

Ordinances – Second Read

Metro Council Meeting
Thursday, June 14, 2012
Metro, Council Chamber

BEFORE THE METRO COUNCIL

ADOPTING THE ANNUAL BUDGET FOR FISCAL YEAR FY 2012-13, MAKING APPROPRIATIONS, LEVYING AD VALOREM TAXES, AND AUTHORIZING AN INTERFUND LOAN)))))	ORDINANCE NO. 12-1274 Introduced by Martha Bennett, Chief Operating Officer, with the concurrence of Council President Tom Hughes
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WHEREAS, the Multnomah County Tax Supervising and Conservation Commission held its public hearing on the annual Metro budget for the fiscal year beginning July 1, 2012, and ending June 30, 2013; and

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

THE METRO COUNCIL ORDAINS AS FOLLOWS:

1. The "Fiscal Year 2012-13 Metro Budget," in the total amount of FIVE HUNDRED TWENTY MILLION SIXTY FIVE THOUSAND SEVEN HUNDRED NINETY ONE (\$520,065,791), attached hereto as Exhibit B, and the Schedule of Appropriations, attached hereto as Exhibit C, are hereby adopted.

2. The Metro Council does hereby levy ad valorem taxes, as provided in the budget adopted by Section 1 of this Ordinance, at the rate of \$0.0966 per ONE THOUSAND DOLLARS (\$1,000) of assessed value for operations and in the amount of FIFTY FOUR MILLION ONE HUNDRED SEVENTY ONE THOUSAND EIGHT HUNDRED FORTY FOUR (\$54,171,844) for general obligation bond debt, said taxes to be levied upon taxable properties within the Metro District for the fiscal year 2011-12. The following allocation and categorization subject to the limits of Section 11b, Article XI of the Oregon Constitution constitute the above aggregate levy.

SUMMARY OF AD VALOREM TAX LEVY

	Subject to the General Government <u>Limitation</u>	Excluded from the <u>Limitation</u>
Operating Tax Rate Levy	\$0.0966/\$1,000	
General Obligation Bond Levy		\$54,171,844

3. In accordance with Section 2.02.040 of the Metro Code, the Metro Council hereby authorizes positions and expenditures in accordance with the Annual Budget adopted by Section 1 of this Ordinance, and hereby appropriates funds for the fiscal year beginning July 1, 2012, from the funds and for the purposes listed in the Schedule of Appropriations, Exhibit C.

4. An interfund loan from the General Fund to the MERC Fund in an amount not to exceed \$2.2 million is hereby authorized. The loan will be made to provide financing of the Eastside Streetcar Local Improvement District assessment on the Oregon Convention Center. The loan, including interest at a rate equal to the average yield on Metro's pooled investments, will be repaid from Oregon Convention Center revenues and/or reserves. Repayment will be over a ten year period beginning FY 2012-13 and provide for a minimum of \$220,000 annual principal payments due no later than June 30th of each fiscal year.

5. The Chief Operating Officer shall make the filings as required by ORS 294.458 and ORS 310.060, or as requested by the Assessor's Office of Clackamas, Multnomah, and Washington Counties.

6. This Ordinance being necessary for the health, safety, or welfare of the Metro area, for the reason that the new fiscal year begins July 1, 2012, and Oregon Budget Law requires the adoption of a budget prior to the beginning of the fiscal year, an emergency is declared to exist and the Ordinance takes effect upon passage.

ADOPTED by the Metro Council on this 21st day of June 2012.

Tom Hughes, Council President

ATTEST:

Approved as to Form:

Kelsey Newell, Recording Secretary

Alison Kean Campbell, Metro Attorney

PLACEHOLDER

Exhibit A to Ordinance No. 12-1274

Tax Supervising and Conservation Commission
Certification Letter

Anticipated June 2012

PLACEHOLDER

Exhibit B to Ordinance No. 12-1274

Proposed FY 2012-2013 Metro Budget

Available online at

<http://www.oregonmetro.gov/index.cfm/go/by.web/id=36700>

EXHIBIT C
Ordinance 12-1274
FY 2012-13 SCHEDULE OF APPROPRIATIONS

	Proposed Budget
GENERAL FUND	
Communications	2,586,585
Council Office	3,924,829
Finance & Regulatory Services	4,218,275
Human Resources	2,167,032
Information Services	3,640,353
Metro Auditor	708,748
Office of Metro Attorney	1,927,172
Oregon Zoo	30,862,025
Parks & Environmental Services	6,681,825
Planning and Development	14,477,196
Research Center	3,834,691
Sustainability Center	4,036,112
Special Appropriations	4,896,187
Non-Departmental	
Debt Service	1,654,290
Interfund Transfers	7,521,525
Contingency	3,831,000
<i>Total Appropriations</i>	96,967,845
Unappropriated Balance	12,647,089
Total Fund Requirements	\$109,614,934
GENERAL ASSET MANAGEMENT FUND	
Asset Management Program	5,475,007
Non-Departmental	
Interfund Transfers	19,681
Contingency	4,379,897
Total Fund Requirements	\$9,874,585
GENERAL OBLIGATION BOND DEBT SERVICE FUND	
Debt Service	51,991,413
Unappropriated Balance	10,092,981
Total Fund Requirements	\$62,084,394
GENERAL REVENUE BOND FUND	
Debt Service	3,090,037
Unappropriated Balance	5,361
Total Fund Requirements	\$3,095,398
MERC FUND	
MERC	44,281,504
Non-Departmental	
Interfund Transfers	4,806,913
Contingency	7,613,240
<i>Total Appropriations</i>	56,701,657
Unappropriated Balance	13,097,572
Total Fund Requirements	\$69,799,229

EXHIBIT C
Ordinance 12-1274
FY 2012-13 SCHEDULE OF APPROPRIATIONS

	Proposed Budget
NATURAL AREAS FUND	
Sustainability Center	45,179,080
Non-Departmental	
Interfund Transfers	1,783,226
Contingency	25,000,000
<i>Total Appropriations</i>	71,962,306
Unappropriated Balance	12,838,139
Total Fund Requirements	\$84,800,445
 OPEN SPACES FUND	
Sustainability Center	738,934
Total Fund Requirements	\$738,934
 OREGON ZOO INFRASTRUCTURE AND ANIMAL WELFARE FUND	
Oregon Zoo	19,526,002
Non-Departmental	
Interfund Transfers	292,677
Contingency	3,963,195
<i>Total Appropriations</i>	23,781,874
Unappropriated Balance	44,397,992
Total Fund Requirements	\$44,397,992
 PIONEER CEMETERY PERPETUAL CARE FUND	
Unappropriated Balance	470,187
Total Fund Requirements	\$470,187
 REHABILITATION & ENHANCEMENT FUND	
Sustainability Center	358,641
Non-Departmental	
Interfund Transfers	33,465
Contingency	280,000
<i>Total Appropriations</i>	672,106
Unappropriated Balance	1,653,293
Total Fund Requirements	\$2,325,399
 RISK MANAGEMENT FUND	
Finance & Regulatory Services	2,641,276
Non-Departmental	
Interfund Transfers	295,207
Contingency	500,000
<i>Total Appropriations</i>	3,436,483
Unappropriated Balance	1,094,652
Total Fund Requirements	\$4,531,135

EXHIBIT C
Ordinance 12-1274
FY 2012-13 SCHEDULE OF APPROPRIATIONS

	Proposed Budget
SMITH AND BYBEE LAKES FUND	
Parks & Environmental Services	65,000
Non-Departmental	
Interfund Transfers	104,841
Contingency	200,000
<i>Total Appropriations</i>	369,841
Unappropriated Balance	3,391,886
Total Fund Requirements	\$3,761,727
 SOLID WASTE REVENUE FUND	
Finance & Regulatory Services	2,145,570
Sustainability Center	6,002,794
Parks & Environmental Services	49,502,045
Non-Departmental	
Interfund Transfers	8,157,903
Contingency	15,105,279
<i>Total Appropriations</i>	80,913,591
Unappropriated Balance	19,875,967
Total Fund Requirements	\$100,789,558
Total Appropriations	\$400,500,672
Total Unappropriated Balance	\$119,565,119
 TOTAL BUDGET	 \$520,065,791

STAFF REPORT

CONSIDERATION OF ORDINANCE NO. 12-1274 ADOPTING THE ANNUAL BUDGET FOR FISCAL YEAR 2012-13, MAKING APPROPRIATIONS, LEVYING AD VALOREM TAXES, AND AUTHORIZING AN INTERFUND LOAN

Date: March 30, 2012

Presented by: Martha Bennett
Chief Operating Officer

BACKGROUND

I am forwarding to the Metro Council for consideration and approval my proposed budget for fiscal year 2012-13.

Metro Council action, through Ordinance No. 12-1274 is the final step in the process for the adoption of Metro's operating financial plan for the forthcoming fiscal year. Final action by the Metro Council to adopt this plan must be completed by June 30, 2012.

Once the budget plan for fiscal year 2012-13 is approved by the Metro Council on April 26, 2012, the number of funds and the maximum tax levy cannot be amended without review and certification by the Tax Supervising and Conservation Commission. Adjustments, if any, by the Metro Council to increase the level of expenditures in a fund are limited to no more than 10 percent of the total value of any fund's expenditures in the period between Metro Council approval at the end of April 2012 and adoption in June 2012.

Exhibit A to this Ordinance will be available subsequent to the Tax Supervising and Conservation Commission hearing June 7, 2012. Exhibits B and C of the Ordinance will be available at the public hearing on April 19, 2012.

ANALYSIS/INFORMATION

1. **Known Opposition** – Metro Council hearings will be held on the Proposed Budget on April 19, 2012 and April 26, 2012. Opportunities for public comments will be provided. Opposition to any portion of the budget will be identified during that time.
2. **Legal Antecedents** – The preparation, review and adoption of Metro's annual budget is subject to the requirements of Oregon Budget Law, ORS Chapter 294. Oregon Revised Statutes 294.635 requires that Metro prepare and submit its approved budget to the Tax Supervising and Conservation Commission by May 15, 201. The Commission will conduct a hearing on June 7, 2012 for the purpose of receiving information from the public regarding the Metro Council's approved budget. Following the hearing, the Commission will certify the budget to the Metro Council for adoption and may provide recommendations to the Metro Council regarding any aspect of the budget.
3. **Anticipated Effects** – Adoption of this ordinance will put into effect the annual FY 2012-13 budget, effective July 1, 2012.
4. **Budget Impacts** – The total amount of the proposed FY 2012-13 annual budget is \$520,065,791 and 740.00 FTE.

RECOMMENDED ACTION

The Chief Operating Officer recommends adoption of Ordinance No. 12-1274.

M:\Asd\Finance\Confidential\BUDGET\FY12-13\Budord\Ord 12-1274 Adopting Ordinance\Staff Report For Adoption Ord 12-1274.Doc

Materials following this page were distributed at the meeting.



METRO COUNCIL MEETING

Meeting Summary

May 24, 2012

Metro, Council Chamber

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

Councilors Excused: None

Council President Tom Hughes convened the regular council meeting at 2:02 p.m.

1. INTRODUCTIONS

There were none.

2. CITIZEN COMMUNICATIONS

There were none at this time.

3. CONSIDERATION OF THE MINUTES FOR MAY 17, 2012

Motion:	Councilor Carlotta Collette moved to approve the minutes for April 17, 2012.
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Vote:	Council President Hughes and Councilors Burkholder, Roberts, Hosticka, Collette, Harrington and Craddick voted in support of the motion. The vote was 7 ayes, the motion <u>passed</u> .
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4. CONTRACT REVIEW BOARD

4.1 **Resolution No. 12-4351**, For the Purpose of Approving a Contract Amendment for Geotechnical Services on the New Elephant Habitat Project at the Oregon Zoo.

Council President Hughes declared that the Metro Council was now acting as the Metro Contract Review Board.

Motion:	Councilor Shirley Craddick moved to approve Resolution No. 12-4351.
Second:	Councilor Carl Hosticka seconded the motion.

Councilor Craddick introduced Resolution No. 12-4351, which if approved, would authorize Metro to amend the professional services contract with Shannon and Wilson, Inc. (S&W), an external environmental consulting firm, for geotechnical services on the New Elephant Habitat Project at the Oregon Zoo. Councilor Craddick explained during the evaluation of the elephant site, S&W discovered considerable geotechnical risk that was not identified in the pre-schematic design of the

project. Councilor Craddick noted that the amendment includes additional costs, but that the work is necessary to reduce and mitigate risk.

Mr. Craig Stroud of Metro introduced Mr. Jim Mitchell of Metro who provided background on the land and soil conditions at the zoo. Much of the elephant habitat project's improvements are sited along the zoo campus perimeter, which has had less prior assessment than centrally located areas. It was noted that the zoo sits atop a landslide prone zone, and that the underlying site conditions of the improvement area are much more challenging than initially expected. Mr. Mitchell stated that amending Metro's contract with S&W would be more cost-effective and practical, given the firm's experience, rather than initiating a competitive request for proposal (RFP) process.

Mr. Stroud reiterated that the conclusion of further geotechnical analysis will provide a more comprehensive outlook of the zoo campus, benefiting both the elephant habitat as well as future construction. Councilor Craddick encouraged support for the contract amendment.

Vote:

Council President Hughes and Councilors Burkholder, Roberts, Hosticka, Collette, Harrington and Craddick voted in support of the motion. The vote was 7 ayes, the motion <u>passed</u> .
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Council President Hughes then declared the Metro Contract Review Board closed and reconvened the Metro Council for the remainder of the meeting.

5. **ORDINANCES – SECOND READING**

5.1 **Ordinance No. 12-1275**, For the Purpose of Amending Metro Code Section 2.12 Regarding the Office of Citizen Involvement and Metro Code Section 2.19.100 Regarding the Metro Committee for Citizen Involvement (MCCI).

Motion:	Councilor Kathryn Harrington moved to approve Ordinance No. 12-1275.
Second:	Councilor Barbara Roberts seconded the motion.

Councilor Harrington introduced Ordinance No. 12-1275, which if approved, would amend the Metro Code regarding the office of Citizen Involvement to dissolve the MCCI and establish the Metro Public Engagement Review Committee (PERC). Councilor Harrington explained that Metro's commitment to public involvement is reflected by staff's efforts to evaluate and modify engagement processes in need of modernization. Councilor Harrington stressed that Metro's objective to exude transparency, trust and public involvement remains the same while the means to achieve this end will be improved. Metro staff has worked with stakeholders and public involvement peers to develop the proposal in Ordinance No. 12-1275.

Councilor Harrington listed the five tools and techniques that the proposal brings forward:

- Public Engagement Review Committee (PERC)
- Peer Group
- Annual Stakeholder Summit
- Annual Public Survey
- Annual Report

Councilor Harrington then mentioned the proposal's review at the Metro Policy Advisory Committee (MPAC), the Joint Policy Advisory Committee for Transportation (JPACT), the Metro Technical Advisory Committee (MTAC), the International Association of Public Participation (IAP2) and with regional stakeholders such as Mr. Hal Ballard. Councilor Harrington noted that amendments to the code include the process of monitoring and continuing to improve public involvement practices, but do not include outreach and engagement efforts that accompany Metro projects.

Council President Hughes opened a public hearing on Ordinance No. 12-1275.

Hal Ballard, 544 E Main St. Hillsboro, OR 97123: Mr. Ballard discussed his wide-ranging experience in the community, including the MCCI in the last 4 years of its existence. Mr. Ballard stated that MCCI's purpose was to ensure projects are properly presented to the public and to insist that Metro act on citizen feedback and responses. Mr. Ballard then described MCCI members' concern when presented with the realignment of Metro's public involvement review structure. Some believed the changes would dilute the effectiveness of the citizen body. Mr. Ballard then expressed his support for the formation of the stakeholder review group and urged that they have more than one meeting annually.

Linda Peters, 25440 NW Dairy Creek Rd. North Plains, OR 97133: Ms. Peters of the Washington County Citizen Action Network (WCCAN) expressed her hope that Metro's assessment of citizen involvement does not stop at number of people and distribution of those who participate, but that it aims to make a serious attempt to determine the impact citizen involvement has on policy making. Ms. Peters stated the WCCAN can help in this process, noting the group's experience in program evaluation. Lastly, Ms. Peters emphasized the importance of quality relationships and trust between elected officials and the public.

Tara Sulzen, 133 SW 2nd Ave. Portland, OR 97204: Ms. Sulzen of 1000 Friends of Oregon testified in support of Ordinance No. 12-1275 and thanked Metro staff for their hard work developing a new strategy. Ms. Sulzen expressed appreciation for the proposal's focus on measurement and evaluation. Ms. Sulzen noted that diverse representation needs to be engaged in order to build towards the goal for a more equitable region.

Mara Gross, 107 SE Washington St. #239, Portland, OR 97214: Ms. Gross of Coalition for a Livable Future (CLF) expressed support for the ordinance, mentioning that it addresses issues CLF has noted for many years. Ms. Gross recommended that advisory groups be made up of diverse representation across the region, including from communities of color. Ms. Gross noted that diversity is important not only for adequate representation but also in the development of relationships between the public and government. Regarding the Annual Stakeholder Summit, Ms. Gross recommended that there be an open discussion and evaluation of public involvement practices, that citizens receive a progress report and that the order be amended so reports are reviewable before the summit.

Kay Durtschi, 2230 SE Caldw St. Portland, OR 97219: Ms. Durtschi, a former citizen member of MCCI and current citizen representative on MTAC, voiced opposition to changing the name of the citizen advisory group from the Metro Committee for Citizen Involvement (MCCI) to the Public Engagement Review Committee (PERC). Ms. Durtschi expressed concern regarding distribution of committee members, 3 of whom are at large representatives while the other 6 are either appointed or are public employees representing each of the 3 counties. Ms. Durtschi cited her experience, mentioned her strong feeling that citizens are left out of the public process and stated that only a

couple meetings a year is not enough time for citizens to evaluate public involvement practices and strategies.

Councilors asked Ms. Durtschi clarifying questions regarding her concerns about citizen representation on PERC. Ms. Durtschi explained that the 3 appointed jurisdictional representatives could maintain political commitments, which have the potential to influence voting. In response to Ms. Durtschi concern, Councilors questioned staff on the limit of 9 members to serve on PERC. Ms. Patty Unfred of Metro commented that initial feedback increased the number of members to 9 because it was considered feasible and representative of best practices and a solid level of knowledge. However, Ms. Unfred noted that there is no magic number. Mr. Jim Middaugh of Metro expressed staff's openness to and support of Council direction.

Councilor Collette proposed amending the ordinance to include more flexible language regarding the number of members to serve on PERC. Ms. Alison Kean-Campbell of Metro and Ms. Martha Bennett of Metro noted the amendment would provide Council with the most flexibility if language was included in subsection one (1) of 2.19.100 in Exhibit D to Ordinance 12-1275.

Motion:	Councilor Carlotta Collette moved to amend Exhibit D, section 2.19.100 (b) and subsection (1) of Ordinance No. 12-1275 to state, "The PERC consists of <u>at least</u> nine (9) members" and, " <u>At least</u> (3) at large representatives from the region" rather than just "nine (9) members" and "three (3) at large representatives".
Second:	Councilor Shirley Craddick seconded the motion.

Vote: Council President Hughes and Councilors Burkholder, Roberts, Hosticka, Collette, Harrington and Craddick voted in support of the motion. The vote was 7 ayes, the motion passed.

Councilors discussed Metro's role as a regional convener and recognized that new creative practices of engaging people in the political process should be continuously considered and evaluated. Councilors expressed support and appreciation for the refocusing of the purpose and effectiveness of PERC as well as the high level of citizen participation in the process.

In closing, Councilor Harrington acknowledged the fine work done by Metro Auditor Suzanne Flynn in putting together an objective report to staff, which aided the refinement of Metro's public involvement structure and practices. Councilor Harrington complemented Mr. Middaugh and Ms. Unfred in their efforts to engage a broad spectrum of experts as well as the public, which has ensured Metro maintains a public involvement system in place to monitor and improve practices.

Vote: Council President Hughes and Councilors Burkholder, Roberts, Hosticka, Collette, Harrington and Craddick voted in support of the motion. The vote was 7 ayes, the motion passed.

5.2 **Ordinance No. 12-1278**, For the Purpose of Amending the Regional Transportation Functional Plan to Remove the Schedule for Updating City and County Transportation System Plans; to Add an Exemption Process; and to Revise Procedures for Extensions and Exceptions.

Motion:	Councilor Carlotta Collette moved to approve Ordinance No. 12-1278.
Second:	Councilor Kathryn Harrington seconded the motion.

Councilor Collette introduced Ordinance No. 12-1278, which if approved, would amend Title 6 of Regional Transportation Function Plan (RTFP) regarding compliance procedures. Councilor Collette then described the process in which each local jurisdiction in the region updates their Transportation System Plans (TSP) as required to be consistent with the RTFP. Essentially, the amendments would simplify and streamline implementation of the Regional Transportation Plan (RTP), making the process to get an extension easier and adding a provision that makes it possible for really small jurisdiction to seek exemption from regional requirements. Councilor Collette explained that updating TSPs for smaller communities with minimal staff and volunteer councils can be a huge challenge. Amendments to the RTFP’s Compliance Procedures have been presented as housekeeping measures to TPAC, MPAC, MTAC and JPACT with unanimous approval from each engagement committee.

Ms. Kean-Campbell noted that Exhibit B to Ordinance No. 12-1278 is not yet attached to the record and advised Council to postpone voting until the next meeting.

Councilors asked clarifying questions regarding the consistency of the title and staff report of the ordinance. Councilors expressed the importance of maintaining the schedule of updating local TSPs in accordance with the RTP. Mr. Dick Benner of Metro explained that the adoption of the 2035 RTP included a schedule that showed a timeline for each jurisdiction. Mr. Benner reminder Council that staff has learned the timeline is difficult for some local governments. Mr. Benner noted that the schedule will be kept in the planning department. Ultimately, Councilors reiterated that it should not be confused that there is no schedule simply because it is being moved, and that local governments are still responsible for updating TSPs in a timely manner. Mr. Benner pointed to the standard timeline, which remains applicable even with proposed amendments.

Councilors then expressed support for the intention of the ordinance, noting their confidence in staff’s ability to track local TSP updates and schedule modification requests. There was discussion regarding public access to the schedule and timeline. Councilors asked if a summary list of timelines will be maintained on the website as a public resource. Ms. Sherry Oeser of Metro concurred that a summary list can be made public similar to the way land use updates benchmarks are posted.

Motion:	Councilor Carlotta Collette moved to continue Ordinance No. 12-1278 to June 14, 2012.
Second:	Councilor Kathryn Harrington seconded the motion.

Vote: Council President Hughes and Councilors Burkholder, Roberts, Hosticka, Collette, Harrington and Craddick voted in support of the motion. The vote was 7 ayes, the motion passed.

6. RESOLUTIONS

6.1 **Resolution No. 12-4349**, For the Purpose of Adopting the Regional Travel Options 2012-2017 Strategic Plan.

Motion:	Councilor Rex Burkholder moved to approve Resolution No. 12-4349.
Second:	Councilor Carlotta Collette seconded the motion.

Councilor Burkholder introduced Resolution No. 12-4349, which if approved, would adopt the Regional Travel Options (RTO) 2012-2017 Strategic Plan and approve the plan’s missions, goals, strategies and actions. Councilor Burkholder quoted the program mission, which is to make the Portland metro region a great place by working with local and regional partners to promote travel options that support economically vibrant communities, increase active transportation and advance environmental sustainability. Councilor Burkholder then introduced Mr. Dan Kaempff of Metro who provided a presentation on the RTO Strategic Plan.

Mr. Kaempff explained that the RTO program supports Metro’s mission to make a great place by increasing awareness of single occupancy vehicle mode choices such as walking, bicycling, ride sharing and taking transit. Mr. Kaempff pointed to the many regional partners that work to carry out the RTO program including transit providers, state agencies, transportation management associations and nonprofit organizations. Mr. Kaempff then overviewed program accomplishments, which can be found in Appendix D of the plan. Among highlights was the ride sharing program, Drive Less Connect, which helps people carpool to work or for shopping and recreational trip.

Mr. Kaempff noted the 2012-2017 plan builds on previous strategic planning records and incorporates significant improvements such as a refocusing the mission and goals to the triple bottom line objectives of equity, environment and economy. The plan also includes a more sophisticated strategy for measuring program performance and streamlines grant programs.

Councilors expressed support for the resolution, noting appreciation for measurable facts and outcomes from RTO projects and programs. Councilors discussed how effectively the RTO program returns investment by focusing on public information and education. There was agreement that people need to have choices during tough economy times, and that RTO’s efforts leverage more out of what Metro does in the region already. Councilors thanked Mr. Kaempff and other staff for their work.

Vote:	Council President Hughes and Councilors Burkholder, Roberts, Hosticka, Collette, Harrington and Craddick voted in support of the motion. The vote was 7 ayes, the motion <u>passed</u> .
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7. CHIEF OPERATING OFFICER COMMUNICATION

Included in Chief Operating Officer (CCO) communications were:

- Request of Council and MERC to attend and represent Metro at Travel Portland’s “Portland familiarization tour” in June and July 2012. Approval by Council would address ethics laws and authorize all councilors to attend the Travel Portland events.

Motion:	Councilor Carlotta Collette moved to approve the Authorization to Represent Metro on Trade-Promotion Mission; Fact-Finding Mission; Economic Development Activity; or Negotiation.
Second:	Councilor Barbara Roberts seconded the motion.

Vote:

Council President Hughes and Councilors Burkholder, Roberts, Hosticka, Collette, Harrington and Craddick voted in support of the motion. The vote was 7 ayes, the motion passed.

- On June 7, Council will have a public hearing with the Tax Supervising and Conservation Committee (TSCC).
- Metro experienced a very successful bond sale because of favorable market conditions, which resulted in the agency receiving a premium sale, or an additional 25 million dollars. This result means Metro can levy fewer taxes, better fund projects and provide additional money to animal exhibits at the zoo. Ms. Bennett thanked Margo Norton, Scott Robinson, Finance and Regulatory Services, Sustainability Center and Oregon Zoo staff for their efforts to take advantage of market conditions.
- Ms. Kean-Campbell updated councilors on the Oregon Supreme Court's request for oral argument on the Columbia River Crossing remand. There will be no public testimony other than from attorneys of both sides. Metro will split testimony time with TriMet.

8. COUNCILOR COMMUNICATION

- Councilor Craddick attended the Johnson Creek Watershed Annual Luncheon, and provided a report to Council regarding the conditions of the watershed and the work being done to mitigate issues.
- Councilor Collette commented on the Johnson Creek Committee which is working to alleviate the impact of Tacoma Light Rail Station on the watershed.
- Councilor Collette attended the Full Funding Grant Agreement Ceremony for the Portland Milwaukie Light Rail project, and reminded Council that there are a lot of people in Clackamas County excited to welcome the MAX.

9. ADJOURN

There being no further business, Council President Hughes adjourned the regular meeting at 3:40 p.m. The Council will reconvene the next regular council meeting on Thursday, June 14 at 2 p.m. at the Metro Council Chamber.

Respectfully submitted by,



Josh Springer
Council Policy Assistant

ATTACHMENTS TO THE PUBLIC RECORD FOR THE MEETING OF MAY 24, 2012

Item	Topic	Doc. Date	Document Description	Doc. Number
5.1	Testimony	5/24/12	Written testimony from Linda Peters of the Washington County Citizen Action Network	52412c-01
5.1	Testimony	N/A	Written testimony in support of Ordinance 12-1275	52412c-02
6.1	PPT	N/A	Regional Travel Options: Creating healthy, vibrant communities	52412c-03
7.0	Report	N/A	Authorization to Represent Metro on Trade-Promotion Mission	52412c-04
8.0	Handout	5/22/12	Portland-Milwaukie Light Rail Song	52412c-05

 Metro | *Memo*

Date: June 14, 2012
From: Kathryn Harrington, Metro Councilor District 4
Re: Proposed Budget Note to the FY 2012-13 Budget

I am proposing the following budget note to replace the budget note previously approved by the Council on May 3, 2012.

REPLACE

Budget Note – Community Investment Initiative

Before budget adoption, Council will review and approve the program and spending plan for the Community Investment Initiative.

WITH

Budget Note – Community Investment Initiative

The Metro Council will approve a program work plan for Metro's involvement in the Community Investment Initiative during the first quarter of FY 2012-13, which will identify key direction and decision points for the Metro Council.

 Metro | Memo

Date: June 14, 2012
From: Rex Burkholder, Metro Councilor District 5
Re: Proposed Budget Amendments to the FY 2012-13 Budget

I am proposing the following budget notes:

Budget Note – Opportunity Fund

The Chief Operating Officer will prepare for Council consideration a proposal establishing criteria for evaluating proposed uses of an Opportunity fund (or successor name) and the process for authorizing its use.

Budget Note – One time expenditures

The Chief Operating Officer will prepare for Council consideration a proposal for establishing the guidelines for a spending plan for Reserve for Future One-Time expenditures (or successor name) as part of the regular budget process.

I am also proposing the following motion to amend to the FY 2012-13 budget:

Budget Amendment – Multi-modal data collection

Move to amend the FY 2012-13 budget to increase appropriations in the Research Center by \$60,000, add 0.5 FTE limited duration GIS Specialist for one year, to be funded by reducing the budgeted Opportunity Fund by \$60,000.

Background:

A comprehensive regional pedestrian dataset has not been fully updated in over ten years. One primary point of distinction between this proposal and prior efforts to develop pedestrian data is the focus on long-term maintenance requirements. Rather than delivering static data with no maintenance strategy, this project will include a plan to collaborate with regional partners to keep a refined short list of data current for future research needs. As is detailed in the management response, the list of specific deliverables will need to be distilled and prioritized with feedback from affected stakeholders who are involved in relevant programs. This feedback is essential when developing a new product because, as is the case with most RLIS layers, ongoing data maintenance is a collaborative process, requiring buy-in from partners in each jurisdiction who will be contributing periodic updates to keep the data current. Once a common methodology for collecting and organizing pedestrian data has been established, resources that are currently being spent on scattered local projects will be more easily leveraged to support regional data maintenance and distribution.