600 NE Grand Ave.
Portland, OR 97232-2736
www.oregonmetro.gov

Metro | *Agenda*

Meeting: Metro Council
Date: Thursday, Nov. 15, 2012
Time: 2 p.m.
Place: Metro, Council Chamber

CALL TO ORDER AND ROLL CALL

1. INTRODUCTIONS

2. CITIZEN COMMUNICATION

3. NATURAL AREAS OVERSIGHT COMMITTEE REPORT — **Linda Craig**, **Drake Butsch**

4. CONSENT AGENDA

4.1 Consideration of the Minutes for Nov. 8, 2012

4.2 **Resolution No. 12-4376**, For the Purpose of Authorizing the Chief Operating Officer to Issue a Renewed Non-System License to Crown Point Refuse, Inc. for Delivery and Disposal of Putrescible Waste at the Wasco County Landfill Located in Wasco County, Oregon.

4.3 **Resolution No. 12-4377**, For the Purpose of Authorizing the Chief Operating Officer to Issue a Renewed Non-System License to Willamette Resources, Inc. For Delivery and Disposal of Putrescible Waste at the Coffin Butte Landfill Located in Benton County, Oregon.

4.4 **Resolution No. 12-4378**, For the Purpose of Authorizing the Chief Operating Officer to Issue a Renewed Non-System License to Arrow Sanitary Service, Inc. for Delivery of Putrescible Waste to the West Van Materials Recovery Center and the Central Transfer and Recycling Center Located in Clark County, Washington.

4.5 **Resolution No. 12-4379**, For the Purpose of Authorizing the Chief Operating Officer to Issue a Renewed Non-System License to American Sanitary, Inc. for Delivery of Putrescible Waste to the West Van Materials Recovery Center and the Central Transfer and Recycling Center Located in Clark County, Washington.

4.6 **Resolution No. 12-4380**, For the Purpose of Authorizing the Chief Operating Officer to Issue a Renewed Non-System License to Waste Management of Oregon, Inc. for Delivery of Putrescible Waste from the Troutdale Transfer Station to the Columbia Ridge Landfill Located in Gilliam County, Oregon, and Under Certain Unusual Circumstances to Riverbend Landfill in Yamhill County, Oregon.

4.7 **Resolution No. 12-4386**, For the Purpose of Declaring the Restaurant Property at Glendoveer Golf and Tennis Center Surplus Property, Exempting the Restaurant from Paying Excise Tax and Authorizing the Execution of a Lease with Ringside Restaurant.

Continued on back…

5. ORDINANCES – FIRST READING

5.1 **Ordinance No. 12-1294**, For the Purpose of Amending Metro Code Chapter 2.19.100 Regarding Term Length and Membership of the Public Engagement Review Committee (PERC).

5.2 **Ordinance No. 12-1295**, For the Purpose of Amending the FY 2012-13 Budget and Appropriations Schedule and the FY 2012-13 Through 2016-17 Capital Improvement Plan.

6. RESOLUTIONS

6.1 **Resolution No. 12-4375**, For the Purpose of Adopting the Metro Diversity Action Plan. **Burkholder**

6.2 **Resolution No. 12-4383**, For the Purpose of Adopting Policy Direction to the Regional Flexible Funding Allocation (RFFA) Process for Federal Fiscal Years 2016-18. **Collette**

7. CHIEF OPERATING OFFICER COMMUNICATION

8. COUNCILOR COMMUNICATION

ADJOURN

EXECUTIVE SESSION HELD PURSUANT WITH ORS 192.660(2)(e). TO CONDUCT DELIBERATIONS WITH PERSONS DESIGNATED BY THE GOVERNING BODY TO NEGOTIATE REAL PROPERTY TRANSACTIONS.

Television schedule for Nov. 15, 2012 Metro Council meeting

Clackamas, Multnomah and Washington counties, and Vancouver, WA Channel 30 – Community Access Network *Web site*: www.tvctv.org *Ph*: 503-629-8534 *Date*: Thursday, Nov. 15	**Portland** Channel 30 – Portland Community Media *Web site*: www.pcmtv.org *Ph*: 503-288-1515 *Date:* Sunday, Nov. 18, 7:30 p.m. *Date*: Monday, Nov. 19, 9 a.m.
Gresham Channel 30 - MCTV *Web site*: www.metroeast.org *Ph*: 503-491-7636 *Date*: Monday, Nov. 12, 2 p.m.	**Washington County** Channel 30– TVC TV *Web site*: www.tvctv.org *Ph*: 503-629-8534 *Date*: Saturday, Nov. 17, 11 p.m. *Date*: Sunday, Nov. 18, 11 p.m. *Date*: Tuesday, Nov. 20, 6 a.m. *Date*: Wednesday, Nov. 21, 4 p.m.
Oregon City, Gladstone Channel 28 – Willamette Falls Television *Web site*: http://www.wftvmedia.org/ *Ph*: 503-650-0275 Call or visit web site for program times.	**West Linn** Channel 30 – Willamette Falls Television *Web site*: http://www.wftvmedia.org/ *Ph*: 503-650-0275 Call or visit web site for program times.

PLEASE NOTE: Show times are tentative and in some cases the entire meeting may not be shown due to length. Call or check your community access station web site to confirm program times. Agenda items may not be considered in the exact order. For questions about the agenda, call the Metro Council Office at 503-797-1540. Public hearings are held on all ordinances second read. 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

Natural Areas Oversight Committee Report

Metro Council Meeting
Thursday, Nov. 15, 2012
Metro, Council Chamber

October 2012

Accumulating benefits

A report to the community from the Natural Areas Program Performance Oversight Committee

The accumulating benefits of the Natural Areas Program meet and in some cases exceed goals, and the program is in a strong position for the coming years.

Metro's Natural Areas Program has now been implementing the 2006 bond for five years. From the beginning, the Natural Areas Program Performance Oversight Committee has provided independent citizen review to ensure the program is well managed, spends money wisely, and fulfills the stated goals of the 2006 bond measure that funds it. This annual report to the Metro Council and the community reviews our work and presents our findings for the period July 2011 through June 2012.

Over the past year, the Oversight Committee was interested not only in individual program accomplishments, but also in the accumulating benefits of the program as a whole. We considered issues such as movement toward meeting program goals, the composite effects of multiple property acquisitions, the community context and outcomes for local share and capital grants projects, and the effectiveness of information systems and other program tools. Our conclusion is that the accumulating benefits of the Natural Areas Program meet and in some cases exceed goals, and the program is in a strong position for the coming years. This is evidenced by a summary of program status and accomplishments:

- Program expenditures through June 2012 total approximately $140.2 million, about 62 percent of the $227.4 million bond measure approved by voters.
- Under the regional acquisition component, Metro acquired 1,090 acres of natural areas last year, for a total of 3,936 acres. In addition, 2,395 linear feet (.45 miles) of trails and greenway corridors were acquired, bringing that total to 17,505 linear feet (3.32 miles) overall. Performance measures show that multiple property acquisitions, when considered as a whole, have positive cumulative benefits overall.
- Local jurisdictions have expended a total of $31 million for local share projects, representing 70 percent of the total $44 million allocated to this program component. This compares with total expenditures of $22.2 million (51 percent) last year.
- Metro awarded five Nature in Neighborhoods capital grants this year, bringing the total number of projects to 23. Together, the 23 grants add up to $6.6 million (44 percent of the $15 million allocation for this program component). This compares with a total of $4.7 million (31 percent) last year.
- Metro conducted a second bond sale for the program in May 2012. That $75 million will fund the program for an estimated three more years.
- Metro made good progress in developing and implementing tools to facilitate the program. These include TerraMet, a new information system that provides a single integrated database, and new function-based guidelines that improve the site stabilization process.

As designated in the 2006 bond measure, Metro's **Natural Areas Program** acquires and preserves natural areas throughout the Portland metropolitan region to safeguard water quality, protect fish and wildlife habitat and ensure access to nature for future generations. The program has three components:

Regional acquisition: The acquisition of 3,500-4,500 acres from willing sellers in 27 target areas ($168.4 million).

Local share projects: $44 million allocated to local governments for park improvement projects and locally important acquisitions.

Nature in Neighborhoods capital grants program: $15 million for grants to community groups, nonprofits and local governments for projects that "re-green" or "re-nature" neighborhoods.

Metro | *Making a great place*

Implementation of the 2006 bond measure has been underway now for five years. The program is making steady progress toward meeting and even exceeding the goals set by the voters for use of the bond measure money. ***– Linda Craig***

REGIONAL ACQUISITION

Dashboard reports

The Oversight Committee and Metro staff have continued to use dashboard reports as a key management tool that provides periodic information about each program component's status. Staff updates them regularly, and the committee reviews them at each meeting to assess progress and ensure the program is on track.

For regional acquisition, the dashboard reports provide a quantitative snapshot of acquisitions in each of the 27 target areas (20 natural areas and 7 trail/greenway corridors). The reports compare acreage acquired to date with the acreage goals defined in detailed "refinement plans" for each target area. They also show expenditures to date.

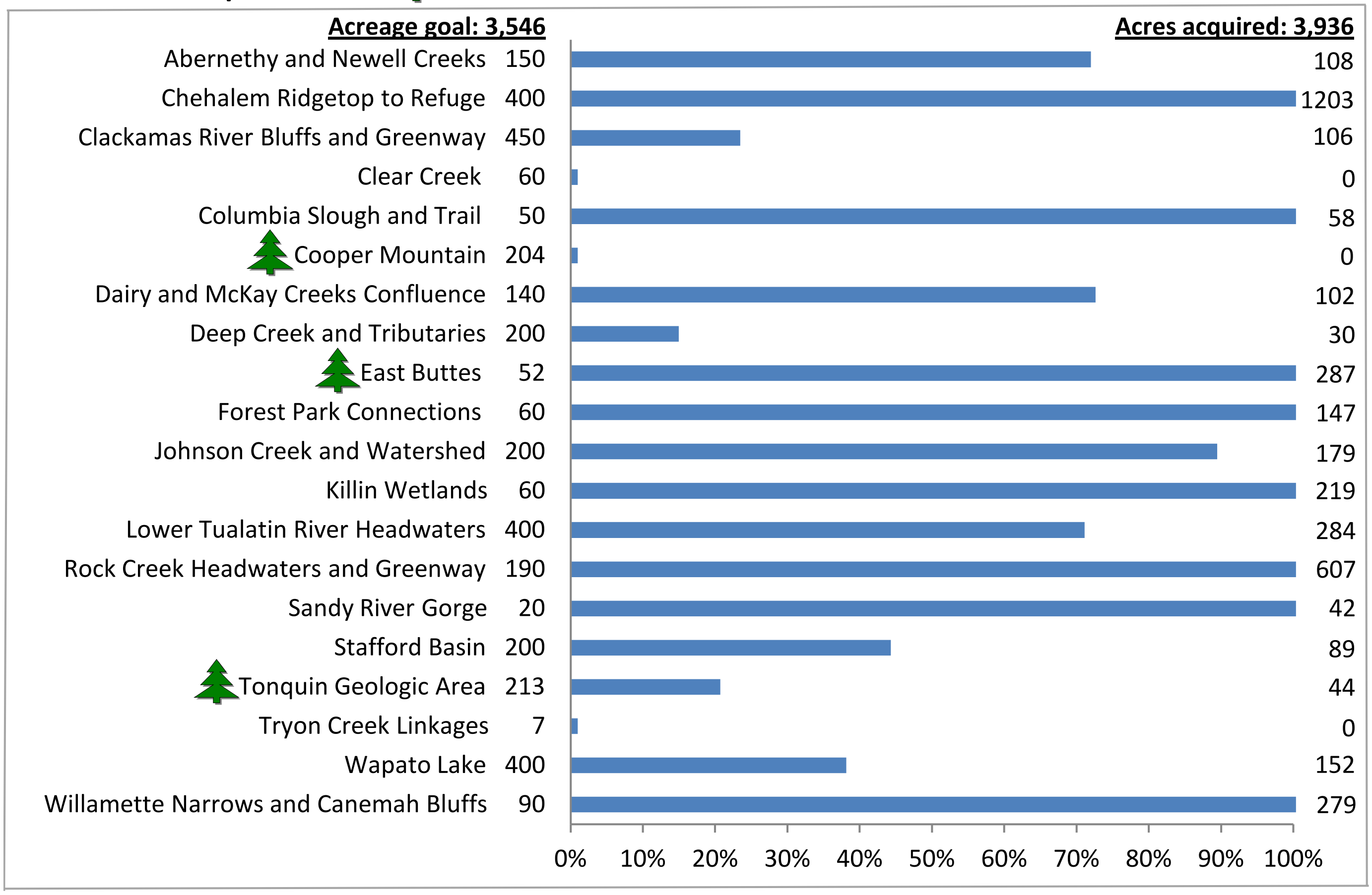
- Total regional acquisition to date is 3,936 acres. Of this, 1,090 acres were acquired during the past year.
- Total trail/greenway corridor acquisition to date is 17,505 linear feet (3.32 miles), with 2,395 linear feet (.45 miles) acquired in the past year.
- Total regional acquisitions have already nearly reached the mid-range acquisition goal of 4,000 acres. Total expenditures for regional acquisition are $107.6 million, about 64 percent of the $168.4 million allocated in the 2006 bond measure.
- In 17 of the 27 target areas, acquisitions to date are at least 50 percent of the target area goal.
- In eight target areas, acquisitions exceed the goals. The program buys from willing sellers, so Metro purchases properties in excess of the goal if the additional properties meet the criteria and do not limit funding for purchases in other target areas.
- In several target areas, no acquisitions have been made to date. Due to the "willing seller" policy that governs this program, it's not clear when Metro will be successful securing properties in these areas. Staff continue to pursue acquisition strategies in these areas, including contacts with property owners and community outreach.

OVERSIGHT COMMITTEE MEMBERS

Linda Craig (chair)	CPA, Linda S. Craig LLC
Dean Alterman	Attorney, Folawn Alterman & Richardson LLP
Drake Butsch	Builder's Services Manager/VP, First American Title
Michelle Cairo	Chief Financial Officer, Opus Solutions
Christine Dupres	Project Manager, National Policy Consensus Center
Kay Hutchinson	Director of Programs, Reach
Walter McMonies	Attorney, Roberts Kaplan LLP
Rick Mishaga	Wildlife Ecologist, Environmental Consultant (Retired)
Peter D. Mohr	Attorney, Tonkon Torp LLP
Shawn Narancich	Vice President of Research, Ferguson Wellman Capital Management
Andrew Nordby	Principal Broker, GRI, SRES, Re/Max Equity Group
Norman Penner	Lt. Col., USAF, MSC Retired; Board Member, Friends of the Tualatin Refuge and Washington County Visitors Association
David Pollock	Senior Advisor and Director, Ashoka, Ecotrust Forest LLC
Autumn Rudisel	Senior Vice President, Umpqua Bank
Kendra Smith	Willamette Watershed Program Director, Bonneville Environmental Foundation
Cam Turner	Principal, United Fund Advisors
Steve Yarosh	Attorney, Yarosh | Valdez PC

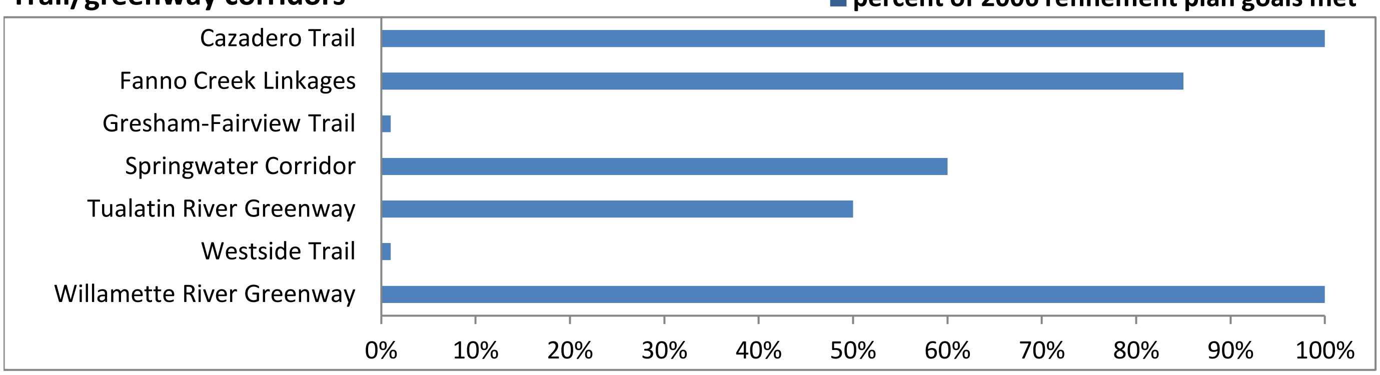
Natural area acquisition

park built ■ percent of 2006 refinement plan acreage goals met or exceeded



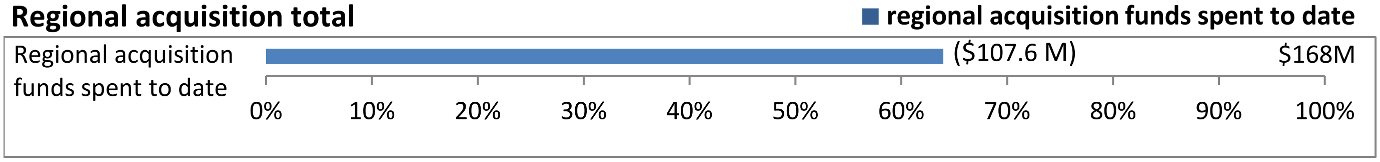
Trail/greenway corridors

■ percent of 2006 refinement plan goals met



Regional acquisition total

■ regional acquisition funds spent to date



Performance measures

The Oversight Committee and Metro staff have continued to use performance measures to rate and evaluate natural area acquisitions. This integral tool provides qualitative information about each property's water quality and wildlife habitat benefits, public benefits, and financial benefits.

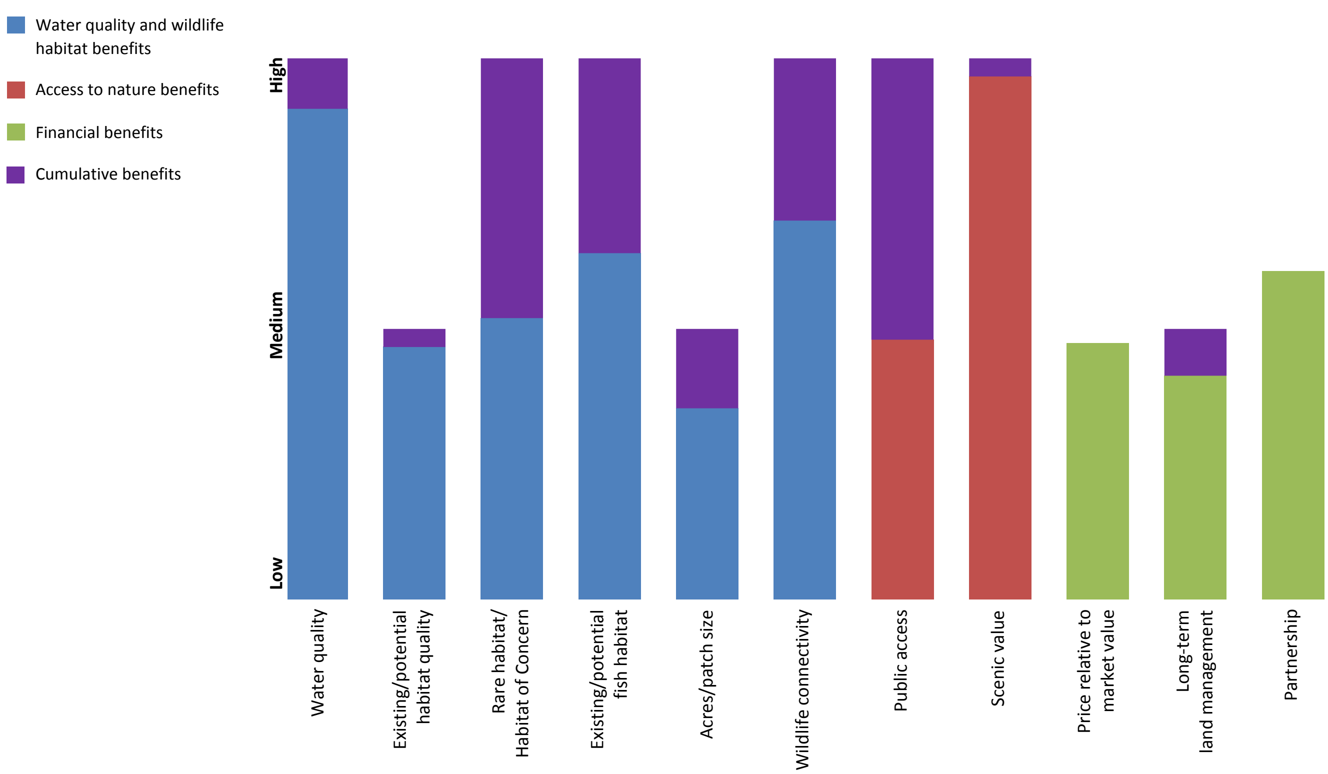
This year, the committee asked staff to apply the performance measures to each target area as a whole as well as to individual properties within the target area. The results show that multiple acquisitions can have positive cumulative effects. In the Johnson Creek target area, for example (see chart), the bottom bars show the outcomes when the ratings for all individual acquisitions are simply aggregated. The top bar shows the outcomes when the cumulative effects of the acquisitions are taken into account. In particular, the overall ratings for water quality and wildlife benefits increase because the combined individual parcels provide connectivity and contiguous habitat. In other words, the value of the whole is greater than the sum of the parts.

This overview also helps staff compare the status of each target area with the goals and objectives defined in the refinement plan for that area. Generally, the cumulative performance measures show that the acquisitions have closely tracked goals set in the refinement plans.

At the Oversight Committee's suggestion, staff will next apply the performance measures to all of the target areas together. This comprehensive view is made possible by Metro's new database (see page 8), which allows all of the program data to be integrated. The combined assessment will help the committee and staff determine whether adjustments are needed as future purchases are made, in order to strengthen performance in any of the goals set for the Natural Areas Program as a whole.

Johnson Creek and Watershed

Aggregate summary March 2012



Conclusions

- Five years into the program, property acquisition rates suggest the program is on target in terms of meeting and exceeding its goals within a 10-year timeframe.
- The performance measures demonstrate that the cumulative benefits of multiple acquisitions are greater than the benefits of the individual acquisitions considered separately.

Recommendations

- The Oversight Committee should continue to track progress in target areas where few acquisitions have been made to date.
- Staff should apply the performance measures to all target areas as a whole to obtain a composite picture of program performance and benefits.

LOCAL SHARE PROJECTS

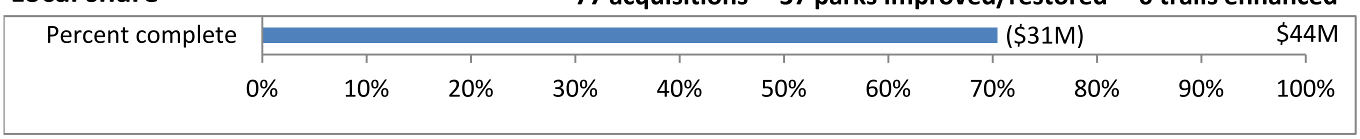
Dashboard report

Staff provides updates about local share projects at each Oversight Committee meeting. To date, local jurisdictions have expended $31 million, representing 70 percent of the total $44 million allocated to them.

The priorities and budgets of local jurisdictions can change over time. As a result, some jurisdictions have needed to reallocate funds to different projects, redefine existing projects, or extend project timeframes. Metro recognizes this need for flexibility. At the same time, Metro staff tracks each project and works with the jurisdictions to ensure that projects are meeting program goals and requirements.

DASHBOARD REPORT HIGHLIGHTS June 30, 2012

Local share **77 acquisitions** **37 parks improved/restored** **6 trails enhanced**



Type and number of projects	Amount allocated (% of total $44 million local share allocation)	Amount expended to date
Natural area acquisition: 67	$21,319,384 (48%)	$17,998,339
Park acquisition: 10	4,745,554 (11%)	2,255,790
Park improvements: 25	5,228,839 (12%)	3,494,233
Restoration: 12	7,555,318 (17%)	6,215,289
Trail projects: 6	5,150,902 (12%)	1,611,423

Performance measures

Last year, the Oversight Committee asked staff to develop performance measures for local share projects. The committee's aim was to assess congruity between the specific guidelines for local share projects in the bond measure and how the money has actually been spent. Staff is considering how best to design appropriate performance measures that allow for the flexibility local governments have in selecting and implementing these projects.

As a first step, staff distributed a survey to the participating local jurisdictions in summer 2012 and will follow up with site visits and interviews with selected jurisdictions. The purpose is to learn about participants' experiences and assess how well the program is working. At the Oversight Committee's suggestion, survey questions included how projects fit into the jurisdictions' overall parks program; whether projects took advantage of leveraging and partnerships; hindrances to implementing the projects; benefits; and future maintenance and management issues.

Recommendation

Staff should continue to develop performance measures for local share projects and to evaluate, to the extent possible, benefits to local communities.

NATURE IN NEIGHBORHOODS CAPITAL GRANTS PROGRAM

Dashboard Report

The Oversight Committee is informed about the progress of the capital grants program at each meeting. In addition, an Oversight Committee member participates on the Capital Grants Review Committee that reviews and recommends proposed projects for funding. Funded projects to date fall into four general categories:

- Land acquisition: A well-established, straightforward way to preserve natural areas and future park land; often, the first step in a vision to create a nature park, establish trails, or restore habitat in a local community.
- Urban transformation: Opportunities that offer people more of an experience of nature in very urban settings – for example, planting native trees and shrubs along the I-205 bike path and an alley in downtown Cornelius that will act like a linear park.
- Restoration: Projects designed to improve habitat and water quality, as well as improve experiences for people; selected for their ecological value and how well they fit into a watershed context.
- Neighborhood livability: Projects that connect people to nature, or the experience of nature, in more urban environments.

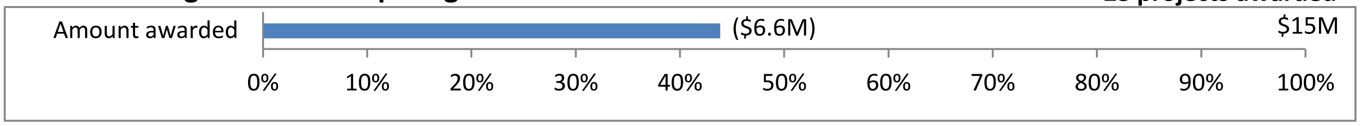
To date, grants have been awarded to 23 projects, representing 44 percent ($6.6 million) of the total $15 million allocation. About $8.5 million is available for future projects, including unused funds from previously awarded projects.

As the dashboard report shows, there are differences between the amount awarded and the amount expended to date. As grant projects develop and are implemented, the details become more refined, costs change, and some project elements are scaled back or receive funding from other sources. The Capital Grants Program requires applicants to match the bond measure money with their own resources. One project proved infeasible when the grant partners were unable to secure the required match, and securing the match has slowed progress for some other projects. Any unexpended grant funds are rolled back into the grant program to be awarded to other projects.

The Nature in Neighborhoods grants are a well-conceived and highly effective way of introducing nature and green space into communities that are sometimes overlooked and ignored – and that's what I love most about them. ***– Steve Yarosh***

DASHBOARD REPORT HIGHLIGHTS June 30, 2012

Nature in Neighborhoods capital grants **23 projects awarded**



Type and number of projects	Amount awarded to date (% of total amount awarded to date)	Amount expended to date
Land acquisition: 7	$2,437,681 (37%)	$2,008,545
Urban transformation: 4	1,441,279 (22%)	302,246
Restoration: 6	1,403,104 (21%)	2,000
Neighborhood livability: 6	1,351,342 (20%)	90,025

Performance measures

Responding to the Oversight Committee's direction, staff developed the following performance measures for the Capital Grants program in 2011:

- Community engagement: Initiates or expands relationship between partners/ organizations; provides community engagement in the project.
- Re-Green: Improves access to nature.
- Re-Nature: Enhances ecological functions.
- Multiple benefits: Results in benefits for people and nature that extend beyond the scope of the project.
- Cost-effective ecological design: Integrates habitat or water quality improvements through innovative design.
- Access to nature: Enhances access to nature for people with disabilities.

The performance measures are documented at the time of the grant award and again at the time of project completion to assess the project's success at meeting the anticipated outcomes.

Because many of these projects are multi-year, only four have been completed to date. As additional projects are completed, this performance review process will provide a broader view of the program's accomplishments, as well as insight into lessons learned that can help in selecting future grants. Metro is also focusing on identifying and assisting underserved communities to be successful in the grant process.

Recommendation

As more capital grants projects are completed, the Oversight Committee should review the grant award reports and post-completion performance reports to assess the projects' success in meeting the anticipated outcomes.

The Natural Areas Program continues to be staffed and run efficiently and effectively. – ***Dean Alterman***

SITE STABILIZATION

Metro develops a stabilization plan for each acquired site, which outlines how to protect good conditions or move degraded property conditions toward an improving trend. Last year, the Oversight Committee suggested some changes to the stabilization guidelines in order to emphasize site-specific ecological processes. The committee recommended that the length and timing of the stabilization should focus on key ecological indicators for improved habitat goals. This approach is based on field evidence that the targeted condition has been stabilized, rather than on a fixed two-year time limit that is not necessarily tied to a site's specific needs.

In response, staff developed and started applying new function-based stabilization guidelines, with three basic components:

- Identify the desired future condition.
- Develop a stabilization plan, including benchmarks that define stable conditions.
- Conduct a transition site visit at the end of the major stabilization period.

This year, staff reported back to the committee that the new guidelines have resulted in a more thorough assessment of site conditions and better identification of desired future conditions. The benchmarks standardize stabilization activities and improve tracking of conditions over time. Because the stabilization guidelines are more flexible, bond measure money can be used more effectively, reducing the need to use general fund money in future years.

Conclusion

The new stabilization guidelines are a good response to the Oversight Committee's recommendations and will improve the very important stabilization process. The flexibility and defined benchmarks are of great benefit to the natural areas.

Metro's implementation of refined ecological criteria for site stabilization clearly demonstrates that science-based management makes sound economic sense. ***– Rick Mishaga***

NATURAL AREAS INFORMATION SYSTEM

This year, Metro began to implement TerraMet, a new information system that provides a single integrated database for the Natural Areas Program (both the 1995 bond measure and the 2006 bond measure). Aware that database projects can sometimes incur cost overruns, the Oversight Committee carefully followed the progress of TerraMet during its development.

Phase I, completed in July 2012, provides a single source of data for the land acquisition program and automates the acquisition workflow. Phase II, scheduled for completion in June 2013, will track restoration and land management activities on acquired properties and further improve reporting and data access for program staff. TerraMet will replace the previous use of more than 50 spreadsheets and data sets.

Another important function of TerraMet is that it enables staff to integrate all performance measure results in order to depict the cumulative effects of multiple acquisitions (as discussed on page 4).

Conclusion

Phase I was completed on time and on budget and appears to be working as intended.

Recommendation

The Oversight Committee should continue to monitor the application of Phase I of TerraMet and the development of Phase II.

The information system is an important tool for ongoing institutional memory and for an overall understanding and evaluation of maintenance for Metro's natural areas. ***– Kendra Smith***

BOND SALE

Metro's first bond sale for the 2006 Natural Areas Program occurred in 2007, providing $124 million to fund the program. A second bond sale, for $75 million, occurred in May 2012 and will fund the program for an estimated three more years. This leaves about $28 million of the authorized $227.4 bond measure still to be issued.

Both Moody's and Standard & Poor's confirmed Metro's AAA bond rating, making Metro one of the few governments in Oregon with this rating. Metro sold the bonds in conjunction with Metro-operated Oregon Zoo bonds to save issuance costs. The buyer paid a premium to acquire the bonds, resulting in an additional $14.7 million that can be spent on the program. The interest rate was 2.2 percent.

Conclusion

The bond sale was successfully conducted and is a significant milestone that will allow the program to continue to move forward.

> *The low interest rate on the bonds and the premium that was paid positions the Natural Areas Program well for the next three or four years.* ***– Autumn Rudisel***

ADMINISTRATIVE COSTS AND STAFFING

As in past years, the Oversight Committee looked at program administrative costs to determine if they are an appropriate percentage of overall expense relative to land purchases and grants disbursed. Administrative costs have averaged 6.08 percent of total program expenditures to date, well under the 10 percent limit required by the bond measure.

The committee also reviewed program staffing. The 2006 bond measure anticipated approximately 20 FTE employees. The current total is 22 FTE employees.

Conclusion

Administrative costs and staff levels for the program are appropriate.

OTHER OVERSIGHT COMMITTEE REVIEW

It's Our Nature communications initiative

Metro conducted an intensive three-month outreach effort in summer 2011 to engage and inform citizens about the Natural Areas Program. It involved multiple activities and events, including stakeholder tours; outreach booths at farmers markets and community events; presentations; distribution of informational materials; print, film, and radio advertising; and a website overhaul. The committee asked staff to track and evaluate the results and received a report on the number of people reached.

Total expenditures for the initiative were $246,200. These expenditures are included in the administrative costs of the program, which have been well under the 10 percent administrative cost limit. Nonetheless, the Oversight Committee continues to discuss how much bond measure money should be spent to inform the public of the program's accomplishments. The committee believes that the goal is cost-effective information, and it will continue to monitor outreach efforts to see that the public is well served by the communication measures Metro employs.

> *I feel that Metro sets a course that is considered, careful and makes the most of taxpayer dollars, and that the Metro staff is cautious about how much is spent on communications and marketing.*
> ***– Christine Dupres***

Unusual circumstances

At the beginning of the bond measure's implementation, the Metro Council set guidelines for the staff's authority in conducting property transactions. A proposed acquisition or program expenditure that goes outside of these guidelines is considered to be an unusual circumstance, and staff must bring the proposed action to the Council for discussion and authorization. In last year's report, the Oversight Committee asked to continue reviewing unusual circumstances purchases to confirm that the process is used consistently and appropriately.

No transactions triggered the unusual circumstances process this year. However, staff briefed the committee about Metro's exploration of whether to submit a bid to acquire a portion of the former Blue Heron mill property at Willamette Falls, which is within the Willamette River Greenway target area. This could develop into an unusual circumstance next year.

Recommendation

The Oversight Committee should continue to track the status of the Blue Heron property acquisition and the application of unusual circumstances next year.

THE YEAR AHEAD

In the coming year, the Oversight Committee will continue to look at the cumulative results of the program to date and consider whether any adjustments are needed. It will also follow up on the recommendations made in this report, as summarized below:

Recommendations

- The Oversight Committee should continue to track progress in target areas where few acquisitions have been made to date.
- Staff should apply the performance measures to all target areas as a whole to obtain a composite picture of program performance and benefits.
- Staff should continue to develop performance measures for local share projects and to evaluate, to the extent possible, benefits to local communities.
- As more capital grants projects are completed, the Oversight Committee should review the grant award reports and post-completion performance reports to assess the projects' success in meeting the anticipated outcomes.
- The Oversight Committee should continue to monitor the application of Phase I of TerraMet and the development of Phase II.
- The Oversight Committee should continue to track Metro's public outreach for the program and to assess which measures best result in cost-effective information to the public.
- The Oversight Committee should continue to track the status of the Blue Heron property acquisition and the application of unusual circumstances next year.

A great and easy to understand system for analyzing acquisitions has been created and is working well. Now we must create new systems that see how these acquisitions tie together and strengthen one another. ***– Drake Butsch***

HOW TO LEARN MORE

We encourage you to learn more about Metro's Natural Areas Program and how you can be involved by visiting the Metro website.

We also welcome your feedback about what you would like to hear from us next year. Are there specific areas of concern or processes you think we should focus on? Please contact us with any ideas, suggestions or questions.

Website

www.oregonmetro.gov/naturalareas

Email

naturalareas@oregonmetro.gov

Phone

503-797-1545

For ongoing information, subscribe to GreenScene, Metro's quarterly guide to great places and green living.

www.oregonmetro.gov/greenscene

Metro | *Making a great place*

Clean air and clean water do not stop at city limits or county lines. Neither does the need for jobs, a thriving economy, and sustainable transportation and living choices for people and businesses in the region. Voters have asked Metro to help with the challenges and opportunities that affect the 25 cities and three counties in the Portland Metropolitan area.

A regional approach simply makes sense when it comes to providing services, operating venues and making decisions about how the region grows. Metro works with communities to support a resilient economy, keep nature close by and respond to a changing climate. Together, we're making a great place, now and for generations to come.

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Agenda Item No. 4.1

Consideration of the Minutes for Nov. 8, 2012

Consent Agenda

Metro Council Meeting
Thursday, Nov. 15, 2012
Metro, Council Chamber

Agenda Item No. 4.2

Resolution No. 12-4376, For the Purpose of Authorizing the Chief Operating Officer to Issue a Renewed Non-System License to Crown Point Refuse, Inc. for Delivery and Disposal of Putrescible Waste at the Wasco County Landfill Located in Wasco County, Oregon.

Consent Agenda

Metro Council Meeting
Thursday, Nov. 15, 2012
Metro, Council Chamber

BEFORE THE METRO COUNCIL

AUTHORIZING THE CHIEF OPERATING OFFICER TO ISSUE A RENEWED NON-SYSTEM LICENSE TO CROWN POINT REFUSE, INC. FOR DELIVERY AND DISPOSAL OF PUTRESCIBLE WASTE AT THE WASCO COUNTY LANDFILL LOCATED IN WASCO COUNTY, OREGON	))))))	RESOLUTION NO. 12-4376 Introduced by Martha J. Bennett, Chief Operating Officer, with the concurrence of Tom Hughes, Council President

WHEREAS, the Metro Code requires a non-system license of any person that delivers solid waste generated from within the Metro Region to a non-system disposal facility; and

WHEREAS, Crown Point Refuse, Inc. ("Crown Point") holds Metro Solid Waste Facility Non-System License No. N-108-12A, which expires on December 31, 2012; and

WHEREAS, Crown Point has filed a complete application seeking renewal of the non-system license to deliver putrescible waste to the Wasco County Landfill for disposal under the provisions of Metro Code Chapter 5.05, "Solid Waste Flow Control;" and

WHEREAS, Metro Code Chapter 5.05 provides that applications for non-system licenses for putrescible waste shall be reviewed by the Chief Operating Officer and are subject to approval or denial by the Metro Council; and

WHEREAS, the Chief Operating Officer has analyzed the application and considered the relevant factors under the Metro Code; and

WHEREAS, the Chief Operating Officer recommends that the non-system license be renewed together with specific conditions as provided in Exhibit A to this Resolution; now therefore,

THE METRO COUNCIL RESOLVES AS FOLLOWS:

1. The non-system license renewal application of Crown Point is approved subject to the terms, conditions, and limitations contained in Exhibit A to this Resolution.

2. The Chief Operating Officer is authorized to issue to Crown Point a renewed Solid Waste Facility Non-System License substantially similar to the one attached as Attachment 1.

ADOPTED by the Metro Council this ____ day of _______, 2012.

____
Tom Hughes, Council President

Approved as to Form:

____
Alison Kean-Campbell, Metro Attorney

WJ:bjl
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STAFF REPORT

IN CONSIDERATION OF RESOLUTION NO. 12-4376 AUTHORIZING THE CHIEF OPERATING OFFICER TO ISSUE A RENEWED NON-SYSTEM LICENSE TO CROWN POINT REFUSE, INC. FOR DELIVERY AND DISPOSAL OF PUTRESCIBLE WASTE AT THE WASCO COUNTY LANDFILL LOCATED IN WASCO COUNTY, OREGON

November 6, 2012 Prepared by: Warren Johnson
503-797-1836

Approval of Resolution No. 12-4376 will authorize the Chief Operating Officer (COO) to issue a two-year non-system license (NSL), substantially similar to the proposed license attached to this resolution as Exhibit A, to Crown Point Refuse, Inc. (Crown Point). The NSL will authorize the delivery of up to 148 tons of putrescible waste to the Wasco County Landfill (WCL) during calendar year 2013. The NSL also authorizes the COO to establish and allocate a calendar year tonnage authorization in 2014 in a manner similar to that described in this staff report.

1. INTRODUCTION

A. Background

(1) <u>Overview</u>

NSLs are the main vehicles by which Metro manages its contractual obligation to deliver a minimum of 90 percent of the region's putrescible waste, which is delivered to general purpose landfills during the calendar year, to landfills owned by Waste Management (also known as "*the flow guarantee*"). NSLs allow Metro to closely monitor and potentially guide waste flows to authorized facilities in order to comply with the contract. This approach provides for a high level of control and fast response to changing conditions. Resolution No. 12-4376 would grant an NSL to Crown Point to deliver Metro-area putrescible waste to a disposal site owned by Waste Connections, Inc. located in Wasco County, Oregon. That is, this NSL controls a portion of the 10 percent of uncommitted waste not guaranteed to Waste Management under Metro's disposal contract. Metro Council is scheduled to consider four such NSL resolutions which allocate the uncommitted 10 percent. In addition to this action for Crown Point, the Council is scheduled to consider resolutions for American Sanitary Service, Inc. (Res. No. 12-4379), Arrow Sanitary Service, Inc. (Res. No. 12-4378), and Willamette Resources, Inc. (Res. No. 12-4377) at its meeting on November 15, 2012.

In December 2011, the Metro Council granted one-year NSLs to each of the above referenced licensees - as the Council has done for these types of NSL renewals since 2009. The Council approved a maximum tonnage allocation for the calendar year which, summed across all licenses, did not exceed 9.5 percent of the total forecasted tonnage subject to the flow guarantee based on Metro's tonnage forecast for 2012. Upon issuance of the NSLs, each licensee immediately received 85 percent of its portion of the total tonnage allocation as an upfront annual limit. The remaining amount was held in reserve for the COO to "release" as available by November 2, 2012. On October 3, 2012, the COO released additional tonnage to each of the licensees, reflecting the revised, downward tonnage forecast. Table 1 illustrates the initial and adjusted annual tonnage authorizations for each licensee in 2012.

Table 1: Summary of Annual Tonnage Authorizations for existing NSLs in 2012

Licensee	Licensee's Portion of Allocable Tonnage for 2012 (Percent)	Initial Tonnage Authorization for 2012	Additional Tonnage Released in October 2012	Total Adjusted Tonnage Authorization for 2012
American Sanitary Service, Inc. NSL No. N-020-12A	3.8	2,321	340	2,661
Arrow Sanitary Service, Inc. NSL No. N-029-12A	42.0	25,465	3,727	29,192
Crown Point Refuse, Inc. NSL No. N-108-12A	0.3	184	27	211
Willamette Resources, Inc. NSL No. N-005-12(3)A	53.9	32,649	4,779	37,428
TOTAL	100	60,619	8,873	69,492

As discussed in the "Budget/Rate Impact" section of this staff report, the longstanding policy of allocating the uncommitted tonnage increases Metro's tip fee by an estimated 25 cents per ton. At current throughput levels, Metro's transfer station customers will pay approximately $100,000 more for disposal in calendar year 2013 than if 100 percent of the waste were delivered to a landfill owned by Waste Management. Last year, staff assumed these NSLs would be renewed and incorporated their effects into the FY 2012-13 solid waste rates and budget. The financial impact of granting the proposed NSLs will also be factored into the FY 2013-14 solid waste rates and budget.

(2) <u>Design of the 2013 and 2014 NSLs</u>

For the 2013 and 2014 renewal period, staff is proposing the same approach for evaluating the applications and determining the annual tonnage authorizations that Metro has used for these types of NSLs since 2009. However, staff recommends that Council renew these types of NSLs for a standard two-year term instead of the one-year term that is authorized under the existing licenses. In 2009, as a way to manage declining tonnage and potential legal risks to the flow guarantee, Metro opted to issue certain NSLs on an annual basis. Although tonnage continues to decline, the proposed NSL includes conditions that provide Metro with controls for monitoring and managing the flow guarantee against fluctuating waste tonnage in the system. Therefore, Metro staff recommends that these NSLs return to a standard two-year term.

Although the NSLs are proposed for a two-year term, the tonnage allocations will continue to be made on an annual basis with the same reserve release feature that is used for the current licenses. In particular, staff recommends that the Metro Council again annually allocate 9.5 percent of the available forecasted tonnage to those applicants that have applied to renew their existing licenses. The limitation for each NSL will continue to be based on a share of the tonnage that is projected to be available for allocation on an annual basis during calendar years 2013 and 2014. The tonnage would be released in allotments on a calendar year basis for use by the licensee. The first-year tonnage authorization would be established at the time the license is issued and initially be available for use by the licensee on January 1, 2013. The second-year tonnage authorization would then be established by the COO and released to the licensee by January 1, 2014. The COO would establish the 2014 tonnage authorization and allocate the annual reserve tonnage based on the methodology described in this report.

The tonnage available for allocation is based on Metro's preliminary tonnage forecast completed in October of the preceding year. This will be the same forecast that is used in the five-year financial outlook prepared for Council and will be used to inform the budget and solid waste rates.
If the Metro Council allocates the full 9.5 percent as proposed, then, based on the current Code requirement to consider the impact of Metro's contractual obligations when granting NSLs, staff would recommend that the Council not allow tonnage limit increases under these licenses, except as described in this report. Furthermore, should Metro receive new applications for these types of NSLs during either 2013 or 2014, it would be difficult for the Council to adopt findings approving such NSLs unless additional solid waste tonnage becomes available during those years (e.g., a significant economic upturn, a new diversion program that substantially under-performs on expectations, or a current license-holder no longer using its entire tonnage allocation).

In the proposed NSLs, on January 1, 2013, each licensee will receive 85 percent of its portion of the total tonnage allocation as an upfront annual tonnage limit for 2013. The remaining 15 percent for 2013 would then be held in reserve for the COO to release, as available, by no later than November 2, 2013. In December 2013, the COO would then continue the same allocation process and establish a new tonnage authorization for each licensee for 2014 without the need to seek further Council action.

(3) Tonnage Allocation Methodology

The tonnage allocations are based on Metro's preliminary forecast of future waste that is subject to the flow guarantee under its disposal contract with Waste Management, and the share of such waste that each licensee controlled in the most recent 12-month period. The details of the 2013 allocation are described below and are based on the amount of waste each license controlled during the period of October 2011 through September 2012. However, the allocation amounts for 2014 have not yet been established. The COO will later determine and release the 2014 allocations using the same methodology described below based on the tonnage information that Metro receives during that corresponding 12-month period.

- *Total Tonnage*. Metro projects that 719,242 tons will be subject to the flow guarantee in calendar year 2013. These numbers are derived from Metro's latest econometric forecasting model of the solid waste system. This model is used for all of Metro's major decisions involving solid waste tonnage including planning, budgeting, rate setting and revenue projections. The allocation numbers are based on the projections completed in October 2012 for the five-year budget planning outlook for all of Metro.
- *Reservation Tonnage*. Metro reserves a portion of the total tonnage to meet its contractual obligations under the disposal contract. For these allocations, Metro reserved 90.5 percent, which is comprised of the 90 percent flow guarantee plus a management allowance of 0.5 percent for the tonnage that would flow during a 2.6 week cycle should the redirection of the waste have to be implemented. The 2.6 weeks is comprised of a 2-week reporting lag, plus four days for notification and redirection logistics.
- *Allocable Tonnage*. 68,328 tons comprise the 9.5 percent of the total tonnage (719,242 tons) that are not reserved and therefore initially available to allocate among the applicants in calendar year 2013.
- *Licensee's Portion*. Each licensee is allocated a share of the 68,328 tons in the same proportion as the tonnage subject to the flow guarantee that the licensee controlled (as measured by actual deliveries to all solid waste facilities) during the most recent 12-month period, October 2011

through September 2012. Table 2 illustrates the amount of solid waste that each licensee delivered to all solid waste facilities during the above referenced period.

Table 2: Amount of Solid Waste that Licensees Delivered to All Solid Waste Facilities (October 2011 through September 2012)

Licensee	Tons	Percent
American Sanitary Service, Inc.	4,122	3.7
Arrow Sanitary Service, Inc.	42,243	38.0
Crown Point Refuse, Inc.	283	0.3
Willamette Resources, Inc.	64,430	58.0
TOTAL	111,079	100

Table 3 illustrates the proposed 2013 authorizations for each licensee based upon its share of the allocable tonnage. For Crown Point, the share was 0.3 percent, leading to the initial recommended license authorization of up to 148 tons in 2013.

Table 3: Comparison of Proposed 2013 Allocations by NSL Applicant

Licensee	Initial Annual Tonnage Authorization for 2013 (85%)	Tonnage Reserve for 2013 (15%)	Total Tonnage Allocation for 2013
American Sanitary Service, Inc. Res. No. 12-4379	2,155	380	2,535
Arrow Sanitary Service, Inc. Res. No. 12-4378	22,088	3,898	25,986
Crown Point Refuse, Inc. Res. No. 12-4376	148	26	174
Willamette Resources, Inc. Res. No. 12-4377	33,688	5,945	39,633
TOTAL	58,079	10,249	68,328

B. The Applicant

The applicant, Crown Point, collects waste at a residential area located east of Troutdale, Oregon (along the eastern boundary of the Metro region). The applicant has been a holder of NSLs since 2004.

The term of Crown Point's existing NSL No. N-108-12A commenced on January 1, 2012 and is set to expire on December 31, 2012. The calendar year tonnage limitation that Metro initially established for the NSL (184 tons) was based on Metro's forecast, issued October 2011, of the waste that was subject to its disposal contract with Waste Management. However, based on tonnage information through August 2012, the COO subsequently amended Crown Point's NSL to release an additional 27 tons, resulting in a total adjusted tonnage authorization 211 tons for 2012. Table 1 illustrates Crown Point's initial and adjusted annual tonnage authorizations for 2012.

On August 13, 2012, Crown Point submitted an NSL application requesting that Metro renew its NSL in 2013 with a tonnage authorization of 500 tons. However, under the proposed NSL, Crown Point would receive an initial tonnage authorization of 148 tons for use in 2013 and a second-year tonnage limit to be established and released by the COO for 2014 as explained in this report.

C. Special Provisions of the NSL for Managing Risk

The proposed license includes four conditions that are intended to further minimize Metro's risk of noncompliance with its disposal contract by providing Metro with additional controls for monitoring and managing the flow guarantee against fluctuating waste tonnage in the system. All four conditions, explained below, were carried forward from the existing license and are included in all of the proposed NSLs for all licensees identified in Section 1A(1) of this report. These conditions are unique to the NSLs that control the 10 percent of putrescible waste that is not committed under Metro's disposal contract.

(1) <u>Calendar Year Tonnage Authorization</u>

The proposed NSL establishes an initial tonnage authorization for 2013 and authorizes the COO to establish a second-year tonnage authorization in 2014 using the same allocation method described in this report. In addition, the license authorizes the COO to release additional "reserved" tonnage to the licensee if available during the term of the license.

Section 2 of the proposed NSL authorizes Crown Point to initially deliver up to 148 tons of putrescible waste to WCL during calendar year 2013. Effective January 1, 2013, this annual tonnage limit is available for use throughout the first year of the license. The license also stipulates that, by no later than November 2, 2013, the COO may release reserved tonnage and increase the licensee's limit by up to an additional 15 percent (26 tons in 2013) as available. If the COO were to release the full reserve amount provided under this proposed license, then Crown Point's annual tonnage limit would be increased up to a total of 174 tons in 2013.

Additionally, Section 2 stipulates that, by no later than December 31, 2013, the COO may amend the proposed NSL to establish an initial tonnage limit for calendar year 2014. This second-year tonnage limit would become effective January 1, 2014, and be available for use throughout 2014. Then, by no later than November 2, 2014, the COO may again release reserved tonnage and increase the licensee's 2014 limit by up to an additional 15 percent as described above.

This condition allows the COO to adjust the annual tonnage authorization as necessary to meet Metro's contractual obligations and allows the maximum use of the licensee's available tonnage. By adopting this resolution, the Metro Council authorizes the COO to establish an annual tonnage authorization for 2014 and release reserve tonnage in 2013 and 2014 as described above.

(2) <u>Tonnage Authorization Growth Allowance</u>

Should economic conditions improve during the term of the NSL such that solid waste tonnage increases significantly above the level that was forecasted by Metro, the proposed NSL includes a provision to allow for additional tonnage allocation when a clear public benefit can be demonstrated.

Section 7 of the proposed NSL stipulates that, in addition to the 15 percent reserve tonnage allocation described above, the COO may increase the annual tonnage authorization of the licensee by up to an additional five percent of its total tonnage allocation each year (i.e., 8 tons in 2013) if such tonnage is available during the term of the license. If the COO were to grant the maximum growth allowance and release the licensee's full reserve amount (as described above), then Crown Point's initial annual tonnage limit could be increased up to a total of 20 percent each year (i.e., maximum tonnage authorization of 182 tons in 2013). The COO's decision whether to grant such a growth allowance will be based on Metro's actual experience with flows of waste that are subject to the flow guarantee during the term of the license. The COO will also consider whether there is a sufficient public benefit by granting more tonnage. This means that through the combination of the reserve tonnage and growth allowance conditions described above, the COO is authorized to increase the annual tonnage limit of the proposed license by up to 20 percent each year without seeking further Council action. Any tonnage increases greater than 20 percent in a year (i.e., increases above the combined growth allowance and reserve tonnage amounts) would require Council approval. By adopting this resolution, the Metro Council authorizes the COO to determine and allocate a growth allowance as described above.

(3) Redirection of Waste Flow

In the event of further declines in system-wide putrescible waste, the proposed NSL authorizes the COO to immediately redirect the licensee's waste to Metro Central or South Transfer Stations if necessary to prevent a violation of the disposal contract flow guarantee.

Section 7 of the proposed NSL stipulates that the COO may redirect the licensee's waste flow with a minimum of 24 hours written notice. By adopting this resolution, the Metro Council authorizes the COO to redirect the licensee's waste, as described above, if necessary to comply with the disposal contract flow guarantee.

(4) Weekly and Daily Reporting Requirement

The proposed NSL allows the COO to require the licensee to report tonnage information to Metro on a weekly or daily basis if necessary. (NSLs generally specify that required information must be transmitted to Metro on a monthly basis).

Section 6 of the proposed NSL stipulates that the COO may determine when more frequent reporting is necessary. By adopting this resolution, the Metro Council authorizes the COO to immediately implement more frequent reporting requirements as needed.

D. Special Provision of the NSL Unique to Crown Point

As in 2012, the proposed NSL carries forward a condition that allows the licensee to report to Metro an average monthly tonnage amount. (NSLs generally include scale-based reporting requirements for all transactions). The majority of the applicant's hauling accounts lie outside the Metro region. In order to route its trucks efficiently, Crown Point's trucks must cross the Metro jurisdictional boundary and co-mingle Metro area waste with out-of-Metro waste. In order to determine the appropriate fees and taxes owed to Metro, Crown Point and Metro have mutually agreed to a procedure whereby Crown Point reports an average monthly tonnage amount determined by weight studies it performs on an annual basis.

Section 6 of the proposed NSL stipulates that the licensee must sample the weight of the waste it collects from inside the Metro region for a period of two consecutive weeks in order to determine a monthly average tonnage amount to use for reporting and the remittance of fees and taxes. Staff finds this to be a reasonable and verifiable procedure for the small amount of waste that the applicant collects from outside of the Metro region.

2. ANALYSIS/INFORMATION

A. Known Opposition

There is no known opposition to the proposed license renewal.

B. Legal Antecedents

Metro Code Section 5.05.025 prohibits any person from utilizing non-system facilities without an appropriate license from Metro. Additionally, Code Section 5.05.035(c) provides that, when determining whether or not to approve an NSL application, the Metro Council shall consider the following factors to the extent relevant to such determination.

> *(1) The degree to which prior users of the non-system facility and waste types accepted at the non-system facility are known and the degree to which such wastes pose a future risk of environmental contamination;*

The applicant (Crown Point) and the disposal site (WCL) are well known to Metro regulatory staff. The landfill is owned by a major, national integrated solid waste company. The environmental risks from the use of the disposal site are minimal as the landfill is fully regulated by the appropriate local and state authorities.

> *(2) The record of regulatory compliance of the non-system facility's owner and operator with federal, state and local requirements including but not limited to public health, safety and environmental rules and regulations;*

WCL is owned and operated by Waste Connections, Inc (WCI). Metro staff's investigation of WCI revealed a good record of compliance with local and state agencies responsible for health, safety, and environmental regulations.

> *(3) The adequacy of operational practices and management controls at the non-system facility;*

WCL uses operational practices and management controls that are typical of Subtitle D landfills. Staff at DEQ, the landfill's regulator, consider the operational practices and management controls in place at the landfill to be appropriate for the protection of health and the environment.

> *(4) The expected impact on the region's recycling and waste reduction efforts;*

The proposed license covers putrescible solid waste, which currently has limited recovery potential. The license puts no long-term constraint or commitment on the waste should recovery alternatives emerge for the region. Thus, approval of the proposed license renewal is not expected to impact the region's recycling and waste reduction efforts.

> *(5) The consistency of the designation with Metro's existing contractual arrangements;*

NSLs are the main vehicles by which Metro manages its contractual obligation to deliver a minimum of 90 percent of the region's putrescible waste, which is delivered to general purpose landfills during the calendar year, to landfills owned by Waste Management. This proposed NSL controls a portion of the 10 percent of uncommitted waste not guaranteed to Waste Management under the disposal contract. This proposed NSL renewal is one of four similar licenses that will expire at the end of 2012. Provisions in the NSL allow Metro to monitor compliance with its disposal contract, as was covered in Section 1A of this report.

> *(6) The record of the applicant regarding compliance with Metro ordinances and agreements or assistance to Metro in Metro ordinance enforcement and with federal, state and local requirements including but not limited to public health, safety and environmental rules and regulations;*

The applicant is currently in compliance with its Metro-issued NSL and has not had any significant compliance issues with regard to Metro regulations within the last two years. Additionally, Crown Point has had no violations related to public health, safety or environmental regulations during the term of the existing license.

> *(7) Such other factors as the Chief Operating Officer deems appropriate for purposes of making such determination.*

This criterion was examined above in Sections 1A and 1C of this report.

C. Anticipated/Potential Effects

This proposed NSL is one of many action items currently under consideration by Metro which is affected by potential declines in the amount of solid waste subject to the flow guarantee. Some decisions could have the effect of shrinking the pool of waste available for allocation. The forecast of waste subject to the flow guarantee, which is the basis for the NSL tonnage authorizations in 2013, incorporates the best available information as of this writing.

D. Budget/Rate Impacts

The price that Metro pays for disposal at Columbia Ridge Landfill is a "declining block rate" — meaning that the more waste that is delivered to any landfill owned by Waste Management, the lower the per-ton cost paid by Metro. Based on projected tonnage and contract prices, allocating the uncommitted 68,328 tons (as proposed for 2013) to non-Waste Management landfills increases the Metro tip fee by 25 cents per ton. At current throughput of approximately 400,000 tons per year, Metro customers will pay approximately $100,000 more for disposal in FY 2013-14 than if all of the uncommitted waste were to flow to Waste Management landfills (with a similar financial impact expected in FY 2014-15). This is a conservative estimate, as it is based on the assumption that none of these tons would have been handled directly through Metro transfer stations. Had that been the case there would be additional fiscal impacts from loss of transaction revenue and higher per-ton revenue required to cover fixed costs. The practice of issuing these types of NSLs and absorbing these fiscal impacts has been occurring under the Council's direction for the past 12 years.

The Metro Regional System Fee and Excise Tax will continue to be collected on all waste delivered under authority of the proposed NSL. The application under consideration is the renewal of an existing NSL (No. N-108-12A). Therefore, the financial impact has already been factored into the budget.

3. RECOMMENDED ACTION

Based on the information provided above and the analysis provided in this report, the COO recommends that the Metro Council adopt Resolution No. 12-4376. Approval of this resolution will authorize the COO to issue an NSL to Crown Point subject to the requirements listed in Metro Code Chapter 5.05; and further subject to special conditions which are incorporated into the proposed NSL attached to the staff report for this resolution as Attachment 1.

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600 NORTHEAST GRAND AVENUE | PORTLAND, OREGON 97232 2736
TEL 503 797 1835 | FAX 503 813 7544

METRO

METRO SOLID WASTE FACILITY NON-SYSTEM LICENSE

No. N-108-13

LICENSEE:
Crown Point Refuse, Inc. 2430 NW Marine Drive Troutdale, OR 97060
CONTACT PERSON:
Randall Burbach Phone: (503) 695-3239 Fax: (503) 661-7216 E-mail: cpr@ortrash.com
MAILING ADDRESS:
Crown Point Refuse, Inc. PO Box 360 Corbett, OR 97019

ISSUED BY METRO:

Scott Robinson, Deputy Chief Operating Officer   Date

1	NATURE OF WASTE COVERED BY LICENSE
	Putrescible solid waste that is generated by residential and commercial customers within the Metro region and collected by Crown Point Refuse, Inc.

2	CALENDAR YEAR TONNAGE LIMITATION
	The Licensee is authorized to deliver the waste described in Section 1 of this license to the non-system facility described in Section 3 as follows: (a) For the first year of the license, beginning January 1, 2013, and ending December 31, 2013, the Licensee is authorized to deliver up to 148 tons; (b) By no later than November 2, 2013, Metro's Chief Operating Officer ("COO") may release additional reserve tonnage and amend Section 2 of this license to adjust the 2013 tonnage limitation as established by Metro Council and described in the staff report to Resolution No. 12-4376; (c) By no later than the December 31, 2013, the COO shall establish a second-year tonnage limitation, beginning January 1, 2014, and ending December 31, 2014, and amend Section 2 of this license to include a 2014 tonnage limitation as established by Metro Council and described in the staff report to Resolution No. 12-4376; and (d) By no later than November 2, 2014, the COO may release additional reserve tonnage and amend Section 2 of this license to adjust the 2014 tonnage limitation as established by Metro Council and described in the staff report to Resolution No. 12-4376.

3	NON-SYSTEM FACILITY
	The Licensee hereunder is authorized to deliver the waste described above in Section 1 to the following non-system facility: Wasco County Landfill 2550 Steele Road The Dalles, OR 97058 This license is issued on condition that the non-system facility named in this section is authorized to accept the type of waste described in Section 1. If Metro receives notice from the Oregon Department of Environmental Quality or local regulatory authority that this non-system facility is not authorized to accept such waste, Metro may immediately terminate this license pursuant to Section 7 of this license.

4	TERM OF LICENSE
	The term of this license will commence on January 1, 2013 and expire at midnight on December 31, 2014, unless terminated sooner under Section 7 of this license.

5	REPORTING OF ACCIDENTS AND CITATIONS
	Licensee shall report to Metro any significant incidents (such as fires), accidents, and citations involving vehicles transporting the solid waste authorized by this license.

6	Record Keeping and Reporting
	(a) The Licensee shall keep and maintain accurate records of the amount of all solid waste that the Licensee delivers to the non-system facility described in Section 3 of this license. The Licensee shall keep and maintain complete and accurate records of the following for all transactions with the authorized non-system facility: i. Ticket or weight slip number from the non-system facility; ii. Material category designating the type of material transferred to the non-system facility; iii. Date the load was transferred to the non-system facility; iv. Time the load was transferred to the non-system facility; v. Net weight of the load; and vi. Fee charged by the non-system facility (b) No later than the fifteenth (15th) day of each month, beginning with the first month following the commencement date of this license, Licensee shall: i. Submit to Metro a Regional System Fee and Excise Tax Report, that covers the preceding month; and ii. Remit to Metro the requisite Regional System Fees and Excise Tax in accordance with the Metro Code provisions applicable to the collection, payment, and accounting of such fees and taxes. (c) Licensee shall make all records from which Sections 6(a) and 6(b) above are derived available to Metro (or Metro's designated agent) for its inspection or copying, as long as Metro provides no less than three (3) business days written notice of an intent to inspect or copy documents. Licensee shall, in addition, sign or otherwise provide to Metro any consent or waiver necessary for Metro to obtain information or data from

	a third party, including the non-system facility named in Section 3, above. (d) Metro may require the Licensee to report the information required by this Section on a weekly or daily basis. (e) At least once per calendar year, Licensee shall sample the weight of the waste it collects from within the Metro region for at least two consecutive weeks. The samples will be used as a basis for reporting the tonnage on the Licensee's Regional System Fee and Excise Tax Report.

7	ADDITIONAL LICENSE CONDITIONS
	This license shall be subject to the following conditions: (a) The permissive transfer of solid waste to the non-system facility, listed in Section 3, authorized by this license shall be subordinate to any subsequent decision by Metro to direct the solid waste described in this license to any other facility. (b) In addition to the amendments by the COO authorized by Section 2 of this license, this license shall be subject to amendment, modification, or termination by the COO in the event that the COO determines that: i. There has been sufficient change in any circumstances under which Metro issued this license; ii. The provisions of this license are actually or potentially in conflict with any provision in Metro's disposal contract with Waste Management Disposal Services of Oregon, Inc., dba Oregon Waste Systems, Inc.; iii. Metro's solid waste system or the public will benefit from, and will be better served by, an order directing that the waste described in Section 1 of this license be transferred to, and disposed of at, a facility other than the facility listed in Section 3; or iv. There has been sufficient change in the amount of tonnage available for allocation during the term of the license. In the event that additional tonnage becomes available for allocation, the COO may amend Section 2 of this license to increase the calendar year tonnage limitation by up to five percent in addition to the reserve tonnage amount described in Section 2. (c) This license shall, in addition to subsections (b)(i) through (b)(iv), above, be subject to amendment, modification, suspension, or termination pursuant to the Metro Code. (d) The Licensee shall not transfer or assign any right or interest in this license without prior written notification to, and approval of, Metro. (e) This license shall terminate upon the execution of a designated facility agreement with the facility listed in Section 3 that authorizes the facility to accept the waste described in Section 1 of this license.

	(f) This license authorizes the delivery of solid waste to the facility listed in Section 3. Transfer of waste generated from within the Metro boundary to any non-system facility other than that specified in this license is prohibited unless authorized in writing by Metro. (g) The COO may direct the Licensee's waste flow under this non-system license to Metro Central Transfer Station or Metro South Transfer Station with a minimum of 24 hours written notice. Any redirection of the waste flow by the COO is effective immediately. (h) If the Licensee exceeds the calendar year limitation set forth in Section 2 of this license, each ton or portion thereof by which the Licensee exceeds the limitation constitutes a separate violation subject to a penalty of up to $500.

8	**COMPLIANCE WITH LAW**
	Licensee shall fully comply with all applicable local, regional, state and federal laws, rules, regulations, ordinances, orders, and permits pertaining in any manner to this license, including all applicable Metro Code provisions and administrative procedures adopted pursuant to Chapter 5.05 whether or not those provisions have been specifically mentioned or cited herein. All conditions imposed on the collection and hauling of the Licensee's solid waste by federal, state, regional or local governments or agencies having jurisdiction over solid waste generated by the Licensee shall be deemed part of this license as if specifically set forth herein.

9	**INDEMNIFICATION**
	Licensee shall defend, indemnify and hold harmless Metro, its elected officials, officers, employees, agents and representatives from any and all claims, demands, damages, causes of action, or losses and expenses, or including all attorneys' fees, whether incurred before any litigation is commenced, during any litigation or on appeal, arising out of or related in any way to the issuance or administration of this non-system license or the transport and disposal of the solid waste covered by this license.

Agenda Item No. 4.3

Resolution No. 12-4377, For the Purpose of Authorizing the Chief Operating Officer to Issue a Renewed Non-System License to Willamette Resources, Inc. For Delivery and Disposal of Putrescible Waste at the Coffin Butte Landfill Located in Benton County, Oregon.

Consent Agenda

Metro Council Meeting
Thursday, Nov. 15, 2012
Metro, Council Chamber

BEFORE THE METRO COUNCIL

AUTHORIZING THE CHIEF OPERATING OFFICER TO ISSUE A RENEWED NON-SYSTEM LICENSE TO WILLAMETTE RESOURCES, INC. FOR DELIVERY AND DISPOSAL OF PUTRESCIBLE WASTE AT THE COFFIN BUTTE LANDFILL LOCATED IN BENTON COUNTY, OREGON	)	RESOLUTION NO. 12-4377 Introduced by Martha J. Bennett, Chief Operating Officer, with the concurrence of Tom Hughes, Council President

WHEREAS, the Metro Code requires a non-system license of any person that delivers solid waste generated from within the Metro Region to a non-system disposal facility; and

WHEREAS, Willamette Resources, Inc. ("WRI") holds Metro Solid Waste Facility Non-System License No. N-005-12(3)A, which expires on December 31, 2012; and

WHEREAS, WRI has filed a complete application seeking renewal of the non-system license to deliver putrescible waste to the Coffin Butte Landfill for disposal under the provisions of Metro Code Chapter 5.05, "Solid Waste Flow Control;" and

WHEREAS, Metro Code Chapter 5.05 provides that applications for non-system licenses for putrescible waste shall be reviewed by the Chief Operating Officer and are subject to approval or denial by the Metro Council; and

WHEREAS, the Chief Operating Officer has analyzed the application and considered the relevant factors under the Metro Code; and

WHEREAS, the Chief Operating Officer recommends that the non-system license be renewed together with specific conditions as provided in Exhibit A to this Resolution; now therefore,

THE METRO COUNCIL RESOLVES AS FOLLOWS:

1. The non-system license renewal application of WRI is approved subject to the terms, conditions, and limitations contained in Exhibit A to this Resolution.

2. The Chief Operating Officer is authorized to issue to WRI a renewed Solid Waste Facility Non-System License substantially similar to the one attached as Attachment 1.

ADOPTED by the Metro Council this ____ day of _______, 2012.

____
Tom Hughes, Council President

Approved as to Form:

____
Alison Kean-Campbell, Metro Attorney

WJ:bjl
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STAFF REPORT

IN CONSIDERATION OF RESOLUTION NO. 12-4377 AUTHORIZING THE CHIEF OPERATING OFFICER TO ISSUE A RENEWED NON-SYSTEM LICENSE TO WILLAMETTE RESOURCES, INC. FOR DELIVERY AND DISPOSAL OF PUTRESCIBLE WASTE AT THE COFFIN BUTTE LANDFILL LOCATED IN BENTON COUNTY, OREGON

November 6, 2012 Prepared by: Warren Johnson
503-797-1836

Approval of Resolution No. 12-4377 will authorize the Chief Operating Officer (COO) to issue a two-year non-system license (NSL), substantially similar to the proposed license attached to this resolution as Exhibit A, to Willamette Resources, Inc. (WRI). The NSL will authorize the delivery of up to 33,688 tons of putrescible waste to the Coffin Butte Landfill (CBLF), located in Benton County, during calendar year 2013. The NSL also authorizes the COO to establish and allocate a calendar year tonnage authorization in 2014 in a manner similar to that described in this staff report.

The applicant (WRI) and the disposal site (Coffin Butte Landfill) are both owned by Allied Waste Industries, Inc. (Allied), a wholly owned subsidiary of Republic Waste Systems, Inc. headquartered in Phoenix, Arizona.

1. INTRODUCTION

A. Background

(1) <u>Overview</u>

NSLs are the main vehicles by which Metro manages its contractual obligation to deliver a minimum of 90 percent of the region's putrescible waste, which is delivered to general purpose landfills during the calendar year, to landfills owned by Waste Management (also known as "*the flow guarantee*"). NSLs allow Metro to closely monitor and potentially guide waste flows to authorized facilities in order to comply with the contract. This approach provides for a high level of control and fast response to changing conditions. Resolution No. 12-4377 would grant an NSL to WRI to deliver Metro-area putrescible waste to a disposal site owned by Allied located in Benton County, Oregon. That is, this NSL controls a portion of the 10 percent of uncommitted waste not guaranteed to Waste Management under Metro's disposal contract. Metro Council is scheduled to consider four such NSL resolutions which allocate the uncommitted 10 percent. In addition to this action for WRI, the Council is scheduled to consider resolutions for American Sanitary Service, Inc. (Res. No. 12-4379), Arrow Sanitary Service, Inc. (Res. No. 12-4378), and Crown Point Refuse, Inc. (Res. No. 12-4376) at its meeting on November 15, 2012.

In December 2011, the Metro Council granted one-year NSLs to each of the above referenced licensees - as the Council has done for these types of NSL renewals since 2009. The Council approved a maximum tonnage allocation for the calendar year which, summed across all licenses, did not exceed 9.5 percent of the total forecasted tonnage subject to the flow guarantee based on Metro's tonnage forecast for 2012. Upon issuance of the NSLs, each licensee immediately received 85 percent of its portion of the total tonnage allocation as an upfront annual limit. The remaining amount was held in reserve for the COO to "release" as available by November 2, 2012. On October 3, 2012, the COO released additional tonnage to each of the licensees, reflecting the revised, downward tonnage forecast. Table 1 illustrates the initial and adjusted annual tonnage authorizations for each licensee in 2012.

Table 1: Summary of Annual Tonnage Authorizations for existing NSLs in 2012

Licensee	Licensee's Portion of Allocable Tonnage for 2012 (Percent)	Initial Tonnage Authorization for 2012	Additional Tonnage Released in October 2012	Total Adjusted Tonnage Authorization for 2012
American Sanitary Service, Inc. NSL No. N-020-12A	3.8	2,321	340	2,661
Arrow Sanitary Service, Inc. NSL No. N-029-12A	42.0	25,465	3,727	29,192
Crown Point Refuse, Inc. NSL No. N-108-12A	0.3	184	27	211
Willamette Resources, Inc. NSL No. N-005-12(3)A	53.9	32,649	4,779	37,428
TOTAL	100	60,619	8,873	69,492

As discussed in the "Budget/Rate Impact" section of this staff report, the longstanding policy of allocating the uncommitted tonnage increases Metro's tip fee by an estimated 25 cents per ton. At current throughput levels, Metro's transfer station customers will pay approximately $100,000 more for disposal in calendar year 2013 than if 100 percent of the waste were delivered to a landfill owned by Waste Management. Last year, staff assumed these NSLs would be renewed and incorporated their effects into the FY 2012-13 solid waste rates and budget. The financial impact of granting the proposed NSLs will also be factored into the FY 2013-14 solid waste rates and budget.

(2) <u>Design of the 2013 and 2014 NSLs</u>

For the 2013 and 2014 renewal period, staff is proposing the same approach for evaluating the applications and determining the annual tonnage authorizations that Metro has used for these types of NSLs since 2009. However, staff recommends that Council renew these types of NSLs for a standard two-year term instead of the one-year term that is authorized under the existing licenses. In 2009, as a way to manage declining tonnage and potential legal risks to the flow guarantee, Metro opted to issue certain NSLs on an annual basis. Although tonnage continues to decline, the proposed NSL includes conditions that provide Metro with controls for monitoring and managing the flow guarantee against fluctuating waste tonnage in the system. Therefore, Metro staff recommends that these NSLs return to a standard two-year term.

Although the NSLs are proposed for a two-year term, the tonnage allocations will continue to be made on an annual basis with the same reserve release feature that is used for the current licenses. In particular, staff recommends that the Metro Council again annually allocate 9.5 percent of the available forecasted tonnage to those applicants that have applied to renew their existing licenses. The limitation for each NSL will continue to be based on a share of the tonnage that is projected to be available for allocation on an annual basis during calendar years 2013 and 2014. The tonnage would be released in allotments on a calendar year basis for use by the licensee. The first-year tonnage authorization would be established at the time the license is issued and initially be available for use by the licensee on January 1, 2013. The second-year tonnage authorization would then be established by the COO and released to the licensee by January 1, 2014. The COO would establish the 2014 tonnage authorization and allocate the annual reserve tonnage based on the methodology described in this report.

The tonnage available for allocation is based on Metro's preliminary tonnage forecast completed in October of the preceding year. This will be the same forecast that is used in the five-year financial outlook prepared for Council; and will be used to inform the budget and solid waste rates.
If the Metro Council allocates the full 9.5 percent as proposed, then, based on the current Code requirement to consider the impact of Metro's contractual obligations when granting NSLs, staff would recommend that the Council not allow tonnage limit increases under these licenses, except as described in this report. Furthermore, should Metro receive new applications for these types of NSLs during either 2013 or 2014, it would be difficult for the Council to adopt findings approving such NSLs unless additional solid waste tonnage becomes available during those years (e.g., a significant economic upturn, a new diversion program that substantially under-performs on expectations, or a current license-holder no longer using its entire tonnage allocation).

In the proposed NSLs, on January 1, 2013, each licensee will receive 85 percent of its portion of the total tonnage allocation as an upfront annual tonnage limit for 2013. The remaining 15 percent for 2013 would then be held in reserve for the COO to release, as available, by no later than November 2, 2013. In December 2013, the COO would then continue the same allocation process and establish a new tonnage authorization for each licensee for 2014 without the need to seek further Council action.

(3) Tonnage Allocation Methodology

The tonnage allocations are based on Metro's preliminary forecast of future waste that is subject to the flow guarantee under its disposal contract with Waste Management, and the share of such waste that each licensee controlled in the most recent 12-month period. The details of the 2013 allocation are described below and are based on the amount of waste each license controlled during the period of October 2011 through September 2012. However, the allocation amounts for 2014 have not yet been established. The COO will later determine and release the 2014 allocations using the same methodology described below based on the tonnage information that Metro receives during that corresponding 12-month period.

- *Total Tonnage*. Metro projects that 719,242 tons will be subject to the flow guarantee in calendar year 2013. These numbers are derived from Metro's latest econometric forecasting model of the solid waste system. This model is used for all of Metro's major decisions involving solid waste tonnage including planning, budgeting, rate setting and revenue projections. The allocation numbers are based on the projections completed in October 2012 for the five-year budget planning outlook for all of Metro.
- *Reservation Tonnage*. Metro reserves a portion of the total tonnage to meet its contractual obligations under the disposal contract. For these allocations, Metro reserved 90.5 percent, which is comprised of the 90 percent flow guarantee plus a management allowance of 0.5 percent for the tonnage that would flow during a 2.6 week cycle should the redirection of the waste have to be implemented. The 2.6 weeks is comprised of a 2-week reporting lag, plus four days for notification and redirection logistics.
- *Allocable Tonnage*. 68,328 tons comprise the 9.5 percent of the total tonnage (719,242 tons) that are not reserved and therefore initially available to allocate among the applicants in calendar year 2013.

- *Licensee's Portion*. Each licensee is allocated a share of the 68,328 tons in the same proportion as the tonnage subject to the flow guarantee that the licensee controlled (as measured by actual deliveries to all solid waste facilities) during the most recent 12-month period, October 2011 through September 2012. Table 2 illustrates the amount of solid waste that each licensee delivered to all solid waste facilities during the above referenced period.

Table 2: Amount of Solid Waste that Licensees Delivered to All Solid Waste Facilities (October 2011 through September 2012)

Licensee	Tons	Percent
American Sanitary Service, Inc.	4,122	3.7
Arrow Sanitary Service, Inc.	42,243	38.0
Crown Point Refuse, Inc.	283	0.3
Willamette Resources, Inc.	64,430	58.0
TOTAL	111,079	100

Table 3 illustrates the proposed 2013 authorizations for each licensee based upon its share of the allocable tonnage. For WRI, the share was 58 percent, leading to the initial recommended license authorization of up to 33,688 tons in 2013.

Table 3: Comparison of Proposed 2013 Allocations by NSL Applicant

Licensee	Initial Annual Tonnage Authorization for 2013 (85%)	Tonnage Reserve for 2013 (15%)	Total Tonnage Allocation for 2013
American Sanitary Service, Inc. Res. No. 12-4379	2,155	380	2,535
Arrow Sanitary Service, Inc. Res. No. 12-4378	22,088	3,898	25,986
Crown Point Refuse, Inc. Res. No. 12-4376	148	26	174
Willamette Resources, Inc. Res. No. 12-4377	33,688	5,945	39,633
TOTAL	58,079	10,249	68,328

B. The Applicant

The applicant, WRI, is the owner and operator of a Metro-franchised solid waste facility located at 10295 SW Ridder Road, in Wilsonville. The applicant has been a holder of NSLs since 2000.

The term of WRI's existing NSL No. N-005-12(3)A commenced on January 1, 2012 and is set to expire on December 31, 2012. The calendar year tonnage limitation that Metro initially established for the NSL (32,649 tons) was based on Metro's forecast, issued October 2011, of the waste that was subject to its disposal contract with Waste Management. However, based on tonnage information through August 2012, the COO subsequently amended WRI's NSL to release an additional 4,779 tons, resulting in a total adjusted tonnage authorization of 37,428 tons for 2012. Table 1 illustrates WRI's initial and adjusted annual tonnage authorizations for 2012.

On August 10, 2012, WRI submitted an NSL application requesting that Metro renew its NSL in 2013 with a tonnage authorization of 35,000 tons. However, under the proposed NSL, WRI would receive an initial tonnage authorization of 33,688 tons for use in 2013 and a second-year tonnage limit to be established and released by the COO for 2014 as explained in this report.

C. Special Provisions of the NSL for Managing Risk

The proposed license includes four conditions that are intended to further minimize Metro's risk of noncompliance with its disposal contract by providing Metro with additional controls for monitoring and managing the flow guarantee against fluctuating waste tonnage in the system. All four conditions, explained below, were carried forward from the existing license and are included in all of the proposed NSLs for all licensees identified in Section 1A(1) of this report. These conditions are unique to the NSLs that control the 10 percent of putrescible waste that is not committed under Metro's disposal contract.

(1) Calendar Year Tonnage Authorization

The proposed NSL establishes an initial tonnage authorization for 2013 and authorizes the COO to establish a second-year tonnage authorization in 2014 using the same allocation method described in this report. In addition, the license authorizes the COO to release additional "reserved" tonnage to the licensee if available during the term of the license.

Section 2 of the proposed NSL authorizes WRI to initially deliver up to 33,688 tons of putrescible waste to CBLF during calendar year 2013. Effective January 1, 2013, this annual tonnage limit is available for use throughout the first year of the license. The license also stipulates that, by no later than November 2, 2013, the COO may release reserved tonnage and increase the licensee's limit by up to an additional 15 percent (5,945 tons in 2013) as available. If the COO were to release the full reserve amount provided under this proposed license, then WRI's annual tonnage limit would be increased up to a total of 39,633 tons in 2013.

Additionally, Section 2 stipulates that, by no later than December 31, 2013, the COO may amend the proposed NSL to establish an initial tonnage limit for calendar year 2014. This second-year tonnage limit would become effective January 1, 2014, and be available for use throughout 2014. Then, by no later than November 2, 2014, the COO may again release reserved tonnage and increase the licensee's 2014 limit by up to an additional 15 percent as described above.

This condition allows the COO to adjust the annual tonnage authorization as necessary to meet Metro's contractual obligations and allows the maximum use of the licensee's available tonnage. By adopting this resolution, the Metro Council authorizes the COO to establish an annual tonnage authorization for 2014 and release reserve tonnage in 2013 and 2014 as described above.

(2) Tonnage Authorization Growth Allowance

Should economic conditions improve during the term of the NSL such that solid waste tonnage increases significantly above the level that was forecasted by Metro, the proposed NSL includes a provision to allow for additional tonnage allocation when a clear public benefit can be demonstrated.

Section 7 of the proposed NSL stipulates that, in addition to the 15 percent reserve tonnage allocation described above, the COO may increase the annual tonnage authorization of the licensee by up to an additional five percent of its total tonnage allocation each year (i.e., 1,981 tons in 2013) if such tonnage is available during the term of the license. If the COO were to grant the maximum growth allowance and release the licensee's full reserve amount (as described above), then WRI's initial annual tonnage limit could be increased up to a total of 20 percent each year (i.e., maximum tonnage authorization of 41,614 tons in 2013). The COO's decision whether to grant such a growth allowance will be based on Metro's actual experience with flows of waste that are subject to the flow guarantee during the term of the license. The COO will also consider whether there is a sufficient public benefit by granting more tonnage. This means that through the combination of the reserve tonnage and growth allowance conditions described above, the COO is authorized to increase the annual tonnage limit of the proposed license by up to 20 percent each year without seeking further Council action. Any tonnage increases greater than 20 percent in a year (i.e., increases above the combined growth allowance and reserve tonnage amounts) would require Council approval. By adopting this resolution, the Metro Council authorizes the COO to determine and allocate a growth allowance as described above.

(3) Redirection of Waste Flow

In the event of further declines in system-wide putrescible waste, the proposed NSL authorizes the COO to immediately redirect the licensee's waste to Metro Central or South Transfer Stations if necessary to prevent a violation of the disposal contract flow guarantee.

Section 7 of the proposed NSL stipulates that the COO may redirect the licensee's waste flow with a minimum of 24 hours written notice. By adopting this resolution, the Metro Council authorizes the COO to redirect the licensee's waste, as described above, if necessary to comply with the disposal contract flow guarantee.

(4) Weekly and Daily Reporting Requirement

The proposed NSL allows the COO to require the licensee to report tonnage information to Metro on a weekly or daily basis if necessary. (NSLs generally specify that required information must be transmitted to Metro on a monthly basis).

Section 6 of the proposed NSL stipulates that the COO may determine when more frequent reporting is necessary. By adopting this resolution, the Metro Council authorizes the COO to immediately implement more frequent reporting requirements as needed.

2. ANALYSIS/INFORMATION

A. Known Opposition

There is no known opposition to the proposed license renewal.

B. Legal Antecedents

Metro Code Section 5.05.025 prohibits any person from utilizing non-system facilities without an appropriate license from Metro. Additionally, Code Section 5.05.035(c) provides that, when determining whether or not to approve an NSL application, the Metro Council shall consider the following factors to the extent relevant to such determination.

> *(1) The degree to which prior users of the non-system facility and waste types accepted at the non-system facility are known and the degree to which such wastes pose a future risk of environmental contamination;*

The applicant (WRI) is well known to Metro regulatory staff and is owned by a major, national integrated solid waste company. The environmental risks from the use of the disposal site are minimal as the landfill is fully regulated by the appropriate local and state authorities.

> *(2) The record of regulatory compliance of the non-system facility's owner and operator with federal, state and local requirements including but not limited to public health, safety and environmental rules and regulations;*

Allied owns and operates both WRI and CBLF. Metro staff's investigation of Allied revealed a good record of compliance with local and state agencies responsible for health, safety, and environmental regulations.

> *(3) The adequacy of operational practices and management controls at the non-system facility;*

CBLF uses operational practices and management controls that are typical of Subtitle D landfills. Staff at DEQ, the landfill's regulator, consider the operational practices and management controls in place at the landfill to be appropriate for the protection of health and the environment.

> *(4) The expected impact on the region's recycling and waste reduction efforts;*

The proposed license covers putrescible solid waste, which currently has limited recovery potential. The license puts no long-term constraint or commitment on the waste should recovery alternatives emerge for the region. Thus, approval of the proposed license renewal is not expected to impact the region's recycling and waste reduction efforts.

> *(5) The consistency of the designation with Metro's existing contractual arrangements;*

NSLs are the main vehicles by which Metro manages its contractual obligation to deliver a minimum of 90 percent of the region's putrescible waste, which is delivered to general purpose landfills during the calendar year, to landfills owned by Waste Management. This proposed NSL controls a portion of the 10 percent of uncommitted waste not guaranteed to Waste Management under the disposal contract. This proposed NSL renewal is one of four similar licenses that will expire at the end of 2012. Provisions in the NSL allow Metro to monitor compliance with its disposal contract, as was covered in Section 1A of this report.

(6) The record of the applicant regarding compliance with Metro ordinances and agreements or assistance to Metro in Metro ordinance enforcement and with federal, state and local requirements including but not limited to public health, safety and environmental rules and regulations;

WRI is currently in compliance with its Metro-issued NSL and has not had any significant compliance issues with regard to Metro regulations within the last two years. Additionally, WRI has had no violations related to public health, safety or environmental regulations during the term of the existing license.

(7) Such other factors as the Chief Operating Officer deems appropriate for purposes of making such determination.

This criterion was examined above in Sections 1A and 1C of this report.

C. Anticipated/Potential Effects

This proposed NSL is one of many action items currently under consideration by Metro which is affected by potential declines in the amount of solid waste subject to the flow guarantee. Some decisions could have the effect of shrinking the pool of waste available for allocation. The forecast of waste subject to the flow guarantee, which is the basis for the NSL tonnage authorizations in 2013, incorporates the best available information as of this writing.

D. Budget/Rate Impacts

The price that Metro pays for disposal at Columbia Ridge Landfill is a "declining block rate" — meaning that the more waste that is delivered to any landfill owned by Waste Management, the lower the per-ton cost paid by Metro. Based on projected tonnage and contract prices, allocating the uncommitted 68,328 tons (as proposed for 2013) to non-Waste Management landfills increases the Metro tip fee by 25 cents per ton. At current throughput of approximately 400,000 tons per year, Metro customers will pay approximately $100,000 more for disposal in FY 2013-14 than if all of the uncommitted waste were to flow to Waste Management landfills (with a similar financial impact expected in FY 2014-15). This is a conservative estimate, as it is based on the assumption that none of these tons would have been handled directly through Metro transfer stations. Had that been the case there would be additional fiscal impacts from loss of transaction revenue and higher per-ton revenue required to cover fixed costs. The practice of issuing these types of NSLs and absorbing these fiscal impacts has been occurring under the Council's direction for the past 12 years.

The Metro Regional System Fee and Excise Tax will continue to be collected on all waste delivered under authority of the proposed NSL. The application under consideration is the renewal of an existing NSL (No. N-005-12(3)A). Therefore, the financial impact has already been factored into the budget.

3. RECOMMENDED ACTION

Based on the information provided above and the analysis provided in this report, the COO recommends that the Metro Council adopt Resolution No. 12-4377. Approval of this resolution will authorize the COO to issue an NSL to WRI subject to the requirements listed in Metro Code Chapter 5.05; and further subject to special conditions which are incorporated into the proposed NSL attached to the staff report for this resolution as Attachment 1.

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TEL 503 797 1835 FAX 503 813 7544

METRO

METRO SOLID WASTE FACILITY NON-SYSTEM LICENSE

No. N-005-13(3)

LICENSEE:		
	Willamette Resources, Inc. 10295 SW Ridder Road Wilsonville, OR 97070	
CONTACT PERSON:		
	Carol Dion	Ray Phelps
Phone:	(503) 404-2128	(503) 404-2131
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E-Mail:	CDion@republicservices.com	RPhelps@republicservices.com
MAILING ADDRESS:		
	Willamette Resources, Inc. 10295 SW Ridder Road Wilsonville, OR 97070	

ISSUED BY METRO:

Scott Robinson, Deputy Chief Operating Officer

Date

1	NATURE OF WASTE COVERED BY LICENSE
	Putrescible solid waste generated within the Metro boundary and received at Willamette Resources, Inc. in accordance with Metro Solid Waste Facility Franchise No. F-005-08A.

2	CALENDAR YEAR TONNAGE LIMITATION
	1. The Licensee is authorized to deliver the waste described in Section 1 of this license to the non-system facility described in Section 3 as follows: (a) For the first year of the license, beginning January 1, 2013, and ending December 31, 2013, the Licensee is authorized to deliver up to 33,688 tons; (b) By no later than November 2, 2013, Metro's Chief Operating Officer ("COO") may release additional reserve tonnage and amend Section 2 of this license to adjust the 2013 tonnage limitation as established by Metro Council and described in the staff report to Resolution No. 12-4377; (c) By no later than the December 31, 2013, the COO shall establish a second-year tonnage limitation, beginning January 1, 2014, and ending December 31, 2014, and amend Section 2 of this license to include a 2014 tonnage limitation as established by Metro Council and described in the staff report to Resolution No. 12-4377; and (d) By no later than November 2, 2014, the COO may release additional reserve tonnage and amend Section 2 of this license to adjust the 2014 tonnage limitation as established by Metro Council and described in the staff report to Resolution No. 12-4377. 2. This license does not increase the total tonnage that the Licensee is authorized to accept under Metro Solid Waste Facility Franchise No. F-005-08A.

3	NON-SYSTEM FACILITY
	The Licensee hereunder is authorized to deliver the waste described above in Section 1 to the following non-system facility: Coffin Butte Landfill 28972 Coffin Butte Road Corvallis, OR 97330

	This license is issued on condition that the non-system facility named in this section is authorized to accept the type of waste described in Section 1. If Metro receives notice from the Oregon Department of Environmental Quality or local regulatory authority that this non-system facility is not authorized to accept such waste, Metro may immediately terminate this license pursuant to Section 7 of this license.

4	**TERM OF LICENSE**
	The term of this license will commence on January 1, 2013 and expire at midnight on December 31, 2014, unless terminated sooner under Section 7 of this license.

5	**REPORTING OF ACCIDENTS AND CITATIONS**
	Licensee shall report to Metro any significant incidents (such as fires), accidents, and citations involving vehicles transporting the solid waste authorized by this license.

6	**Record Keeping and Reporting**
	(a) The Licensee shall keep and maintain accurate records of the amount of all solid waste that the Licensee delivers to the non-system facility described in Section 3 of this license. The Licensee shall keep and maintain complete and accurate records of the following for all transactions with the authorized non-system facility: i. Ticket or weight slip number from the non-system facility; ii. Material category designating the type of material transferred to the non-system facility; iii. Date the load was transferred to the non-system facility; iv. Time the load was transferred to the non-system facility; v. Net weight of the load; and vi. Fee charged by the non-system facility (b) No later than the fifteenth (15th) day of each month, beginning with the first month following the commencement date of this license, Licensee shall: i. Transmit the records required under Section 6(a) above to Metro in an electronic format prescribed by Metro; ii. Submit to Metro a Regional System Fee and Excise Tax Report, that covers the preceding month; and

	iii. Remit to Metro the requisite Regional System Fees and Excise Tax in accordance with the Metro Code provisions applicable to the collection, payment, and accounting of such fees and taxes. (c) Licensee shall make all records from which Sections 6(a) and 6(b) above are derived available to Metro (or Metro's designated agent) for its inspection or copying, as long as Metro provides no less than three (3) business days written notice of an intent to inspect or copy documents. Licensee shall, in addition, sign or otherwise provide to Metro any consent or waiver necessary for Metro to obtain information or data from a third party, including the non-system facility named in Section 3, above. (d) Metro may require the Licensee to report the information required by this Section on a weekly or daily basis.

7	ADDITIONAL LICENSE CONDITIONS
	This license shall be subject to the following conditions: (a) The permissive transfer of solid waste to the non-system facility, listed in Section 3, authorized by this license shall be subordinate to any subsequent decision by Metro to direct the solid waste described in this license to any other facility. (b) In addition to the amendments by the COO authorized by Section 2 of this license, this license shall be subject to amendment, modification, or termination by the COO in the event that the COO determines that: i. There has been sufficient change in any circumstances under which Metro issued this license; ii. The provisions of this license are actually or potentially in conflict with any provision in Metro's disposal contract with Waste Management Disposal Services of Oregon, Inc., dba Oregon Waste Systems, Inc.; iii. Metro's solid waste system or the public will benefit from, and will be better served by, an order directing that the waste described in Section 1 of this license be transferred to, and disposed of at, a facility other than the facility listed in Section 3; or iv. There has been sufficient change in the amount of tonnage available for allocation during the term of the license. In the event that additional tonnage becomes available for allocation, the COO may amend Section 2 of this license to increase the calendar year tonnage limitation by up to five percent in addition to the reserve tonnage amount described in Section 2. (c) This license shall, in addition to subsections (b)(i) through (b)(iv), above, be subject to amendment, modification, suspension, or termination pursuant to the Metro Code.

	(d) The Licensee shall not transfer or assign any right or interest in this license without prior written notification to, and approval of, Metro. (e) This license shall terminate upon the execution of a designated facility agreement with the facility listed in Section 3 that authorizes the facility to accept the waste described in Section 1 of this license. (f) This license authorizes the delivery of solid waste to the facility listed in Section 3. Transfer of waste generated from within the Metro boundary to any non-system facility other than that specified in this license is prohibited unless authorized in writing by Metro. (g) The COO may direct the Licensee's waste flow under this non-system license to any system facility with a minimum of 24 hours written notice. Any redirection of the waste flow by the COO is effective immediately. (h) If the Licensee exceeds the calendar year limitation set forth in Section 2 of this license, each ton or portion thereof by which the Licensee exceeds the limitation constitutes a separate violation subject to a penalty of up to $500.

8	COMPLIANCE WITH LAW
	Licensee shall fully comply with all applicable local, regional, state and federal laws, rules, regulations, ordinances, orders, and permits pertaining in any manner to this license, including all applicable Metro Code provisions and administrative procedures adopted pursuant to Chapter 5.05 whether or not those provisions have been specifically mentioned or cited herein. All conditions imposed on the collection and hauling of the Licensee's solid waste by federal, state, regional or local governments or agencies having jurisdiction over solid waste generated by the Licensee shall be deemed part of this license as if specifically set forth herein.

9	INDEMNIFICATION
	Licensee shall defend, indemnify and hold harmless Metro, its elected officials, officers, employees, agents and representatives from any and all claims, demands, damages, causes of action, or losses and expenses, or including all attorneys' fees, whether incurred before any litigation is commenced, during any litigation or on appeal, arising out of or related in any way to the issuance or administration of this non-system license or the transport and disposal of the solid waste covered by this license.

Agenda Item No. 4.4

Resolution No. 12-4378, For the Purpose of Authorizing the Chief Operating Officer to Issue a Renewed Non-System License to Arrow Sanitary Service, Inc. for Delivery of Putrescible Waste to the West Van Materials Recovery Center and the Central Transfer and Recycling Center Located in Clark County, Washington.

Consent Agenda

Metro Council Meeting
Thursday, Nov. 15, 2012
Metro, Council Chamber

BEFORE THE METRO COUNCIL

AUTHORIZING THE CHIEF OPERATING OFFICER TO ISSUE A RENEWED NON-SYSTEM LICENSE TO ARROW SANITARY SERVICE, INC. FOR DELIVERY OF PUTRESCIBLE WASTE TO THE WEST VAN MATERIALS RECOVERY CENTER AND THE CENTRAL TRANSFER AND RECYCLING CENTER LOCATED IN CLARK COUNTY, WASHINGTON	))))))	RESOLUTION NO. 12-4378 Introduced by Martha J. Bennett, Chief Operating Officer, with the concurrence of Tom Hughes, Council President

WHEREAS, the Metro Code requires a non-system license of any person that delivers solid waste generated from within the Metro Region to a non-system disposal facility; and

WHEREAS, Arrow Sanitary Service, Inc. ("Arrow") holds Metro Solid Waste Facility Non-System License No. N-029-12A, which expires on December 31, 2012; and

WHEREAS, Arrow has filed a complete application seeking renewal of the non-system license to deliver putrescible waste to the West Van Materials Recovery Center and the Central Transfer and Recycling Center for disposal under the provisions of Metro Code Chapter 5.05, "Solid Waste Flow Control;" and

WHEREAS, Metro Code Chapter 5.05 provides that applications for non-system licenses for putrescible waste shall be reviewed by the Chief Operating Officer and are subject to approval or denial by the Metro Council; and

WHEREAS, the Chief Operating Officer has analyzed the application and considered the relevant factors under the Metro Code; and

WHEREAS, the Chief Operating Officer recommends that the non-system license be renewed together with specific conditions as provided in Exhibit A to this Resolution; now therefore,

THE METRO COUNCIL RESOLVES AS FOLLOWS:

1. The non-system license renewal application of Arrow is approved subject to the terms, conditions, and limitations contained in Exhibit A to this Resolution.

2. The Chief Operating Officer is authorized to issue to Arrow a renewed Solid Waste Facility Non-System License substantially similar to the one attached as Attachment 1.

ADOPTED by the Metro Council this ____ day of _______, 2012.

____
Tom Hughes, Council President

Approved as to Form:

____
Alison Kean-Campbell, Metro Attorney

WJ:bjl
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STAFF REPORT

IN CONSIDERATION OF RESOLUTION NO. 12-4378 AUTHORIZING THE CHIEF OPERATING OFFICER TO ISSUE A RENEWED NON-SYSTEM LICENSE TO ARROW SANITARY SERVICE, INC. FOR DELIVERY OF PUTRESCIBLE WASTE TO THE WEST VAN MATERIALS RECOVERY CENTER AND THE CENTRAL TRANSFER AND RECYCLING CENTER LOCATED IN CLARK COUNTY, WASHINGTON

November 6, 2012 — Prepared by: Warren Johnson
503-797-1836

Approval of Resolution No. 12-4378 will authorize the Chief Operating Officer (COO) to issue a two-year non-system license (NSL), substantially similar to the proposed license attached to this resolution as Exhibit A, to Arrow Sanitary Service, Inc. (Arrow). The NSL will authorize the delivery of up to 22,088 tons of putrescible waste to either the West Van Materials Recovery Center (WVAN) or the Central Transfer and Recycling Center (CTRC), located in Clark County, Washington, during calendar year 2013. The NSL also authorizes the COO to establish and allocate a calendar year tonnage authorization in 2014 in a manner similar to that described in this staff report.

The applicant (Arrow), the destination facilities (WVAN and CTRC), as well as the ultimate disposal site (Finley Buttes Landfill) are all owned by Waste Connections, Inc. (WCI), a waste management company headquartered in The Woodlands, Texas.

1. INTRODUCTION

A. Background

(1) Overview

NSLs are the main vehicles by which Metro manages its contractual obligation to deliver a minimum of 90 percent of the region's putrescible waste, which is delivered to general purpose landfills during the calendar year, to landfills owned by Waste Management (also known as "*the flow guarantee*"). NSLs allow Metro to closely monitor and potentially guide waste flows to authorized facilities in order to comply with the contract. This approach provides for a high level of control and fast response to changing conditions. Resolution No. 12-4378 would grant an NSL to Arrow to deliver Metro-area putrescible waste to facilities owned by WCI located in Clark County, Washington. That is, this NSL controls a portion of the 10 percent of uncommitted waste not guaranteed to Waste Management under Metro's disposal contract. Metro Council is scheduled to consider four such NSL resolutions which allocate the uncommitted 10 percent. In addition to this action for Arrow, the Council is scheduled to consider resolutions for American Sanitary Service, Inc. (Res. No. 12-4379), Crown Point Refuse, Inc. (Res. No. 12-4376), and Willamette Resources, Inc. (Res. No. 12-4377) at its meeting on November 15, 2012.

In December 2011, the Metro Council granted one-year NSLs to each of the above referenced licensees - as the Council has done for these types of NSL renewals since 2009. The Council approved a maximum tonnage allocation for the calendar year which, summed across all licenses, did not exceed 9.5 percent of the total forecasted tonnage subject to the flow guarantee based on Metro's tonnage forecast for 2012. Upon issuance of the NSLs, each licensee immediately received 85 percent of its portion of the total tonnage allocation as an upfront annual limit. The remaining amount was held in reserve for the COO to "release" as available by November 2, 2012. On October 3, 2012, the COO released additional tonnage to each of the licensees, reflecting the revised, downward tonnage forecast. Table 1 illustrates the initial and adjusted annual tonnage authorizations for each licensee in 2012.

Table 1: Summary of Annual Tonnage Authorizations for existing NSLs in 2012

Licensee	Licensee's Portion of Allocable Tonnage for 2012 (Percent)	Initial Tonnage Authorization for 2012	Additional Tonnage Released in October 2012	Total Adjusted Tonnage Authorization for 2012
American Sanitary Service, Inc. NSL No. N-020-12A	3.8	2,321	340	2,661
Arrow Sanitary Service, Inc. NSL No. N-029-12A	42.0	25,465	3,727	29,192
Crown Point Refuse, Inc. NSL No. N-108-12A	0.3	184	27	211
Willamette Resources, Inc. NSL No. N-005-12(3)A	53.9	32,649	4,779	37,428
TOTAL	100	60,619	8,873	69,492

As discussed in the "Budget/Rate Impact" section of this staff report, the longstanding policy of allocating the uncommitted tonnage increases Metro's tip fee by an estimated 25 cents per ton. At current throughput levels, Metro's transfer station customers will pay approximately $100,000 more for disposal in calendar year 2013 than if 100 percent of the waste were delivered to a landfill owned by Waste Management. Last year, staff assumed these NSLs would be renewed and incorporated their effects into the FY 2012-13 solid waste rates and budget. The financial impact of granting the proposed NSLs will also be factored into the FY 2013-14 solid waste rates and budget.

(2) <u>Design of the 2013 and 2014 NSLs</u>

For the 2013 and 2014 renewal period, staff is proposing the same approach for evaluating the applications and determining the annual tonnage authorizations that Metro has used for these types of NSLs since 2009. However, staff recommends that Council renew these types of NSLs for a standard two-year term instead of the one-year term that is authorized under the existing licenses. In 2009, as a way to manage declining tonnage and potential legal risks to the flow guarantee, Metro opted to issue certain NSLs on an annual basis. Although tonnage continues to decline, the proposed NSL includes conditions that provide Metro with controls for monitoring and managing the flow guarantee against fluctuating waste tonnage in the system. Therefore, Metro staff recommends that these NSLs return to a standard two-year term.

Although the NSLs are proposed for a two-year term, the tonnage allocations will continue to be made on an annual basis with the same reserve release feature that is used for the current licenses. In particular, staff recommends that the Metro Council again annually allocate 9.5 percent of the available forecasted tonnage to those applicants that have applied to renew their existing licenses. The limitation for each NSL will continue to be based on a share of the tonnage that is projected to be available for allocation on an annual basis during calendar years 2013 and 2014. The tonnage would be released in allotments on a calendar year basis for use by the licensee. The first-year tonnage authorization would be established at the time the license is issued and initially be available for use by the licensee on

January 1, 2013. The second-year tonnage authorization would then be established by the COO and released to the licensee by January 1, 2014. The COO would establish the 2014 tonnage authorization and allocate the annual reserve tonnage based on the methodology described in this report.

The tonnage available for allocation is based on Metro's preliminary tonnage forecast completed in October of the preceding year. This will be the same forecast that is used in the five-year financial outlook prepared for Council and will be used to inform the budget and solid waste rates.
If the Metro Council allocates the full 9.5 percent as proposed, then, based on the current Code requirement to consider the impact of Metro's contractual obligations when granting NSLs, staff would recommend that the Council not allow tonnage limit increases under these licenses, except as described in this report. Furthermore, should Metro receive new applications for these types of NSLs during either 2013 or 2014, it would be difficult for the Council to adopt findings approving such NSLs unless additional solid waste tonnage becomes available during those years (e.g., a significant economic upturn, a new diversion program that substantially under-performs on expectations, or a current license-holder no longer using its entire tonnage allocation).

In the proposed NSLs, on January 1, 2013, each licensee will receive 85 percent of its portion of the total tonnage allocation as an upfront annual tonnage limit for 2013. The remaining 15 percent for 2013 would then be held in reserve for the COO to release, as available, by no later than November 2, 2013. In December 2013, the COO would then continue the same allocation process and establish a new tonnage authorization for each licensee for 2014 without the need to seek further Council action.

(3) Tonnage Allocation Methodology

The tonnage allocations are based on Metro's preliminary forecast of future waste that is subject to the flow guarantee under its disposal contract with Waste Management, and the share of such waste that each licensee controlled in the most recent 12-month period. The details of the 2013 allocation are described below and are based on the amount of waste each license controlled during the period of October 2011 through September 2012. However, the allocation amounts for 2014 have not yet been established. The COO will later determine and release the 2014 allocations using the same methodology described below based on the tonnage information that Metro receives during that corresponding 12-month period.

- *Total Tonnage*. Metro projects that 719,242 tons will be subject to the flow guarantee in calendar year 2013. These numbers are derived from Metro's latest econometric forecasting model of the solid waste system. This model is used for all of Metro's major decisions involving solid waste tonnage including planning, budgeting, rate setting and revenue projections. The allocation numbers are based on the projections completed in October 2012 for the five-year budget planning outlook for all of Metro.
- *Reservation Tonnage*. Metro reserves a portion of the total tonnage to meet its contractual obligations under the disposal contract. For these allocations, Metro reserved 90.5 percent, which is comprised of the 90 percent flow guarantee plus a management allowance of 0.5 percent for the tonnage that would flow during a 2.6 week cycle should the redirection of the waste have to be implemented. The 2.6 weeks is comprised of a 2-week reporting lag, plus four days for notification and redirection logistics.

- *Allocable Tonnage*. 68,328 tons comprise the 9.5 percent of the total tonnage (719,242 tons) that are not reserved and therefore initially available to allocate among the applicants in calendar year 2013.
- *Licensee's Portion*. Each licensee is allocated a share of the 68,328 tons in the same proportion as the tonnage subject to the flow guarantee that the licensee controlled (as measured by actual deliveries to all solid waste facilities) during the most recent 12-month period, October 2011 through September 2012. Table 2 illustrates the amount of solid waste that each licensee delivered to all solid waste facilities during the above referenced period.

Table 2: Amount of Solid Waste that Licensees Delivered to All Solid Waste Facilities (October 2011 through September 2012)

Licensee	Tons	Percent
American Sanitary Service, Inc.	4,122	3.7
Arrow Sanitary Service, Inc.	42,243	38.0
Crown Point Refuse, Inc.	283	0.3
Willamette Resources, Inc.	64,430	58.0
TOTAL	111,079	100

Table 3 illustrates the proposed 2013 authorizations for each licensee based upon its share of the allocable tonnage. For Arrow, the share was 38 percent, leading to the initial recommended license authorization of up to 22,088 tons in 2013.

Table 3: Comparison of Proposed 2013 Allocations by NSL Applicant

Licensee	Initial Annual Tonnage Authorization for 2013 (85%)	Tonnage Reserve for 2013 (15%)	Total Tonnage Allocation for 2013
American Sanitary Service, Inc. Res. No. 12-4379	2,155	380	2,535
Arrow Sanitary Service, Inc. Res. No. 12-4378	22,088	3,898	25,986
Crown Point Refuse, Inc. Res. No. 12-4376	148	26	174
Willamette Resources, Inc. Res. No. 12-4377	33,688	5,945	39,633
TOTAL	58,079	10,249	68,328

B. The Applicant

Arrow is a solid waste hauler that is franchised to collect solid waste within the cities of Portland, Gresham, and unincorporated Clackamas County. The applicant has been a holder of NSLs since 2000.

The term of Arrow's existing NSL No. N-029-12A commenced on January 1, 2012 and is set to expire on December 31, 2012. The calendar year tonnage limitation that Metro initially established for the NSL

(25,465 tons) was based on Metro's forecast, issued October 2011, of the waste that was subject to its disposal contract with Waste Management. However, based on tonnage information through August 2012, the COO subsequently amended Arrow's NSL to release an additional 3,727 tons, resulting in a total adjusted tonnage authorization of 29,192 tons for 2012. Table 1 illustrates Arrow's initial and adjusted annual tonnage authorizations for 2012.

On August 22, 2012, Arrow submitted an NSL application requesting that Metro renew its NSL in 2013 with a tonnage authorization of 45,000 tons. However, under the proposed NSL, Arrow would receive an initial tonnage authorization of 22,088 tons for use in 2013 and a second-year tonnage limit to be established and released by the COO for 2014 as explained in this report.

C. Special Provisions of the NSL for Managing Risk

The proposed license includes four conditions that are intended to further minimize Metro's risk of noncompliance with its disposal contract by providing Metro with additional controls for monitoring and managing the flow guarantee against fluctuating waste tonnage in the system. All four conditions, explained below, were carried forward from the existing license and are included in all of the proposed NSLs for all licensees identified in Section 1A(1) of this report. These conditions are unique to the NSLs that control the 10 percent of putrescible waste that is not committed under Metro's disposal contract.

(1) Calendar Year Tonnage Authorization

The proposed NSL establishes an initial tonnage authorization for 2013 and authorizes the COO to establish a second-year tonnage authorization in 2014 using the same allocation method described in this report. In addition, the license authorizes the COO to release additional "reserved" tonnage to the licensee if available during the term of the license.

Section 2 of the proposed NSL authorizes Arrow to initially deliver up to 22,088 tons of putrescible waste to WVAN and CTRC during calendar year 2013. Effective January 1, 2013, this annual tonnage limit is available for use throughout the first year of the license. The license also stipulates that, by no later than November 2, 2013, the COO may release reserved tonnage and increase the licensee's limit by up to an additional 15 percent (3,898 tons in 2013) as available. If the COO were to release the full reserve amount provided under this proposed license, then Arrow's annual tonnage limit would be increased up to a total of 25,986 tons in 2013.

Additionally, Section 2 stipulates that, by no later than December 31, 2013, the COO may amend the proposed NSL to establish an initial tonnage limit for calendar year 2014. This second-year tonnage limit would become effective January 1, 2014, and be available for use throughout 2014. Then, by no later than November 2, 2014, the COO may again release reserved tonnage and increase the licensee's 2014 limit by up to an additional 15 percent as described above.

This condition allows the COO to adjust the annual tonnage authorization as necessary to meet Metro's contractual obligations and allows the maximum use of the licensee's available tonnage. By adopting this resolution, the Metro Council authorizes the COO to establish an annual tonnage authorization for 2014 and release reserve tonnage in 2013 and 2014 as described above.

(2) Tonnage Authorization Growth Allowance

Should economic conditions improve during the term of the NSL such that solid waste tonnage increases significantly above the level that was forecasted by Metro, the proposed NSL includes a provision to allow for additional tonnage allocation when a clear public benefit can be demonstrated.

Section 7 of the proposed NSL stipulates that, in addition to the 15 percent reserve tonnage allocation described above, the COO may increase the annual tonnage authorization of the licensee by up to an additional five percent of its total tonnage allocation each year (i.e., 1,299 tons in 2013) if such tonnage is available during the term of the license. If the COO were to grant the maximum growth allowance and release the licensee's full reserve amount (as described above), then Arrow's initial annual tonnage limit could be increased up to a total of 20 percent each year (i.e., maximum tonnage authorization of 27,285 tons in 2013). The COO's decision whether to grant such a growth allowance will be based on Metro's actual experience with flows of waste that are subject to the flow guarantee during the term of the license. The COO will also consider whether there is a sufficient public benefit by granting more tonnage. This means that through the combination of the reserve tonnage and growth allowance conditions described above, the COO is authorized to increase the annual tonnage limit of the proposed license by up to 20 percent each year without seeking further Council action. Any tonnage increases greater than 20 percent in a year (i.e., increases above the combined growth allowance and reserve tonnage amounts) would require Council approval. By adopting this resolution, the Metro Council authorizes the COO to determine and allocate a growth allowance as described above.

(3) Redirection of Waste Flow

In the event of further declines in system-wide putrescible waste, the proposed NSL authorizes the COO to immediately redirect the licensee's waste to Metro Central or South Transfer Stations if necessary to prevent a violation of the disposal contract flow guarantee.

Section 7 of the proposed NSL stipulates that the COO may redirect the licensee's waste flow with a minimum of 24 hours written notice. By adopting this resolution, the Metro Council authorizes the COO to redirect the licensee's waste, as described above, if necessary to comply with the disposal contract flow guarantee.

(4) Weekly and Daily Reporting Requirement

The proposed NSL allows the COO to require the licensee to report tonnage information to Metro on a weekly or daily basis if necessary. (NSLs generally specify that required information must be transmitted to Metro on a monthly basis).

Section 6 of the proposed NSL stipulates that the COO may determine when more frequent reporting is necessary. By adopting this resolution, the Metro Council authorizes the COO to immediately implement more frequent reporting requirements as needed.

2. ANALYSIS/INFORMATION

A. Known Opposition

There is no known opposition to the proposed license renewal.

B. Legal Antecedents

Metro Code Section 5.05.025 prohibits any person from utilizing non-system facilities without an appropriate license from Metro. Additionally, Code Section 5.05.035(c) provides that, when determining whether or not to approve an NSL application, the Metro Council shall consider the following factors to the extent relevant to such determination.

> *(1) The degree to which prior users of the non-system facility and waste types accepted at the non-system facility are known and the degree to which such wastes pose a future risk of environmental contamination;*

The applicant (Arrow) is well known to Metro regulatory staff and is owned by a major, national integrated solid waste company. The environmental risks from the use of the non-system facilities are minimal as both the transfer stations and landfill destinations are fully regulated by the appropriate local and state authorities.

> *(2) The record of regulatory compliance of the non-system facility's owner and operator with federal, state and local requirements including but not limited to public health, safety and environmental rules and regulations;*

Metro staff's investigation of WCI revealed a good record of compliance with local and state agencies responsible for health, safety, and environmental regulations.

> *(3) The adequacy of operational practices and management controls at the non-system facility;*

WVAN and CTRC use operational practices and management controls that are typical of transfer stations and that Metro considers adequate for the protection of health and the environment. In addition, the Finley Buttes Landfill uses operational practices and management controls that are typical of Subtitle D landfills. Staff at DEQ, the landfill's regulator, consider the operational practices and management controls in place at the landfill to be appropriate for the protection of health and the environment.

> *(4) The expected impact on the region's recycling and waste reduction efforts;*

The proposed license covers putrescible solid waste, which currently has limited recovery potential. The license puts no long-term constraint or commitment on the waste should recovery alternatives emerge for the region. Thus, approval of the proposed license renewal is not expected to impact the region's recycling and waste reduction efforts.

> *(5) The consistency of the designation with Metro's existing contractual arrangements;*

NSLs are the main vehicles by which Metro manages its contractual obligation to deliver a minimum of 90 percent of the region's putrescible waste, which is delivered to general purpose landfills during the calendar year, to landfills owned by Waste Management. This proposed NSL controls a portion of the 10 percent of uncommitted waste not guaranteed to Waste Management under the disposal contract. This proposed NSL renewal is one of four similar licenses that will expire at the end of 2012. Provisions in the NSL allow Metro to monitor compliance with its disposal contract, as was covered in Section 1A of this report.

(6) The record of the applicant regarding compliance with Metro ordinances and agreements or assistance to Metro in Metro ordinance enforcement and with federal, state and local requirements including but not limited to public health, safety and environmental rules and regulations;

The applicant is currently in compliance with its Metro-issued NSL and has not had any significant compliance issues with regard to Metro regulations within the last two years. Additionally, Arrow has had no violations related to public health, safety or environmental regulations during the term of the existing license.

(7) Such other factors as the Chief Operating Officer deems appropriate for purposes of making such determination.

This criterion was examined above in Sections 1A and 1C of this report.

C. Anticipated/Potential Effects

This proposed NSL is one of many action items currently under consideration by Metro which is affected by potential declines in the amount of solid waste subject to the flow guarantee. Some decisions could have the effect of shrinking the pool of waste available for allocation. The forecast of waste subject to the flow guarantee, which is the basis for the NSL tonnage authorizations in 2013, incorporates the best available information as of this writing.

D. Budget/Rate Impacts

The price that Metro pays for disposal at Columbia Ridge Landfill is a "declining block rate" — meaning that the more waste that is delivered to any landfill owned by Waste Management, the lower the per-ton cost paid by Metro. Based on projected tonnage and contract prices, allocating the uncommitted 68,328 tons (as proposed for 2013) to non-Waste Management landfills increases the Metro tip fee by 25 cents per ton. At current throughput of approximately 400,000 tons per year, Metro customers will pay approximately $100,000 more for disposal in FY 2013-14 than if all of the uncommitted waste were to flow to Waste Management landfills (with a similar financial impact expected in FY 2014-15). This is a conservative estimate, as it is based on the assumption that none of these tons would have been handled directly through Metro transfer stations. Had that been the case there would be additional fiscal impacts from loss of transaction revenue and higher per-ton revenue required to cover fixed costs. The practice of issuing these types of NSLs and absorbing these fiscal impacts has been occurring under the Council's direction for the past 12 years.

The Metro Regional System Fee and Excise Tax will continue to be collected on all waste delivered under authority of the proposed NSL. The application under consideration is the renewal of an existing NSL (No. N-029-12A). Therefore, the financial impact has already been factored into the budget.

3. RECOMMENDED ACTION

Based on the information provided above and the analysis provided in this report, the COO recommends that the Metro Council adopt Resolution No. 12-4378. Approval of this resolution will authorize the COO to issue an NSL to Arrow subject to the requirements listed in Metro Code Chapter 5.05; and further subject to special conditions which are incorporated into the proposed NSL attached to the staff report for this resolution as Attachment 1.

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600 NORTHEAST GRAND AVENUE | PORTLAND, OREGON 97232 2736
TEL 503 797 1835 | FAX 503 813 7544

METRO

METRO SOLID WASTE FACILITY NON-SYSTEM LICENSE

No. N-029-13

LICENSEE:		
	Arrow Sanitary Service, Inc. 12820 NE Marx Street Portland, OR 97230	
CONTACT PERSON:		
	Jason Craft	Dean Large
Phone:	(503) 542-3425	(360) 695-4858
Fax:	(916) 244-0924	(360) 695-5091
E-Mail:	jasoncr@wcnx.org	deanl@wcnx.org
MAILING ADDRESS:		
	Arrow Sanitary Service, Inc. 12820 NE Marx Street Portland, OR 97230	

ISSUED BY METRO:

Scott Robinson, Deputy Chief Operating Officer   Date

1	**NATURE OF WASTE COVERED BY LICENSE**
	Putrescible solid waste that is generated by residential and commercial customers within the Metro region and collected by Arrow Sanitary Service, Inc.

2	**CALENDAR YEAR TONNAGE LIMITATION**
	The Licensee is authorized to deliver the waste described in Section 1 of this license to the non-system facilities described in Section 3 as follows: (a) For the first year of the license, beginning January 1, 2013, and ending December 31, 2013, the Licensee is authorized to deliver up to 22,088 tons; (b) By no later than November 2, 2013, Metro's Chief Operating Officer ("COO") may release additional reserve tonnage and amend Section 2 of this license to adjust the 2013 tonnage limitation as established by Metro Council and described in the staff report to Resolution No. 12-4378; (c) By no later than the December 31, 2013, the COO shall establish a second-year tonnage limitation, beginning January 1, 2014, and ending December 31, 2014, and amend Section 2 of this license to include a 2014 tonnage limitation as established by Metro Council and described in the staff report to Resolution No. 12-4378; and (d) By no later than November 2, 2014, the COO may release additional reserve tonnage and amend Section 2 of this license to adjust the 2014 tonnage limitation as established by Metro Council and described in the staff report to Resolution No. 12-4378.

3	**NON-SYSTEM FACILITIES**

	he Licensee hereunder is authorized to deliver the waste described above in Section 1 to the following non-system facilities: West Van Materials Recovery Center 6601 NW Old Lower River Road Vancouver, WA 98660 Central Transfer and Recycling Center 11034 NE 117th Avenue Vancouver, WA 98661 This license is issued on condition that the non-system facilities named in this section are authorized to accept the type of waste described in Section 1. If
	Metro receives notice from Clark County or other appropriate regulatory authority that these non-system facilities are not authorized to accept such waste, Metro may immediately terminate this license pursuant to Section 7 of this license.

4	TERM OF LICENSE
	The term of this license will commence on January 1, 2013 and expire at midnight on December 31, 2014, unless terminated sooner under Section 7 of this license.

5	REPORTING OF ACCIDENTS AND CITATIONS
	Licensee shall report to Metro any significant incidents (such as fires), accidents, and citations involving vehicles transporting the solid waste authorized by this license.

6	Record Keeping and Reporting
	(a) The Licensee shall keep and maintain accurate records of the amount of all solid waste that the Licensee delivers to the non-system facilities described in Section 3 of this license. The Licensee shall keep and maintain complete and accurate records of the following for all transactions with the authorized non-system facilities: i. Ticket or weight slip number from the non-system facility; ii. Material category designating the type of material transferred to the non-system facility; iii. Date the load was transferred to the non-system facility; iv. Time the load was transferred to the non-system facility;

	v. Net weight of the load; and vi. Fee charged by the non-system facility (b) No later than the fifteenth (15th) day of each month, beginning with the first month following the commencement date of this license, Licensee shall: i. Transmit the records required under Section 6(a) above to Metro in an electronic format prescribed by Metro; ii. Submit to Metro a Regional System Fee and Excise Tax Report, that covers the preceding month; and iii. Remit to Metro the requisite Regional System Fees and Excise Tax in accordance with the Metro Code provisions applicable to the collection, payment, and accounting of such fees and taxes. (c) Licensee shall make all records from which Sections 6(a) and 6(b) above are derived available to Metro (or Metro's designated agent) for its inspection or copying, as long as Metro provides no less than three (3) business days written notice of an intent to inspect or copy documents. Licensee shall, in addition, sign or otherwise provide to Metro any consent or waiver necessary for Metro to obtain information or data from a third party, including the non-system facilities named in Section 3, above. (d) Metro may require the Licensee to report the information required by this Section on a weekly or daily basis.

7	**ADDITIONAL LICENSE CONDITIONS**
	This license shall be subject to the following conditions: (a) The permissive transfer of solid waste to the non-system facilities, listed in Section 3, authorized by this license shall be subordinate to any subsequent decision by Metro to direct the solid waste described in this license to any other facility. (b) In addition to the amendments by the COO authorized by Section 2 of this license, this license shall be subject to amendment, modification, or termination by the COO in the event that the COO determines that: i. There has been sufficient change in any circumstances under which Metro issued this license; ii. The provisions of this license are actually or potentially in conflict with any provision in Metro's disposal contract with Waste Management Disposal Services of Oregon, Inc., dba Oregon Waste Systems, Inc.; iii. Metro's solid waste system or the public will benefit from, and will be better served by, an order directing that the waste described in

	Section 1 of this license be transferred to, and disposed of at, a facility other than the facilities listed in Section 3; or iv. There has been sufficient change in the amount of tonnage available for allocation during the term of the license. In the event that additional tonnage becomes available for allocation, the COO may amend Section 2 of this license to increase the calendar year tonnage limitation by up to five percent in addition to the reserve tonnage amount described in Section 2. (c) This license shall, in addition to subsections (b)(i) through (b)(iv), above, be subject to amendment, modification, suspension, or termination pursuant to the Metro Code. (d) The Licensee shall not transfer or assign any right or interest in this license without prior written notification to, and approval of, Metro. (e) This license shall terminate upon the execution of designated facility agreements with the facilities listed in Section 3 that authorizes the facilities to accept the waste described in Section 1 of this license. (f) This license authorizes the delivery of solid waste to the facilities listed in Section 3. Transfer of waste generated from within the Metro boundary to any non-system facility other than that specified in this license is prohibited unless authorized in writing by Metro. (g) The COO may direct the Licensee's waste flow under this non-system license to Metro Central Transfer Station or Metro South Transfer Station with a minimum of 24 hours written notice. Any redirection of the waste flow by the COO is effective immediately. (h) If the Licensee exceeds the calendar year limitation set forth in Section 2 of this license, each ton or portion thereof by which the Licensee exceeds the limitation constitutes a separate violation subject to a penalty of up to $500.

8	**COMPLIANCE WITH LAW**
	Licensee shall fully comply with all applicable local, regional, state and federal laws, rules, regulations, ordinances, orders, and permits pertaining in any manner to this license, including all applicable Metro Code provisions and administrative procedures adopted pursuant to Chapter 5.05 whether or not those provisions have been specifically mentioned or cited herein. All conditions imposed on the collection and hauling of the Licensee's solid waste by federal, state, regional or local governments or agencies having jurisdiction over solid waste generated by the Licensee shall be deemed part of this license as if specifically set forth herein.

9	**INDEMNIFICATION**

	Licensee shall defend, indemnify and hold harmless Metro, its elected officials, officers, employees, agents and representatives from any and all claims, demands, damages, causes of action, or losses and expenses, or including all attorneys' fees, whether incurred before any litigation is commenced, during any litigation or on appeal, arising out of or related in any way to the issuance or administration of this non-system license or the transport and disposal of the solid waste covered by this license.

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Agenda Item No. 4.5

Resolution No. 12-4379, For the Purpose of Authorizing the Chief Operating Officer to Issue a Renewed Non-System License to American Sanitary, Inc. for Delivery of Putrescible Waste to the West Van Materials Recovery Center and the Central Transfer and Recycling Center Located in Clark County, Washington.

Consent Agenda

Metro Council Meeting
Thursday, Nov. 15, 2012
Metro, Council Chamber

BEFORE THE METRO COUNCIL

AUTHORIZING THE CHIEF OPERATING OFFICER TO ISSUE A RENEWED NON-SYSTEM LICENSE TO AMERICAN SANITARY SERVICE, INC. FOR DELIVERY OF PUTRESCIBLE WASTE TO THE WEST VAN MATERIALS RECOVERY CENTER AND THE CENTRAL TRANSFER AND RECYCLING CENTER LOCATED IN CLARK COUNTY, WASHINGTON	))))))	RESOLUTION NO. 12-4379 Introduced by Martha J. Bennett, Chief Operating Officer, with the concurrence of Tom Hughes, Council President

WHEREAS, the Metro Code requires a non-system license of any person that delivers solid waste generated from within the Metro Region to a non-system disposal facility; and

WHEREAS, American Sanitary Service, Inc. ("American") holds Metro Solid Waste Facility Non-System License No. N-020-12A, which expires on December 31, 2012; and

WHEREAS, American has filed a complete application seeking renewal of the non-system license to deliver putrescible waste to the West Van Materials Recovery Center and the Central Transfer and Recycling Center for disposal under the provisions of Metro Code Chapter 5.05, "Solid Waste Flow Control;" and

WHEREAS, Metro Code Chapter 5.05 provides that applications for non-system licenses for putrescible waste shall be reviewed by the Chief Operating Officer and are subject to approval or denial by the Metro Council; and

WHEREAS, the Chief Operating Officer has analyzed the application and considered the relevant factors under the Metro Code; and

WHEREAS, the Chief Operating Officer recommends that the non-system license be renewed together with specific conditions as provided in Exhibit A to this Resolution; now therefore,

THE METRO COUNCIL RESOLVES AS FOLLOWS:

1. The non-system license renewal application of American is approved subject to the terms, conditions, and limitations contained in Exhibit A to this Resolution.

2. The Chief Operating Officer is authorized to issue to American a renewed Solid Waste Facility Non-System License substantially similar to the one attached as Attachment 1.

ADOPTED by the Metro Council this ____ day of _______, 2012.

____
Tom Hughes, Council President

Approved as to Form:

____
Alison Kean-Campbell, Metro Attorney

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STAFF REPORT

IN CONSIDERATION OF RESOLUTION NO. 12-4379 AUTHORIZING THE CHIEF OPERATING OFFICER TO ISSUE A RENEWED NON-SYSTEM LICENSE TO AMERICAN SANITARY SERVICE, INC. FOR DELIVERY OF PUTRESCIBLE WASTE TO THE WEST VAN MATERIALS RECOVERY CENTER AND THE CENTRAL TRANSFER AND RECYCLING CENTER LOCATED IN CLARK COUNTY, WASHINGTON

November 6, 2012 Prepared by: Warren Johnson
503-797-1836

Approval of Resolution No. 12-4379 will authorize the Chief Operating Officer (COO) to issue a two-year non-system license (NSL), substantially similar to the proposed license attached to this resolution as Exhibit A, to American Sanitary Service, Inc. (American). The NSL will authorize the delivery of up to 2,155 tons of putrescible waste to either the West Van Materials Recovery Center (WVAN) or the Central Transfer and Recycling Center (CTRC), located in Clark County, Washington, during calendar year 2013. The NSL also authorizes the COO to establish and allocate a calendar year tonnage authorization in 2014 in a manner similar to that described in this staff report.

The applicant (American), the destination facilities (WVAN and CTRC), as well as the ultimate disposal site (Finley Buttes Landfill) are all owned by Waste Connections, Inc. (WCI), a waste management company headquartered in The Woodlands, Texas.

1. INTRODUCTION

A. Background

(1) <u>Overview</u>

NSLs are the main vehicles by which Metro manages its contractual obligation to deliver a minimum of 90 percent of the region's putrescible waste, which is delivered to general purpose landfills during the calendar year, to landfills owned by Waste Management (also known as "*the flow guarantee*"). NSLs allow Metro to closely monitor and potentially guide waste flows to authorized facilities in order to comply with the contract. This approach provides for a high level of control and fast response to changing conditions. Resolution No. 12-4379 would grant an NSL to American to deliver Metro-area putrescible waste to facilities owned by WCI located in Clark County, Washington. That is, this NSL controls a portion of the 10 percent of uncommitted waste not guaranteed to Waste Management under Metro's disposal contract. Metro Council is scheduled to consider four such NSL resolutions which allocate the uncommitted 10 percent. In addition to this action for American, the Council is scheduled to consider resolutions for Arrow Sanitary Service, Inc. (Res. No. 12-4378), Crown Point Refuse, Inc. (Res. No. 12-4376), and Willamette Resources, Inc. (Res. No. 12-4377) at its meeting on November 15, 2012.

In December 2011, the Metro Council granted one-year NSLs to each of the above referenced licensees - as the Council has done for these types of NSL renewals since 2009. The Council approved a maximum tonnage allocation for the calendar year which, summed across all licenses, did not exceed 9.5 percent of the total forecasted tonnage subject to the flow guarantee based on Metro's tonnage forecast for 2012. Upon issuance of the NSLs, each licensee immediately received 85 percent of its portion of the total tonnage allocation as an upfront annual limit. The remaining amount was held in reserve for the COO to "release" as available by November 2, 2012. On October 3, 2012, the COO released additional tonnage to each of the licensees, reflecting the revised, downward tonnage forecast. Table 1 illustrates the initial and adjusted annual tonnage authorizations for each licensee in 2012.

Table 1: Summary of Annual Tonnage Authorizations for existing NSLs in 2012

Licensee	Licensee's Portion of Allocable Tonnage for 2012 (Percent)	Initial Tonnage Authorization for 2012	Additional Tonnage Released in October 2012	Total Adjusted Tonnage Authorization for 2012
American Sanitary Service, Inc. NSL No. N-020-12A	3.8	2,321	340	2,661
Arrow Sanitary Service, Inc. NSL No. N-029-12A	42.0	25,465	3,727	29,192
Crown Point Refuse, Inc. NSL No. N-108-12A	0.3	184	27	211
Willamette Resources, Inc. NSL No. N-005-12(3)A	53.9	32,649	4,779	37,428
TOTAL	100	60,619	8,873	69,492

As discussed in the "Budget/Rate Impact" section of this staff report, the longstanding policy of allocating the uncommitted tonnage increases Metro's tip fee by an estimated 25 cents per ton. At current throughput levels, Metro's transfer station customers will pay approximately $100,000 more for disposal in calendar year 2013 than if 100 percent of the waste were delivered to a landfill owned by Waste Management. Last year, staff assumed these NSLs would be renewed and incorporated their effects into the FY 2012-13 solid waste rates and budget. The financial impact of granting the proposed NSLs will also be factored into the FY 2013-14 solid waste rates and budget.

(2) <u>Design of the 2013 and 2014 NSLs</u>

For the 2013 and 2014 renewal period, staff is proposing the same approach for evaluating the applications and determining the annual tonnage authorizations that Metro has used for these types of NSLs since 2009. However, staff recommends that Council renew these types of NSLs for a standard two-year term instead of the one-year term that is authorized under the existing licenses. In 2009, as a way to manage declining tonnage and potential legal risks to the flow guarantee, Metro opted to issue certain NSLs on an annual basis. Although tonnage continues to decline, the proposed NSL includes conditions that provide Metro with controls for monitoring and managing the flow guarantee against fluctuating waste tonnage in the system. Therefore, Metro staff recommends that these NSLs return to a standard two-year term.

Although the NSLs are proposed for a two-year term, the tonnage allocations will continue to be made on an annual basis with the same reserve release feature that is used for the current licenses. In particular, staff recommends that the Metro Council again annually allocate 9.5 percent of the available forecasted tonnage to those applicants that have applied to renew their existing licenses. The limitation for each NSL will continue to be based on a share of the tonnage that is projected to be available for allocation on an annual basis during calendar years 2013 and 2014. The tonnage would be released in allotments on a calendar year basis for use by the licensee. The first-year tonnage authorization would be established at the time the license is issued and initially be available for use by the licensee on

January 1, 2013. The second-year tonnage authorization would then be established by the COO and released to the licensee by January 1, 2014. The COO would establish the 2014 tonnage authorization and allocate the annual reserve tonnage based on the methodology described in this report.

The tonnage available for allocation is based on Metro's preliminary tonnage forecast completed in October of the preceding year. This will be the same forecast that is used in the five-year financial outlook prepared for Council and will be used to inform the budget and solid waste rates.
If the Metro Council allocates the full 9.5 percent as proposed, then, based on the current Code requirement to consider the impact of Metro's contractual obligations when granting NSLs, staff would recommend that the Council not allow tonnage limit increases under these licenses, except as described in this report. Furthermore, should Metro receive new applications for these types of NSLs during either 2013 or 2014, it would be difficult for the Council to adopt findings approving such NSLs unless additional solid waste tonnage becomes available during those years (e.g., a significant economic upturn, a new diversion program that substantially under-performs on expectations, or a current license-holder no longer using its entire tonnage allocation).

In the proposed NSLs, on January 1, 2013, each licensee will receive 85 percent of its portion of the total tonnage allocation as an upfront annual tonnage limit for 2013. The remaining 15 percent for 2013 would then be held in reserve for the COO to release, as available, by no later than November 2, 2013. In December 2013, the COO would then continue the same allocation process and establish a new tonnage authorization for each licensee for 2014 without the need to seek further Council action.

(3) <u>Tonnage Allocation Methodology</u>

The tonnage allocations are based on Metro's preliminary forecast of future waste that is subject to the flow guarantee under its disposal contract with Waste Management, and the share of such waste that each licensee controlled in the most recent 12-month period. The details of the 2013 allocation are described below and are based on the amount of waste each license controlled during the period of October 2011 through September 2012. However, the allocation amounts for 2014 have not yet been established. The COO will later determine and release the 2014 allocations using the same methodology described below based on the tonnage information that Metro receives during that corresponding 12-month period.

- *Total Tonnage*. Metro projects that 719,242 tons will be subject to the flow guarantee in calendar year 2013. These numbers are derived from Metro's latest econometric forecasting model of the solid waste system. This model is used for all of Metro's major decisions involving solid waste tonnage including planning, budgeting, rate setting and revenue projections. The allocation numbers are based on the projections completed in October 2012 for the five-year budget planning outlook for all of Metro.
- *Reservation Tonnage*. Metro reserves a portion of the total tonnage to meet its contractual obligations under the disposal contract. For these allocations, Metro reserved 90.5 percent, which is comprised of the 90 percent flow guarantee plus a management allowance of 0.5 percent for the tonnage that would flow during a 2.6 week cycle should the redirection of the waste have to be implemented. The 2.6 weeks is comprised of a 2-week reporting lag, plus four days for notification and redirection logistics.

- *Allocable Tonnage*. 68,328 tons comprise the 9.5 percent of the total tonnage (719,242 tons) that are not reserved and therefore initially available to allocate among the applicants in calendar year 2013.
- *Licensee's Portion*. Each licensee is allocated a share of the 68,328 tons in the same proportion as the tonnage subject to the flow guarantee that the licensee controlled (as measured by actual deliveries to all solid waste facilities) during the most recent 12-month period, October 2011 through September 2012. Table 2 illustrates the amount of solid waste that each licensee delivered to all solid waste facilities during the above referenced period.

Table 2: Amount of Solid Waste that Licensees Delivered to All Solid Waste Facilities (October 2011 through September 2012)

Licensee	Tons	Percent
American Sanitary Service, Inc.	4,122	3.7
Arrow Sanitary Service, Inc.	42,243	38.0
Crown Point Refuse, Inc.	283	0.3
Willamette Resources, Inc.	64,430	58.0
TOTAL	111,079	100

Table 3 illustrates the proposed 2013 authorizations for each licensee based upon its share of the allocable tonnage. For American, the share was 3.7 percent, leading to the initial recommended license authorization of up to 2,155 tons in 2013.

Table 3: Comparison of Proposed 2013 Allocations by NSL Applicant

Licensee	Initial Annual Tonnage Authorization for 2013 (85%)	Tonnage Reserve for 2013 (15%)	Total Tonnage Allocation for 2013
American Sanitary Service, Inc. Res. No. 12-4379	2,155	380	2,535
Arrow Sanitary Service, Inc. Res. No. 12-4378	22,088	3,898	25,986
Crown Point Refuse, Inc. Res. No. 12-4376	148	26	174
Willamette Resources, Inc. Res. No. 12-4377	33,688	5,945	39,633
TOTAL	58,079	10,249	68,328

B. The Applicant

American is a solid waste hauler that is franchised to collect solid waste within the cities of Portland and Gresham. The applicant has been a holder of NSLs since 2002.

The term of American's existing NSL No. N-020-12A commenced on January 1, 2012 and is set to expire on December 31, 2012. The calendar year tonnage limitation that Metro initially established for the NSL

(2,321 tons) was based on Metro's forecast, issued October 2011, of the waste that was subject to its disposal contract with Waste Management. However, based on tonnage information through August 2012, the COO subsequently amended American's NSL to release an additional 340 tons, resulting in a total adjusted tonnage authorization of 2,661 tons for 2012. Table 1 illustrates American's initial and adjusted annual tonnage authorizations for 2012.

On August 22, 2012, American submitted an NSL application requesting that Metro renew its NSL in 2013 with a tonnage authorization of 6,000 tons. However, under the proposed NSL, American would receive an initial tonnage authorization of 2,155 tons for use in 2013 and a second-year tonnage limit to be established and released by the COO for 2014 as explained in this report.

C. Special Provisions of the NSL for Managing Risk

The proposed license includes four conditions that are intended to further minimize Metro's risk of noncompliance with its disposal contract by providing Metro with additional controls for monitoring and managing the flow guarantee against fluctuating waste tonnage in the system. All four conditions, explained below, were carried forward from the existing license and are included in all of the proposed NSLs for all licensees identified in Section 1A(1) of this report. These conditions are unique to the NSLs that control the 10 percent of putrescible waste that is not committed under Metro's disposal contract.

(1) <u>Calendar Year Tonnage Authorization</u>

The proposed NSL establishes an initial tonnage authorization for 2013 and authorizes the COO to establish a second-year tonnage authorization in 2014 using the same allocation method described in this report. In addition, the license authorizes the COO to release additional "reserved" tonnage to the licensee if available during the term of the license.

Section 2 of the proposed NSL authorizes American to initially deliver up to 2,155 tons of putrescible waste to WVAN and CTRC during calendar year 2013. Effective January 1, 2013, this annual tonnage limit is available for use throughout the first year of the license. The license also stipulates that, by no later than November 2, 2013, the COO may release reserved tonnage and increase the licensee's limit by up to an additional 15 percent (380 tons in 2013) as available. If the COO were to release the full reserve amount provided under this proposed license, then American's annual tonnage limit would be increased up to a total of 2,535 tons in 2013.

Additionally, Section 2 stipulates that, by no later than December 31, 2013, the COO may amend the proposed NSL to establish an initial tonnage limit for calendar year 2014. This second-year tonnage limit would become effective January 1, 2014, and be available for use throughout 2014. Then, by no later than November 2, 2014, the COO may again release reserved tonnage and increase the licensee's 2014 limit by up to an additional 15 percent as described above.

This condition allows the COO to adjust the annual tonnage authorization as necessary to meet Metro's contractual obligations and allows the maximum use of the licensee's available tonnage. By adopting this resolution, the Metro Council authorizes the COO to establish an annual tonnage authorization for 2014 and release reserve tonnage in 2013 and 2014 as described above.

(2) Tonnage Authorization Growth Allowance

Should economic conditions improve during the term of the NSL such that solid waste tonnage increases significantly above the level that was forecasted by Metro, the proposed NSL includes a provision to allow for additional tonnage allocation when a clear public benefit can be demonstrated.

Section 7 of the proposed NSL stipulates that, in addition to the 15 percent reserve tonnage allocation described above, the COO may increase the annual tonnage authorization of the licensee by up to an additional five percent of its total tonnage allocation each year (i.e., 126 tons in 2013) if such tonnage is available during the term of the license. If the COO were to grant the maximum growth allowance and release the licensee's full reserve amount (as described above), then American's initial annual tonnage limit could be increased up to a total of 20 percent each year (i.e., maximum tonnage authorization of 2,661 tons in 2013). The COO's decision whether to grant such a growth allowance will be based on Metro's actual experience with flows of waste that are subject to the flow guarantee during the term of the license. The COO will also consider whether there is a sufficient public benefit by granting more tonnage. This means that through the combination of the reserve tonnage and growth allowance conditions described above, the COO is authorized to increase the annual tonnage limit of the proposed license by up to 20 percent each year without seeking further Council action. Any tonnage increases greater than 20 percent in a year (i.e., increases above the combined growth allowance and reserve tonnage amounts) would require Council approval. By adopting this resolution, the Metro Council authorizes the COO to determine and allocate a growth allowance as described above.

(3) Redirection of Waste Flow

In the event of further declines in system-wide putrescible waste, the proposed NSL authorizes the COO to immediately redirect the licensee's waste to Metro Central or South Transfer Stations if necessary to prevent a violation of the disposal contract flow guarantee.

Section 7 of the proposed NSL stipulates that the COO may redirect the licensee's waste flow with a minimum of 24 hours written notice. By adopting this resolution, the Metro Council authorizes the COO to redirect the licensee's waste, as described above, if necessary to comply with the disposal contract flow guarantee.

(4) Weekly and Daily Reporting Requirement

The proposed NSL allows the COO to require the licensee to report tonnage information to Metro on a weekly or daily basis if necessary. (NSLs generally specify that required information must be transmitted to Metro on a monthly basis).

Section 6 of the proposed NSL stipulates that the COO may determine when more frequent reporting is necessary. By adopting this resolution, the Metro Council authorizes the COO to immediately implement more frequent reporting requirements as needed.

D. Special Provision of the NSL Unique to American

As in 2012, the proposed NSL carries forward a condition that allows the licensee to perform a semi-annual collection route audit to implement reporting adjustments. (NSLs generally include scale-based reporting requirements for all transactions). However, the applicant has been hauling accounts that lie outside the Metro region. In order to route its trucks efficiently, American trucks must cross the Metro jurisdictional boundary and co-mingle in-Metro waste with a small amount of out-of-Metro waste on one collection route. In order to determine the appropriate fees and taxes owed to Metro, American and Metro have mutually agreed to a procedure whereby American performs a semi-annual review of its collection routes to determine which accounts are located within the Metro region.

Section 6 of the proposed NSL stipulates that the licensee must perform an audit of its collection routes at least twice during each calendar year and implement all necessary tonnage adjustments for reporting and the remittance of fees and taxes. Staff finds this to be a reasonable and verifiable procedure for the small amount of waste that the applicant collects from outside of the Metro region.

2. ANALYSIS/INFORMATION

A. Known Opposition

There is no known opposition to the proposed license renewal.

B. Legal Antecedents

Metro Code Section 5.05.025 prohibits any person from utilizing non-system facilities without an appropriate license from Metro. Additionally, Code Section 5.05.035(c) provides that, when determining whether or not to approve an NSL application, the Metro Council shall consider the following factors to the extent relevant to such determination.

> *(1) The degree to which prior users of the non-system facility and waste types accepted at the non-system facility are known and the degree to which such wastes pose a future risk of environmental contamination;*

The applicant (American) is well known to Metro regulatory staff and is owned by a major, national integrated solid waste company. The environmental risks from the use of the non-system facilities are minimal as both the transfer stations and landfill destinations are fully regulated by the appropriate local and state authorities.

> *(2) The record of regulatory compliance of the non-system facility's owner and operator with federal, state and local requirements including but not limited to public health, safety and environmental rules and regulations;*

Metro staff's investigation of WCI revealed a good record of compliance with local and state agencies responsible for health, safety, and environmental regulations.

> *(3) The adequacy of operational practices and management controls at the non-system facility;*

WVAN and CTRC use operational practices and management controls that are typical of transfer stations and that Metro considers adequate for the protection of health and the environment. In addition, the Finley Buttes Landfill uses operational practices and management controls that are typical of Subtitle D landfills. Staff at DEQ, the landfill's regulator, consider the operational practices and management controls in place at the landfill to be appropriate for the protection of health and the environment.

(4) The expected impact on the region's recycling and waste reduction efforts;

The proposed license covers putrescible solid waste, which currently has limited recovery potential. The license puts no long-term constraint or commitment on the waste should recovery alternatives emerge for the region. Thus, approval of the proposed license renewal is not expected to impact the region's recycling and waste reduction efforts.

(5) The consistency of the designation with Metro's existing contractual arrangements;

NSLs are the main vehicles by which Metro manages its contractual obligation to deliver a minimum of 90 percent of the region's putrescible waste, which is delivered to general purpose landfills during the calendar year, to landfills owned by Waste Management. This proposed NSL controls a portion of the 10 percent of uncommitted waste not guaranteed to Waste Management under the disposal contract. This proposed NSL renewal is one of four similar licenses that will expire at the end of 2012. Provisions in the NSL allow Metro to monitor compliance with its disposal contract, as was covered in Section 1A of this report.

(6) The record of the applicant regarding compliance with Metro ordinances and agreements or assistance to Metro in Metro ordinance enforcement and with federal, state and local requirements including but not limited to public health, safety and environmental rules and regulations;

The applicant is currently in compliance with its Metro-issued NSL and has not had any significant compliance issues with regard to Metro regulations within the last two years. Additionally, American has had no violations related to public health, safety or environmental regulations during the term of the existing license.

(7) Such other factors as the Chief Operating Officer deems appropriate for purposes of making such determination.

This criterion was examined above in Sections 1A and 1C of this report.

C. Anticipated/Potential Effects

This proposed NSL is one of many action items currently under consideration by Metro which is affected by potential declines in the amount of solid waste subject to the flow guarantee. Some decisions could have the effect of shrinking the pool of waste available for allocation. The forecast of waste subject to the flow guarantee, which is the basis for the NSL tonnage authorizations in 2013, incorporates the best available information as of this writing.

D. Budget/Rate Impacts

The price that Metro pays for disposal at Columbia Ridge Landfill is a "declining block rate" — meaning that the more waste that is delivered to any landfill owned by Waste Management, the lower the per-ton cost paid by Metro. Based on projected tonnage and contract prices, allocating the uncommitted 68,328 tons (as proposed for 2013) to non-Waste Management landfills increases the Metro tip fee by 25 cents per ton. At current throughput of approximately 400,000 tons per year, Metro customers will pay approximately $100,000 more for disposal in FY 2013-14 than if all of the uncommitted waste were to flow to Waste Management landfills (with a similar financial impact expected in FY 2014-15). This is a conservative estimate, as it is based on the assumption that none of these tons would have been handled directly through Metro transfer stations. Had that been the case there would be additional fiscal impacts from loss of transaction revenue and higher per-ton revenue required to cover fixed costs. The practice of issuing these types of NSLs and absorbing these fiscal impacts has been occurring under the Council's direction for the past 12 years.

The Metro Regional System Fee and Excise Tax will continue to be collected on all waste delivered under authority of the proposed NSL. The application under consideration is the renewal of an existing NSL (No. N-020-12A). Therefore, the financial impact has already been factored into the budget.

3. RECOMMENDED ACTION

Based on the information provided above and the analysis provided in this report, the COO recommends that the Metro Council adopt Resolution No. 12-4379. Approval of this resolution will authorize the COO to issue an NSL to American subject to the requirements listed in Metro Code Chapter 5.05; and further subject to special conditions which are incorporated into the proposed NSL attached to the staff report for this resolution as Attachment 1.

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600 NORTHEAST GRAND AVENUE | PORTLAND, OREGON 97232 2736
TEL 503 797 1835 | FAX 503 813 7544

METRO

METRO SOLID WASTE FACILITY NON-SYSTEM LICENSE

No. N-020-13

LICENSEE:		
	American Sanitary Service, Inc. 12820 NE Marx Street Portland, OR 97230	
CONTACT PERSON:		
	Jason Craft	Dean Large
Phone:	(503) 542-3425	(360) 695-4858
Fax:	(916) 244-0924	(360) 695-5091
E-Mail:	jasoncr@wcnx.org	deanl@wcnx.org
MAILING ADDRESS:		
	American Sanitary Service, Inc. 12820 NE Marx Street Portland, OR 97230	

ISSUED BY METRO:

Scott Robinson, Deputy Chief Operating Officer ______________________ Date ______________________

1	**NATURE OF WASTE COVERED BY LICENSE**
	Putrescible solid waste that is generated by residential and commercial customers within the Metro region and collected by American Sanitary Service, Inc.

2	**CALENDAR YEAR TONNAGE LIMITATION**
	The Licensee is authorized to deliver the waste described in Section 1 of this license to the non-system facilities described in Section 3 as follows: (a) For the first year of the license, beginning January 1, 2013, and ending December 31, 2013, the Licensee is authorized to deliver up to 2,155 tons; (b) By no later than November 2, 2013, Metro's Chief Operating Officer ("COO") may release additional reserve tonnage and amend Section 2 of this license to adjust the 2013 tonnage limitation as established by Metro Council and described in the staff report to Resolution No. 12-4379; (c) By no later than the December 31, 2013, the COO shall establish a second-year tonnage limitation, beginning January 1, 2014, and ending December 31, 2014, and amend Section 2 of this license to include a 2014 tonnage limitation as established by Metro Council and described in the staff report to Resolution No. 12-4379; and (d) By no later than November 2, 2014, the COO may release additional reserve tonnage and amend Section 2 of this license to adjust the 2014 tonnage limitation as established by Metro Council and described in the staff report to Resolution No. 12-4379.

3	NON-SYSTEM FACILITIES
	The Licensee hereunder is authorized to deliver the waste described above in Section 1 to the following non-system facilities: West Van Materials Recovery Center 6601 NW Old Lower River Road Vancouver, WA 98660 Central Transfer and Recycling Center 11034 NE 117th Avenue Vancouver, WA 98661 This license is issued on condition that the non-system facilities named in this section are authorized to accept the type of waste described in Section 1. If Metro receives notice from Clark County or other appropriate regulatory authority that these non-system facilities are not authorized to accept such waste, Metro may immediately terminate this license pursuant to Section 7 of this license.

4	TERM OF LICENSE
	The term of this license will commence on January 1, 2013 and expire at midnight on December 31, 2014, unless terminated sooner under Section 7 of this license.

5	REPORTING OF ACCIDENTS AND CITATIONS
	Licensee shall report to Metro any significant incidents (such as fires), accidents, and citations involving vehicles transporting the solid waste authorized by this license.

6	Record Keeping and Reporting
	(a) The Licensee shall keep and maintain accurate records of the amount of all solid waste that the Licensee delivers to the non-system facilities described in Section 3 of this license. The Licensee shall keep and maintain complete and accurate records of the following for all transactions with the authorized non-system facilities: i. Ticket or weight slip number from the non-system facility; ii. Material category designating the type of material transferred to the non-system facility; iii. Date the load was transferred to the non-system facility;

	iv. Time the load was transferred to the non-system facility; v. Net weight of the load; and vi. Fee charged by the non-system facility (b) No later than the fifteenth (15th) day of each month, beginning with the first month following the commencement date of this license, Licensee shall: i. Transmit the records required under Section 6(a) above to Metro in an electronic format prescribed by Metro; ii. Submit to Metro a Regional System Fee and Excise Tax Report, that covers the preceding month; and iii. Remit to Metro the requisite Regional System Fees and Excise Tax in accordance with the Metro Code provisions applicable to the collection, payment, and accounting of such fees and taxes. (c) Licensee shall make all records from which Sections 6(a) and 6(b) above are derived available to Metro (or Metro's designated agent) for its inspection or copying, as long as Metro provides no less than three (3) business days written notice of an intent to inspect or copy documents. Licensee shall, in addition, sign or otherwise provide to Metro any consent or waiver necessary for Metro to obtain information or data from a third party, including the non-system facilities named in Section 3, above. (d) Metro may require the Licensee to report the information required by this Section on a weekly or daily basis. (e) At least once during the first half of the calendar year and once during the second half of the year, Licensee shall review its collection routes to determine which of its accounts are within the Metro region. Any adjustments are to be implemented in the next month's Regional System Fee and Excise Tax Report. Reports confirming the reviews and summarizing changes shall be submitted to Metro by May 31 and November 30 of each calendar year.

7	**ADDITIONAL LICENSE CONDITIONS**
	This license shall be subject to the following conditions: (a) The permissive transfer of solid waste to the non-system facilities, listed in Section 3, authorized by this license shall be subordinate to any subsequent decision by Metro to direct the solid waste described in this license to any other facility. (b) In addition to the amendments by the COO authorized by Section 2 of this license, this license shall be subject to amendment, modification, or termination by the COO in the event that the COO determines that:

	i. There has been sufficient change in any circumstances under which Metro issued this license; ii. The provisions of this license are actually or potentially in conflict with any provision in Metro's disposal contract with Waste Management Disposal Services of Oregon, Inc., dba Oregon Waste Systems, Inc.; iii. Metro's solid waste system or the public will benefit from, and will be better served by, an order directing that the waste described in Section 1 of this license be transferred to, and disposed of at, a facility other than the facilities listed in Section 3; or iv. There has been sufficient change in the amount of tonnage available for allocation during the term of the license. In the event that additional tonnage becomes available for allocation, the COO may amend Section 2 of this license to increase the calendar year tonnage limitation by up to five percent in addition to the reserve tonnage amount described in Section 2. (c) This license shall, in addition to subsections (b)(i) through (b)(iv), above, be subject to amendment, modification, suspension, or termination pursuant to the Metro Code. (d) The Licensee shall not transfer or assign any right or interest in this license without prior written notification to, and approval of, Metro. (e) This license shall terminate upon the execution of designated facility agreements with the facilities listed in Section 3 that authorizes the facilities to accept the waste described in Section 1 of this license. (f) This license authorizes the delivery of solid waste to the facilities listed in Section 3. Transfer of waste generated from within the Metro boundary to any non-system facility other than that specified in this license is prohibited unless authorized in writing by Metro. (g) The COO may direct the Licensee's waste flow under this non-system license to Metro Central Transfer Station or Metro South Transfer Station with a minimum of 24 hours written notice. Any redirection of the waste flow by the COO is effective immediately. (h) If the Licensee exceeds the calendar year limitation set forth in Section 2 of this license, each ton or portion thereof by which the Licensee exceeds the limitation constitutes a separate violation subject to a penalty of up to $500.

8	**COMPLIANCE WITH LAW**
	Licensee shall fully comply with all applicable local, regional, state and federal laws, rules, regulations, ordinances, orders, and permits pertaining in any manner to this license, including all applicable Metro Code provisions and administrative procedures adopted pursuant to Chapter 5.05 whether or not

	those provisions have been specifically mentioned or cited herein. All conditions imposed on the collection and hauling of the Licensee's solid waste by federal, state, regional or local governments or agencies having jurisdiction over solid waste generated by the Licensee shall be deemed part of this license as if specifically set forth herein.

9	INDEMNIFICATION
	Licensee shall defend, indemnify and hold harmless Metro, its elected officials, officers, employees, agents and representatives from any and all claims, demands, damages, causes of action, or losses and expenses, or including all attorneys' fees, whether incurred before any litigation is commenced, during any litigation or on appeal, arising out of or related in any way to the issuance or administration of this non-system license or the transport and disposal of the solid waste covered by this license.

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Agenda Item No. 4.6

Resolution No. 12-4380, For the Purpose of Authorizing the Chief Operating Officer to Issue a Renewed Non-System License to Waste Management of Oregon, Inc. for Delivery of Putrescible Waste from the Troutdale Transfer Station to the Columbia Ridge Landfill Located in Gilliam County, Oregon, and Under Certain Unusual Circumstances to Riverbend Landfill in Yamhill County, Oregon.

Consent Agenda

Metro Council Meeting
Thursday, Nov. 15, 2012
Metro, Council Chamber

BEFORE THE METRO COUNCIL

AUTHORIZING THE CHIEF OPERATING OFFICER TO ISSUE A RENEWED NON-SYSTEM LICENSE TO WASTE MANAGEMENT OF OREGON, INC. FOR DELIVERY OF PUTRESCIBLE WASTE FROM THE TROUTDALE TRANSFER STATION TO THE COLUMBIA RIDGE LANDFILL LOCATED IN GILLIAM COUNTY, OREGON, AND UNDER CERTAIN UNUSUAL CIRCUMSTANCES TO RIVERBEND LANDFILL IN YAMHILL COUNTY, OREGON	))))))))	RESOLUTION NO. 12-4380 Introduced by Martha J. Bennett, Chief Operating Officer, with the concurrence of Tom Hughes, Council President

WHEREAS, the Metro Code requires a non-system license of any person that delivers solid waste generated from within the Metro Region to a non-system disposal facility; and

WHEREAS, Waste Management of Oregon, Inc. ("WMO") holds Metro Solid Waste Facility Non-System License No. N-001-11A, which expires on December 31, 2012; and

WHEREAS, WMO has filed a completed application seeking renewal of the non-system license to deliver putrescible waste from the Troutdale Transfer Station to the Columbia Ridge Landfill and Riverbend Landfill for disposal under the provisions of Metro Code Chapter 5.05, "Solid Waste Flow Control;" and

WHEREAS, the Metro Code Chapter provides that applications for non-system licenses for putrescible waste shall be reviewed by the Chief Operating Officer and are subject to approval or denial by the Metro Council; and

WHEREAS, the Chief Operating Officer has analyzed the application and considered the relevant factors under the Metro Code; and

WHEREAS, the Chief Operating Officer recommends that the non-system license be renewed together with specific conditions as provided in Exhibit A to this Resolution; now therefore,

THE METRO COUNCIL RESOLVES AS FOLLOWS:

1. The non-system license renewal application of WMO is approved subject to the terms, conditions, and limitations contained in Exhibit A to this Resolution.

2. The Chief Operating Officer is authorized to issue to WMO a renewed Solid Waste Facility Non-System License substantially similar to the one attached as Attachment 1.

ADOPTED by the Metro Council this ____ day of _______, 2012.

____
Tom Hughes, Council President

Approved as to Form:

____
Alison Kean-Campbell, Metro Attorney

STAFF REPORT

IN CONSIDERATION OF RESOLUTION NO. 12-4380 AUTHORIZING THE CHIEF OPERATING OFFICER TO ISSUE A RENEWED NON-SYSTEM LICENSE TO WASTE MANAGEMENT OF OREGON, INC. FOR DELIVERY OF PUTRESCIBLE WASTE FROM THE TROUTDALE TRANSFER STATION TO THE COLUMBIA RIDGE LANDFILL LOCATED IN GILLIAM COUNTY, OREGON, AND UNDER CERTAIN UNUSUAL CIRCUMSTANCES TO RIVERBEND LANDFILL IN YAMHILL COUNTY, OREGON

November 6, 2012 Prepared by: Warren Johnson
503-797-1836

Approval of Resolution No. 12-4380 will authorize the Chief Operating Officer (COO) to issue a two-year non-system license (NSL) to Waste Management of Oregon, Inc. (WMO) to annually deliver up to 70,000 tons of putrescible waste from the Troutdale Transfer Station (TTS) to the Columbia Ridge Landfill (CRLF) located in Gilliam County, Oregon and under certain unusual circumstances and emergency conditions, to the Riverbend Landfill (RLF) located in Yamhill County, Oregon. The proposed NSL is the renewal of a current license that is set to expire on December 31, 2012, and it renews the existing authorization that WMO has held under licenses since 2003.

BACKGROUND

In early 2009, Metro entered into designated facility agreements with CRLF (Metro Contract No. 928982) and RLF (Metro Contract No. 929082). These agreements, which expire at the end of 2013, allow certain types of Metro-area waste (such as non-putrescible processing residual) to be delivered to these landfills without the need to obtain an NSL. However, NSLs are required in order to deliver Metro-area putrescible waste to these landfills because they are not designated to accept putrescible solid waste from the Metro region, as provided in Metro Code Section 5.05.030(a) or under the agreements. NSLs are the main vehicles by which Metro manages its contractual obligation to deliver a minimum of 90 percent of the region's putrescible waste, which is delivered to general purpose landfills during the calendar year, to landfills owned by WMO (also known as "*the flow guarantee*"). These types of NSLs allow Metro to closely monitor and potentially guide waste flows to authorized facilities in order to comply with the contract.

In November 2010, WMO was granted an NSL (No. N-001-11) to deliver a maximum of 70,000 tons per calendar year of putrescible waste, from the TTS, to the CRLF and RLF for disposal. The term of the NSL commenced on January 1, 2011 and expires on December 31, 2012. In June 2012, Metro amended the NSL (No. N-001-11A) to increase the annual tonnage authorization by 3,500 tons (up to 73,500 tons) for calendar year 2012. The NSL was amended in order to align its tonnage authorization with that of TTS' Solid Waste Facility Franchise No. F-001-08B (the "Franchise").

The current NSL authorizes the delivery of solid waste primarily to CRLF with an allowance to also deliver waste to RLF under certain unusual circumstances and emergency situations that would prevent the delivery of waste to CRLF, such as the closure of Interstate 84. The Licensee delivered approximately 69,351 tons of putrescible waste to CRLF under authority of this existing NSL during calendar year 2011 and approximately 53,280 tons to CRLF between January and September 2012. The Licensee did not deliver any putrescible waste to RLF in 2011, but it delivered approximately 489 tons to RLF during 2012 due to equipment maintenance and repairs at TTS.

On August 15, 2012, WMO submitted to Metro an application requesting that Metro renew this NSL with a tonnage authorization of 70,000 tons per calendar year.

ANALYSIS/INFORMATION

1. Known Opposition

There is no known opposition to the issuance of NSLs authorizing the delivery of waste to CRLF. However, within Yamhill County, there is known local public opposition to the expansion of RLF and to the disposal of any waste generated outside of Yamhill County that may contribute to WMO's need to expand capacity at the landfill. The expansion decision continues to play itself out through the county and state land use, and state solid waste permitting process. Metro staff notified Yamhill County of the applicant's request and the County's solid waste staff has reported that the landfill is in compliance with local requirements and the County does not object to solid waste being received from the Metro region. This proposed NSL limits the use of RLF to unusual circumstances and emergency situations that would otherwise prevent TTS from delivering waste to CRLF, such as the closure of Interstate 84 or the temporary breakdown of the facility's compactor.

2. Legal Antecedents

Metro Code Section 5.05.025 prohibits any person from utilizing non-system facilities without an appropriate license from Metro. Additionally, Code Section 5.05.035(c) provides that, when determining whether or not to approve an NSL application, the Metro Council shall consider the following factors to the extent relevant to such determination.

(1) The degree to which prior users of the non-system facility and waste types accepted at the non-system facility are known and the degree to which such wastes pose a future risk of environmental contamination;

The applicant (WMO) is a major, national integrated solid waste company that is well known to Metro regulatory staff. The environmental risks from the use of these disposal sites are expected to be minimal as the landfills are fully regulated by the appropriate local and state authorities.

(2) The record of regulatory compliance of the non-system facility's owner and operator with federal, state and local requirements including but not limited to public health, safety and environmental rules and regulations;

WMO owns and operates both CRLF and RLF. Metro staff's investigation of WMO has revealed a good record of compliance with local and state agencies responsible for health, safety, and environmental regulations.

(3) The adequacy of operational practices and management controls at the non-system facility;

Both CRLF and RLF use operational practices and management controls that are typical of Subtitle D landfills. Staff at the Oregon Department of Environmental Quality (DEQ), the landfills' regulator, considers the operational practices and controls in place at these landfills to be appropriate for the proper management of waste disposal and adequate for the protection of health and the environment.

(4) The expected impact on the region's recycling and waste reduction efforts;

The proposed license covers putrescible solid waste, which currently has limited recovery potential. The license puts no long-term constraint on the waste should recovery alternatives emerge for the region. Thus, approval of the proposed license renewal is not expected to impact the region's recycling and waste reduction efforts.

(5) The consistency of the designation with Metro's existing contractual arrangements;

Metro has a contractual obligation to deliver a minimum of 90 percent of the region's putrescible waste, which is delivered to general purpose landfills during the calendar year, to landfills owned by WMO. The proposed NSL covers putrescible waste that will be delivered to CRLF and RLF, which are owned and operated by WMO. Thus, approval of this license renewal will not conflict with Metro's disposal contract or any other of its existing contractual arrangements.

(6) The record of the applicant regarding compliance with Metro ordinances and agreements or assistance to Metro in Metro ordinance enforcement and with federal, state and local requirements including but not limited to public health, safety and environmental rules and regulations; and

On May 25, 2012, Metro issued a Notice of Violation (No. NOV-312-12) and imposed a $50-penalty on TTS for delivering a single load (20.83 tons) of unprocessed non-putrescible waste to RLF in violation of the facility's Franchise and NSL. The subject load was disposed at RLF without processing for recovery. TTS has since paid the penalty and the matter has been resolved.

TTS is currently in compliance with its Metro-issued Franchise and NSL. With the exception of the above-mentioned violation, the applicant has not had any significant compliance issues with regard to Metro regulations within the last two years. Additionally, TTS has had no violations related to public health, safety or environmental regulations during the term of the existing license.

(7) Such other factors as the Chief Operating Officer deems appropriate for purposes of making such determination.

The proposed NSL is a renewal of an existing license that authorizes the delivery of putrescible solid waste to CRLF and RLF. As requested by the applicant, the NSL includes a 70,000-ton limit – which is the same tonnage authorization stipulated in the Franchise. However, Section 4.3 of the Franchise stipulates that the COO may increase the facility tonnage authorization during the term of the Franchise based on a growth allowance as established in Metro Code Chapter 5.01. (For instance, the COO granted the applicant a small tonnage increase in 2012 to 73,500 tons, but the limit reverts back to 70,000 tons in 2013.)

In consideration of the above-mentioned provision of the Franchise, Section 7(d)(iv) of the proposed license also includes a similar provision which stipulates that the COO may increase the tonnage limit of the NSL as necessary to align it with that of the annual tonnage authorization in the Franchise. This proposed provision, which is carried forward from the existing NSL, would be implemented in the event that the Franchise tonnage limit is subsequently amended.

By adopting this resolution, the Metro Council authorizes the COO to increase the yearly tonnage limit of the NSL by the amount necessary to match the tonnage authorization stipulated in the Franchise without seeking further Council action. This proposed NSL does not increase the total tonnage that TTS is authorized to accept under the terms of its Franchise.

3. Anticipated Effects

The effect of Resolution No. 12-4380 will be to issue a two-year NSL authorizing TTS to deliver up to 70,000 tons per calendar year of putrescible waste to CRLF and, under certain unusual circumstances and emergency conditions, RLF for disposal.

4. Budget Impacts

CRLF and RLF are owned and operated by WMO and this NSL will not impact Metro's obligations under its disposal contract. The regional system fee and excise tax will continue to be collected on Metro-area waste delivered to CRLF and RLF under the authority of the proposed NSL. The application under consideration is the renewal of an existing NSL (No. N-001-11A) therefore, any financial impact of this NSL to Metro has already been factored into the budget.

RECOMMENDED ACTION

The COO recommends approval of Resolution No. 12-4380, finding that the license renewal satisfies the requirements of Metro Code Section 5.05.035, and issuance of an NSL substantially similar to the proposed NSL attached to the staff report for this resolution as Attachment 1.

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600 NORTHEAST GRAND AVENUE | PORTLAND, OREGON 97232 2736
TEL 503 797 1835 | FAX 503 813 7544

METRO

METRO SOLID WASTE FACILITY NON-SYSTEM LICENSE

No. N-001-13

LICENSEE:
Waste Management of Oregon, Inc. dba Troutdale Transfer Station 869 NW Eastwind Drive Troutdale, OR 97060
CONTACT PERSON:
Doug Vermillion Phone: (503) 667-5264 Fax: (503) 667-6237 E-mail: dvermill@wm.com
MAILING ADDRESS:
Troutdale Transfer Station 869 NW Eastwind Drive Troutdale, OR 97060

ISSUED BY METRO:

Scott Robinson, Deputy Chief Operating Officer

Date

1	NATURE OF WASTE COVERED BY LICENSE
	Putrescible solid waste generated within the Metro boundary and received at Troutdale Transfer Station in accordance with Metro Solid Waste Facility Franchise No. F-001-08B.

2	CALENDAR YEAR TONNAGE LIMITATION
	Licensee is authorized to deliver to the non-system facilities described in Section 3 of this license up to 70,000 tons per calendar year of the waste described in Section 1 of this license. This license does not increase the total tonnage that the Licensee is authorized to accept under Metro Solid Waste Facility Franchise No. F-001-08B.

3	NON-SYSTEM FACILITIES
	The Licensee hereunder is authorized to deliver the waste described above in Section 1 to the following non-system facility: Columbia Ridge Landfill 18177 Cedar Springs Lane Arlington, OR 97812 And, during certain unusual circumstances and emergency situations as described in Section 7 of this license, the Licensee is authorized to deliver the above referenced waste to the following non-system facility: Riverbend Landfill 13469 SW Highway 18 McMinnville, OR 97128 This license is issued on condition that the non-system facilities named in this section are authorized to accept the type of waste described in Section 1. If Metro receives notice from the Oregon Department of Environmental Quality that these non-system facilities are not authorized to accept such waste, Metro may immediately terminate this license pursuant to Section 7 of this license.

4	TERM OF LICENSE
	The term of this license will commence on January 1, 2013 and expire at midnight on December 31, 2014, unless terminated sooner under Section 7 of this license.

5	REPORTING OF ACCIDENTS AND CITATIONS
	Licensee shall report to Metro any significant incidents (such as fires), accidents, and citations involving vehicles transporting the solid waste authorized by this license.

6	RECORD KEEPING AND REPORTING
	(a) The Licensee shall keep and maintain accurate records of the amount of all solid waste that the Licensee delivers to the non-system facilities described in Section 3 of this license. The Licensee shall keep and maintain complete and accurate records of the following for all transactions with the authorized non-system facilities: i. Ticket or weight slip number from the non-system facility; ii. Material category designating the type of material transferred to the non-system facility; iii. Date the load was transferred to the non-system facility; iv. Time the load was transferred to the non-system facility; v. Net weight of the load; and vi. Fee charged by the non-system facility (b) No later than the fifteenth (15th) day of each month, beginning with the first month following the commencement date of this license, Licensee shall: i. Transmit the records required under Section 6(a) above to Metro in an electronic format prescribed by Metro; ii. Submit to Metro a Regional System Fee and Excise Tax Report, that covers the preceding month; and iii. Remit to Metro the requisite Regional System Fees and Excise Tax in accordance with the Metro Code provisions applicable to the collection, payment, and accounting of such fees and taxes. (c) Licensee shall make all records from which Sections 6(a) and 6(b) above are derived available to Metro (or Metro's designated agent) for its inspection or copying, as long as Metro provides no less than three (3) business days written notice of an intent to inspect or copy documents. Licensee shall, in addition, sign or otherwise provide to Metro any consent or waiver necessary for Metro to obtain information or data from a third party, including the non-system facilities named in Section 3, above.

7	ADDITIONAL LICENSE CONDITIONS
	This license shall be subject to the following conditions: (a) The Licensee is authorized to deliver putrescible waste to the Riverbend Landfill only during certain unusual circumstances and emergency situations, such as the closure of Interstate 84 or the temporary breakdown of a compactor at the Troutdale Transfer Station, which would prevent the Licensee from delivering such waste to the Columbia Ridge Landfill. (b) If the Licensee delivers putrescible waste to the Riverbend Landfill as provided above in Section 7(a), the Licensee shall: i. Report the unusual circumstance or emergency situation to Metro within 12 hours of its discovery; and ii. Notify Metro in writing if such delivery of waste to the Riverbend Landfill continues for more than three consecutive business days. The written notification required by this section shall include a detailed description of the particular circumstance resulting in such deliveries and its expected duration. (c) The permissive transfer of solid waste to the non-system facilities, listed in Section 3, authorized by this license shall be subordinate to any subsequent decision by Metro to direct the solid waste described in this license to any other facility. (d) This license shall be subject to amendment, modification, or termination by Metro's Chief Operating Officer (the "COO") in the event that the COO determines that: i. There has been sufficient change in any circumstances under which Metro issued this license; ii. The provisions of this license are actually or potentially in conflict with any provision in Metro's disposal contract with Oregon Waste Systems, Inc.; iii. Metro's solid waste system or the public will benefit from, and will be better served by, an order directing that the waste described in Section 1 of this license be transferred to, and disposed of at, a facility other than the facilities listed in Section 3; or iv. There has been a change in the amount of tonnage that the Licensee is authorized to accept under Solid Waste Facility Franchise No. F-001-08B. In the event that the tonnage authorization provided under the franchise is increased as the result of a growth allowance, the COO may amend Section 2 of this license to increase the calendar year tonnage limitation up to the same tonnage amount stipulated in the franchise. (e) This license shall, in addition to subsections (d)(i) through (d)(iv),

	above, be subject to amendment, modification, suspension, or termination pursuant to the Metro Code. (f) The Licensee shall not transfer or assign any right or interest in this license without prior written notification to, and approval of, Metro. (g) This license shall terminate upon the execution of designated facility agreements with the facilities listed in Section 3 that authorizes those facilities to accept the waste described in Section 1 of this license. (h) This license authorizes the delivery of solid waste to the facilities listed in Section 3. Transfer of waste generated from within the Metro boundary to any non-system facility other than those specified in this license is prohibited unless authorized in writing by Metro. (i) If the Licensee exceeds the calendar year limitation set forth in Section 2 of this license, each ton or portion thereof by which the Licensee exceeds the limitation constitutes a separate violation subject to a penalty of up to $500.

8	**COMPLIANCE WITH LAW**
	Licensee shall fully comply with all applicable local, regional, state and federal laws, rules, regulations, ordinances, orders, and permits pertaining in any manner to this license, including all applicable Metro Code provisions and administrative procedures adopted pursuant to Chapter 5.05 whether or not those provisions have been specifically mentioned or cited herein. All conditions imposed on the collection and hauling of the Licensee's solid waste by federal, state, regional or local governments or agencies having jurisdiction over solid waste generated by the Licensee shall be deemed part of this license as if specifically set forth herein.

9	**INDEMNIFICATION**
	Licensee shall defend, indemnify and hold harmless Metro, its elected officials, officers, employees, agents and representatives from any and all claims, demands, damages, causes of action, or losses and expenses, or including all attorneys' fees, whether incurred before any litigation is commenced, during any litigation or on appeal, arising out of or related in any way to the issuance or administration of this non-system license or the transport and disposal of the solid waste covered by this license.

Agenda Item No. 4.7

Resolution No. 12-4386, For the Purpose of Declaring the Restaurant Property at Glendoveer Golf and Tennis Center Surplus Property, Exempting the Restaurant from Paying Excise Tax and Authorizing the Execution of a Lease with Ringside Restaurant.

Consent Agenda

Metro Council Meeting
Thursday, Nov. 15, 2012
Metro, Council Chamber

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF DECLARING THE RESTAURANT PROPERTY AT GLENDOVEER GOLF AND TENNIS CENTER SURPLUS PROPERTY, EXEMPTING THE RESTAURANT FROM PAYING EXCISE TAX AND AUTHORIZING THE EXECUTION OF A LEASE WITH RINGSIDE RESTAURANT	))))	Resolution No. 12-4386 Introduced by Councilor Craddick

Whereas Metro owns the Glendoveer Golf and Tennis Center that includes a restaurant building and parking area located at 14021 NE Glisan Street, Portland, Oregon 97230; and

Whereas, Metro does not currently use the restaurant building for its operations and has in the past leased the building to Glisan Street Recreation who in turn has subleased the building to Benalray, Inc. dba Ringside East; and

Whereas, Metro has budgeted revenue in anticipation of leasing the restaurant building and parking area and will receive excise tax on the lease payments; and

Whereas, Ringside will provide Metro with a lease payment, is not providing a Metro good or service, and does not anticipate paying Metro excise tax on its gross revenues; and

Whereas, Ringside is considered an integral part of the future success of the operation of the Glendoveer Golf and Tennis Center and will continue to provide services and amenities to golf, tennis and neighborhood patrons through the operation of the Ringside Restaurant; therefore

BE IT RESOLVED, that the Metro Council:

1. Declares the restaurant building and parking area surplus property;

2. Exempts Ringside from Metro excise tax on operators and users of Metro facilities (excise tax will be received on lease payments to Metro); and

3. Authorizes the Chief Operating Officer to enter into a lease agreement with Ringside substantially similar to the lease agreement attached as Exhibit A, or with those changes approved by the Office of Metro Attorney.

ADOPTED by the Metro Council this 15th day of November 2012.

____

Tom Hughes, Council President

Approved as to Form:

____

Alison Kean Campbell, Metro Attorney

Exhibit A

BOMA Lease Agreement

RETAIL LEASE

Between:

Metro, an Oregon municipal corporation
("Landlord")

And

Benalray, Inc., an Oregon corporation, dba Ringside East
("Tenant")

Dated November ___, 2012

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SUMMARY OF FUNDAMENTAL LEASE PROVISIONS

Following is a summary of the basic provisions contained in the Lease. In the event of any conflict between any provision contained in this Summary and a provision contained in the balance of the Lease, the latter shall control.

A. Name of Landlord: Metro, an Oregon municipal corporation

B. Address, Facsimile Number, and E-mail for Notices to Landlord:

600 NE Grand Ave.
Portland, OR. 97232
Attn: Lydia Neill
Lydia.neill@oregonmetro.gov
503-975-4522

C. Address for Rent Payments:

600 NE Grand Ave.
Portland OR. 97232
Attn: Accounts Payable

D. Name of Tenant and Address of Premises:

Benalray, Inc. an Oregon corporation, dba Ringside East
14201 NE Glisan St.
Portland, OR. 97230
Attn: Craig Peterson
craig@ringsidehg.com
503-223-1513

E. Address, Facsimile Number, and E-mail for Notices to Tenant:

Benalray Inc. d.b.a. Ringside East
2165 W Burnside
Portland, OR. 97210
Attn: Craig Peterson
craig@ringsidehg.com
503-223-1513

F. Trade Name Under Which Tenant Will Operate at Premises:

Ringside East or such other name as Tenant determines appropriate from time to time with the prior written approval of Landlord, which approval shall not be unreasonably withheld, conditioned or delayed. In connection with Landlord's approval rights, Landlord acknowledges that Landlord's primary concern is that any such change in the name of the restaurant shall not reflect negatively on Landlord's operation of Glendoveer Golf Course or the type of operations being conducted at the restaurant.

G. Business To Be Conducted By Tenant at Premises:

Tenant shall operate as a sit down restaurant with table service and liquor and bar service with similar standards of food, beverage and service employed at Ringside East as of the date of this Lease; provided, however, Tenant shall have the right at any time during the term of this Lease, as may be extended, to change and/or modify the menu if Tenant believes in Tenant's business judgment that any such changes or modifications will better address the demographics of the customers served by the

		restaurant. Tenant shall have the exclusive right to operate as a sit down restaurant and bar serving hard liquor, including lottery sales, at the Glendoveer Property.
H.	Approximate Premises Floor Area:	Approximately 8,947 square feet. The Premises includes the parking and drive areas outlined in **Exhibit A** attached hereto.
I.	Lease Term:	Ten Years (subject to the options to extend and terminate as set forth in **Exhibits C and D** to this Lease).
J.	Commencement Date:	The term of this Lease shall commence concurrently with the expiration or sooner of termination of Landlord's current lease for the Premises with GSR (the "GSR Lease") but not later than December 30, 2012. Confirmation of the Commencement Date shall be in the form of a Commencement Letter attached hereto as **Exhibit B**.
K.	Base Rent:	See Section 2
L.	Percentage Rent Rate:	Tenant shall pay as percentage rent to Landlord with respect to a Lease Year an amount equal to: (i) 4% of Tenant's annual gross sales from the Premises for such Lease Year between $3,000,000 and $4,000,000, and (ii) 3% of Tenant's annual gross sale from the Premises for such Lease Year between $4,000,000 and $5,000,000. Tenant shall have no obligation to pay any percentage rent during a Lease Year on any portion of Tenant's annual gross sales from the Premises in excess of $5,000,000. Beginning on January 1, 2014 and on each January 1 thereafter, all such dollar amount thresholds shall be increased by 2%.
M.	Tenant's Proportionate Share of:	
	Property Taxes:	100% of TL 300 1n2e35a City of Portland, Multnomah County, State of Oregon, which Tenant shall pay directly to the Multnomah County Tax Assessor as set forth in Section 4(b), below.
	Storm Water:	25.42%
	Sewer:	Initially, reimburse Landlord for 90% of Landlord's sewer bill for the Glendoveer Property (provided, Tenant shall have the right during the term of this Lease to seek an adjustment to such percentage if Tenant determines that a different percentage would more equitably reflect Tenant's use of sewer at the Premises – for example, once a sub meter is installed to measure the water used at the Premises, Tenant's share of the sewer bill for the Glendoveer Property shall be the approximate percentage of Tenant's water usage at the Premises as compared to the total water usage for the Glendoveer Property).
	Water:	Initially, reimburse Landlord for 90% of Landlord's sewer bill for the Glendoveer Property; provided, once a separate submeter is installed at the Premises to measure Tenant's water usage at the Premises, 100% of the water used at the Premises, which

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		Tenant shall pay directly to the water company, or if that water company requires that Landlord pay the water bill directly, by way of reimbursement to Landlord. Landlord shall be responsible, at Landlord's cost, for installing such submeter in the Premises.
	Electricity:	100%, which Tenant shall pay directly to the electric company.
	Gas:	100%, which Tenant shall pay directly to the gas company.
N.	Landlord's Broker:	N/A
O.	Tenant's Broker:	Don Drake of Melvin Mark Brokerage Company
P.	Prepaid Rent	N/A
Q.	Security Deposit:	$5,000.00
R.	Landlord's/Tenant's Property:	Landlord owns the fixtures, furnishings and equipment existing in the Premises as of the Commencement Date as well as any new fixtures installed on the Premises by Tenant after the Commencement Date (the "Existing Equipment"), and Tenant shall own all: (i) food and beverage inventory, (ii) small wares for the front of the house (such as glass wares, table ware and flat ware), (iii) small wares for the back of the house (such as pots and pans, movable small equipment like plug-in equipment, including, but not limited to, steamers, mixers, toasters, warmers, ovens and similar equipment), (iv) office equipment like computers, copiers, POS & Reservation systems and art work, and (v) all trade fixtures, furnishings, and equipment that Tenant may acquire to replace or supplement the Existing Equipment (collectively, the "Tenant Equipment").

Tenant shall have the right to use the Existing Equipment during the Term and accepts the Existing Equipment in its "AS-IS" condition as of the Commencement Date, with no representations or warranties of any kind. Tenant shall maintain the Existing Equipment to industry-accepted standards, or may replace any such Existing Equipment, at Tenant's election. Tenant shall surrender any remaining Existing Equipment to Landlord upon the expiration or earlier termination of this Lease. Tenant shall notify Landlord if Tenant no longer requires the use of any of the Existing Equipment, or if any item is beyond reasonable repair. Landlord shall have the opportunity to remove such item from the Premises, or shall notify Tenant that Tenant may remove and dispose of the item, at Tenant's election and at Tenant's expense. Landlord shall have no obligation to insure nor repair, maintain or replace the Existing Equipment.

For avoidance of doubt, it is agreed that: (i) "fixtures" shall include any equipment that it built into the Premises such as built in refrigerators and built in coolers, built in dishwashers and exhaust hoods, and (ii) "trade fixtures" shall include equipment that can easily be removed from the Premises such as tables or coolers on rollers, stoves that are not built in and other equipment that is not permanently affixed to the Premises.

THIS LEASE is entered into this __ day of November, 2012, between Metro ("Landlord"), and Benalray, Inc. ("Tenant").

Landlord owns property in the City of Portland, County of Multnomah, and State of Oregon commonly known as the Glendoveer Golf Course and Tennis Facility (the "Glendoveer Property"). The Glendoveer Property includes an approximate 8,947 square foot restaurant building (the "Building") and parking lot and other improvements located at 14201 NE Glisan St., in the City of Portland, County of Multnomah, and State of Oregon and more particularly described on the attached **Exhibit A** (the "Premises").

Landlord hereby leases the Premises to Tenant and Tenant hereby leases the Premises from Landlord on the terms and conditions set forth in this Lease.

1. **TERM**

(a) **Initial Term**

The term of this Lease (the "Term") shall be for a period of ten (10) years, commencing on the Commencement Date and expiring on the last day of the month that is ten (10) years after the Commencement Date. If the first day of the Term shall be a day other than the first day of a calendar month, then the Term shall be deemed extended by the number of days between the Commencement Date of this Lease and the first day of the first calendar month thereafter, so that the Term shall expire at the end of a calendar month. If Landlord, for any reason, does not deliver possession of the Premises on the Commencement Date set forth herein, this Lease shall not be void or voidable except as stated below, nor shall Landlord be liable to Tenant for any loss or damage resulting from such delay. In that event, however, Landlord shall deliver possession of the Premises as soon as reasonably practicable. If Landlord, for any reason not attributable to Tenant, is unable to deliver possession of the Premises on or prior to December 30, 2012, either party may terminate this Lease by written notice to the other given within thirty (30) days following such party's acquiring knowledge of such delay. Landlord shall provide Tenant written notice of its termination of the GSR Lease and provide Tenant a confirming Commencement Letter substantially in the form as set forth in the attached **Exhibit B**.

(b) **Option to Extend Term**

See **Exhibit C**.

(c) **Option to Terminate Lease**

See **Exhibit D**.

2. **RENT**

Beginning on the Commencement Date and continuing during the entire Term, Tenant shall pay to Landlord as rent for each "Lease Year" "Base Rent" as defined in this Section and "Percentage Rent" as defined in this Section. The term "Lease Year" shall mean the period from the Commencement Date through December 31, 2013, from January 1 through December 31 for each subsequent full calendar year during the Term, and from January 1 to the end of the Term for the final Lease Year. Except as otherwise expressly provided herein, all Rent shall be paid when due without notice, offset, or deduction for any reason.

(a) **Base Rent**

The initial monthly Base Rent during the Term ("Base Rent") shall be $5,000.00 per month for the first Lease Year. At the beginning of each Lease Year after the first Lease Year, the monthly Base Rent shall increase by 2% of the Base Rent of the prior Lease Year. Base Rent shall be paid in advance on or before the first (1^{st}) day of each calendar month during the Term. If the first (1^{st}) month of the Term shall be a partial month, Base Rent shall be prorated on a daily basis, based on the actual number of days in such month, and the amount due for such partial month shall be paid on or before the first (1^{st}) day of the first (1^{st}) full calendar month following the Commencement Date.

(b) **Percentage Rent**

Tenant shall pay Percentage Rent to Landlord as described in the schedule of Percentage Rent set forth in Section L of the Summary of Fundamental Lease Provisions with respect to each Lease Year during

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the Term; provided, however, if the first Lease Year has more than 12 calendar months, the amount of Tenant's Gross Sales threshold shall be equitably adjusted or increased to reflect that the measuring period is longer than 12 calendar months. Percentage Rent, when applicable, shall be paid annually in the arrears or before February 15th of each Lease Year with respect to the Percentage Rent, if any, due for the immediately preceding Lease Year.

(c) **Statement of Gross Sales**

On or before February 15th following the end of each Lease Year during the Term, Tenant shall deliver to Landlord a complete and correct statement showing in reasonable detail all Gross Sales for such prior Lease Year, which statement shall be audited, if available, but otherwise signed by an officer or authorized agent of Tenant certifying it to be true and accurate. Simultaneously with the delivery of such statement of Gross Sales for such Lease Year, Tenant shall pay to Landlord the Percentage Rent, if any, required to be paid hereunder. Within fifteen (15) days after Tenant's income tax returns are filed, the preparer of Tenant's income tax return shall furnish Landlord with a signed statement certifying the amount of Gross Sales report in Tenant's income tax returns attributable to the Premises.

(d) **Records of Gross Sales**

Tenant shall keep complete and proper books of account and other records pertaining to Gross Sales on a monthly basis. The books and records shall be kept or made available at a location reasonably accessible to Landlord, who may inspect all such books and records at all reasonable times to verify Tenant's Gross Sales. Tenant shall utilize point of sales systems to record all Gross Sales. Within two (2) years after each statement of Gross Sales for a Lease Year is due, whether or not it has been submitted or whether or not Landlord has accepted a deficiency payment or refunded an excess, Landlord may request an audit of Tenant's Gross Sales by an independent certified public accountant chosen by Tenant from a list of not fewer than three (3) submitted by Landlord in connection with the request. If Tenant does not make the choice within fifteen (15) days, Landlord may do so. The auditor shall have access to all Tenant's books and records and shall take such steps as the auditor deems necessary to complete the audit. The auditor's report shall be final and binding upon Landlord and Tenant and payments required to make adjustments in Percentage Rent to conform to the report shall be made within ten (10) business days after receipt of the report. If the Gross Sales for any Lease Year audited shall be found by the auditor to be understated by more than three percent (3%), Tenant shall immediately pay Landlord the cost of such audit; otherwise, the cost of such audit shall be paid by Landlord.

(e) **Definition of Gross Sales**

The term "Gross Sales" shall include all money and things of value received by, or paid to, Tenant or to others for Tenant's use and benefit, and all credit extended by Tenant in connection with the business conducted by it on the Premises and including sales of goods or services by any concessionaire, subtenant, or licensee and sales through vending devices; provided, however, with respect to any lottery sales, Gross Sales shall include only the net proceeds retained by Tenant with respect to such lottery sales. Gross Sales shall exclude the following: (a) the selling price of all merchandise returned by customers where the sale was originally included in Gross Sales and accepted for full credit or the amount of discounts and allowances made thereon; (b) cash refunds made to customers in the ordinary course of business, where the sale was originally included in Gross Sales; (c) separately stated interest, service or sales carrying charges or other charges, however denominated, paid by customers for extension of credit on sales and where not included in the merchandise sales price; (d) receipts from public telephones; (e) sales taxes, so-called luxury taxes, value added or consumers' excise taxes, gross receipts taxes and other similar or dissimilar taxes now or hereafter imposed upon the sale of merchandise or services, but only if collected separately from the selling price of merchandise or services and collected from customers; (f) sales of fixtures, equipment or property which are not stock in trade; (g) proceeds from the issuance of gift certificates, gift cards, or like vouchers, until such time as the same shall have been redeemed at the Premises; (h) proceeds of insurance received by Tenant; (i) proceeds of bulk and/or inter-company transfers of food and/or inventory so long as such transfer is made solely for the convenient operation of Tenant's business and not for the purpose of depriving Landlord of a sale that would be included in Gross Sales; (j) proceeds from the sale of used furniture, fixtures or restaurant equipment; (k) any amounts received as tips, service charges or gratuities except the amount of such tips reported by Tenant to the IRS; (l) coupon or other sales in which the menu item is rung up but no dollars are actually received; (m) value of food and beverages furnished to employees of Tenant and discounted portion of receipts from sales made to employees of Tenant; (n) promotional discounts; (o) quality control sales; (p) bad debts (including walk outs and credit card returns) that were originally included in Gross Sales; (q) value of donations and charitable contributions, and (r) income, earnings and other returns on investments. No franchise or capital stock tax and no income or similar tax based upon income or profits as such shall be deducted from Gross Sales in any event whatever.

(f) **No Partnership Created**

Landlord is not by virtue of this Section 2 a partner or joint venturer with Tenant in connection with the business carried on under this Lease, and shall have no obligation with respect to Tenant's debts or other liabilities.

(g) **General**

All references to "Rent" or "Rental" in this Lease shall mean Base Rent, Percentage Rent, Additional Rent, and all other payments required of Tenant under this Lease, unless otherwise expressly specified, and all payments required by Tenant under this Lease shall be deemed "Rent."

(h) **Place of Payment**

Tenant shall pay Rent and other amounts required to be paid by Tenant hereunder to Landlord at the address for Landlord set forth on the Summary of Fundamental Provisions of this Lease, or at such other place as Landlord may from time to time designate in writing.

3. **SECURITY DEPOSIT**

Upon the later of execution of this Lease and Tenant’s receipt of Landlord’s notice of termination of the GSR Lease and Tenant’s receipt of the Commencement Letter, Tenant shall pay to Landlord a sum equal to the amount set forth in Section Q of the Summary of Fundamental Lease Provisions. Landlord shall be entitled to apply the Security Deposit to pay the cost of repairing any damage caused by Tenant, or performing any obligation which Tenant fails to perform within the time required by this Lease, but such application by Landlord shall not waive Landlord’s other remedies nor be the exclusive remedy for Tenant’s default. Such security deposit shall be returned to Tenant within thirty (30) days after the expiration of this Lease, provided Tenant has fully and faithfully carried out all of Tenant's obligations hereunder, including the payment of all amounts due to Landlord hereunder and the surrender of the Premises to Landlord in the condition required in this Lease. However, Landlord, at its option, may apply such sum on account of the payment of the last month's Base Rent or other unpaid Tenant obligations, in which latter event, Tenant shall replace any such sum applied by Landlord immediately upon notice from Landlord of such requirement. Such sum may be commingled with other funds of Landlord and shall not bear interest. In the event of a sale of the Glendoveer Property, Landlord shall have the right to transfer the security deposit to the purchaser to be held under the terms of this Lease, and Landlord shall thereupon be released from all liability for the return of the security deposit. Tenant agrees to look solely to the new landlord for the return of the security deposit.

4. **ADDITIONAL RENT**

(a) **Property Taxes**

In addition to Base Rent, Tenant shall pay 100% of all real property taxes and assessments levied, assessed, or imposed during the Term upon the Premises as set forth in Section M in the Summary of Fundamental Lease Provisions ("Taxes"). Tenant shall pay these Taxes directly to the Multnomah County Tax Assessor when due. If the property tax bill for the Premises is not in Tenant’s name, Landlord shall forward a copy of such property tax bill to Tenant promptly upon Landlord’s receipt thereof. If, during the Term, the voters of the state in which the Premises are located or the state legislature enacts a real property tax limitation, then any substitute taxes, in any name or form, that may be adopted to replace or supplement real property taxes, shall be added to Taxes for purposes of this Section 4(a). Should there be in effect during the Term any law, statute, or ordinance that levies, assesses, or imposes any tax (other than federal or state income tax) upon rents, Tenant shall pay such taxes as may be attributable to the Rents under this Lease or shall reimburse Landlord for any such taxes paid by Landlord within ten (10) business days after Landlord bills Tenant for the same. Notwithstanding the foregoing, Tenant shall have the right during the Term to contest Taxes and shall be entitled if applicable to any rebate or reduction as a result of such action. Landlord agrees to cooperate, at no cost to Landlord, with Tenant in the contesting of any such Taxes but nothing herein shall relieve Tenant from paying for Taxes associated with the Premises.

(b) **Payment of Taxes**

If Landlord elects to pay any of Taxes directly and pass along such expenses to Tenant, Landlord shall notify Tenant of Tenant's required estimated monthly payments of Taxes. Beginning on the first day of the month following such notice, and continuing throughout the Term, Tenant shall make such monthly payments on or before the first (1^{st}) day of each calendar month. Landlord may, from time to time, by written notice to Tenant, change the estimated monthly amount to be paid. No interest or earnings shall be payable by Landlord to Tenant on any amount paid under this Section 4, and Landlord may commingle such payments with other funds of Landlord. Landlord shall, within ninety (90) days after the close of each calendar year or as soon thereafter as is practicable, deliver to Tenant a written statement setting forth the actual Taxes for the prior year together with a computation of the charge or credit to Tenant of any difference between the actual cost and the estimated cost paid by Tenant for such period; and any such difference shall be applied to amounts subsequently due from Tenant to Landlord, or if no such sums are or will be owed, then such sums shall be paid or reimbursed, as applicable, within ten (10) business days after Landlord gives Tenant notice thereof. If Tenant has any objections to the annual statement made by Landlord, such objections shall be made in writing given to Landlord within thirty (30) days after the statement is submitted to Tenant. If no objection is made within such time period, the annual statement shall be conclusive and binding on Tenant. If Tenant desires to review any of Landlord's records pertaining to Taxes, Tenant may do so after reasonable prior notice given to Landlord, but no more often that once during any calendar year. Such review shall take place where such records are kept, and shall be conducted by a certified public accountant chosen by Tenant subject to Landlord's prior written approval, which shall not be unreasonably withheld. Tenant shall pay all costs of such review including without limitation reimbursement for time incurred by Landlord's representatives and photocopy charges.

5. **INSURANCE; INDEMNITY**

(a) **Tenant Casualty Insurance**

During the Term, Tenant shall maintain in full force a policy or policies of standard multi-peril insurance covering the Building and other improvements situated on the Premises for the perils of fire, lightening, windstorm, and other perils commonly covered in such policies in the amount of $2,500,000 with respect to the Building and in the amount of $1,000,000 with respect to the Existing Equipment and Tenant's Equipment collectively. Landlord shall be named as a loss payee on such insurance with respect to the Building and with respect to the Existing Equipment.

(b) **Tenant's Liability Insurance**

Tenant shall at its own expense during the Term carry in full force and effect (i) the most recently approved ISO commercial general liability insurance policy, or its equivalent, written on an occurrence basis, with limits not less than One Million Dollars ($1,000,000) per occurrence. The policy will include coverage for bodily injury, property damage, personal injury, contractual liability, and premises. Tenant's coverage will be primary as respects Landlord; (ii) a business automobile liability insurance covering owned, non-owned, and hired vehicles with a limit of not less than One Million Dollars ($1,000,000); (iii) workers' compensation insurance meeting Oregon statutory requirements including employer's liability with limits not less than One Million Dollars ($1,000,000) per accident or disease; (iv) liquor liability insurance with a limit of One Million Dollars ($1,000,000) per claim; and (v) Two Million Dollars ($2,000,000) excess or umbrella insurance bringing the total per claim limit for auto, commercial general liability, and liquor liability insurance to Three Million Dollars ($3,000,000). Landlord, its elected officials, departments, employees, and agents shall be named as additional insureds on the commercial general liability, automobile, liquor and excess policies. Tenant shall provide to Landlord thirty (30) days notice of any material change or policy cancellation. On or before the Commencement Date, Tenant shall furnish

Landlord with a certificate of insurance complying with the requirements of this Section 5. Tenant shall provide updated certificates of insurance annually. Tenant shall place all insurance with an insurer suitable to Landlord. Unless otherwise authorized in writing, a reasonably suitable insurance carrier will be licensed in the state of Oregon and maintain an AM Best (or equivalent) rating for Financial Strength of A- (or higher) and a Financial Size Category of VII (or higher) for the Term.

(c) **Tenant's Indemnity**

Tenant shall indemnify, defend, and save harmless Landlord from any and all liability, damage, expenses, attorneys' fees, causes of actions, suits, claims, or judgments, arising out of or connected with (i) the use, occupancy, management or control by Tenant or Tenant's agents, invitees, employees or contractors of the Premises, and (ii) any failure of Tenant to comply with the terms of this Lease; provided, however, that Tenant shall not be liable for claims to the extent caused by the negligence or willful misconduct of Landlord or Landlord's agents, employees or contractors. Tenant shall, at its own cost and expense, defend any and all suits that may be brought against Landlord either alone or in conjunction with others upon any such above-mentioned cause or claim, and shall satisfy, pay, and discharge any and all settlements paid by or judgments that may be entered against Landlord, regardless of whether a lawsuit is actually filed.

6. **USE OF PREMISES**

The Premises shall be used for the purposes set forth in Section G of the Summary of Fundamental Lease Provisions and for no other purpose without Landlord's written consent, which may be withheld in Landlord's sole discretion. In connection with the use of Premises, Tenant shall, at Tenant's sole cost and expense, except as specifically provided otherwise herein:

(a) Conform to all applicable laws, statutes, rules, ordinances, orders, regulations, and requirements of any public authority ("Laws") affecting Tenant's restaurant use of the Premises and correct, at Tenant's own expense, any failure of compliance created through Tenant's fault or by reason of Tenant's restaurant use of the Premises, unless such failure is due to Landlord's default in the performance of the agreements set forth in this Lease to be kept and performed by Landlord. Without limiting the generality of the foregoing, Tenant, unless otherwise set forth in this Lease, shall comply with the Americans with Disabilities Act as it applies to Tenant's restaurant use of the Premises for which Tenant has responsibility under such Act and all obligations pertaining to asbestos as required by the Occupational Safety and Health Administration (OSHA) applicable to the Premises and to Tenant's employees. In no event shall Tenant have any obligation to make any capital improvements to the Premises hereunder;

(b) Refrain from any activity that would be unreasonably offensive to Landlord, to other tenants in any buildings situated on the Glendoveer Property, or to owners or users of the adjoining premises, or that would tend to create a nuisance or damage the reputation of the Premises or of any such buildings. Without limiting the generality of the foregoing, Tenant shall not permit any unreasonable noise or odor given Tenant's permitted use to escape or be emitted from the Premises nor permit the use of flashing (strobe) lights nor permit the sale or display of offensive materials as reasonably determined by Landlord;

(c) Refrain from loading the floors, electrical systems, plumbing systems, or heating, ventilating and air conditioning systems ("HVAC"), beyond the point considered safe by a competent engineer or architect selected by Landlord and refrain from using electrical, water, sewer, HVAC, and plumbing systems in any harmful way. If Landlord employs an engineer, architect, electrical, or other consultant to determine whether Tenant's use of the Premises is in violation of this Section 6(c), Tenant shall pay the reasonable costs incurred in connection with that employment. Tenant shall use grease traps, or other drain protection devices as needed to avoid such harmful use;

(d) Not permit any pets or other animals in the Premises except for Seeing Eye dogs or other service animals;

(e) Except for Tenant's existing signage in place at the Commencement Date which Landlord hereby approves, refrain from making any marks on or attaching any sign, insignia, antenna, window covering, aerial, or other device to the exterior or interior walls, windows, or roof of the Building or on the Premises without the written consent of Landlord, which consent shall not be unreasonably withheld, condition or delayed. Notwithstanding the foregoing, Landlord may elect to replace Tenant's existing signage, at Landlord's sole cost, subject to Tenant's approval of the new signs, not to be unreasonably withheld, conditioned, or delayed. With regard to any new signage proposed by Tenant, Landlord need not consent to any sign that fails to conform to the design concept of the buildings situated on the Glendoveer Property, and all policies and procedures as established by Landlord. Prior to installing any signs, Tenant shall submit detailed color drawings to Landlord for approval indicating the location, size, layout, design, and color of proposed sign, including all lettering and graphics. Electrical service to all signs shall be at Tenant's sole expense. Any existing free standing or monument signs at the Commencement Date of the Lease are allowed, and any new or future signs are subject to the provisions first set forth above. Notwithstanding Landlord's consent to any signs, Tenant shall (i) comply with all Laws and obtain any necessary permits and governmental approvals related to such signs at its own cost and expense, and (ii) within thirty (30) days after Lease expiration or earlier termination, remove all such signs and repair any damage to the Premises caused thereby, at Tenant's own cost and expense;

(f) Comply with any reasonable rules respecting the use of the Premises, which may be promulgated by Landlord from time to time and communicated to Tenant in writing, provided that such rules do not materially increase Tenant's operating costs or materially increase Tenant's obligations under this Lease;

(g) Tenant shall use its best efforts to complete, or cause to be completed, all deliveries, loading and unloading using large trucks, to the Building by 7:00-11:00 am and 2:00 to 4:00 pm each day;

(h) Comply with any no smoking (and other health related) policies and procedures established by any Law;

(i) Recognize that it is in the interest of both Tenant and Landlord to have regulated hours of business, Tenant shall keep the Premises open for business and cause Tenant's business to be conducted therein during those days and hours as is customary for businesses of like character in the city or county in which the Premises are situated, but in any event 5 days a week for lunch and 7 days a week for dinner except for nationally recognized and legal holidays at hours and days deemed appropriate by Tenant for the time of year and customer demand (and closures from time to time for remodeling not to exceed forty-five (45) days);

(j) Not permit the use of any part of the Premises for a second-hand store, an auction, distress, fire sale, bankruptcy, or going-out-of-business sale or the like;

(k) Not commit or suffer any harm to the Premises, including without limitation, the improvements thereon or any part thereof; and Tenant shall keep the Premises in a neat, clean, sanitary, and orderly condition;

(l) Refrain from any use of any area on the Glendoveer Property that is outside the Premises, unless such use is specifically permitted in this Lease or otherwise in writing by Landlord in advance;

(m) Not generate, release, store, or deposit on the Premises any environmentally hazardous or toxic substances, materials, wastes, pollutants, oils, or contaminants, as defined or regulated by any federal, state, or local law or regulation or any other Law (collectively, "Hazardous Substances"), except that Tenant may have and use small quantities of Hazardous Substances on the Premises as required in the ordinary course of Tenant's business. Tenant shall indemnify, defend, and hold harmless Landlord from and against any and all claims, losses, damages, response costs, and expenses of any nature whatsoever (including without limitation attorneys', experts', and paralegals' fees) arising out of or in any way related to the generation, release, storage, or deposit of Hazardous Substances on the Premises or on Landlord's property by Tenant in violation of applicable laws;

(n) Not allow or permit any conduct or omission at the Premises, or anywhere on Landlord's property, that will promote or allow the production or growth of mold, spores, fungus, or any other similar organism, and shall indemnify and hold Landlord harmless from any claim, demand, cost, and expense (including attorney fees) arising from or caused by Tenant's failure to strictly comply with its obligations under this provision; and

(o) Comply with the requirements of all operation and easement agreements and all other agreements and requirements of record on the Property to the extent that Tenant has been provided copies of such agreements and requirements of record on the Property prior to the date Tenant executes this Lease.

7. **TENANT IMPROVEMENTS AND ALTERATIONS**

Subject to Landlord's obligations set forth in Exhibit E (the "Work Agreement"), Tenant accepts the Premises AS IS in their condition as of the Commencement Date. Tenant shall make no improvements or alterations to the Premises, without the prior written consent of Landlord, which consent shall not be unreasonably withheld, conditioned or delayed; provided, however, no Landlord approval shall be required for minor non-structural alterations but Tenant shall notify Landlord prior to commencing such minor, non-structural alterations. If any improvements or alterations to the Premises by Tenant or any other work on the Premises by Tenant causes the need to comply with any Laws on the Premises, including without limitation, the Americans with Disabilities Act or regulations pertaining to earthquake codes, Tenant shall pay the cost thereof, as well, with Landlord responsible for any areas outside the Premises. Prior to the commencement of any work by Tenant that requires a building permit, Tenant shall first submit the following to Landlord and obtain Landlord's written consent to all of the following, which consent shall not be unreasonably withheld, conditioned or delayed: Tenant's plans and specifications; Tenant's estimated costs; and the names of all of Tenant's contractors and subcontractors. All work performed by Tenant shall be done in strict compliance with all applicable building, fire, sanitary, and safety codes, and other Laws, and Tenant shall secure all necessary permits for the same. Tenant shall keep the Premises free from all liens in connection with any such work (or bond over the same). Landlord or Landlord's agents shall have the right at all reasonable times to inspect the quality and progress of such work, and Tenant shall notify and keep Landlord updated regarding the schedule for such work. All improvements, alterations, and any other work performed on the Premises by either Landlord or Tenant shall be the property of Landlord when installed, except for Tenant's trade fixtures, and may not be removed at the expiration of this Lease unless the applicable Landlord's consent specifically provides otherwise. Notwithstanding Landlord's consent to improvements or alterations by Tenant, all such improvements, alterations, or other work to be performed by Tenant shall be at the sole cost and expense of Tenant. If Tenant elects to remodel the Premises during any 5 year increment of the Term or any extended term, Tenant with thirty (30) days prior written notice to Landlord shall be entitled to close the restaurant once during such 5 year period for such remodel. Provided Tenant timely delivers the required notice to Landlord, Tenant shall be entitled to an abatement of rent (for up to a 45 day period) one time during any 5 year increment, for such period of time that the restaurant is actually closed for remodeling by Tenant.

8. **REPAIRS AND MAINTENANCE**

(a) **Landlord's Responsibilities**

The following shall be the responsibility of Landlord, at Landlord's sole cost without reimbursement by Tenant except as expressly set forth in this Section 8(a):

i. Structural repairs and maintenance and repairs necessitated by structural disrepair or defects, including, without limitation, window casement failures due to age or window thermaseal failure.

ii. Repair, replacement and maintenance of the exterior walls, roof, gutters, downspouts, and foundation of the Building. This shall include maintenance of the operating condition of exterior doors, but shall not include maintenance of the exterior windows or replacement of glass (except as set forth in 8(a)(i), above), nor maintenance of the storefront, which are Tenant's responsibility.

iii. Repair of interior walls, ceilings, doors, windows (interior and exterior), floors, and floor coverings when such repairs are made necessary because of failure of Landlord to keep the structure in repair as above provided in this Section 8(a).

iv. Replacement of the HVAC units on an as needed basis and/or any repairs to individual units in excess of $250 per unit per calendar year.

v. 50% of the cost of replacement or repair of any existing electrical (including electrical panels) and plumbing behind the walls, above the ceiling or below the floors, including, without limitation, plumbing and drain lines.

vi. All structural surface and subsurface repairs and seal coating of the parking areas, pedestrian walk ways and drive aisles located on the Glendoveer Property, including, without limitation, repairs or replacement of sidewalks and curbing.

vii. On a commercially reasonable schedule, all maintenance, repair and replacement of irrigation, plant materials and lawns located on the Glendoveer Property.

viii. All underground plumbing/sewer/storm water systems serving the Premises from the street to the Building, including any required grease traps or interceptors located outside of the Building.

ix. All other repairs, maintenance, and replacements to the Building that Tenant is not expressly required to make under Section (b), below8(a), to the extent such items are capital improvements, in which event Tenant shall repay Landlord the cost of such improvements with a five percent (5%) interest factor by way of increased Rent (on a straight line basis) over the remainder of the initial Term or any Extended Term (as defined in Exhibit C) of the Lease.

(b) **Tenant's Responsibilities**
Subject to Landlord's responsibilities set forth in Section 8(a) above, the following shall be the responsibility of Tenant at is sole cost without reimbursement from Landlord:

i. The interior of the Building including any interior decorating;

ii. Subject to Section 12, below, any repairs and replacements necessitated by the negligence of Tenant, its agents, and invitees;

iii. Washing windows on the Building, inside and out;

iv. Maintenance of the existing HVAC units twice a year (or additional, if needed) (and repairs but capped at $250 for repair per unit per calendar year), sprinkler systems, if any;

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Landlord Tenant

v. Maintenance and repair of the interior walls and floor coverings (both hard surfaces and carpeting);

vi. Any repairs or alterations required under Tenant's obligation to comply with all applicable Laws as set forth in this Lease;

vii. All other repairs, maintenance, and replacements to the Building which Landlord is not expressly required to make under Section 8(a), above;

viii. The replacement of all glass that may be broken or cracked during the Term with glass of as good or better quality than that in use at the commencement of the Term, and the storefront. All Tenant's work shall be in full compliance with then current building code and other governmental requirements;

ix. Tenant shall contract with a qualified pest extermination company for regular extermination services to keep the Premises free of pests, vermin, and rodents; and

x. On a commercially reasonable schedule, snow removal, sweeping and striping of the parking areas included in the Premises.

(c) **Inspections**

Upon reasonable prior written notice or by email, Landlord shall have the right to inspect the Premises at any reasonable time or times to determine the necessity of repair or as required by Landlord's insurer. Whether or not such inspection is made, the duty of Landlord to make repairs as outlined above in any area in Tenant's possession and control shall not mature until a reasonable time after Landlord has received from Tenant written notice of the necessity of repairs, except in the event emergency repairs may be required and in such event Tenant shall attempt to give Landlord immediate notice considering the circumstances.

(d) **Landlord's Work**

All repairs, replacements, alterations, or other work performed on or around the Premises by Landlord shall be done in such a way as to interfere as little as reasonably possible with the use of the Premises by Tenant. Tenant shall have no right to an abatement of Rent nor any claim against Landlord for any inconvenience or disturbance resulting from Landlord's performance of repairs and maintenance pursuant to this Section 8, except as expressly set forth in this Section 8(d), as follows: If such work or Landlord's Work as set forth in **Exhibit E** occurs in a manner that Tenant is unable to conduct business for longer than two (2) days (as determined by Tenant in its business judgment), Tenant shall be entitled to a day for day rent abatement for each day Tenant is unable to conduct business in the Premises. Landlord shall have no liability for failure to perform required maintenance and repair, unless written notice of such maintenance or repair is given by Tenant and Landlord fails to commence efforts to remedy the problem in a reasonable time and manner. Landlord shall have the right to erect scaffolding and other apparatus necessary for the purpose of making repairs or alterations to the Premises. Work may be done during normal business hours provided that Landlord shall endeavor to minimize any impact to Tenant's business. Subject to Landlord's compliance with the provisions of this Section 8(d), Tenant shall have no claim against Landlord for any interruption or reduction of services or interference with Tenant's occupancy caused by Landlord's maintenance and repair, and no such interruption or reduction shall be construed as a constructive or other eviction of Tenant.

9. **LIENS; TENANT'S TAXES**

Tenant shall keep the Premises free from all liens, including mechanic's liens, arising from any act or omission of Tenant or those claiming under Tenant; provided, Tenant shall have the right to bond over any such liens. Landlord shall have the right to post and maintain on the Premises or the Building such notices of non-responsibility as are provided for under the lien laws of the state in which the Premises are located. Tenant shall be responsible for and shall pay when due all taxes assessed during the Term

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against any leasehold or personal property of any kind owned by or placed upon or about the Premises by Tenant.

10. **UTILITIES AND SERVICES**
Tenant shall pay promptly for its proportionate share as set forth in Section M in the Summary of Fundamental Lease Provisions of this Lease for all water, gas and electrical services, including heat and light, garbage collection, recycling, and all other facilities and utility services used by Tenant or provided to the Premises during the Term. To the extent Tenant is not paying such utilities directly to such utility provider, Landlord shall invoice Tenant for Tenant's proportionate share every six (6) months, which invoice shall include copies of the bills for such services applicable to the Glendoveer Property. Tenant shall pay to Landlord the amount set forth on Landlord's invoice within thirty (30) days of receipt. As of the Commencement Date, Tenant is responsible for its proportionate share of only those costs set forth in Section M in the Summary of Fundamental Lease Provisions. If the heating and air-conditioning systems or any other utility service is not on separate meters, Tenant shall pay its proportionate share of such charges as provided in the Summary of Fundamental Lease Provisions of this Lease and Section 4, above. Tenant shall arrange for regular and prompt pickup of trash and garbage, and shall store such trash and garbage in only those areas designated by Landlord. Landlord shall not be liable or responsible for any interruption of utility service to the Premises and any such interruption shall not entitle Tenant to any abatement of rent, unless such interruption is caused solely by the negligence or willful misconduct of Landlord or Landlord's agents, employees, or contractors.

11. **ICE, SNOW, AND DEBRIS**
Tenant shall keep the walks (excluding the sidewalk fronting NE Glisan Street) in front of the Building and on the Premises free and clear of ice, snow, rubbish, debris, and obstructions when the Premises are open for business. Tenant's obligations under this Section 11 shall be performed at Tenant's cost and expense. Landlord reserves the right to cause the removal of ice, snow, debris and obstruction from the area in front of the Premises and Tenant shall pay the cost thereof within ten (10) business days after billing therefor.

12. **WAIVER OF SUBROGATION**
Neither party shall be liable to the other for any loss or damage, above the insured's deductible (which deductible shall not exceed $1,000), caused by fire or any of the risks enumerated in the standard multi-peril insurance policy required of Tenant in this Lease, including sprinkler leakage insurance if the Building has sprinklers, to the extent that any such insurance actually pays any such loss or damage. All claims or rights of recovery for any and all such loss or damage, however caused, are hereby waived. Without limiting the generality of the foregoing, said absence of liability shall exist whether or not such loss or damage is caused by the negligence of either Landlord or Tenant or by any of their respective agents, servants, or employees.

13. INJURY TO TENANT'S PROPERTY
Landlord shall not be liable for any injury to the goods, stock, merchandise, or any other property of Tenant or to any person in or upon the Premises or to the leasehold improvements in the Premises resulting from fire or collapse of the Building or any portion thereof or any other cause, including but not limited to damage by water or gas, or by reason of any electrical apparatus in or about the Premises. Tenant shall carry adequate insurance coverage at its sole cost and expense to cover the risks described in this section.

14. **DAMAGE OR DESTRUCTION**

(a) **Partial Destruction**
If the Premises shall be partially damaged by fire or other cause, and Section 14(b) below does not apply, the damages to the Premises shall be repaired by Landlord, and all Base Rent until such repair shall be made shall be apportioned according to the part of the Premises that is usable by Tenant, except when such damage occurs because of the fault of Tenant, Tenant's agents, employees, contractors, or invitees. The repairs shall be accomplished with all reasonable dispatch. Landlord shall bear the cost of such

repairs using the proceed of insurance policy obtained by Tenant pursuant to the terms and provisions of this Lease.

(b) **Substantial Damage**
If the Building is fifty percent (50%) or more destroyed (based on the insurance value of the Building) during the Term by any cause, Landlord or Tenant may elect to terminate the Lease as of the date of damage or destruction by notice given to the other in writing not more than sixty (60) days following the date of damage. In such event all rights and obligations of the parties shall cease as of the date of termination. In the absence of an election to terminate, Landlord shall proceed to restore the Building, if damaged, to substantially the same form as prior to the damage or destruction, so as to provide Tenant usable space equivalent in quantity and character to that before the damage or destruction. Work shall be commenced as soon as reasonably possible, and thereafter proceed without interruption, except for work stoppages on account of matters beyond the reasonable control of Landlord. From the date of damage until the Building is restored or repaired, Base Rent shall be abated or apportioned according to the part of the Building usable by Tenant.

(c) **Restoration**
If the Building is to be restored by Landlord as above provided in this Section 14, Tenant, at its expense, shall be responsible for the repair and restoration of all items that were initially installed at the expense of Tenant (whether the work was done by Landlord or Tenant) or for which an allowance was given by Landlord to Tenant, together with Tenant's stock in trade, trade fixtures, furnishings, and equipment; and Tenant shall commence the installation of the same promptly upon delivery to it of possession of the Building and Tenant shall diligently prosecute such installation to completion. Landlord shall not be required to replace any of the Existing Equipment.

15. **EMINENT DOMAIN**

(a) **Partial Taking**
If a portion of the Premises is condemned and neither Section 15(b) nor Section 15(c) apply, the Lease shall continue in effect. Landlord shall proceed as soon as reasonably possible to make such repairs and alterations to the Premises as are necessary to restore the remaining Premises to the condition as comparable as reasonably practicable to that existing at the time of condemnation. Base Rent shall be abated to the extent that the Premises are un-tenantable during the period of alteration and repair. After the date on which title vests in the condemning authority, Base Rent shall be reduced commensurately with the reduction in the objective value of the Premises as an economic unit on account of the partial taking. Landlord shall be entitled to all of the proceeds of condemnation, and Tenant shall have no claim against Landlord as a result of the condemnation. Tenant shall be free to make a claim for its damages so long as such claim does not interfere with or reduce Landlord's claim or award.

(b) **Substantial Taking of the Property**
If a condemning authority takes any substantial part of the Glendoveer Property, the Lease shall, at the option of Tenant, terminate as of the date title vests in the condemning authority. In such event all rights and obligations of the parties shall cease as of the date of termination. Landlord shall be entitled to all of the proceeds of condemnation, and Tenant shall have no claim against Landlord as a result of the condemnation. Tenant shall be free to make a claim for its damages so long as such claim does not interfere with or reduce Landlord's claim or award.

(c) **Substantial Taking of Premises**
If a condemning authority takes all the Premises or a portion sufficient to render the remaining Premises reasonably unsuitable for Tenant's use, Tenant shall have the option to terminate the Lease upon written notice to Landlord given within sixty (60) days of Tenant's receipt of notice of the taking. In such event, the Lease shall terminate as of the date title vests in the condemning authority. Landlord shall be entitled to all the proceeds of condemnation, and Tenant shall have no claim against Landlord as a result of the condemnation. Tenant shall be free to make a separate claim for its moving expenses and lost trade fixtures so long as such claim does not interfere with or reduce Landlord's claim or award.

(d) **Definition**
Sale of all or any part of the Premises to a purchaser with the power of eminent domain in the face of a threat or probability of the exercise of the power shall be treated for the purpose of the Lease as a taking by condemnation.

16. **BANKRUPTCY**
Subject to Section 17, the Lease shall not be assigned or transferred voluntarily or involuntarily by operation of law. It may, at the option of Landlord, be terminated, if Tenant be adjudged bankrupt or insolvent, or makes an assignment for the benefit of creditors, or files or is a party to the filing of a petition in bankruptcy, or commits an act of bankruptcy, or in case a receiver or trustee is appointed to take charge of any of the assets of Tenant or sublessees or assignees in or on the Premises, and such receiver or trustee is not removed within thirty (30) days after the date of his appointment, or in the event of judicial sale of the personal property in or on the Premises upon judgment against Tenant or any sublessees or assignee hereunder, unless such property or reasonable replacement therefor be installed on the Premises. To the extent permitted by law, this Lease or any sublease hereunder shall not be considered as an asset of a debtor-in-possession, or an asset in bankruptcy, insolvency, receivership, or other judicial proceedings. This Lease shall be considered a lease of real property in a shopping center within the meaning of Section 365(b)(3) of the U.S. Bankruptcy Code.

17. **DEFAULT**
The following shall be events of default:

(a) Failure of Tenant to pay any Rent when due, or failure of Tenant to pay any other charge required under this Lease, within ten (10) business days after written notice that such Rent or other charge is past due. Notwithstanding the foregoing, Landlord shall not be obligated to give Tenant such written notice after Tenant's second (2nd) failure to pay Rent when due in any 12-month period, and at Landlord's option, the third (3rd) such failure to pay Rent when due in any 12-month period shall be an automatic event of default, without notice or opportunity to cure.

(b) Failure of Tenant to comply with any term or condition or fulfill any obligation of the Lease (other than the failures described in Section 17a)) above) within thirty (30) days after written notice by Landlord specifying the nature of the default with reasonable particularity. If the default is of such nature that it cannot be completely remedied within the thirty (30)-day period, this provision shall be complied with if Tenant begins correction of the default within the thirty (30)-day period and thereafter proceeds with reasonable diligence and in good faith to effect the remedy as soon as practicable. If Tenant's breach is material, Landlord shall not be obligated to give written notice for the same type of material default more than three times in any 12-month period; at Landlord's option, a failure to perform a material obligation of this Lease after the third (3rd) notice in any 12-month period shall be an automatic event of default, without notice or any opportunity to cure.

(c) The abandonment of the Premises by Tenant or the failure of Tenant for thirty (30) days or more to occupy the Premises for one or more of the designated purposes of this Lease, unless such failure is excused under other provisions of this Lease.

(d) The bankruptcy or insolvency of Tenant or the occurrence of other acts specified in Section 16 of this Lease that give Landlord the option to terminate.

(e) The assignment or subletting or purported assignment or subletting of Tenant's interest under this Lease in violation of Section 20.

18. **REMEDIES ON DEFAULT**

In the event of a default, Landlord may, at Landlord's option, exercise any one or more of the rights and remedies available to a landlord in the state in which the Premises are located to redress such default,

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consecutively or concurrently (but subject to Landlord's obligation to mitigate its damages), including the following:

(a) Landlord may elect to terminate Tenant's right to possession of the Premises or any portion thereof by written notice to Tenant. Following such notice, Landlord may re-enter, take possession of the Premises, and remove any persons or property by legal action or by self-help with the use of reasonable force and without liability for damages. To the extent permitted by law, Landlord shall have the right to retain the personal property belonging to Tenant that is on the Premises at the time of re-entry, or the right to such other security interest therein as the law may permit, to secure all sums due or that become due to Landlord under this Lease. Perfection of such security interest shall occur by taking possession of such personal property or otherwise as provided by law.

(b) Following re-entry by Landlord, Landlord may re-let the Premises for a term longer or shorter than the Term and upon any reasonable terms, including the granting of rent concessions to the new tenant. Landlord may alter, refurbish, or otherwise change the character or use of the Premises in connection with such re-letting. Landlord shall not be required to re-let for any use or purpose that Landlord may reasonably consider injurious to its property or to any tenant Landlord may reasonably consider objectionable. No such re-letting by Landlord following a default by Tenant shall be construed as an acceptance of the surrender of the Premises. If rent received upon such re-letting exceeds the Rent received under this Lease, Tenant shall have no claim to the excess.

(c) Landlord shall have the right to recover from Tenant the following damages:

i. All unpaid or other charges for the period prior to re-entry, plus interest at the greater of ten percent (10%) per annum or a rate equal to five (5) percentage points in excess of the discount rate, including any surcharge on the discount rate, on ninety (90)-day commercial paper declared by the Federal Reserve Bank in the Federal Reserve District in which Portland, Oregon, is located on the date the charge was due (the "Interest Rate").

ii. An amount equal to the Rent lost during any period during which the Premises are not relet, if Landlord uses reasonable efforts to re-let the Premises. If Landlord lists the Premises with a real estate broker experienced in leasing commercial property in the metropolitan area in which the Premises are located, such listing shall constitute the taking of reasonable efforts to relet the Premises.

iii. All costs incurred in re-letting or attempting to relet the Premises, including but without limitation, the cost of clean-up and repair in preparation for a new tenant, including any improvements to the Premises and the cost of correcting any defaults or restoring any unauthorized alterations and the amount of any real estate commissions and advertising expenses.

iv. The difference between the Rent reserved under this Lease and the amount actually received by Landlord after re-letting, as such amounts accrue.

v. Reasonable attorney fees and legal expenses incurred in connection with the default, whether or not any litigation is commenced.

(d) Landlord may sue periodically to recover damages as they accrue throughout the Term and no action for accrued damages shall be a bar to a later action for damages subsequently accruing. To avoid a multiplicity of actions, Landlord may obtain a decree of specific performance requiring Tenant to pay the damages stated in Section 18c) above as they accrue. Alternatively, Landlord may elect in any one action to recover accrued damages, plus damages attributable to the remaining Term equal to the difference between the Rent under this Lease and the reasonable rental value of the Premises for the remainder of the Term.

(e) In the event Tenant remains in possession following default and Landlord does not elect to re-enter, Landlord may recover all back Rent and other charges, and shall have the right to cure any nonmonetary default and recover the cost of such cure from Tenant, plus interest from the date of expenditure at the Interest Rate. In addition, Landlord shall be entitled to recover attorney fees reasonably incurred in connection with the default, whether or not litigation is commenced. Landlord may sue to recover such amounts as they accrue, and no one action for accrued damages shall bar a later action for damages subsequently accruing.

(f) The foregoing remedies shall not be exclusive but shall be in addition to all other remedies and rights provided under applicable law, and no election to pursue one remedy shall preclude resort to another remedy.

19. **SURRENDER AT EXPIRATION**

(a) **Condition of Premises**
Upon expiration of the Term or earlier termination, Tenant shall deliver all keys to Landlord and surrender the Premises in good condition and broom clean. Improvements, alterations, wiring, cables, or conduit constructed by or for Tenant shall not be removed or restored to the original condition. Depreciation and wear from ordinary use for the purpose for which the Premises were let need not be restored, but all repair for which Tenant is responsible shall be completed to the latest practical date prior to such surrender. Tenant’s obligations under this Section 19 shall be subject to the provisions of Section 14 relating to damages or destruction.

(b) **Fixtures**

i. All fixtures affixed to the Premises during the Term shall become the property of Landlord. Decorations, floor covering other than hard surface bonded or adhesively fixed flooring, curtains, drapes, blinds, and trade fixtures and equipment shall remain the property of Tenant if placed on the Premises by Tenant.

ii. Tenant shall remove its furnishings, furniture, and trade fixtures and shall repair any damage resulting from the removal. If Tenant fails to do so, this shall be an abandonment of the property, and following ten (10) days’ written notice, Landlord may remove or dispose of it in any manner without liability. Tenant shall be liable to Landlord for the reasonable cost of removal and transportation to storage, with interest on all such expenses from the date of expenditure at the Interest Rate.

iii. The time for removal of any property or fixtures that Tenant is required to remove from the Premises upon termination shall be as follows:

(1) On or before the date the Lease terminates because of expiration of the Term or because of a default under Section 17.

(2) Within ten (10) days after written notice from Landlord requiring such removal.

(c) **Holdover**
If Tenant does not vacate the Premises at the time required, Landlord shall have the option to treat Tenant as a tenant from month to month, subject to all the provisions of this Lease, except the provision for the Term, and except the Base Rent provided herein shall be 150% of the Base Rent being paid by Tenant prior to the holdover during the period of the month-to-month tenancy. Failure of Tenant to

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remove furniture, furnishings or trade fixtures or to repair any damage caused by such removal that Tenant is required to remove and repair under this Lease shall constitute a failure to vacate to which this Section 19(c) shall apply if the property not removed or repaired will interfere with occupancy of the Premises by another tenant or with occupancy by Landlord for any purpose, including preparation for a new tenant.

20. **ASSIGNMENT AND SUBLETTING**

(a) **Landlord's Consent**

Tenant shall not, either voluntarily or by operation of law, sell, assign, or transfer this Lease or sublet the Premises or any part thereof, or assign any right to use the Premises or any part thereof (each a "Transfer") without the prior written consent of Landlord, which consent shall not be unreasonably withheld, conditioned or delayed and any attempt to do so without such prior written consent shall be void and, at Landlord's option, shall terminate this Lease. Notwithstanding anything to the contrary in this Section 20, Tenant shall be allowed to Transfer to Peterson family members without consent, if such members provide evidence reasonably acceptable to Landlord that they are able to obtain proper licensing for operation of the bar and restaurant. Any such Transfer to family members shall not be effective until the transferee has expressly assumed and agreed in writing to be bound by and directly responsible for all Tenant's obligations hereunder. If Tenant requests Landlord's consent to any Transfer, other than to Peterson family members, Tenant shall promptly provide Landlord with a copy of the proposed agreement between Tenant and its proposed transferee and with all such other information concerning the business and financial affairs of such proposed transferee as Landlord may request. It shall be reasonable for Landlord to withhold its consent unless the proposed transferee: (i) is reasonably satisfactory to Landlord as to credit, managerial experience, net worth, character, and business or professional standing; (ii) will not have a negative effect, in Landlord's reasonable discretion, on the image of the Glendoveer Property; (iii) is unlikely, in Landlord's reasonable discretion, to materially diminish the Percentage Rent payable under this Lease; (iv) will occupy the Premises solely for the use authorized under this Lease; and (v) expressly assumes and agrees in writing to be bound by and directly responsible for all Tenant's obligations hereunder. Landlord's consent to any such Transfer shall in no event release Tenant from its liabilities or obligations hereunder during the initial Term of this Lease, nor relieve Tenant from the requirement of obtaining Landlord's prior written consent to any further Transfer. Landlord's acceptance of rent from any other person shall not be deemed to be a waiver by Landlord of any provision of this Lease or a consent to any Transfer. No modification, amendment, assignment, or sublease shall release Tenant, any assignee, or any guarantor of its liabilities or obligations under this Lease; provided, however, Tenant shall be released of all obligations under this Lease from and after the next occurring date after such assignment that Tenant has a termination right under Exhibit D to this Lease.

(b) **Payment to Landlord and Termination of Lease**

i. Landlord may, as a condition to its consideration of any request for consent to a proposed Transfer, impose a fee in the amount of Seven Hundred Fifty and No/100 Dollars ($750.00) to cover Landlord's administrative expenses and Tenant shall also be responsible to promptly pay all Landlord's reasonable legal fees in connection therewith (not to exceed One Thousand Dollars ($1,000.00)). Such fee shall be (i) payable by Tenant upon demand, and (ii) retained by Landlord, regardless of whether such consent is granted.

ii. If Tenant is a corporation, an unincorporated association, a partnership, a limited partnership, or a limited liability company, the transfer, assignment or hypothecation of any stock or interest in such entity in the aggregate in excess of twenty-five percent (25%) to non-family Peterson members shall be deemed a Transfer of this Lease within the meaning and provisions of this Section 20.

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(c) **Advance Notice to Landlord of any Proposed Transfer**
Tenant shall provide Landlord with at least twelve (12) months prior notice of Tenant's intent to Transfer this Lease; provided, however, that if Tenant receives unplanned or unsolicited offers to assume this Lease, Tenant shall notify Landlord as soon as practical. Tenant shall apprise Landlord of the types of restaurants or owners that would be anticipated to be interested in the Premises and keep Landlord informed as potential Transferees are identified. Landlord shall keep any such intent to Transfer the Lease and any information Tenant shares with Landlord in connection therewith confidential, to the extent permitted by law.

21. **SUBORDINATION**
Tenant's interest hereunder shall be subject and subordinate to all mortgages, trust deeds, and other financing and security instruments in place upon the Commencement Date or placed on the Premises by Landlord from time to time (hereafter "Mortgage"), except that no assignment or transfer of Landlord's rights hereunder to a lending institution as collateral security in connection with a Mortgage shall affect Tenant's right to possession, use, and occupancy of the Premises so long as Tenant shall not be in default under any of the terms and conditions of this Lease. The provisions of this Section 21 shall be self-operating. Nevertheless, Tenant agrees to execute, acknowledge and deliver to Landlord within ten (10) business days after Landlord's written request, an instrument in recordable form that expressly subordinates Tenant's interest hereunder to the interests of the holder of any Mortgage, and that includes any other reasonable provisions requested by the holder or prospective holder of any Mortgage. At Landlord's request, Tenant shall furnish Landlord current balance sheets, operating statements, and other financial statements in the form as reasonably requested by Landlord or by the holder or prospective holder of any Mortgage, certified by Tenant as accurate and current. Tenant agrees to sign an authorization for Landlord to conduct a check of Tenant's credit as requested by Landlord from time to time. Notwithstanding anything to the contrary contained in this Lease, this Lease shall not be subordinate to any future mortgage(s), trustees under a deed of trust, or to ground lease(s), if any, until with respect to any such mortgage(s), deed of trust and/or ground lease(s) there shall have been delivered to Tenant a non-disturbance agreement in which it is agreed that Tenant's possession of the Premises will not be disturbed so long as Tenant is not in default under this Lease beyond any period given to cure such default.

22. **TRANSFER OF THE PROPERTY**
If the Property is sold or otherwise transferred by Landlord or any successor to Landlord, Tenant shall attorn to the purchaser or transferee and recognize it as the landlord under this Lease , and, provided the purchaser or transferee assumes all obligations under this Lease thereafter accruing, the transferor shall have no further liability hereunder.

23. **ESTOPPEL CERTIFICATE**
Tenant shall from time to time, upon not less than twenty (20) days' prior notice, submit to Landlord, or to any person designated by Landlord, a statement in writing, in the form submitted to Tenant by Landlord, certifying that this Lease is unmodified and in full force and effect (or if there have been modifications, identifying the same by the date thereof and specifying the nature thereof), that to the knowledge of Tenant no uncured default exists hereunder (or if such uncured default does exist, specifying the same), the dates to which the Rent and other sums and charges payable hereunder have been paid, that Tenant has no claims against Landlord and no defenses or offsets to rental except for the continuing obligations under this Lease (or if Tenant has any such claims, defenses, or offsets, specifying the same), and any other information concerning this Lease as Landlord reasonably requests.

24. **PERFORMANCE BY LANDLORD OR TENANT**
Neither Landlord nor Tenant shall not be deemed in default for the nonperformance or for any interruption or delay in performance of any of the terms, covenants, and conditions of this Lease if the same shall be due to any labor dispute, strike, lockout, civil commotion, or like operation, invasion, rebellion, hostilities, military or usurped power, sabotage, governmental regulations or controls, inability to obtain labor, services or materials, through acts of God, or other cause beyond the reasonable control of such party,

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providing such cause is not due to the willful act or neglect of such party. The terms of this Section 24 shall not apply to nor excuse any failure of Tenant to pay Rent when due.

25. **LANDLORD'S RIGHT TO CURE DEFAULT**
If Tenant shall fail to perform any of the covenants or obligations to be performed by Tenant, Landlord, in addition to all other remedies provided herein, shall have the option (but not the obligation) to cure such failure to perform after fifteen (15) days' written notice to Tenant. All Landlord's expenditures incurred to correct the failure to perform shall be reimbursed by Tenant upon demand with interest from the date of expenditure at an interest rate of 10% per annum. Landlord's right to cure Tenant's failure to perform is for the sole protection of Landlord and the existence of this right shall not release Tenant from the obligation to perform all the covenants herein provided to be performed by Tenant, or deprive Landlord of any other right Landlord may have by reason of default of this Lease by Tenant.

26. **INSPECTION**
Landlord, Landlord's agents, and representatives, shall have the right to enter upon the Premises at any time in the event of emergency and, in other events, at reasonable times after reasonable prior verbal notice for the purpose of inspecting the same, for the purpose of making repairs or improvements to the Premises or the Building, for showing the Premises during the final ninety (90) days of the Term, or for any other lawful purpose.

27. **FOR SALE AND FOR RENT SIGNS**
Landlord shall not place any "for sale" or "for rent" or "for lease" on the Premises.

28. **ATTORNEY FEES**
In the event a suit, action, arbitration, or other proceeding of any nature whatsoever, including without limitation any proceeding under the U.S. Bankruptcy Code, is instituted, or the services of an attorney are retained to interpret or enforce any provision of this Lease or with respect to any dispute relating to this Lease, the prevailing or non-defaulting party shall be entitled to recover from the losing or defaulting party its attorneys', paralegals', accountants', and other experts' fees and all other fees, costs, and expenses actually incurred and reasonably necessary in connection therewith. In the event of suit, action, arbitration, or other proceeding, the amount thereof shall be determined by the judge or arbitrator, shall include fees and expenses incurred on any appeal or review, and shall be in addition to all other amounts provided by law.

29. **NOTICES**
Any notice required or permitted under this Lease shall be in writing and shall be deemed given when actually delivered or when deposited in the United States mail as certified or registered mail, return receipt requested, addressed to the addresses set forth in the Summary of Fundamental Provisions of this Lease or to such other address as may be specified from time to time by either of the parties in the manner above provided for the giving of notice. Notice may also be given by facsimile or telecopy transmission and shall be effective upon the date shown in a transmittal record when sent to the party at the facsimile or telecopy number set out in the Summary of Fundamental Provisions of this Lease or such other number as provided by either party, as long as a copy of any such notice is deposited in the United States mail to such party at the above-mentioned address on the same date the electronic transmission is sent.

30. **BROKERS**
Tenant covenants, warrants, and represents that it has not engaged any broker, agent, or finder who would be entitled to any commission or fee in connection with the negotiation and execution of this Lease, except as set forth in the Summary of Fundamental Lease Provisions attached hereto. Tenant agrees to indemnify and hold harmless Landlord against and from any claims for any brokerage commissions and all costs, expenses, and liabilities in connection therewith, including attorney fees and expenses, arising out of any charge or claim for a commission or fee by any broker, agent, or finder on the basis of any agreements made or alleged to have been made by or on behalf of Tenant, except for brokers listed on the Summary of Fundamental Lease Provisions. The provisions of this Section 30 shall not apply to any

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Landlord Tenant

brokers with whom Landlord has an express written brokerage agreement. Landlord shall be responsible for payment of any such brokers.

31. **LATE CHARGES**

Tenant acknowledges that late payment by Tenant to Landlord of any Rent or other charge due hereunder will cause Landlord to incur costs not contemplated by this Lease, the exact amount of which will be extremely difficult to ascertain. Such costs may include, without limitation, processing and accounting charges and late charges that may be imposed on Landlord under the terms of any Mortgage. Accordingly, if any Rent or other charge is not received by Landlord within ten (10) business days after written notice that such charge is past due, Tenant shall pay to Landlord a late charge equal to five percent (5.0%) of the overdue amount. This late charge shall be due with no notice to Tenant, after the second failure by Tenant to pay Rent when due in any 12-month period. The parties hereby agree that such late charge represents a fair and reasonable estimate of the costs incurred by Landlord by reason of the late payment by Tenant. Acceptance of any late charge by Landlord shall in no event constitute a waiver of Tenant's default with respect to the overdue amount in question, nor prevent Landlord from exercising any of the other rights and remedies granted hereunder.

32. **NO PERSONAL LIABILITY**

The liability of Landlord to Tenant for any default by Landlord under the terms of this Lease shall be limited to the interest of Landlord in the Building and the Property, and neither Landlord nor any of its owners, principals, employees, or agents shall be liable for any deficiency.

33. **MISCELLANEOUS PROVISIONS**

(a) This Lease does not grant any rights of access to light or air over any part of the Glendoveer Property.

(b) Time is of the essence of this Lease.

(c) The acceptance by Landlord of any Rent or other benefits under this Lease shall not constitute a waiver of any default.

(d) Any waiver by Landlord of the strict performance of any of the provisions of this Lease shall not be deemed to be a waiver of subsequent breaches of the same character or of a different character, occurring either before or subsequent to such waiver, and shall not prejudice Landlord's right to require strict performance of the same provision in the future or of any other provision of this Lease.

(e) This Lease contains the entire agreement of the parties and supersedes all prior written and oral agreements and representations and there are no implied covenants or other agreements between the parties, except as expressly set forth in this Lease.

(f) Neither Landlord nor Tenant is relying on any representations except as expressly set forth in this Lease.

(g) The parties acknowledge and agree that any calculations of square footage in the Premises and in the Building are approximations. Except as provided herein, no recalculation of square footage shall affect the obligations of Tenant under this Lease, including without limitation, the amount of Base Rent or other Rent payable by Tenant under this Lease.

(h) This Lease shall not be amended or modified except by agreement in writing, signed by the parties hereto.

Please Initial

Landlord Tenant

(i) Subject to the limitations on the assignment or transfer of Tenant's interest in this Lease, this Lease shall be binding upon and inure to the benefit of the parties, their respective heirs, personal representatives, successors, and assigns.

(j) No remedy herein conferred upon or reserved to Landlord or Tenant shall be exclusive of any other remedy herein provided or provided by law, but each remedy shall be cumulative.

(k) In interpreting or construing this Lease, it is understood that Tenant may be more than one person, that if the context so requires, the singular pronoun shall be taken to mean and include the plural, and that generally all grammatical changes shall be made, assumed, and implied to make the provisions hereof apply equally to corporations, partnerships, limited liability companies, and individuals.

(l) Section headings are for convenience and shall not affect any of the provisions of this Lease.

(m) If any provision of this Lease or the application thereof to any person or circumstance is, at any time or to any extent, held to be invalid or unenforceable, the remainder of this Lease, or the application of such provision to persons or circumstances other than those to which it is held invalid or unenforceable, shall not be affected thereby, and each provision of this Lease shall be valid and enforceable to the fullest extent permitted by law.

(n) All agreements (including, but not limited to, indemnification agreements) set forth in this Lease, the full performance of which are not required prior to the expiration or earlier termination of this Lease, shall survive the expiration or earlier termination of this Lease and be fully enforceable thereafter.

34. **QUIET ENJOYMENT**

Landlord warrants that as long as Tenant complies with all terms of this Lease, it shall be entitled to possession of the Premises free from any eviction or disturbance by Landlord or parties claiming through Landlord. Neither Landlord nor its managing agent shall have any liability to Tenant for loss or damages arising out of the acts, including criminal acts, of other tenants of the Building or third parties, and no such acts shall constitute an eviction, construction or otherwise.

35. **ANTI-TERRORISM LAW**

(a) **Tenant represents and warrants to Landlord as follows:**

i. Neither Tenant, its constituents, or affiliates, nor any of their respective agents (collectively, the "Tenant Parties") is in violation of any law relating to terrorism or money laundering, including, but not limited to, Executive Order No. 13224 on Terrorist Financing, the U.S. Bank Secrecy Act, as amended by the Patriot Act, the Trading with the Enemy Act, the International Emergency Economic Powers Act and all regulations promulgated thereunder, all as amended from time to time (collectively, "Anti-Terrorism Law").

ii. No action, proceeding, investigation, charge, claim, report, or notice has been filed, commenced, or threatened against any of the Tenant Parties alleging any violation of any Anti-Terrorism Law.

iii. None of the Tenant Parties has, after due inquiry, knowledge of any fact, event, circumstance, situation or condition that could reasonably be expected to result in any action, proceeding, investigation, charge, claim, report, notice, or penalty being filed, commenced, threatened, or imposed against any of them relating to any violation of or failure to comply with any Anti-Terrorism Law.

Please Initial

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Landlord Tenant

iv. None of the Tenant Parties is a "Prohibited Person." A Prohibited Person means any of the following:

(1) A person or entity that is "specially designated" on the most current list published by the U.S. Treasury Department Office of Foreign Asset Control or that is owned, controlled by, or acting for or on behalf of any such person or entity;

(2) A person or entity with whom Landlord is prohibited from dealing by any Anti-Terrorism Law:

(3) A person or entity that commits, threatens, or conspires to commit or supports "terrorism," as defined in any Anti-Terrorism Law.

v. None of the Parties:

(1) Conducts any business or transactions or makes or receives any contribution of funds, goods, or services in violation of any Anti-Terrorism Law:

(2) Engages in or conspires to engage in any transaction that evades or avoids, has the purpose of evading or avoiding, or attempts to violate any of the prohibitions of any Anti-Terrorism Law.

(b) **Tenant covenants that it shall not:**

i. Conduct any business or transaction or make or receive any contribution of funds, goods, or services in violation of any Anti-Terrorism Law;

ii. Engage in or conspire to engage in any transaction that evades or avoids, has the purpose of evading or avoiding, or attempts to violate any of the prohibitions of any Anti-Terrorism Law.

iii. Tenant agrees promptly to deliver to Landlord (but in any event within ten (10) business days of Landlord's written request) any certification or other evidence requested from time to time by Landlord, in its reasonable discretion, confirming Tenant's compliance with the foregoing.

36. **FINANCIAL STATEMENTS**

Within fifteen (15) days after Landlord's request, Tenant will furnish Tenant's most recent audited financial statements (including any notes to them) to Landlord, or, if no such audited statements have been prepared, such other financial statements (and notes to them) as may have been prepared by an independent certified public accountant or, failing those, Tenant's internally prepared financial statements. Tenant will discuss its financial statements with Landlord and will give Landlord access to Tenant's books and records in order to enable Landlord to verify the financial statements. Landlord will not disclose any aspect of Tenant's financial statements except to (a) Landlord's lenders or prospective purchasers of the Building who have executed a sales contract with Landlord, (b) in litigation between Landlord and Tenant, and (c) if required by any court order.

37. **WAIVER OF JURY TRIAL**

To the maximum extent permitted by law, Landlord and Tenant each waive their right to trial by jury in any litigation arising out of or with respect to this Lease.

38. **EXHIBITS AND ADDITIONAL PROVISIONS**

Exhibits attached hereto are referred to in this Lease and by this reference incorporated herein. Additional provisions, if any, are set forth in Riders attached hereto and by this reference incorporated herein.

Please Initial

______ ______
Landlord Tenant

39. **ADDITIONAL PROVISIONS:**

PARKING: Tenant shall have the exclusive right to the parking area depicted on **Exhibit A** as the "Exclusive Restaurant Parking," and Tenant shall have the shared right to the parking area depicted on **Exhibit A** as the "Shared Public Parking". Tenant shall have the right to post signs at the entries of the Exclusive Restaurant Parking stating that such parking is for restaurant use only, subject to Landlord's approval of such signage under Section 6.e). Further, during any peak golf times or during golf events, Tenant shall have the right to cordon off the Exclusive Restaurant Parking between the hours of 6:00 am through the dinner hour daily for its customers only. At such time Landlord undertakes any significant repairs to the parking lot or if Landlord's removal of hazards associated with the parking lot reduces the number of spaces available for Tenant's use, Landlord shall allow Tenant to utilize such additional parking spaces in the Glendoveer parking lot as the parties mutually agree at the time same occurs.

EXCLUSIVE USE: Tenant's use of the Building as a sit down restaurant and bar, with table service, serving hard liquor, including lottery sales, shall be exclusive to Tenant under this Lease and such exclusivity shall prohibit any such uses at any other location within the Glendoveer Property. Landlord agrees that the Golf and Tennis operator(s) in the Glendoveer Property shall limit food operations to sandwiches, hot dogs and pre-packaged fresh or frozen food and snacks and beverage operations to water, beer, wine and soft drinks. The exclusive use provisions of this Paragraph shall automatically become null and void if: (i) Tenant defaults under this Lease beyond any applicable cure period, (ii) Tenant, directly or indirectly, transfers or assigns its rights under this Lease in whole or in part or sublets all or any portion of the Premises without Landlord's prior written consent, provided that such consent is required under this Lease, or (iii) the Premises ceases to be used primarily as a sit down restaurant and bar with table service. Notwithstanding the foregoing, Landlord shall not be deemed to have breached the covenants contained in this Paragraph if any occupant of the Glendoveer Property violates Tenant's exclusive use, in violation of a restriction imposed by Landlord upon such occupant, and Landlord, upon receipt of notice from Tenant, diligently and in good faith attempts to prevent such violation to Tenant's exclusive use by all actions reasonably available, including without limitation, institution and prosecution of a lawsuit seeking to enjoin such violation (but Landlord shall have no obligation to bring any appeals regardless of any unfavorable determination in any such action brought by Landlord).

SHED: Tenant shall have a license for the continued use of the shed identified on Exhibit A attached hereto for storage of items related to servicing tournaments, subject to the terms and conditions of this Lease, except the payment of Rent; provided, however, if Landlord determines a need to remove the shed in the future Landlord shall find Tenant an alternative for such storage. Tenant's insurance required by this Lease shall cover the shed and any alternative location used solely by Tenant.

40. **REPRESENTATIONS; PREPARATION**

THIS LEASE, ATTACHMENTS , AND AMENDMENTS WERE PREPARED AT THE DIRECTION OF LANDLORD AND TENANT, AND BOTH LANDLORD AND TENANT HAVE BEEN ADVISED AND HAD AN OPPORTUNITY TO SEEK INDEPENDENT COUNSEL TO REVIEW THIS LEASE, ATTACHMENTS, AND AMENDMENTS. THE RULE OF CONSTRUCTION THAT A WRITTEN AGREEMENT IS CONSTRUED AGAINST THE PARTY PREPARING OR DRAFTING SUCH AGREEMENT SHALL SPECIFICALLY NOT BE APPLICABLE TO THE INTERPRETATION OR ENFORCEMENT OF THIS LEASE, ATTACHMENTS, AND AMENDMENTS. NO REPRESENTATION OR RECOMMENDATION IS MADE BY BOMA PORTLAND OR THE REAL ESTATE BROKERS INVOLVED IN THIS TRANSACTION CONCERNING THE LEGAL SUFFICIENCY OR TAX CONSEQUENCES ARISING FROM THIS LEASE.

IN WITNESS WHEREOF, Landlord and Tenant have executed this Lease in duplicate as of the day and year first above written, any corporate signature being by authority of the Board of Directors of the corporation.

Please Initial

________ ________
Landlord Tenant

Metro	Benalray, Inc., dba Ringside East
By___________________________________	By___________________________________
Its________________________________	Craig Peterson, Its Secretary

600 NE Grand Ave. Portland, OR. 97232 Att: Lydia Neill Lydia.neill@oregonmetro.gov 503-975-4522	2165 W Burnside Portland, OR. 97210 Att: Craig Peterson craig@ringsidehg.com 503-223-1513

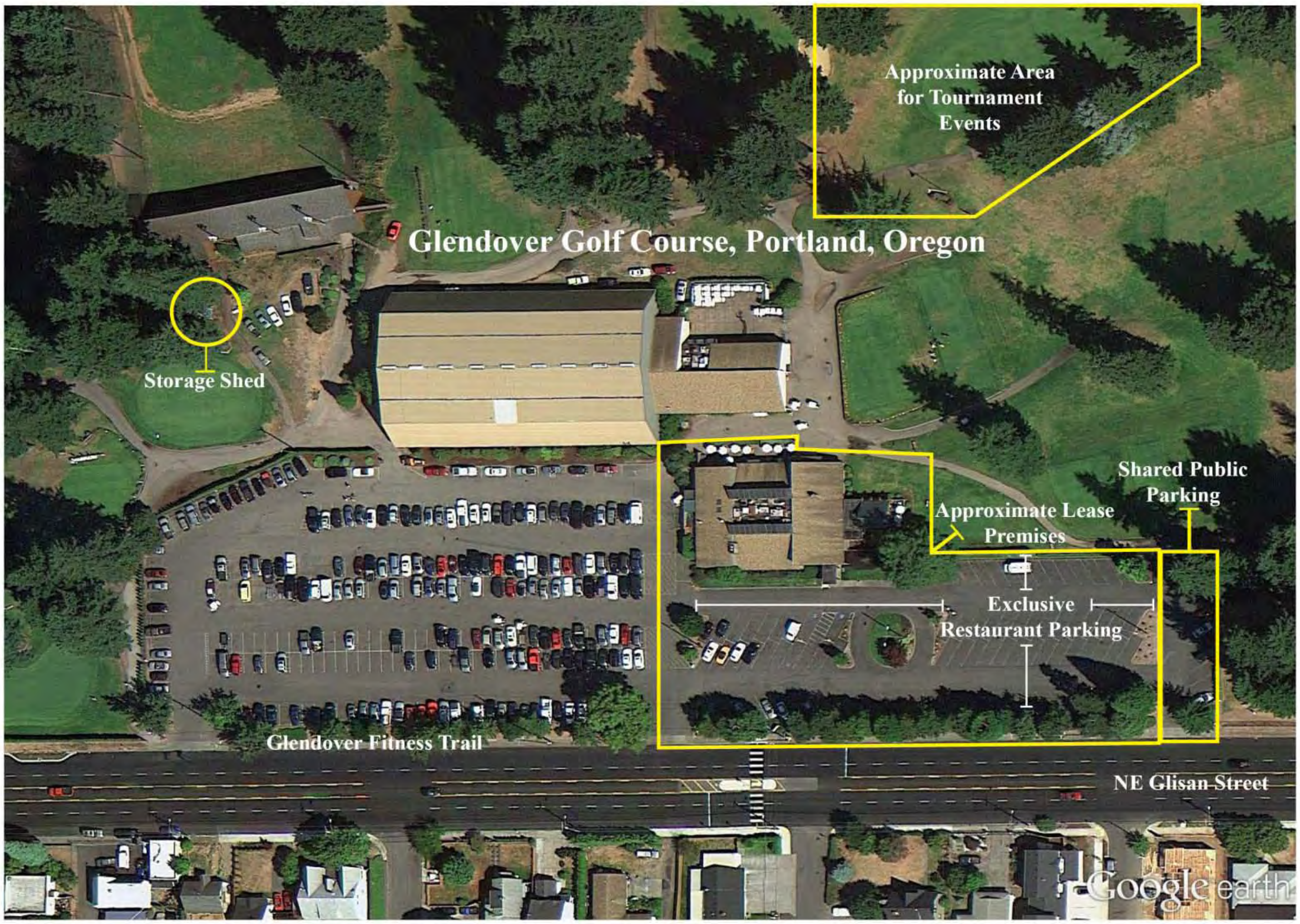
Exhibits.

The following Exhibit is attached hereto and incorporated as a part of this Lease:

Exhibit "A"	-	Premises
Exhibit "B"	-	Commencement Letter
Exhibit "C"	-	Option to Extend
Exhibit "D"	-	Termination Clause
Exhibit "E"	-	Work Agreement

EXHIBIT A

PREMISES



Please Initial

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Landlord Tenant

EXHIBIT B

COMMENCEMENT LETTER

Date
Benalray, Inc.
Att: Craig Peterson
2165 W Burnside
Portland, OR. 97210
craig@ringsidehg.com

Dear Craig,
Reference is made to the lease dated _________, 2012 by and between Metro, Landlord and Benalray, Inc., dba Ringside East, Tenant.

LEASE COMMENCEMENT: The Lease commencement date is _________.

RENT COMMENCEMENT: Per lease terms Section _________, rent commences _______.

In the event that the Commencement Date is other than the first of the month, the rent for the partial month shall be prorated at the rate for the first twelve months of the Lease Term, and shall be due and payable on the Commencement Date.

The Lease expiration date is ___________.

All other terms and conditions of said Lease shall remain the same. Thank you.

Sincerely,

LANDLORD:

Metro

By: ____________________________

Its: ______________________________

Date:______________________________

Please Initial

_________ ________
Landlord Tenant

EXHIBIT C

OPTION TO EXTEND

1. Right to Extend

Provided that (a) this Lease has not previously been terminated in accordance with its terms, and (b) Tenant has not failed to comply with the terms of this Lease or not cured such failure within any applicable notice or grace period, then the initial term of this Lease may be extended by Tenant, at its option, for three (3) additional five (5) year terms (each an "Extended Term"), subject to and upon the same terms and conditions as contained in this Lease, except that (i) no additional options to extend the Term beyond that expressly set forth in this Exhibit C shall be provided, and (ii) Base Rent and Percentage Rent shall be determined as set forth in this Exhibit C, Section 2 below. Tenant may exercise each option by delivering written notice of its election to Landlord at least two hundred seventy (270) days before the expiration of the then current term. Failure to exercise an option for an Extended Term shall nullify it and all future options for all subsequent Extended Terms.

2. Determination of Rent

If Tenant validly exercises an option, then during such Extended Term, Base Rent shall be adjusted in the same manner as set forth in the Lease by increasing two (2%) percent annually. During each Extended Term and with respect to the Percentage Rent provision, the breakpoint after which Percentage Rent is payable shall also increase by two percent (2%) annually.

Please Initial

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Landlord Tenant

EXHIBIT D

EARLY TERMINATION OPTION

Provided that (a) Tenant is not in default of this Lease or not cured such failure within any applicable notice or grace period, and (b) Tenant has not assigned its interest in this Lease or subleased any portion of the Premises to any party other than Peterson family members, then Tenant shall have the option to terminate this Lease for any reason on a “Termination Option Date,” defined as follows: the last day of either the 30th, 60th, or 90th month of the Term, or if any option to extend the Term is exercised, on the last day of the month that is 30 months after the commencement of such Extended Term.

If Tenant (i) gives at least nine (9) months prior written notice to Landlord of its intent to exercise its termination option, which notice shall set forth the anticipated Termination Option Date; (ii) continues to pay Base Rent, any Additional Rent, and any Percentage Rent due under the Lease prior to the anticipated Termination Option Date; and (iii) delivers to Landlord on or before the anticipated Termination Option Date the termination fee described below, then the Lease will terminate on the Termination Option Date set forth in Tenant’s notice. Tenant shall also reimburse Landlord for any Property Taxes invoiced prior to the Termination Option Date.

The termination fee shall equal Tenant’s most recent Percentage Rent payment for the prior Lease Year prorated based on the number of months elapsed in the Lease Year in which the Termination Option Date falls. For example, if the Termination Option Date is on June 30th of a Lease Year, then the termination fee would equal one-half of the Percentage Rent payment made, if any, for the prior Lease Year. If the Termination Option Date falls on December 31st, the termination fee shall equal the prior Lease Year’s full Percentage Rent payment, if any. The termination fee shall also include any additional sums required pursuant to any windows installed in accordance with Exhibit E to this Lease.

Please Initial

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Landlord Tenant

EXHIBIT E

WORK AGREEMENT

IMPROVEMENTS PROVIDED BY LANDLORD.

Landlord shall provide the following improvements in the Premises ("Landlord's Work") and shall obtain, at Landlord's cost, the permits therefor:

A) Parking Lot

Prior to Lease execution, Tenant and Landlord mutually agreed on a plan in writing with appropriate exhibits to eliminate hazards in the Exclusive Restaurant Parking. Landlord on or prior to three (3) months following the Commencement Date shall have completed the elimination of such hazards substantially in accordance with such plan.

B) Roof

Within nine (9) months after the Commencement Date, Landlord shall remove the existing solar panels from the roof of the Building, restore the impacted area to water tight condition, and replace the existing roof with a new roof of a color that is mutually acceptable to Landlord and Tenant.

C) Paint Exterior

Within nine (9) months after the Commencement Date and mutual acceptance by both parties of the paint color, Landlord shall paint the exterior of the Building.

D) ADA

Within twelve (12) months after the Commencement Date, Landlord shall make any ADA required modifications to the bathrooms, entries/exits to and from the Building, and any site or parking lot required ADA improvements

New Windows. If Tenant desires to put new windows in the south facing wall of the Building, Tenant shall submit its proposal to Landlord in accordance with Section 7 of this Lease. If acceptable to Landlord and provided that Landlord and Tenant have agreed upon a cost for the work, Landlord shall install the windows. Tenant shall repay Landlord the cost for the new windows with a five percent (5%) interest factor by way of increased Rent (on a straight line basis) over the initial Term of this Lease. If Tenant terminates this Lease prior to the expiration of the initial Term of this Lease pursuant to Tenant's early termination option, then on or prior to the Termination Option Date, Tenant shall pay Landlord as a termination fee an amount equal to the then un-repaid portion of the cost of the windows and interest accrued on that cost through the Termination Option Date.

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Landlord Tenant

STAFF REPORT

IN CONSIDERATION OF RESOLUTION NO. 12-4386, FOR THE PURPOSE OF DECLARING PROPERTY AT GLENDOVEER GOLF AND TENNIS CENTER SURPLUS PROPERTY, EXEMPTING THE TENNANT FROM PAYING EXCISE TAX AND AUTHORIZING THE EXECUTION OF A LEASE WITH RINGSIDE RESTAURANT.

Date: October 17, 2012

Prepared by: Lydia Neill, Project Manager
503 797-1830

BACKGROUND

Metro acquired Glendoveer Golf Course and fitness trail located at the corner of NE Glisan Street and NE 148th Avenue from Multnomah County in 1994 in a property transfer. The Ringside East Restaurant (Restaurant, dba Benalray) that is located at 14021 NE Glisan Street Portland, Oregon on the Glendoveer Golf and Tennis Center property.

The Restaurant is currently managed under a sub-lease arrangement with Metro's current golf course operator, Glisan Street Recreation (GSR). Both the GSR contract and the sublease agreement with the Restaurant will expire on December 31, 2012.

The Restaurant is a 9,000 square foot building and includes a 120 stall parking lot that was constructed in 1978. This Restaurant is an eastside institution that serves lunch and dinner and has been an integral part of the golf course property for many years. The Restaurant serves the surrounding neighborhood, the east side business community and golfers, tennis player and walkers. Many civic groups, including the Rotary also use the Restaurant as a meeting place.

Staff and the Restaurant have negotiated a ten year lease with three possible five year extensions for a total of 25 years. This lease agreement is independent of the Golf and Tennis Operator contract being negotiated with CourseCo. CourseCo has been chosen to operate the Glendoveer Golf and Tennis Center and although is under a separate contract with Metro they will be required to work cooperatively.

To set the terms of the lease and assist in negotiations, Metro completed a market study by Commercial Realty Advisors (CRA). CRA is a local commercial broker that specializes in leasing and sale of restaurant properties. Metro also met with the City of Portland property management staff that has negotiated lease terms for commercial properties located on City of Portland property.

Ringside is intended to be the exclusive tournament food and beverage provider and will work in conjunction with CourseCo, who has been chosen as the concession operator of the golf, tennis and driving range facilities to provide food service for tournaments and large events. CourseCo will market, book and conduct the tournament business at Glendoveer Golf Course. This arrangement under a separate letter of agreement has been negotiated for 2013 to allow the transition of the golf/tennis operations to occur with the new operator. The efficiency of this arrangement will be evaluated in the fall of 2013 and may continue into the future.

ANALYSIS/INFORMATION

1. **Known Opposition**
   None

2. **Legal Antecedents** Metro Code section 2.04.026 requires Metro Council approval of any contract to lease real property owned by Metro.

   ORS Chapter 279.826 allows public agencies to lease real or personal property not needed by for public use.

   Metro Code section 7.01.020 requires users of Metro facilities to pay excise tax.

3. **Anticipated Effects** The continuation of the Restaurant operation as the Ringside is an important part of successfully operating the Glendoveer Golf and Tennis Center. The Ringside has been very successful at this location and staff considers them an anchor tenant for this property. The Restaurant provides a range of lunch and dinner items for local business clientele, golfers, tennis players, walkers and neighbors. The Restaurant's ability to provide high quality food and beverage service for tournament play and other events in conjunction with the golf operation provides a competitive advantage to the golf course and is an important part of the overall business model for Glendoveer. The Restaurant is known for high quality steaks and outstanding service.

   As part of this lease agreement the coffee shop operation located on the north side of the building will be eliminated after September 30, 2013. This function will be transferred to the golf/tennis operator (CourseCo) and will be provided out of the clubhouse to provide more consistent service to tennis players and golfers. The restaurant plans to convert the coffee shop space for private dining.

   <u>Rent:</u>
   The anticipated rent is $5,000 per month for the first lease year which is average for the size space in this location. In addition to the monthly rent, Metro will receive 4% of gross sales between $3,000,000 and $4,000,000 and will be paid on a yearly basis. For gross sales between $4,000,000 and $5,000,000 Metro will receive 3% of annual gross sales. The lease has an inflationary increase of 2% per year.

   <u>Effective Date and Terms:</u>
   The lease calls for 10 year term and three possible five year extensions. The lease will become effective when the property lease for the golf/tennis facility ceases or no later than January 1, 2013.

   <u>Signage:</u>
   Metro will review and approve all signage.

   <u>Utilities, Taxes and Insurance:</u>
   The Restaurant is responsible for property taxes, all utilities associated with the use, personal property taxes and insurance.

   <u>Excise Taxes:</u>
   Excise taxes will be paid on lease payment from the Restaurant to Metro.

   <u>Improvements:</u>
   Metro will be conducting tenant improvements to the Restaurant building as a condition of the lease to address deferred maintenance issues. Improvements will include: dry rot repair, roof replacement, HVAC replacement (as warranted), exterior painting, seal coating and striping the parking lot and re-

landscaping around the building. The Restaurant may elect to add new windows to the front of the building in the future and the cost of the window improvements will be amortized over the term of the lease.

Lease Instrument:
The lease attached in Exhibit A of Resolution 12-4386 is a modified BOMA document.

Surplus Property:
In accordance with State Law, the Metro Council must find that the Restaurant is not needed for public use in order to execute the lease.

4. **Budget Impacts**. Lease income will generate at a minimum of $60,000 per year. If gross revenues exceed base numbers (2012) there is additional potential for a greater upside financially to Metro. An excise payment of $____ will be paid annually on all lease payments from the revenues received.

RECOMMENDED ACTION

The Chief Operating Officer recommends approval of Resolution 12-4386.

Agenda Item No. 5.1

Ordinance No. 12-1294, For the Purpose of Amending Metro Code Chapter 2.19.100 Regarding Term Length and Membership of the Public Engagement Review Committee (PERC).

Ordinances – First Reading

Metro Council Meeting
Thursday, Nov. 15, 2012
Metro, Council Chamber

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF AMENDING METRO CODE CHAPTER 2.19.100 REGARDING TERM LENGTH AND MEMBERSHIP OF THE PUBLIC ENGAGEMENT REVIEW COMMITTEE (PERC)	))))	ORDINANCE NO. 12-1294 Introduced by Councilor Kathryn Harrington

WHEREAS, in furtherance of Metro's Principles of Citizen Involvement, set forth in Resolution No. 97-2433, adopted January 23, 1997, the Metro Council established an Advisory Committee known as the Public Engagement Review Committee (PERC), to advise the Metro Council on the development and maintenance of programs and procedures to aid communication between the public and the Metro Council;

WHEREAS, as a result of engagement with community stakeholders and leaders to recruit members to PERC, the Metro Council finds that flexibility to add additional members to PERC and to lengthen and stagger the terms of all PERC members will allow PERC to better fulfill its mission; and now therefore

THE METRO COUNCIL ORDAINS AS FOLLOWS that:

1. Metro Code Chapter 2.19.100(b) is hereby amended as set forth in the redlined version of Metro Code Chapter 2.19.100(b), attached hereto as <u>Exhibit A</u> and incorporated herein.

2. This Ordinance being necessary for the health, safety or welfare of the Metro area in order to further Metro's Principles of Citizen Involvement, an emergency is declared to exist, and this Ordinance takes effect upon passage

ADOPTED by the Metro Council this __________ day of November 2012.

____
Tom Hughes, Council President

Attest:

____
Kelsey Newell, Recording Secretary

Approved as to Form:

____
Alison Kean Campbell, Metro Attorney

Exhibit A to Ordinance 12-1294

CHAPTER 2.19
METRO ADVISORY COMMITTEES
2.19.100 Public Engagement Review Committee (PERC)

(b) Membership. The PERC consists of at least nine (9) members as follows:

At least three (3) at large representatives from the region, each of whom may be appointed for either a one, two, or three year term, subject to the limitations in Chapter 2.19.030(c)(2) on serving more than two (2) consecutive terms.

~~Three~~ At least three (3) representatives appointed from nominees of community associations, cooperatives, or other nonprofit groups in the region, each of whom may be appointed for either a one, two, or three year term. Notwithstanding Chapter 2.19.030(c)(3)(B), representatives appointed from these groups shall not outnumber the number of at-large representative and will be subject to the limitations on ~~terms~~ serving more than two (2) consecutive terms as provided in Chapter 2.19.030(c)(2).

One (1) representative who is a county employee from each of Clackamas, Multnomah and Washington Counties (for a total of three (3), for term lengths determined by the appointing jurisdiction. Each county will nominate an employee whose duties with the county are in a public engagement capacity. A county may alternatively nominate an employee of a local government entity (such as a city or special district) within such county whose duties with such entity are in a public engagement capacity, with the consent of the entity’s administrator.

STAFF REPORT

FOR THE PURPOSE OF AMENDING METRO CODE CHAPTER 2.19.100 REGARDING TERM LENGTH AND MEMBERSHIP OF THE PUBLIC ENGAGEMENT REVIEW COMMITTEE (PERC)

Date: Nov. 6, 2012 Prepared by: Heather Coston ext. 7552

BACKGROUND

Following a public hearing on May 24, 2012, the Metro council approved amending the Metro Code regarding the Office of Citizen Involvement to dissolve the Metro Committee for Citizen Involvement and establish a new standing public committee, the Public Engagement Review Committee (PERC). The PERC will convene twice a year and consist of at-large community members, representatives from three community organizations and public involvement staff from Clackamas, Multnomah and Washington counties.

The PERC will serve as a key component of Metro's ongoing efforts to develop and implement successful public engagement processes. The committee will also assist with Metro's annual public engagement report, Opt In public engagement review survey and annual community summit.

PUBLIC ENGAGEMENT REVIEW COMMITTEE STRUCTURAL CHANGES

Staff recommends changes to the original ordinance to provide structural improvements.

1. Amend the ordinance to nominate committee members to one, two or three-year terms instead of the two-year terms that originated with the MCCI. The PERC meets twice a year, so by increasing the terms to up to three years, members will have more time to participate and develop their role on the committee. In the inaugural year staff is recommending that some members serve one or two-year terms in order to have a rotating membership and recruitment process. Member recruitment will occur annually for one-third of the community member and community organization positions in order to ensure continuity on the committee. Local jurisdiction representatives will be reappointed as desired by the sponsoring county. This will allow staff to stagger the influx of new members so there is not an entirely new committee every three years.

2. Amend the ordinance to allow additional community organization representatives on the committee. This additional flexibility will give council the option to include more members in the future, if it will help PERC better represent the diversity of the region.

ANALYSIS/INFORMATION

1. **Known Opposition** None

2. **Legal Antecedents** Resolution No. 97-2433 establishing Metro's Principles of Citizen Involvement; and Metro Code Chapter 2.19.030.

3. **Anticipated Effects** Flexibility to add additional members to PERC and to lengthen and stagger the terms of all PERC members will allow for more continuity and diverse representation.

4. **Budget Impacts** No budget impacts. Program needs are addressed through a shifting of existing staff resources and accessing Communications M&S included in the COO proposed budget for FY 2012-13.

RECOMMENDED ACTION

Amend Metro Code Section 2.19.030 to allow one, two and three-year terms instead of the two-year terms that originated with the MCCI.

Amend Metro Code Section 2.19.030 to allow additional representatives of community organizations.

Agenda Item No. 5.2

Ordinance No. 12-1295, For the Purpose of Amending the FY 2012-13 Budget and Appropriations Schedule and the FY 2012-13 Through 2016-17 Capital Improvement Plan.

Ordinances – First Reading

Metro Council Meeting
Thursday, Nov. 15, 2012
Metro, Council Chamber

BEFORE THE METRO COUNCIL

AMENDING THE FY 2012-13 BUDGET AND APPROPRIATIONS SCHEDULE AND THE FY 2012-13 THROUGH 2016-17 CAPITAL IMPROVEMENT PLAN	)))))	ORDINANCE NO. 12-1295 Introduced by Martha Bennett, Chief 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 2012-13 Budget; and

WHEREAS, Metro Code chapter 2.02.040 requires Metro Council approval to add any new position to the budget; and

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

WHEREAS, adequate funds exist for other identified needs; and

WHEREAS, ORS 294.463(1) provides for transfers of appropriations within a fund, including transfers from contingency that do not exceed 15 percent of a fund's appropriations, if such transfers are authorized by official resolution or ordinance of the governing body for the local jurisdiction, and

WHEREAS, ORS 294.463(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 stating the need for the transfer, now, therefore,

THE METRO COUNCIL ORDAINS AS FOLLOWS:

1. That the FY 2012-13 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 recognizing new grants, contributions and donations, and transferring appropriations to provide for a change in operations..

2. That the FY 2012-13 through FY 2016-17 Capital Improvement Plan is hereby amended accordingly.

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. 12-1295

ACCT	DESCRIPTION	Current Budget FTE	Current Budget Amount	Revision FTE	Revision Amount	Amended Budget FTE	Amended Budget Amount
	General Fund						

Total Resources

ACCT	DESCRIPTION	Current Budget FTE	Current Budget Amount	Revision FTE	Revision Amount	Amended Budget FTE	Amended Budget Amount
	Resources						
BEGBAL	*Beginning Fund Balance*						
	Beginning Fund Balance						
3400	* Undesignated		8,797,000		0		8,797,000
3400	* Reserved for CAP Adjustments		731,194		0		731,194
3261	* Prior period adjustment: TOD		2,060,195		0		2,060,195
3400	* Project Carryover		426,597		0		426,597
3400	* Reserve for Future One-Time Expenditures		1,313,255		0		1,313,255
3303	* Reserved for Local Gov't Grants (CET)		3,342,369		0		3,342,369
3403	* Reserve for Future Debt Service		2,682,093		0		2,682,093
3400	* Reserved for Metro Export Initiative		75,000		0		75,000
3405	* Reserved for Community Investment Initiat		1,072,000		0		1,072,000
3400	* Reserved for Future Planning Needs		502,546		0		502,546
3400	* Reserved for Nature in Neighborhood Gran		147,234		0		147,234
3400	* Reserve for Future Natural Areas Operatio		204,460		0		204,460
3415	* Prior year PERS Reserve		6,267,764		0		6,267,764
	Subtotal Beginning Fund Balance		*27,621,707*		0		*27,621,707*
	General Revenues						
EXCISE	*Excise Tax*						
4050	Excise Taxes		15,639,971		0		15,639,971
4055	Construction Excise Tax		1,760,000		0		1,760,000
RPTAX	*Real Property Taxes*						
4010	Real Property Taxes-Current Yr		11,729,132		0		11,729,132
4015	Real Property Taxes-Prior Yrs		352,000		0		352,000
INTRST	*Interest Earnings*						
4700	Interest on Investments		31,000		0		31,000
	Subtotal General Revenues		*29,512,103*		0		*29,512,103*
	Department Revenues						
GRANTS	*Grants*						
4100	Federal Grants - Direct		2,859,471		0		2,859,471
4105	Federal Grants - Indirect		4,941,774		0		4,941,774
4110	State Grants - Direct		763,970		0		763,970
4120	Local Grants - Direct		2,227,743		0		2,227,743
LGSHRE	*Local Gov't Share Revenues*						
4135	Marine Board Fuel Tax		69,201		0		69,201
4139	Other Local Govt Shared Rev.		469,886		0		469,886
GVCNTB	*Contributions from Governments*						
4145	Government Contributions		2,929,628		0		2,929,628
4150	Contractor's Business License		380,000		0		380,000
CHGSVC	*Charges for Service*						
4165	Boat Launch Fees		158,622		0		158,622
4180	Contract & Professional Service		594,837		0		594,837
4230	Product Sales		164,558		0		164,558
4280	Grave Openings		257,524		0		257,524
4285	Grave Sales		240,728		0		240,728
4500	Admission Fees		6,597,002		0		6,597,002
4501	Conservation Surcharge		144,900		0		144,900
4502	Admission Fees - Memberships		1,773,100		0		1,773,100
4503	Admission Fees - Special Concerts		1,405,152		0		1,405,152

Exhibit A
Ordinance No. 12-1295

ACCT	DESCRIPTION	Current Budget FTE	Current Budget Amount	Revision FTE	Revision Amount	Amended Budget FTE	Amended Budget Amount
General Fund							
Total Resources							
4510	Rentals		768,552		0		768,552
4550	Food Service Revenue		5,637,726		0		5,637,726
4560	Retail Sales		2,270,408		0		2,270,408
4580	Utility Services		2,056		0		2,056
4610	Contract Revenue		686,095		0		686,095
4620	Parking Fees		931,960		0		931,960
4630	Tuition and Lectures		1,084,844		20,940		1,105,784
4635	Exhibit Shows		381,200		0		381,200
4640	Railroad Rides		729,330		0		729,330
4645	Reimbursed Services		257,600		0		257,600
4650	Miscellaneous Charges for Service		15,075		0		15,075
4760	Sponsorships		260,282		0		260,282
DONAT	*Contributions from Private Sources*						
4750	Donations and Bequests		500,927		0		500,927
MISCRV	*Miscellaneous Revenue*						
4170	Fines and Forfeits		25,000		0		25,000
4890	Miscellaneous Revenue		148,881		0		148,881
LOANRV	*Interfund Loan - Resource*						
4960	Interfund Loan - Principal						
	* from MERC Fund		220,000		0		220,000
4965	Interfund Loan - Interest						
	* from MERC Fund		11,000		0		11,000
EQTREV	*Fund Equity Transfers*						
4970	Transfer of Resources						
	* from Risk Management Fund		295,207		0		295,207
INDTRV	*Interfund Reimbursements*						
4975	Transfer for Indirect Costs						
	* from MERC Operating Fund		2,498,424		0		2,498,424
	* from Zoo Bond Fund		288,252		0		288,252
	* from Natural Areas Fund		1,280,235		0		1,280,235
	* from Solid Waste Revenue Fund		4,524,896		0		4,524,896
INTSRV	*Internal Service Transfers*						
4980	Transfer for Direct Costs						
	* from Zoo Bond Fund		1,638		0		1,638
	* from MERC Operating Fund		161,056		0		161,056
	* from Natural Areas Fund		492,945		0		492,945
	* from Smith & Bybee Lakes Fund		104,841		0		104,841
	* from Solid Waste Revenue Fund		3,284,623		0		3,284,623
	Subtotal Department Revenues		*52,841,149*		*20,940*		*52,862,089*
TOTAL RESOURCES			**$109,974,959**		**$20,940**		**$109,995,899**

Exhibit A
Ordinance No. 12-1295

ACCT	DESCRIPTION	Current Budget FTE	Current Budget Amount	Revision FTE	Revision Amount	Amended Budget FTE	Amended Budget Amount
	General Fund						

Communications

	Personnel Services						
SALWGE	*Salaries & Wages*						
5010	Reg Employees-Full Time-Exempt						
	Administrative Specialist IV	1.00	57,953	-	0	1.00	57,953
	Associate Public Affairs Specialist	7.75	429,697	-	0	7.75	429,697
	Associate Visual Communications Desig	1.00	60,837	-	0	1.00	60,837
	Director	1.00	132,300	-	0	1.00	132,300
	Manager II	3.00	277,195	-	0	3.00	277,195
	Program Supervisor II	1.00	81,624	-	0	1.00	81,624
	Senior Management Analyst	1.00	63,899	-	0	1.00	63,899
	Senior Public Affairs Specialist	6.00	433,558	-	0	6.00	433,558
	Senior Visual Communications Designer	1.00	62,500	-	0	1.00	62,500
5089	Salary Adjustments						
	Merit/COLA Adjustment (non-rep)		12,769		0		12,769
	Step Increases (AFSCME)		17,735		0		17,735
	COLA (represented employees)		28,819		0		28,819
FRINGE	*Fringe Benefits*						
5110	Fringe Benefits - Payroll Taxes		141,114		0		141,114
5120	Fringe Benefits - Retirement PERS		235,665		0		235,665
5130	Fringe Benefits - Health & Welfare		303,421		(35,618)		267,803
5140	Fringe Benefits - Unemployment		1,972		0		1,972
5150	Fringe Benefits - Other Benefits		9,059		0		9,059
	Total Personnel Services	**23.13**	**$2,371,443**	**0.00**	**($35,618)**	**23.13**	**$2,335,825**
	Total Materials & Services		**$261,500**		**$0**		**$261,500**
TOTAL REQUIREMENTS		**23.13**	**$2,632,943**	**0.00**	**($35,618)**	**23.13**	**$2,597,325**

Exhibit A
Ordinance No. 12-1295

ACCT	DESCRIPTION	Current Budget FTE	Current Budget Amount	Revision FTE	Revision Amount	Amended Budget FTE	Amended Budget Amount
	General Fund						

Council Office

ACCT	DESCRIPTION	Current Budget FTE	Current Budget Amount	Revision FTE	Revision Amount	Amended Budget FTE	Amended Budget Amount
	Personnel Services						
SALWGE	*Salaries & Wages*						
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						
	Assistant to the Council President	1.00	96,742	-	0	1.00	96,742
	Chief Operating Officer	1.00	180,250	-	0	1.00	180,250
	Council President Policy Coordinator	1.00	54,956	-	0	1.00	54,956
	Council Policy Analyst	3.00	166,047	-	0	3.00	166,047
	Deputy Chief Operating Officer	1.00	160,322	-	0	1.00	160,322
	Manager II	1.00	89,000	-	0	1.00	89,000
	Policy Analyst	1.00	57,154	-	0	1.00	57,154
	Policy Advisor I	2.00	183,462	-	0	2.00	183,462
	Policy Advisor II	2.38	335,819	-	0	2.38	335,819
	Program Analyst II	1.00	53,909	-	0	1.00	53,909
	Program Analyst III	1.00	60,383	-	0	1.00	60,383
	Program Analyst IV	2.00	134,599	-	0	2.00	134,599
	Program Analyst V	1.00	73,500	-	0	1.00	73,500
5015	Reg Empl-Full Time-Non-Exempt						
5020	Reg Emp-Part Time-Exempt						
5030	Temporary Employees - Hourly		115,000		0		115,000
5031	Temporary Employees - Salaried		16,432		0		16,432
5080	Overtime		5,000		0		5,000
5086	Mobile Communication Allowance		11,650		0		11,650
5089	Salary Adjustments				0		
	Merit/COLA Adjustment (non-rep)		32,291		0		32,291
	Other Adjustments (non-represented)		239,417		0		239,417
FRINGE	*Fringe Benefits*						
5110	Fringe Benefits - Payroll Taxes		190,670		0		190,670
5120	Fringe Benefits - Retirement PERS		329,121		0		329,121
5130	Fringe Benefits - Health & Welfare		358,832		(42,562)		316,270
5140	Fringe Benefits - Unemployment		30,689		0		30,689
5150	Fringe Benefits - Other Benefits		10,641		0		10,641
	Total Personnel Services	**26.39**	**$3,400,881**	**0.00**	**($42,562)**	**26.39**	**$3,358,319**
	Total Materials & Services		**$796,921**		**$0**		**$796,921**
TOTAL REQUIREMENTS		**26.39**	**$4,197,802**	**0.00**	**($42,562)**	**26.39**	**$4,155,240**

Exhibit A
Ordinance No. 12-1295

ACCT	DESCRIPTION	Current Budget FTE	Current Budget Amount	Revision FTE	Revision Amount	Amended Budget FTE	Amended Budget Amount
	General Fund						
	Finance & Regulatory Services						
	Personnel Services						
SALWGE	*Salaries & Wages*						
5010	Reg Employees-Full Time-Exempt						
	Accountant II	4.00	249,650	-	0	4.00	249,650
	Accountant III	1.00	67,048	-	0	1.00	67,048
	Associate Management Analyst	3.00	197,995	-	0	3.00	197,995
	Budget Coordinator	1.00	85,811	-	0	1.00	85,811
	Capital Projects Coordinator	1.00	85,537	-	0	1.00	85,537
	Director	1.00	140,232	-	0	1.00	140,232
	Deputy Director	1.00	130,472	-	0	1.00	130,472
	Investment Coordinator	1.00	77,587	-	0	1.00	77,587
	Manager I	3.00	268,103	-	0	3.00	268,103
	Manager II	4.00	409,008	-	0	4.00	409,008
	Program Analyst III	2.00	132,948	-	0	2.00	132,948
	Program Analyst V	1.00	76,609	-	0	1.00	76,609
	Program Supervisor I	1.00	71,743	-	0	1.00	71,743
	Senior Management Analyst	1.00	73,892	-	0	1.00	73,892
5015	Reg Empl-Full Time-Non-Exempt						
	Accountant I	1.00	55,058	-	0	1.00	55,058
	Accounting Specialist	1.00	49,858	-	0	1.00	49,858
	Accounting Technician II	3.50	151,133	-	0	3.50	151,133
	Administrative Assistant I	1.00	39,520	-	0	1.00	39,520
	Administrative Assistant III	1.00	46,218	-	0	1.00	46,218
	Program Assistant 3	0.67	36,824	-	0	0.67	36,824
5020	Reg Emp-Part Time-Exempt			-	0		
	Assistant Management Analyst	0.70	42,586	-	0	0.70	42,586
5086	Mobile Communication Allowance		1,200		0		1,200
5089	Salary Adjustments						
	Merit/COLA Adjustment (non-rep)		38,641		0		38,641
	Step Increases (AFSCME)		16,026		0		16,026
	COLA (represented employees)		26,042		0		26,042
FRINGE	*Fringe Benefits*						
5110	Fringe Benefits - Payroll Taxes		215,685		0		215,685
5120	Fringe Benefits - Retirement PERS		358,904		0		358,904
5130	Fringe Benefits - Health & Welfare		456,333		(47,656)		408,677
5140	Fringe Benefits - Unemployment		5,985		0		5,985
5150	Fringe Benefits - Other Benefits		14,394		0		14,394
	Total Personnel Services	**33.87**	**$3,621,042**	**0.00**	**($47,656)**	**33.87**	**$3,573,386**
	Total Materials & Services		**$597,233**		**$0**		**$597,233**
TOTAL REQUIREMENTS		**33.87**	**$4,218,275**	**0.00**	**($47,656)**	**33.87**	**$4,170,619**

Exhibit A
Ordinance No. 12-1295

ACCT	DESCRIPTION	Current Budget FTE	Current Budget Amount	Revision FTE	Revision Amount	Amended Budget FTE	Amended Budget Amount
	General Fund						
	Human Resources						
	Personnel Services						
SALWGE	*Salaries & Wages*						
5010	Reg Employees-Full Time-Exempt						
	Director	1.00	138,153	-	0	1.00	138,153
	Manager I	1.00	80,913	-	0	1.00	80,913
	Manager II	1.00	88,144	-	0	1.00	88,144
	Program Analyst III	2.75	166,251	-	0	2.75	166,251
	Program Analyst IV	3.00	205,282	-	0	3.00	205,282
	Program Analyst V	3.00	224,891	-	0	3.00	224,891
5015	Reg Empl-Full Time-Non-Exempt						
	Administrative Assistant III	4.00	182,162	-	0	4.00	182,162
	Payroll Specialist	2.00	95,119	-	0	2.00	95,119
5080	Overtime		1,000		0		1,000
5089	Salary Adjustments						
	Merit/COLA Adjustment (non-rep)		28,231		0		28,231
	Step Increases (AFSCME)		1,522		0		1,522
	COLA (represented employees)		2,473		0		2,473
FRINGE	*Fringe Benefits*						
5110	Fringe Benefits - Payroll Taxes		102,017		0		102,017
5120	Fringe Benefits - Retirement PERS		168,946		0		168,946
5130	Fringe Benefits - Health & Welfare		237,050		(32,199)		204,851
5140	Fringe Benefits - Unemployment		35,725		0		35,725
5150	Fringe Benefits - Other Benefits		6,722		0		6,722
	Total Personnel Services	**17.75**	**$1,764,601**	**0.00**	**($32,199)**	**17.75**	**$1,732,402**
	Total Materials & Services		**$402,431**		**$0**		**$402,431**
TOTAL REQUIREMENTS		**17.75**	**$2,167,032**	**0.00**	**($32,199)**	**17.75**	**$2,134,833**

Exhibit A
Ordinance No. 12-1295

ACCT	DESCRIPTION	Current Budget FTE	Current Budget Amount	Revision FTE	Revision Amount	Amended Budget FTE	Amended Budget Amount
	General Fund						
	Information Services						
	Personnel Services						
SALWGE	*Salaries & Wages*						
5010	Reg Employees-Full Time-Exempt						
	Manager I	3.00	257,461	-	0	3.00	257,461
	Program Director	1.00	102,294	-	0	1.00	102,294
	Program Supervisor II	1.00	68,294	-	0	1.00	68,294
	Records & Information Analyst	2.50	144,034	-	0	2.50	144,034
	System Administrator III	3.00	233,249	-	0	3.00	233,249
	System Administrator IV	1.00	70,398	-	0	1.00	70,398
	System Analyst II	2.00	133,756	-	0	2.00	133,756
	System Analyst III	5.00	396,141	-	0	5.00	396,141
	System Analyst IV	2.00	175,234	-	(32,000)	2.00	143,234
5015	Reg Empl-Full Time-Non-Exempt						
	Administrative Assistant III	1.00	47,570	-	0	1.00	47,570
	Technical Specialist II	4.00	242,445	-	0	4.00	242,445
5089	Salary Adjustments						
	Merit/COLA Adjustment (non-rep)		11,902		0		11,902
	Step Increases (AFSCME)		23,156		0		23,156
	COLA (represented employees)		36,858		0		36,858
FRINGE	*Fringe Benefits*						
5110	Fringe Benefits - Payroll Taxes		157,536		(2,900)		154,636
5120	Fringe Benefits - Retirement PERS		263,283		(3,600)		259,683
5130	Fringe Benefits - Health & Welfare		346,015		(15,030)		330,985
5140	Fringe Benefits - Unemployment		16,542		0		16,542
5150	Fringe Benefits - Other Benefits		10,225		0		10,225
	Total Personnel Services	**25.50**	**$2,736,393**	**0.00**	**($53,530)**	**25.50**	**$2,682,863**
	Total Materials & Services		**$903,960**		**$0**		**$903,960**
TOTAL REQUIREMENTS		**25.50**	**$3,640,353**	**0.00**	**($53,530)**	**25.50**	**$3,586,823**

Exhibit A
Ordinance No. 12-1295

ACCT	DESCRIPTION	Current Budget FTE	Current Budget Amount	Revision FTE	Revision Amount	Amended Budget FTE	Amended Budget Amount
	General Fund						
	Metro Auditor						
	Personnel Services						
SALWGE	*Salaries & Wages*						
5000	Elected Official Salaries						
	Auditor	1.00	91,574	-	0	1.00	91,574
5010	Reg Employees-Full Time-Exempt						
	Auditor's Administrative Assistant	1.00	48,751	-	0	1.00	48,751
	Principal Auditor	2.00	161,773	-	0	2.00	161,773
	Senior Auditor	2.00	144,448	-	0	2.00	144,448
5030	Temporary Employees - Hourly		15,000		0		15,000
5089	Salary Adjustments						
	Merit/COLA Adjustment (non-rep)		9,229		0		9,229
FRINGE	*Fringe Benefits*						
5110	Fringe Benefits - Payroll Taxes		39,538		0		39,538
5120	Fringe Benefits - Retirement PERS		71,574		0		71,574
5130	Fringe Benefits - Health & Welfare		79,920		9,016		88,936
5150	Fringe Benefits - Other Benefits		2,467		0		2,467
	Total Personnel Services	**6.00**	**$664,274**	**0.00**	**$9,016**	**6.00**	**$673,290**
	Total Materials & Services		**$44,474**		**$0**		**$44,474**
TOTAL REQUIREMENTS		**6.00**	**$708,748**	**0.00**	**$9,016**	**6.00**	**$717,764**

Exhibit A
Ordinance No. 12-1295

ACCT	DESCRIPTION	Current Budget FTE	Current Budget Amount	Revision FTE	Revision Amount	Amended Budget FTE	Amended Budget Amount
	General Fund						

Office of Metro Attorney

ACCT	DESCRIPTION	Current Budget FTE	Current Budget Amount	Revision FTE	Revision Amount	Amended Budget FTE	Amended Budget Amount
	Personnel Services						
SALWGE	*Salaries & Wages*						
5010	Reg Employees-Full Time-Exempt						
	Legal Counsel II	5.00	557,752	-	0	5.00	557,752
	Metro Attorney	1.00	168,100	-	0	1.00	168,100
5015	Reg Empl-Full Time-Non-Exempt						
	Administrative Assistant III	1.00	53,768	-	0	1.00	53,768
	Legal Secretary	3.00	147,846	-	0	3.00	147,846
	Paralegal II	2.00	119,434	-	0	2.00	119,434
5020	Reg Emp-Part Time-Exempt						
	Legal Counsel II	2.50	262,280	-	0	2.50	262,280
5030	Temporary Employees - Hourly		10,000		0		10,000
5080	Overtime		5,000		0		5,000
5086	Mobile Communication Allowance		3,350		0		3,350
5089	Salary Adjustments				0		
	Merit/COLA Adjustment (non-rep)		29,668		0		29,668
FRINGE	*Fringe Benefits*						
5110	Fringe Benefits - Payroll Taxes		113,626		0		113,626
5120	Fringe Benefits - Retirement PERS		188,185		0		188,185
5130	Fringe Benefits - Health & Welfare		193,140		(13,967)		179,173
5140	Fringe Benefits - Unemployment		2,958		0		2,958
5150	Fringe Benefits - Other Benefits		6,865		0		6,865
	Total Personnel Services	**14.50**	**$1,861,972**	**0.00**	**($13,967)**	**14.50**	**$1,848,005**
	Total Materials & Services		**$65,200**		**$0**		**$65,200**
TOTAL REQUIREMENTS		**14.50**	**$1,927,172**	**0.00**	**($13,967)**	**14.50**	**$1,913,205**

Exhibit A
Ordinance No. 12-1295

ACCT	DESCRIPTION	Current Budget FTE	Current Budget Amount	Revision FTE	Revision Amount	Amended Budget FTE	Amended Budget Amount
	General Fund						

Oregon Zoo

Personnel Services

ACCT	DESCRIPTION	Current Budget FTE	Current Budget Amount	Revision FTE	Revision Amount	Amended Budget FTE	Amended Budget Amount
SALWGE	*Salaries & Wages*						
5010	Reg Employees-Full Time-Exempt						
	Administrative Specialist IV	1.00	57,952	-	0	1.00	57,952
	Associate Natural Resource Sci	1.00	70,398	-	0	1.00	70,398
	Associate Public Affairs Special	1.00	52,581	-	0	1.00	52,581
	Associate Visual Communicatio	2.00	121,674	-	0	2.00	121,674
	Director	1.00	150,800	-	0	1.00	150,800
	Deputy Conservation Manager	1.00	68,294	-	0	1.00	68,294
	Deputy Director	2.00	237,511	-	0	2.00	237,511
	Events Coordinator	1.00	57,746	-	0	1.00	57,746
	Education Specialist III	6.00	392,792	-	0	6.00	392,792
	General Manager of Visitor Ven	0.25	40,081	-	0	0.25	40,081
	Manager I	1.50	120,203	-	0	1.50	120,203
	Manager II	4.00	371,910	-	0	4.00	371,910
	Program Analyst II	3.15	175,575	-	0	3.15	175,575
	Program Analyst III	1.00	73,326	-	0	1.00	73,326
	Program Analyst IV	1.00	68,294	-	0	1.00	68,294
	Program Director	1.00	108,514	-	0	1.00	108,514
	Program Supervisor I	1.00	60,838	-	0	1.00	60,838
	Program Supervisor II	6.50	461,138	-	0	6.50	461,138
	Project Coordinator	1.00	75,504	-	0	1.00	75,504
	Registrar	1.00	52,581	-	0	1.00	52,581
	Senior Public Affairs Specialist	3.00	197,818	-	0	3.00	197,818
	Senior Visual Communications I	1.00	63,899	-	0	1.00	63,899
	Service Supervisor I	3.00	159,330	-	0	3.00	159,330
	Service Supervisor II	7.00	388,172	-	0	7.00	388,172
	Service Supervisor III	3.00	189,374	-	0	3.00	189,374
	Service Supervisor IV	1.00	74,991	-	0	1.00	74,991
	Veterinarian I	1.00	80,135	-	0	1.00	80,135
	Veterinarian II	1.00	95,788	-	0	1.00	95,788
	Volunteer Coordinator II	1.00	57,952	-	0	1.00	57,952
5015	Reg Empl-Full Time-Non-Exempt						
	Administrative Specialist II	2.00	88,782	-	0	2.00	88,782
	Administrative Specialist III	5.00	219,864	-	0	5.00	219,864
	Animal Keeper	31.00	1,590,362	-	0	31.00	1,590,362
	Custodian	6.00	259,036	-	0	6.00	259,036
	Education Specialist II	1.00	60,844	-	0	1.00	60,844
	Gardener 1	7.00	342,013	-	0	7.00	342,013
	Maintenance Electrician	1.00	72,809	-	0	1.00	72,809
	Maintenance Lead	2.00	126,637	-	0	2.00	126,637
	Maintenance Technician	2.00	122,795	-	0	2.00	122,795
	Maintenance Worker 2	9.00	484,956	-	0	9.00	484,956
	Maintenance Worker 3	2.00	118,724	-	0	2.00	118,724
	Nutrition Technician	2.00	103,859	-	0	2.00	103,859
	Program Assistant 1	1.00	41,217	-	0	1.00	41,217
	Program Assistant 2	3.00	134,405	-	0	3.00	134,405
	Safety and Security Officer	4.00	178,526	-	0	4.00	178,526
	Senior Animal Keeper	7.00	415,534	-	0	7.00	415,534

Exhibit A
Ordinance No. 12-1295

ACCT	DESCRIPTION	Current Budget FTE	Current Budget Amount	Revision FTE	Revision Amount	Amended Budget FTE	Amended Budget Amount
	General Fund						
	Oregon Zoo						
	Senior Gardener	1.00	59,362	-	0	1.00	59,362
	Storekeeper	1.00	50,049	-	0	1.00	50,049
	Typist/Receptionist-Lead	1.00	42,198	-	0	1.00	42,198
	Veterinary Technician	2.00	107,740	-	0	2.00	107,740
	Volunteer Coordinator I	1.00	60,844	-	0	1.00	60,844
5020	Reg Emp-Part Time-Exempt						
	Associate Visual Communicatio	0.50	30,418	-	0	0.50	30,418
	Video/Photography Technician	0.50	28,976	-	0	0.50	28,976
5025	Reg Employees-Part Time-Non-Exempt						
	Animal Keeper-PT	1.50	80,983	-	0	1.50	80,983
	Clerk/Bookkeeper	0.75	30,146	-	0	0.75	30,146
	Education Specialist II	1.55	87,909	-	0	1.55	87,909
	Food Service/Retail Specialist	3.90	154,086	-	0	3.90	154,086
	Lead Cash Office Clerk	0.85	35,869	-	0	0.85	35,869
	Education Specialist I	-	0	0.25	10,117	0.25	10,117
	Nutrition Technician I	0.50	24,430	-	0	0.50	24,430
	Program Assistant 1	2.15	81,781	-	0	2.15	81,781
	Security Officer I	0.50	18,729	-	0	0.50	18,729
	Veterinary Technician	0.50	26,935	-	0	0.50	26,935
	Visitor Service Worker 3-reg	0.85	27,527	-	0	0.85	27,527
5030	Temporary Employees - Hourly		2,124,297		0		2,124,297
5040	Seasonal Employees		1,324,921		0		1,324,921
5080	Overtime		413,114		0		413,114
5089	Salary Adjustments						
	Merit/COLA Adjustment (non-rep)		77,532		0		77,532
	Step Increases (AFSCME)		37,306		232		37,538
	COLA (represented employees)		167,738		0		167,738
5100	Fringe Benefits						
5110	Fringe Benefits - Payroll Taxes		1,144,058		873		1,144,931
5120	Fringe Benefits - Retirement PERS		1,422,922		1,457		1,424,379
5130	Fringe Benefits - Health & Welfare		2,254,145		(47,262)		2,206,883
5140	Fringe Benefits - Unemployment		217,095		0		217,095
5150	Fringe Benefits - Other Benefits		57,625		69		57,694
	Total Personnel Services	**163.45**	**$18,674,269**	**0.25**	**($34,514)**	**163.70**	**$18,639,755**
	Total Materials & Services		**$12,187,756**		**$0**		**$12,187,756**
TOTAL REQUIREMENTS		**163.45**	**$30,862,025**	**0.25**	**($34,514)**	**163.70**	**$30,827,511**

Exhibit A
Ordinance No. 12-1295

ACCT	DESCRIPTION	Current Budget FTE	Current Budget Amount	Revision FTE	Revision Amount	Amended Budget FTE	Amended Budget Amount
General Fund							

Parks & Environmental Services

ACCT	DESCRIPTION	Current Budget FTE	Current Budget Amount	Revision FTE	Revision Amount	Amended Budget FTE	Amended Budget Amount
Personnel Services							
SALWGE	*Salaries & Wages*						
5010	Reg Employees-Full Time-Exempt						
	Administrative Specialist IV	1.00	55,209	-	0	1.00	55,209
	Assistant Management Analyst	7.40	402,065	-	0	7.40	402,065
	Director	1.00	140,000	-	0	1.00	140,000
	Manager I	3.00	264,953	-	0	3.00	264,953
	Manager II	1.60	164,605	-	0	1.60	164,605
	Principal Regional Planner	1.00	89,745	-	0	1.00	89,745
	Program Director	1.00	111,300	-	0	1.00	111,300
	Property Management Specialist	0.80	59,113	-	0	0.80	59,113
	Service Supervisor III	1.00	65,170	-	0	1.00	65,170
5015	Reg Empl-Full Time-Non-Exempt						
	Administrative Specialist I	1.00	33,874	-	0	1.00	33,874
	Administrative Specialist II	2.00	90,601	-	0	2.00	90,601
	Arborist	1.00	59,134	-	0	1.00	59,134
	Building Service Worker	1.00	45,260	-	0	1.00	45,260
	Building Services Technician	1.00	60,611	-	0	1.00	60,611
	Maintenance Worker 2	1.00	53,664	-	0	1.00	53,664
	Park Ranger	8.00	385,239	-	0	8.00	385,239
	Park Ranger Lead	1.00	59,134	-	0	1.00	59,134
	Printing/Mail Services Clerk	1.00	43,181	-	0	1.00	43,181
	Program Assistant 3	1.00	52,333	-	0	1.00	52,333
	Safety and Security Officer	1.75	76,722	-	0	1.75	76,722
5025	Reg Employees-Part Time-Non-Exempt						
	Program Assistant 1	0.55	22,583	-	0	0.55	22,583
5030	Temporary Employees - Hourly		326,875		0		326,875
5080	Overtime		34,422		0		34,422
5089	Salary Adjustments						
	Merit/COLA Adjustment (non-rep)		19,397		0		19,397
	Merit Adjustment Pool (LIUNA)		8,172		0		8,172
	Step Increases (AFSCME)		16,497		0		16,497
	COLA (represented employees)		26,815		0		26,815
FRINGE	*Fringe Benefits*						
5110	Fringe Benefits - Payroll Taxes		233,560		0		233,560
5120	Fringe Benefits - Retirement PERS		332,034		0		332,034
5130	Fringe Benefits - Health & Welfare		516,948		(20,956)		495,992
5140	Fringe Benefits - Unemployment		54,419		0		54,419
5150	Fringe Benefits - Other Benefits		13,648		0		13,648
Total Personnel Services		**38.10**	**$3,917,283**	**0.00**	**($20,956)**	**38.10**	**$3,896,327**
Total Materials & Services			**$2,844,542**		**$0**		**$2,844,542**
TOTAL REQUIREMENTS		**38.10**	**$6,761,825**	**0.00**	**($20,956)**	**38.10**	**$6,740,869**

Exhibit A
Ordinance No. 12-1295

ACCT	DESCRIPTION	Current Budget FTE	Current Budget Amount	Revision FTE	Revision Amount	Amended Budget FTE	Amended Budget Amount
	General Fund						
	Sustainability Center						
	Personnel Services						
SALWGE	*Salaries & Wages*						
5010	Reg Employees-Full Time-Exempt						
	Administrative Specialist IV	1.00	57,953	-	0	1.00	57,953
	Assistant Regional Planner	1.00	55,210	-	0	1.00	55,210
	Director	1.00	145,198	-	0	1.00	145,198
	Manager I	0.70	62,591	-	0	0.70	62,591
	Manager II	1.70	166,300	-	0	1.70	166,300
	Policy Advisor II	1.00	127,484	-	0	1.00	127,484
	Principal Regional Planner	2.00	179,490	-	0	2.00	179,490
	Program Supervisor II	1.50	136,451	-	0	1.50	136,451
	Senior Management Analyst	1.00	63,900	-	0	1.00	63,900
	Senior Natural Resource Scientist	4.00	330,357	-	0	4.00	330,357
	Senior Public Affairs Specialist	0.20	14,080	-	0	0.20	14,080
	Senior Regional Planner	1.00	85,489	-	0	1.00	85,489
5015	Reg Empl-Full Time-Non-Exempt						
	Administrative Specialist III	1.00	39,181	-	0	1.00	39,181
	Natural Resource Technician	2.00	102,212	-	0	2.00	102,212
	Nutrition Technician	2.00	111,364	-	0	2.00	111,364
	Program Assistant 3	3.00	145,145	-	0	3.00	145,145
	Volunteer Coordinator I	1.00	57,810	-	0	1.00	57,810
5025	Reg Employees-Part Time-Non-Exempt						
	Volunteer Coordintor I	0.80	46,194	-	0	0.80	46,194
5030	Temporary Employees - Hourly		31,661		0		31,661
5080	Overtime		2,485		0		2,485
5089	Salary Adjustments						
	Merit/COLA Adjustment (non-rep)		16,589		0		16,589
	Step Increases (AFSCME)		17,196		0		17,196
	COLA (represented employees)		27,945		0		27,945
FRINGE	*Fringe Benefits*						
5110	Fringe Benefits - Payroll Taxes		169,988		0		169,988
5120	Fringe Benefits - Retirement PERS		269,023		0		269,023
5130	Fringe Benefits - Health & Welfare		351,188		11,474		362,662
5140	Fringe Benefits - Unemployment		9,328		0		9,328
5150	Fringe Benefits - Other Benefits		10,654		0		10,654
	Total Personnel Services	**25.90**	**$2,832,466**	**0.00**	**$11,474**	**25.90**	**$2,843,940**
	Total Materials & Services		**$1,462,696**		**$0**		**$1,462,696**
	Total Capital Outlay		**$25,500**		**$0**		**$25,500**
TOTAL REQUIREMENTS		**25.90**	**$4,320,662**	**0.00**	**$11,474**	**25.90**	**$4,332,136**

Exhibit A
Ordinance No. 12-1295

ACCT	DESCRIPTION	Current Budget FTE	Current Budget Amount	Revision FTE	Revision Amount	Amended Budget FTE	Amended Budget Amount
	General Fund						

Planning & Development

ACCT	DESCRIPTION	Current Budget FTE	Current Budget Amount	Revision FTE	Revision Amount	Amended Budget FTE	Amended Budget Amount
	Personnel Services						
SALWGE	*Salaries & Wages*						
5010	Reg Employees-Full Time-Exempt						
	Administrative Specialist IV	1.00	50,069	-	0	1.00	50,069
	Assistant Management Analyst	1.00	60,837	-	0	1.00	60,837
	Assistant Regional Planner	1.00	63,899	-	0	1.00	63,899
	Associate Regional Planner	1.00	63,899	-	0	1.00	63,899
	Associate Trans. Planner	2.00	140,796	-	0	2.00	140,796
	Director	1.00	145,198	-	0	1.00	145,198
	Deputy Director	2.00	251,054	-	0	2.00	251,054
	Manager I	2.00	195,723	-	0	2.00	195,723
	Manager II	2.00	196,298	-	0	2.00	196,298
	Principal Regional Planner	5.00	448,727	-	0	5.00	448,727
	Principal Transportation Planner	4.00	354,725	-	0	4.00	354,725
	Program Supervisor I	1.00	66,736	-	0	1.00	66,736
	Senior Management Analyst	4.00	292,073	-	0	4.00	292,073
	Senior Regional Planner	4.00	314,554	-	0	4.00	314,554
	Senior Transportation Planner	10.00	807,395	-	0	10.00	807,395
	Transportation Engineer	1.00	89,745	-	0	1.00	89,745
5015	Reg Empl-Full Time-Non-Exempt						
	Administrative Specialist II	3.00	128,078	-	0	3.00	128,078
	Program Assistant 3	1.00	57,963	-	0	1.00	57,963
5020	Reg Emp-Part Time-Exempt						
	Principal Regional Planner	0.80	71,796	-	0	0.80	71,796
5030	Temporary Employees - Hourly		75,114		0		75,114
5089	Salary Adjustments						
	Merit/COLA Adjustment (non-rep)		22,230		0		22,230
	Step Increases (AFSCME)		48,315		0		48,315
	COLA (represented employees)		78,511		0		78,511
FRINGE	*Fringe Benefits*						
5100	Fringe Benefits						
5110	Fringe Benefits - Payroll Taxes		337,795		0		337,795
5120	Fringe Benefits - Retirement PERS		564,963		0		564,963
5130	Fringe Benefits - Health & Welfare		660,483		(20,826)		639,657
5140	Fringe Benefits - Unemployment		2,921		0		2,921
5150	Fringe Benefits - Other Benefits		21,140		0		21,140
	Total Personnel Services	**46.80**	**$5,611,037**	**0.00**	**($20,826)**	**46.80**	**$5,590,211**
	Total Materials & Services		**$8,866,159**		**$0**		**$8,866,159**

Exhibit A
Ordinance No. 12-1295

ACCT	DESCRIPTION	Current Budget FTE	Current Budget Amount	Revision FTE	Revision Amount	Amended Budget FTE	Amended Budget Amount
	General Fund						
	Research Center						
	Personnel Services						
SALWGE	*Salaries & Wages*						
5010	Reg Employees-Full Time-Exempt						
	Assistant GIS Specialist	1.00	55,235	-	0	1.00	55,235
	Administrative Specialist IV	1.00	52,581	-	0	1.00	52,581
	Assistant Regional Planner	1.00	60,837	-	0	1.00	60,837
	Associate GIS Specialist	1.75	120,865	-	0	1.75	120,865
	Associate Transportation Modeler	4.00	272,088	-	0	4.00	272,088
	Director	1.00	135,739	-	0	1.00	135,739
	Manager I	1.00	93,311	-	0	1.00	93,311
	Manager II	2.00	183,384	-	0	2.00	183,384
	Principal GIS Specialist	1.00	89,745	-	0	1.00	89,745
	Principal Regional Planner	1.00	89,745	-	0	1.00	89,745
	Principal Transportation Modeler	3.00	269,236	-	0	3.00	269,236
	Program Supervisor II	2.00	153,875	-	0	2.00	153,875
	Senior GIS Specialist	4.00	311,916	-	0	4.00	311,916
	Senior Transportation Modeler	2.00	170,977	-	0	2.00	170,977
5020	Reg Emp-Part Time-Exempt						
	Assistant GIS Specialist			-	0		
	Associate GIS Specialist	1.10	65,522	-	0	1.10	65,522
	Senior GIS Specialist	2.40	169,598	-	0	2.40	169,598
5089	Salary Adjustments						
	Merit/COLA Adjustment (non-rep)		15,524		0		15,524
	Step Increases (AFSCME)		26,902		0		26,902
	COLA (represented employees)		42,916		0		42,916
FRINGE	*Fringe Benefits*						
5100	Fringe Benefits						
5110	Fringe Benefits - Payroll Taxes		199,817		0		199,817
5120	Fringe Benefits - Retirement PERS		334,059		0		334,059
5130	Fringe Benefits - Health & Welfare		396,818		(3,306)		393,512
5140	Fringe Benefits - Unemployment		7,934		0		7,934
5150	Fringe Benefits - Other Benefits		12,558		0		12,558
	Total Personnel Services	**29.25**	**$3,331,182**	**0.00**	**($3,306)**	**29.25**	**$3,327,876**
	Total Materials & Services		**$617,779**		**$0**		**$617,779**
TOTAL REQUIREMENTS		**29.25**	**$3,948,961**	**0.00**	**($3,306)**	**29.25**	**$3,945,655**

Exhibit A
Ordinance No. 12-1295

ACCT	DESCRIPTION	Current Budget FTE	Current Budget Amount	Revision FTE	Revision Amount	Amended Budget FTE	Amended Budget Amount
	General Fund						

General Expenses

ACCT	DESCRIPTION	Current Budget FTE	Current Budget Amount	Revision FTE	Revision Amount	Amended Budget FTE	Amended Budget Amount
	Total Debt Service		**$1,654,290**		**0**		**$1,654,290**
	Interfund Transfers						
INDTEX	*Interfund Reimbursements*						
5800	Transfer for Indirect Costs						
	* to Risk Mgmt Fund-Liability		336,177		0		336,177
	* to Risk Mgmt Fund-Worker Comp		219,097		0		219,097
EQTCHG	*Fund Equity Transfers*						
5810	Transfer of Resources						
	* to General Revenue Bond Fund-Zoo		403,320		0		403,320
	* to Gen'l Asset Mgmt Fund-Genl Cap Acct		200,000		0		200,000
	* to Gen'l Revenue Bond Fund-Debt Serv Acct		1,499,585		0		1,499,585
	* to MERC Fund (Tourism Opp. & Compt. Acct)		518,633		0		518,633
	* to Gen'l Asset Mgmt Fund-General R&R		661,000		0		661,000
	* to Gen'l Asset Mgmt Fund-IT R&R		260,000		43,100		303,100
	* to Gen'l Asset Mgmt Fund-Parks Cap Account		381,000		0		381,000
	* to Gen'l Asset Mgmt Fund-MRC R&R		288,000		0		288,000
	* to MERC Fund (one-time allocation)		50,000		0		50,000
	* to Gen'l Asset Mgmt Fund-Zoo Cap Acct		200,000		0		200,000
	* to Gen'l Asset Mgmt Fund-Parks R&R		329,400		0		329,400
	* to Solid Waste Revenue Fund		175,313		0		175,313
LOANEX	*Interfund Loan - Expenditures*						
5860	Interfund Loan - Principal						
	* to MERC		2,200,000		0		2,200,000
	Total Interfund Transfers		**$7,721,525**		**43,100**		**$7,764,625**
	Contingency & Unappropriated Balance						
CONT	*Contingency*						
5999	Contingency						
	* Contingency		2,859,375		(16,156)		2,843,219
	* Opportunity Account		206,100		0		206,100
UNAPP	*Unappropriated Fund Balance*						
5990	Unappropriated Fund Balance						
	* Stabilization Reserve		2,430,861		0		2,430,861
	* Undesignated		0		266,574		266,574
	* PERS Reserve		4,613,474		0		4,613,474
	* Reserve for Future One-Time Expenditures		1,758,931		0		1,758,931
	* Reserved for Community Invest. Initiative		393,000		0		393,000
	* Reserved for Local Gov't Grants (CET)		2,128,369		0		2,128,369
	* Reserved for Cost Allocation Adjustments		382,035		0		382,035
	* Reserved for Future Planning Needs		60,372		12,066		72,438
	* Reserved for Equity Project		67,027		0		67,027
	* Reserved for Metro Export Initiative		50,000		0		50,000
	* Reserved for Capital		26,000		0		26,000
	* Reserved for Web Project		225,005		0		225,005
	* Reserve for Future Debt Service		639,414		0		639,414
	Total Contingency & Unappropriated Balance		**$15,839,963**		**262,484**		**$16,102,447**
TOTAL REQUIREMENTS		**451.64**	**$109,974,959**	**0.25**	**20,940**	**451.89**	**$109,995,899**

Exhibit A
Ordinance No. 12-1295

ACCT	DESCRIPTION	Current Budget FTE	Current Budget Amount	Revision FTE	Revision Amount	Amended Budget FTE	Amended Budget Amount
	General Asset Management Fund						

General Asset Management Fund

ACCT	DESCRIPTION	Current Budget FTE	Current Budget Amount	Revision FTE	Revision Amount	Amended Budget FTE	Amended Budget Amount
Resources							
BEGBAL	*Beginning Fund Balance*						
3205	Restricted for Capital		1,410,778		0		1,410,778
3400	Unassigned Balance		5,155,469		0		5,155,469
3500	Assigned Balance		491,800		0		491,800
GRANTS	*Grants*						
4100	Federal Grants-Direct		800,000		0		800,000
4110	State Grants-Direct		233,900		0		233,900
INTRST	*Interest Earnings*						
4700	Interest on Investments		27,800		0		27,800
DONAT	*Contributions from Private Sources*						
4750	Donations and Bequests		30,000		0		30,000
MISCRV	*Miscellaneous Revenue*						
4890	Miscellaneous Revenue		0		6,320		6,320
EQTREV	*Fund Equity Transfers*						
4970	Transfer of Resources						
	* from Solid Waste Revneue Fund		54,200		0		54,200
	* from General Fund (Regional Parks)		329,400		0		329,400
	* from General Fund-IT R&R		260,000		43,100		303,100
	* from General Fund-MRC R&R		288,000		0		288,000
	* from General Fund-Gen'l R&R		661,000		0		661,000
	* from General Fund		781,000		0		781,000
TOTAL RESOURCES			**$10,523,347**		**$49,420**		**$10,572,767**
Materials & Services							
GOODS	*Goods*						
5201	Office Supplies		5,647		0		5,647
CAPMNT	*Capital Maintenance*						
5261	Capital Maintenance - CIP		80,000		0		80,000
5262	Capital Maintenance - Non-CIP		82,996		0		82,996
OTHEXP	*Other Expenditures*						
Total Materials & Services			**$168,643**		**$0**		**$168,643**
Capital Outlay							
5710	Improve-Oth thn Bldg		2,778,392		0		2,778,392
5720	Buildings & Related		645,464		0		645,464
5730	Exhibits and Related		730,000		10,675		740,675
5740	Equipment & Vehicles		286,715		0		286,715
5745	Licensed Vehicles		263,333		0		263,333
5750	Office Furniture & Equip		858,070		43,100		901,170
5760	Railroad Equip & Facil		73,152		0		73,152
5790	Intangible Assets		120,000		0		120,000
Total Capital Outlay			**$5,755,126**		**$53,775**		**$5,808,901**
Interfund Transfers							
EQTCHG	*Fund Equity Ttransfers*						
5810	Transfer of Resources						
	* to Natural Areas Fund		19,681		0		19,681
Total Interfund Transfers			**$19,681**		**$0**		**$19,681**

Exhibit A
Ordinance No. 12-1295

ACCT	DESCRIPTION	Current Budget FTE	Current Budget Amount	Revision FTE	Revision Amount	Amended Budget FTE	Amended Budget Amount
	General Asset Management Fund						

General Asset Management Fund

ACCT	DESCRIPTION	Current Budget FTE	Current Budget Amount	Revision FTE	Revision Amount	Amended Budget FTE	Amended Budget Amount
	Contingency & Unappropriated Balance						
CONT	*Contingency*						
5999	Contingency						
	* Contingency		4,379,897		(10,675)		4,369,222
UNAPP	*Unappropriated Fund Balance*						
5990	Unappropriated Fund Balance						
	* Oregon Zoo Projects Account		200,000		6,320		206,320
	Total Contingency & Unappropriated Balance		**$4,579,897**		**($4,355)**		**$4,575,542**
TOTAL REQUIREMENTS		**0.00**	**$10,523,347**	**-**	**$49,420**	**0.00**	**$10,572,767**

Exhibit A
Ordinance No. 12-1295

ACCT	DESCRIPTION	Current Budget FTE	Current Budget Amount	Revision FTE	Revision Amount	Amended Budget FTE	Amended Budget Amount
	Metro Exposition Recreation Commission Fund						

MERC Fund

Personnel Services

SALWGE Salaries & Wages

ACCT	DESCRIPTION	Current Budget FTE	Current Budget Amount	Revision FTE	Revision Amount	Amended Budget FTE	Amended Budget Amount
5010	Reg Employees-Full Time-Exempt						
	Account Executive	2.00	114,129	-	0	2.00	114,129
	Accountant II	1.00	57,953	-	0	1.00	57,953
	Admissions Staffing Manager	1.00	50,440	-	0	1.00	50,440
	Assistant Ticket Services Manager	1.00	48,880	-	0	1.00	48,880
	Asst. Event Svcs Mgr. or Senior House Mg	1.00	75,629	-	0	1.00	75,629
	Asst. Executive Director	2.00	205,162	-	0	2.00	205,162
	Asst. Operations Mgr. (Asst. Tech Svcs. M	2.00	149,514	-	0	2.00	149,514
	Audio Visual Supervisor	1.00	60,112	-	0	1.00	60,112
	Audio/Visual Technician Lead	1.00	48,339	-	0	1.00	48,339
	Audio/Visual Sales	1.00	53,414	-	0	1.00	53,414
	Executive Assistant	3.00	138,258	-	0	3.00	138,258
	System Analyst I	1.00	60,837	-	0	1.00	60,837
	System Analyst II	1.00	67,048	-	0	1.00	67,048
	Associate Management Analyst	1.00	67,048	-	0	1.00	67,048
	Assistant Management Analyst	0.60	28,636	-	0	0.60	28,636
	Policy Advisor I	1.00	97,850	-	0	1.00	97,850
	Director of Event Services	1.00	80,995	-	0	1.00	80,995
	Director of Sales & Marketing	1.00	93,600	-	0	1.00	93,600
	Event Manager	4.00	216,590	-	0	4.00	216,590
	Event Services Manager	1.00	81,078	-	0	1.00	81,078
	Director - Expo Center	1.00	109,200	-	0	1.00	109,200
	Manager I	1.00	77,801	-	0	1.00	77,801
	Manager II	0.30	29,328	-	0	0.30	29,328
	GM of Visitor Venues	0.75	120,242	-	0	0.75	120,242
	Program Analyst II	0.85	54,074	-	0	0.85	54,074
	Graphic Designer II	1.00	60,879	-	0	1.00	60,879
	Chief Engineer	1.00	70,990	-	0	1.00	70,990
	Marketing & Web Services Manager	1.00	72,882	-	0	1.00	72,882
	Executive Director - OCC	1.00	165,000	-	0	1.00	165,000
	Operations Manager	4.00	314,615	-	0	4.00	314,615
	Director of Operations	1.00	98,155	-	0	1.00	98,155
	Executive Director - PCPA	1.00	132,956	-	0	1.00	132,956
	Sales & Booking Manager	1.00	74,245	-	0	1.00	74,245
	Sales Manager	6.00	341,480	-	0	6.00	341,480
	Security Manager	1.00	73,236	-	0	1.00	73,236
	Senior Account Executive	2.00	129,002	-	0	2.00	129,002
	Set-up & Operations Supervisor	7.00	367,668	-	0	7.00	367,668
	Senior Set-up Supervisor	2.00	122,949	-	0	2.00	122,949
	Stage Supervisor	1.00	59,777	-	0	1.00	59,777
	Sustainability Coordinator	1.00	58,365	-	0	1.00	58,365
	Ticketing/Parking Service Manager	2.00	147,238	-	0	2.00	147,238
	Ticket Services Manager	1.00	65,062	-	0	1.00	65,062
	Volunteer Services Coordinator	1.00	51,438	-	0	1.00	51,438
5015	Reg Empl-Full Time-Non-Exempt						
	Accounting Technician	3.00	126,596	-	0	3.00	126,596
	Administrative Assistant	8.00	318,736	-	0	8.00	318,736
	Accountant	1.00	50,049	-	0	1.00	50,049
	Audio Visual Technician	3.00	132,253	-	0	3.00	132,253
	Electrician	5.00	338,800	-	0	5.00	338,800
	Facility Security Agent	9.00	319,756	-	0	9.00	319,756
	Lead Electrician	2.00	149,995	-	0	2.00	149,995

Exhibit A
Ordinance No. 12-1295

ACCT	DESCRIPTION	Current Budget FTE	Current Budget Amount	Revision FTE	Revision Amount	Amended Budget FTE	Amended Budget Amount
	Metro Exposition Recreation Commission Fund						
	MERC Fund						
	Lead Operating Engineer	1.00	66,294	-	0	1.00	66,294
	Operating Engineer	7.00	443,983	-	0	7.00	443,983
	Painter	2.00	80,743	-	0	2.00	80,743
	Secretary II	1.00	30,026	-	0	1.00	30,026
	Services Sales Coordinator	1.00	48,316	-	0	1.00	48,316
	Marketing/Promotions Coordinator	1.00	38,106	-	0	1.00	38,106
	Lead Stagedoor Watchperson	1.00	38,691	-	0	1.00	38,691
	Information Systems Coordinator	1.00	52,722	-	0	1.00	52,722
	Box Office Coordinator	1.00	32,468	-	0	1.00	32,468
	Utility Lead	4.00	162,740		0	4.00	162,740
	Utility Maintenance	4.00	123,244		0	4.00	123,244
	Utility Maintenance Lead	1.00	49,047	-	0	1.00	49,047
	Utility Maintenance Specialist	3.00	141,816		0	3.00	141,816
	Utility Maintenance Technician	1.00	42,512		0	1.00	42,512
	Utility Worker II	40.00	1,405,267		0	40.00	1,405,267
5025	Regular Employees Part Time Non-Exempt	-	224,651		0	-	224,651
5030	Temporary Employees	-	5,000		0	-	5,000
5043	Part-Time, Non-Reimbursed Labor	-	1,161,263		0	-	1,161,263
5045	Part-Time, Reimbursed Labor-Stagehands	15.00	460,224		0	15.00	460,224
5045	Part-Time, Reimbursed Labor-Other	-	1,015,834		0	-	1,015,834
5080	Overtime	-	369,506		0	-	369,506
5086	Mobile Communication Allowance		4,320		0		4,320
5089	Salary Adjustment						
	Merit/COLA Adjustment (non-rep)		154,236		0		154,236
	Step Increases (AFSCME)		2,053		0		2,053
	COLA (represented employees)		150,983		0		150,983
FRINGE	*Fringe Benefits*						
5100	Fringe Benefits						
5110	Fringe Benefits - Payroll Taxes		1,038,667		0		1,038,667
5120	Fringe Benefits - Retirement PERS		1,544,085		0		1,544,085
5130	Fringe Benefits - Health & Welfare		2,497,982		(163,456)		2,334,526
5140	Fringe Benefits - Unemployment		98,153		0		98,153
5150	Fringe Benefits - Other Benefits		56,207		0		56,207
	Total Personnel Services	**181.50**	**$17,567,418**	**-**	**($163,456)**	**181.50**	**$17,403,962**
	Total Materials & Services		**$24,341,158**		**$0**		**$24,341,158**
	Total Capital Outlay		**$3,344,077**		**$0**		**$3,344,077**
	Total Interfund Transfers		**$4,806,913**	**-**	**$0**		**$4,806,913**
	Contingency and Ending Balance						
CONT	*Contingency*						
5999	Contingency						
	* General Contingency		2,299,335		163,456		2,462,791
	* Renewal and Replacement		200,000		0		200,000
	* New Capital/Business Strategy Reserve		5,196,719		0		5,196,719
	* Contingency for Capital (TL TAX)		142,214		0		142,214
UNAPP	*Unappropriated Fund Balance*						
5990	Unappropriated Fund Balance						
	* Stabilization Reserve		620,500		0		620,500
	* Renewal & Replacement		12,277,072		0		12,277,072
	Total Contingency and Ending Balance		**$20,735,840**		**$163,456**		**$20,899,296**
TOTAL REQUIREMENTS		**181.50**	**$70,795,406**	**-**	**$0**	**181.50**	**$70,795,406**

Exhibit A
Ordinance No. 12-1295

ACCT	DESCRIPTION	Current Budget FTE	Current Budget Amount	Revision FTE	Revision Amount	Amended Budget FTE	Amended Budget Amount
	Natural Areas Fund						

Natural Areas Fund

Personnel Services							
SALWGE	*Salaries & Wages*						
5010	Reg Employees-Full Time-Exempt						
	Associate Regional Planner	1.00	67,047	-	0	1.00	67,047
	Manager I	0.30	26,825	-	0	0.30	26,825
	Manager II	0.30	29,301	-	0	0.30	29,301
	Program Director	1.00	111,889	-	0	1.00	111,889
	Property Management Specialist	0.20	14,778	-	0	0.20	14,778
	Real Estate Negotiator	4.00	314,676	-	0	4.00	314,676
	Program Supervisor II	0.30	18,034	-	0	0.30	18,034
	Senior GIS Specialist	1.00	85,488	-	0	1.00	85,488
	Senior Management Analsyt	1.00	73,893	-	0	1.00	73,893
	Senior Public Affairs Specialist	0.80	56,320	-	0	0.80	56,320
	Senior Natural Resource Scientist	1.00	77,586	-	0	1.00	77,586
5015	Reg Empl-Full Time-Non-Exempt						
	Natural Resource Technician	2.00	97,656	-	0	2.00	97,656
	Property Management Technician	1.00	47,524	-	0	1.00	47,524
5020	Reg Employees-Part Time-Exempt						
	Senior Regional Planner	0.80	68,391			0.80	68,391
5089	Salary Adjustment						
	Merit/COLA Adjustment (non-rep)		4,837		0		4,837
	Merit Adjustment Pool (LIUNA)	-	6,153	-	0	-	6,153
	Step Increases (AFSCME)		12,890		0		12,890
	COLA (represented employees)		20,948		0		20,948
FRINGE	*Fringe Benefits*						
5100	Fringe Benefits						
5110	Fringe Benefits - Payroll Taxes		95,246		0		95,246
5120	Fringe Benefits - Retirement PERS		153,252		0		153,252
5130	Fringe Benefits - Health & Welfare		199,106		(1,382)		197,724
5140	Fringe Benefits - Unemployment		3,416		0		3,416
5150	Fringe Benefits - Other Benefits		6,064		0		6,064
Total Personnel Services		**14.70**	**$1,591,320**	**-**	**($1,382)**	**14.70**	**$1,589,938**
Total Materials & Services			**$12,150,000**		**$0**		**$12,150,000**
Total Capital Outlay			**$31,437,760**		**$0**		**$31,437,760**
Total Interfund Transfers			**$1,783,226**		**$0**		**$1,783,226**
Contingency and Ending Balance							
CONT	*Contingency*						
5999	Contingency						
	* General contingency		25,000,000		0		25,000,000
UNAPP	*Unappropriated Fund Balance*						
5990	Unappropriated Fund Balance						
	* Unappropriated Balance		27,525,139		1,382		27,526,521
Total Contingency and Ending Balance			**$52,525,139**		**$1,382**		**$52,526,521**
TOTAL REQUIREMENTS		**14.70**	**$99,487,445**	**0.00**	**$0**	**14.70**	**$99,487,445**

Exhibit A
Ordinance No. 12-1295

ACCT	DESCRIPTION	Current Budget FTE	Current Budget Amount	Revision FTE	Revision Amount	Amended Budget FTE	Amended Budget Amount
Oregon Zoo Infrastructure and Animal Welfare Fund							
Oregon Zoo Bond Fund							
	Personnel Services						
SALWGE	*Salaries & Wages*						
5010	Reg Employees-Full Time-Exempt						
	Assistant Management Analyst	1.00	60,837	-	0	1.00	60,837
	Manager II	1.00	95,680	-	0	1.00	95,680
	Program Director	1.00	111,029	-	0	1.00	111,029
	Program Supervisor II	0.50	43,734	-	0	0.50	43,734
	Service Supervisor III	1.00	74,845	-	0	1.00	74,845
5089	Salary Adjustment						
	Merit/COLA Adjustment (non-rep)		8,457		0		8,457
	Step Increases (AFSCME)		973		0		973
	COLA (represented employees)		1,582		0		1,582
FRINGE	*Fringe Benefits*						
5110	Fringe Benefits - Payroll Taxes		33,331		0		33,331
5120	Fringe Benefits - Retirement PERS		55,316		0		55,316
5130	Fringe Benefits - Health & Welfare		60,250		(14,237)		46,013
5150	Fringe Benefits - Other Benefits		2,053		0		2,053
	Total Personnel Services	**4.50**	**$548,087**	**0.00**	**($14,237)**	**4.50**	**$533,850**
	Total Materials & Services		**$14,753**		**$0**		**$14,753**
	Total Capital Outlay		**$18,963,162**		**$0**		**$18,963,162**
	Total Interfund Transfers		**$292,677**		**$0**		**$292,677**
	Contingency and Ending Balance						
CONT	*Contingency*						
5999	Contingency						
	* General contingency		3,963,195		0		3,963,195
UNAPP	*Unappropriated Fund Balance*						
5990	Unappropriated Fund Balance						
	* Unappropriated Balance		54,817,992		14,237		54,832,229
	Total Contingency and Ending Balance		**$58,781,187**		**$14,237**		**$58,795,424**
TOTAL REQUIREMENTS		**4.50**	**$78,599,866**	**0.00**	**$0**	**4.50**	**$78,599,866**

Exhibit A
Ordinance No. 12-1295

ACCT	DESCRIPTION	Current Budget FTE	Current Budget Amount	Revision FTE	Revision Amount	Amended Budget FTE	Amended Budget Amount
	Metro Exposition Recreation Commission Fund						

MERC Fund

Personnel Services

ACCT	DESCRIPTION	FTE	Amount	FTE	Amount	FTE	Amount
SALWGE Salaries & Wages							
5010	Reg Employees-Full Time-Exempt						
	Account Executive	2.00	114,129	-	0	2.00	114,129
	Accountant II	1.00	57,953	-	0	1.00	57,953
	Admissions Staffing Manager	1.00	50,440	-	0	1.00	50,440
	Assistant Ticket Services Manager	1.00	48,880	-	0	1.00	48,880
	Asst. Event Svcs Mgr. or Senior House Mg	1.00	75,629	-	0	1.00	75,629
	Asst. Executive Director	2.00	205,162	-	0	2.00	205,162
	Asst. Operations Mgr. (Asst. Tech Svcs. M	2.00	149,514	-	0	2.00	149,514
	Audio Visual Supervisor	1.00	60,112	-	0	1.00	60,112
	Audio/Visual Technician Lead	1.00	48,339	-	0	1.00	48,339
	Audio/Visual Sales	1.00	53,414	-	0	1.00	53,414
	Executive Assistant	3.00	138,258	-	0	3.00	138,258
	System Analyst I	1.00	60,837	-	0	1.00	60,837
	System Analyst II	1.00	67,048	-	0	1.00	67,048
	Associate Management Analyst	1.00	67,048	-	0	1.00	67,048
	Assistant Management Analyst	0.60	28,636	-	0	0.60	28,636
	Policy Advisor I	1.00	97,850	-	0	1.00	97,850
	Director of Event Services	1.00	80,995	-	0	1.00	80,995
	Director of Sales & Marketing	1.00	93,600	-	0	1.00	93,600
	Event Manager	4.00	216,590	-	0	4.00	216,590
	Event Services Manager	1.00	81,078	-	0	1.00	81,078
	Director - Expo Center	1.00	109,200	-	0	1.00	109,200
	Manager I	1.00	77,801	-	0	1.00	77,801
	Manager II	0.30	29,328	-	0	0.30	29,328
	GM of Visitor Venues	0.75	120,242	-	0	0.75	120,242
	Program Analyst II	0.85	54,074	-	0	0.85	54,074
	Graphic Designer II	1.00	60,879	-	0	1.00	60,879
	Chief Engineer	1.00	70,990	-	0	1.00	70,990
	Marketing & Web Services Manager	1.00	72,882	-	0	1.00	72,882
	Executive Director - OCC	1.00	165,000	-	0	1.00	165,000
	Operations Manager	4.00	314,615	-	0	4.00	314,615
	Director of Operations	1.00	98,155	-	0	1.00	98,155
	Executive Director - PCPA	1.00	132,956	-	0	1.00	132,956
	Sales & Booking Manager	1.00	74,245	-	0	1.00	74,245
	Sales Manager	6.00	341,480	-	0	6.00	341,480
	Security Manager	1.00	73,236	-	0	1.00	73,236
	Senior Account Executive	2.00	129,002	-	0	2.00	129,002
	Set-up & Operations Supervisor	7.00	367,668	-	0	7.00	367,668
	Senior Set-up Supervisor	2.00	122,949	-	0	2.00	122,949
	Stage Supervisor	1.00	59,777	-	0	1.00	59,777
	Sustainability Coordinator	1.00	58,365	-	0	1.00	58,365
	Ticketing/Parking Service Manager	2.00	147,238	-	0	2.00	147,238
	Ticket Services Manager	1.00	65,062	-	0	1.00	65,062
	Volunteer Services Coordinator	1.00	51,438	-	0	1.00	51,438
5015	Reg Empl-Full Time-Non-Exempt						
	Accounting Technician	3.00	126,596	-	0	3.00	126,596
	Administrative Assistant	8.00	318,736	-	0	8.00	318,736
	Accountant	1.00	50,049	-	0	1.00	50,049
	Audio Visual Technician	3.00	132,253	-	0	3.00	132,253
	Electrician	5.00	338,800	-	0	5.00	338,800
	Facility Security Agent	9.00	319,756	-	0	9.00	319,756
	Lead Electrician	2.00	149,995	-	0	2.00	149,995

Exhibit A
Ordinance No. 12-1295

ACCT	DESCRIPTION	Current Budget FTE	Current Budget Amount	Revision FTE	Revision Amount	Amended Budget FTE	Amended Budget Amount
	Metro Exposition Recreation Commission Fund						
	MERC Fund						
	Lead Operating Engineer	1.00	66,294	-	0	1.00	66,294
	Operating Engineer	7.00	443,983	-	0	7.00	443,983
	Painter	2.00	80,743	-	0	2.00	80,743
	Secretary II	1.00	30,026	-	0	1.00	30,026
	Services Sales Coordinator	1.00	48,316	-	0	1.00	48,316
	Marketing/Promotions Coordinator	1.00	38,106	-	0	1.00	38,106
	Lead Stagedoor Watchperson	1.00	38,691	-	0	1.00	38,691
	Information Systems Coordinator	1.00	52,722	-	0	1.00	52,722
	Box Office Coordinator	1.00	32,468	-	0	1.00	32,468
	Utility Lead	4.00	162,740		0	4.00	162,740
	Utility Maintenance	4.00	123,244		0	4.00	123,244
	Utility Maintenance Lead	1.00	49,047	-	0	1.00	49,047
	Utility Maintenance Specialist	3.00	141,816		0	3.00	141,816
	Utility Maintenance Technician	1.00	42,512		0	1.00	42,512
	Utility Worker II	40.00	1,405,267		0	40.00	1,405,267
5025	Regular Employees Part Time Non-Exempt	-	224,651		0	-	224,651
5030	Temporary Employees	-	5,000		0	-	5,000
5043	Part-Time, Non-Reimbursed Labor	-	1,161,263		0	-	1,161,263
5045	Part-Time, Reimbursed Labor-Stagehands	15.00	460,224		0	15.00	460,224
5045	Part-Time, Reimbursed Labor-Other	-	1,015,834		0	-	1,015,834
5080	Overtime	-	369,506		0	-	369,506
5086	Mobile Communication Allowance		4,320		0		4,320
5089	Salary Adjustment						
	Merit/COLA Adjustment (non-rep)		154,236		0		154,236
	Step Increases (AFSCME)		2,053		0		2,053
	COLA (represented employees)		150,983		0		150,983
FRINGE	*Fringe Benefits*						
5100	Fringe Benefits						
5110	Fringe Benefits - Payroll Taxes		1,038,667		0		1,038,667
5120	Fringe Benefits - Retirement PERS		1,544,085		0		1,544,085
5130	Fringe Benefits - Health & Welfare		2,497,982		(163,456)		2,334,526
5140	Fringe Benefits - Unemployment		98,153		0		98,153
5150	Fringe Benefits - Other Benefits		56,207		0		56,207
	Total Personnel Services	**181.50**	**$17,567,418**	**-**	**($163,456)**	**181.50**	**$17,403,962**
	Total Materials & Services		**$24,341,158**		**$0**		**$24,341,158**
	Total Capital Outlay		**$3,344,077**		**$0**		**$3,344,077**
	Total Interfund Transfers		**$4,806,913**	**-**	**$0**		**$4,806,913**
	Contingency and Ending Balance						
CONT	*Contingency*						
5999	Contingency						
	* General Contingency		2,299,335		163,456		2,462,791
	* Renewal and Replacement		200,000		0		200,000
	* New Capital/Business Strategy Reserve		5,196,719		0		5,196,719
	* Contingency for Capital (TL TAX)		142,214		0		142,214
UNAPP	*Unappropriated Fund Balance*						
5990	Unappropriated Fund Balance						
	* Stabilization Reserve		620,500		0		620,500
	* Renewal & Replacement		12,277,072		0		12,277,072
	Total Contingency and Ending Balance		**$20,735,840**		**$163,456**		**$20,899,296**
TOTAL REQUIREMENTS		**181.50**	**$70,795,406**	**-**	**$0**	**181.50**	**$70,795,406**

Exhibit B
Ordinance 12-1295
Schedule of Appropriations

	Current Appropriation	Revision	Revised Appropriation
GENERAL FUND			
Communications	2,632,943	(35,618)	2,597,325
Council Office	4,197,802	(42,562)	4,155,240
Finance & Regulatory Services	4,218,275	(47,656)	4,170,619
Human Resources	2,167,032	(32,199)	2,134,833
Information Services	3,640,353	(53,530)	3,586,823
Metro Auditor	708,748	9,016	717,764
Office of Metro Attorney	1,927,172	(13,967)	1,913,205
Oregon Zoo	30,862,025	(34,514)	30,827,511
Parks & Environmental Services	6,761,825	(20,956)	6,740,869
Planning and Development	14,477,196	(20,826)	14,456,370
Research Center	3,948,961	(3,306)	3,945,655
Sustainability Center	4,320,662	11,474	4,332,136
Special Appropriations	4,896,187	0	4,896,187
Non-Departmental			
Debt Service	1,654,290	0	1,654,290
Interfund Transfers	7,721,525	43,100	7,764,625
Contingency	3,065,475	(16,156)	3,049,319
Total Appropriations	97,200,471	(257,700)	96,942,771
Unappropriated Balance	12,774,488	276,840	13,051,328
Total Fund Requirements	**$109,974,959**	**$19,140**	**$109,994,099**
GENERAL ASSET MANAGEMENT FUND			
Asset Management Program	5,923,769	53,775	5,977,544
Non-Departmental			
Interfund Transfers	19,681	0	19,681
Contingency	4,379,897	(10,675)	4,369,222
Total Appropriations	10,323,347	43,100	10,366,447
Unappropriated Balance	200,000	6,320	206,320
Total Fund Requirements	**$10,523,347**	**$49,420**	**$10,572,767**
MERC FUND			
MERC	45,252,653	(163,456)	45,089,197
Non-Departmental			
Debt Service	0	0	0
Interfund Transfers	4,806,913	0	4,806,913
Contingency	7,838,268	163,456	8,001,724
Total Appropriations	57,897,834	0	57,897,834
Unappropriated Balance	12,897,572	0	12,897,572
Total Fund Requirements	**$70,795,406**	**$0**	**$70,795,406**

Exhibit B
Ordinance 12-1295
Schedule of Appropriations

	Current Appropriation	Revision	Revised Appropriation
NATURAL AREAS FUND			
Sustainability Center	45,179,080	(1,382)	45,177,698
Non-Departmental			
Interfund Transfers	1,783,226	0	1,783,226
Contingency	25,000,000	0	25,000,000
Total Appropriations	71,962,306	(1,382)	71,960,924
Unappropriated Balance	27,525,139	1,382	27,526,521
Total Fund Requirements	**$99,487,445**	**$0**	**$99,487,445**
OREGON ZOO INFRASTRUCTURE AND ANIMAL WELFARE FUND			
Oregon Zoo	19,526,002	(14,237)	19,511,765
Non-Departmental			
Interfund Transfers	292,677	0	292,677
Contingency	3,963,195	0	3,963,195
Total Appropriations	23,781,874	(14,237)	23,767,637
Unappropriated Balance	54,817,992	14,237	54,832,229
Total Fund Requirements	**$78,599,866**	**$0**	**$78,599,866**
SOLID WASTE REVENUE FUND			
Finance & Regulatory Services	2,145,570	14,808	2,160,378
Sustainability Center	6,402,794	(50,255)	6,352,539
Parks & Environmental Services	49,662,045	(16,314)	49,645,731
Non-Departmental			
Interfund Transfers	8,157,903	0	8,157,903
Contingency	15,105,279	0	15,105,279
Total Appropriations	81,473,591	(51,761)	81,421,830
Unappropriated Balance	19,875,967	51,761	19,927,728
Total Fund Requirements	**$101,349,558**	**$0**	**$101,349,558**

All Other Appropriations Remain as Previously Adopted

STAFF REPORT

FOR THE PURPOSE OF AMENDING THE FY 2012-13 BUDGET AND APPROPRIATIONS SCHEDULE AND THE FY 2012-13 THROUGH 2016-17 CAPITAL IMPROVEMENT PLAN

Date: October 22, 2012 Prepared by: Kathy Rutkowski 503-797-1630

BACKGROUND

Since the adoption of the budget several items have been identified that necessitate amendment to the budget. Each action is discussed separately below.

General Fund Discretionary Beginning Fund Balance

The General Fund discretionary beginning fund balance for FY 2012-13 was lower than anticipated in the adopted budget, as we reported to Council in the FY 2011-12 fourth quarter financial report. At that time, we also identified several possible options for replenishing the fund balance. One of those options is to capture the net personal services savings available because of savings in health & welfare premiums due to lower than expected premium increases. The budget anticipated an average increase in overall premiums of 10 percent. The actual average increase was just under 6 percent. After adjusting for the actual enrollment choices of current employees and final cost of living adjustments in labor contracts, the estimated savings across all funds is approximately $488,000 with about $257,000 in the General Fund. This request proposes to capture the savings in all funds and reserve them for the future. Although the intent of the action is focused on replenishing the shortfall in the General Fund, for consistency the action captures the savings in all budgetary funds.

Health & Welfare Estimated Budgeted Premium Savings	
General Fund	$257,698
MERC Fund	163,456
Solid Waste Revenue Fund	51,761
Natural Areas Bond Fund	1,382
Oregon Zoo Infrastructure Bond Fund	14,237
Total estimated savings	**$488,534**

Create new 0.50 FTE Fee Based Tour Specialist Position

The Oregon Zoo is proposing to create a new part-time 0.50 FTE position to implement a series of new Behind the Scenes Tours (BST) at the Zoo. The goals of the Oregon Zoo Behind the Scenes Tours program are:

- To provide additional opportunities for the public to learn more about the respectful, science-based care at the Zoo.
- To deepen the connection between the public, the Oregon Zoo and its animal collection
- To raise revenue to support the work of the Oregon Zoo.

The proposed new 0.50 FTE Education Specialist I position will be responsible for working with the Zoo's Living Collection and Education divisions to develop and present a series of rotating behind the scenes programs for individuals and groups that focus on highlighting the Zoo's groundbreaking animal welfare and conservation work as well as giving participants unique, up close animal experiences. These tours will be new fee based tours and will not replace the existing donor and VIP tours currently offered by zoo staff. Fees will be set based on the length of tour and amount of keeper time and animal interaction. Both low cost "sneak peeks" and more high-end "encounters" will be developed. This program is projected to break even in its first year and make a profit in subsequent years.

The annual cost of the new part-time position including salary and fringe benefits is estimated at $32,300 for FY 2012-13. The anticipated starting date for FY 2012-13 is January 1, 2013. The estimated cost of the position for the period January – June 2013 is $16,150. The program manager anticipates the following fee structure and revenue generation for the first two fiscal years:

FY 2012-13 (Jan - Jun only)	**Length**	**Min/Max**	**Per person $**	**Est #**	**Total**
Zoo Snooze Add on tours	45 min	15-70 people	$12	805	9,660
Zoo Behind the Scenes	90 min	5-10 people	$35	48	1,680
Animal Experience Tours	90-120 min	2-5 people	$120	80	9,600
Total				**931**	**$20,940**

FY 2013-14	**Length**	**Min/Max**	**Per person $**	**Est #**	**Total**
Zoo Snooze Add on tours	45 min	15-70 people	$12	1288	15456
Zoo Behind the Scenes	90 min	5-10 people	$35	144	5040
Animal Experience Tours	90-120 min	2-5 people	$120	200	24000
Total				**1,614**	**$44,496**

These revenue estimates are based on analysis of several other similar zoo and aquaria fees for behind the scenes tours. A similar program at the Minnesota Zoo (with similar staffing levels) consistently brought in $40,000 - $45,000 in revenue over the last five years. Some institutions make significantly more revenue depending on the level of animal engagement offered and the number of staff involved. Depending on the success of the initial program, opportunities for expansion will be considered that don't exceed capacity of the staff and animal collection.

The impact on existing zoo staff (Living Collections and Education) should be minimal. Zoo Snooze Add on Tours and basic Behind the Scenes tours will be designed to allow the BST specialist to lead the tours without any additional keeper or Living Collections involvement. The Animal Experience Tours will require approximately 30-45 minutes of keeper time per tour, but these tours will be rotated through the various animal areas of the Zoo so as not to create too much burden on any one area of the staff and collection. Past experience at other facilities has indicated that offering a fee based tour program can actually reduce the number of donor/VIP tours by providing a new and convenient way to register for tours. The Oregon Zoo Foundation has agreed to promote these tours to current members and donors as another way to "support" the Zoo.

The Conservation Camps and Classes manager will supervise this position and will spend 30-40 hours of time this winter and spring to train the specialist and help with tour development and scripting. Ideally this training will happen during the winter prior to the busy spring and summer seasons.

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 $16,150 from contingency to personnel services for the Oregon Zoo to provide for the additional salary and fringe benefits associated with the position. It also acknowledges the receipt of $20,940 in additional revenue but places the additional revenue in unappropriated balance in the General Fund to reimburse the contingency at year end.

Cascade Marsh and Africa Lagoon Aviaries

The Oregon Zoo Foundation successfully raised more than $800,000 through their "Don't Miss the Flight" campaign to fund the Cascade Marsh Aviary and the Africa Lagoon Aviary projects, while the General Fund appropriation at the zoo will fund an additional $35,000. Design for both projects is complete and the projects were competitively bid as a single package to general contractors; work is slated to begin this fall. The final construction bid for the two projects requires a reallocation of the budget between the two projects from the original consultant cost estimates. This CIP and budget amendment shifts approximately $104,000 from the Cascade Marsh Aviary budget to the Africa Lagoon Aviary budget. An additional $4,355 is funded from contingency in the Zoo Capital Account of the General Asset Management Fund.

Project Name	Project #	Original CIP Budget	Budget After Bids	Change
Cascade Marsh	ZCA04	400,000	295,876	104,124
Africa Lagoon	ZAR24	465,000	573,479	(108,479)
		865,000	869,355	(4,355)

Energy Efficiency Assessment for Elephant Habitat Design

The zoo bond program has been working with the Energy Trust of Oregon (ETO) to assess the new elephant habitat design for energy efficiency. ETO has programs in place to incentivize planning to incorporate sustainable building into capital projects. Over the past several months, the elephant design team has met with the ETO and will receive $6,320 to help underwrite the costs of design workshops focused on energy conservation. 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 $6,320 from the Zoo Capital Account contingency in the General Asset Management Fund to fund the project design work. It also acknowledges the receipt of the additional revenue but places the additional revenue in unappropriated balance to reimburse the contingency at year end.

Creation of a Robust Metro Data Center

Metro's servers are currently spread across three locations: Metro Regional Center (MRC), the Oregon Convention Center and the Oregon Zoo. This system does not provide secure and reliable computing services, as seen when a 2010 power outage at MRC shut down data access for much of the agency for several hours. Less common but more devastating events could impact the agency for much longer. By investing in an existing location at the Oregon Convention Center and adding incremental costs to improve redundancy and speed, Metro can create a much more robust, modern Data Center at significantly lower long-term cost than the alternative of moving to a hosted off-site facility.

Budget Summary:

Data Center Budget	
Service Migration: Server Equipment	58,200
Service Migration: Network Equipment	28,000
UPS Battery Backup System	72,000
Cooling System	48,300
Fire Protection System	33,000
Data Center Cabinets	17,500
Electrical Work	9,000
Telecommunications	12,000
Contingency	8,500
Total	**286,500**

This cost of this project will be managed within Metro's current appropriations. A large portion is already funded in the existing renewal and replacement (R&R) budget. This action will consolidate several smaller, non-CIP projects originally budgeted for the MRC server room (totaling $181,200) into the Data Center project. This includes the server equipment, the backup battery system and a portion of the cooling costs. An additional $62,200 will be funded by moving up several projects scheduled for later years, in order to gain long-term efficiencies, as well as using a small amount of savings from budgeted IT R&R projects that are no longer needed. The remaining $43,100 will be funded by transferring savings in the Information Services General Fund appropriation, primarily the result of a position that was vacant for the first 4 months of the fiscal year. The transfer from Information Services will increase the total R&R appropriation, but will not result in a net increase agency-wide.

Funding Summary:

Funding for Data Center	
Existing MRC Server Room R&R project funding	181,200
Reprioritization of several future R&R projects	62,200
Savings from Information Svcs General Fund Budget	43,100
Total	**286,500**

This action will add the consolidated Data Center project to the Capital Improvement Plan (CIP).

ANALYSIS/INFORMATION

1. **Known Opposition**: None known.

2. **Legal Antecedents:** ORS 294.463(1) provides for transfers of appropriations within a fund, including transfers from contingency that do not exceed 15 percent of a fund's appropriation, if such transfers are authorized by official resolution or ordinance of the governing body for the local jurisdiction. ORS 294.463(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 stating the need for the transfer. Metro code chapter 2.02.040 requires the Metro Council to approve the addition of any position to the budget. Metro's adopted financial policies require any project exceeding $100,000 or an existing CIP project increasing greater than 20 percent to receive Council approval.

3. **Anticipated Effects:** This action provides for changes in operations as described above; creates a new 0.50 FTE Education Specialist I at the Oregon Zoo to implement a series of new Behind the Scenes Tours; acknowledges new revenue to offset the cost of the position; captures savings across the agency as a result health & welfare premium increases that were approximately 4 percent lower than budgeted; amends the capital improvement plan reallocating funding between two Oregon Zoo capital projects; and acknowledges revenue received from the Energy Trust of Oregon.

4. **Budget Impacts:** This action has the following impact on the FY 2012-13 budget:

   - Captures and reserves approximately $488,000 in savings from health & welfare premium increases that were approximately 4 percent lower than budgeted. Replenishes the shortfall in the General Fund discretionary balance by approximately $257,000.
   - Creates a 0.50 FTE fee based tour specialist position at the Oregon Zoo to implement a series of new Behind the Scenes Tours. Acknowledges new revenue to be generated by the addition of the position.
   - Reallocates funding between the Cascade Marsh and the Africa Lagoon Aviary projects providing a small increase funded from contingency and amending the Capital Improvement Program.
   - Provides funding for an energy efficiency assessment on the elephant habitat design acknowledging revenue to be received from the Energy Trust of Oregon.
   - Re-allocates and consolidates several projects in renewal and replacement, and transfers $43,100 in salary savings due to a vacancy in the Information Services Department to create a much more robust, modern Data Center at significantly lower long-term cost than the alternative of moving to a hosted off-site facility.

RECOMMENDED ACTION

The Chief Operating Office recommends adoption of this Ordinance.

Agenda Item No. 6.1

Resolution No. 12-4375, For the Purpose of Adopting the Metro Diversity Action Plan.

Resolutions

Metro Council Meeting
Thursday, Nov. 15, 2012
Metro, Council Chamber

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF ADOPTING THE METRO DIVERSITY ACTION PLAN	)))))	RESOLUTION NO. 12-4375 Introduced by Chief Operating Officer Martha Bennett, with concurrence of Council President Tom Hughes

WHEREAS, in 2005, the Metro Council convened a Diversity Action Team to ensure diversity initiatives were identified and achieved;

WHEREAS, on August 17^{th}, 2006, the Metro Council approved Metro's first Diversity Action Plan;

WHEREAS, the Metro Council is committed to supporting and promoting diversity within the agency in accordance with the adopted Metro value of Respect, and ensuring success in identifying and achieving diversity initiatives in the core diversity functional areas of: Internal awareness and sensitivity to diversity issues, Employee recruitment and retention, Public involvement and citizen advisory committee membership and Procurement;

WHEREAS, the Metro Diversity Action Team has through great effort developed a revised and detailed Diversity Action Plan as a written statement of Metro's commitment to diversity;

WHEREAS, the Diversity Action Team conducted outreach and received numerous comments on the Diversity Action Plan from Metro's employees and community groups outside of Metro;

WHEREAS, the Diversity Action Plan is a living document that will continue to evolve as Metro's diversity programs grow and the Metro Council empowers the Metro Chief Operating Officer and the Diversity Action team to continue revising the Diversity Action Plan as this evolution takes place;

WHEREAS, the Diversity Action Plan is in a form that the Metro Council believes is ready for Metro Council adoption and support.

BE IT THEREFORE RESOLVED that the Metro Council adopts the Metro Diversity Action Plan in the form attached as Exhibit A and directs the Metro Chief Operating Officer and the Diversity Action Team to continue updating and revising the Diversity Action Plan as appropriate for the Agency.

ADOPTED by the Metro Council this ________ day of November, 2012.

____
Tom Hughes, Council President

Approved as to Form:

____
Alison Kean Campbell, Metro Attorney

MAKING A GREAT PLACE

Diversity Action Plan

Fall 2012

Metro

About Metro

Clean air and clean water do not stop at city limits or county lines. Neither does the need for jobs, a thriving economy, and sustainable transportation and living choices for people and businesses in the region. Voters have asked Metro to help with the challenges and opportunities that affect the 25 cities and three counties in the Portland metropolitan area.

A regional approach simply makes sense when it comes to providing services, operating venues and making decisions about how the region grows. Metro works with communities to support a resilient economy, keep nature close by and respond to a changing climate. Together we're making a great place, now and for generations to come.

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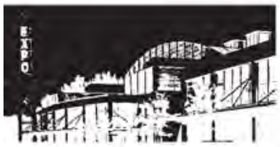
Letter of support from Council President Hughes or entire Council



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Metro | *Exposition Recreation Commission*

November 7, 2012

The Metropolitan Exposition Recreation Commission supports the goals, strategies and actions outlined in the Diversity Action Plan, intended to increase diversity and cultural awareness at Metro, both internally and externally.

We support the short-term actions, long-range objectives and ongoing opportunities for assessment that we believe will make significant progress in enhancing the agency's outcomes in reaching all communities it is designated to serve.

As a primary interface between Metro and the general public, we believe it is imperative to hold the Metro value of Respect among the highest regard and stand ready to assist in any way the venues under our governance – the Oregon Convention Center, Portland Center for the Performing Arts and Portland Expo Center – can.

Sincerely,

Chris Erickson
Chair, Metropolitan Exposition Recreation Commission

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TABLE OF CONTENTS

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OVERVIEW

At Metro, we care about our employees and the community. Our mission is to inspire, engage, teach and invite people to preserve and enhance the quality of life and the environment for current and future generations. As we work with the region's communities to make a great place, we must ensure that all of our employees, customers and residents of the region are treated equitably. Metro's Diversity Action Team has developed this Diversity Action Plan as a blueprint for our organization to uphold Metro's value of respect and to reflect the growing diversity of the region we serve.

Metro's value of respect and definition of diversity

Metro's Diversity Action Plan is founded on our organizational value of respect:

> We encourage and appreciate diversity in people and ideas. We embrace diversity in people and ideas within our workplace and our community. Everyone is treated with care and appreciation. We promote an atmosphere of equality and personal integrity and seek to understand the perspective of others. We strive for a culture supported by honesty and trust. Above all, we demonstrate respect for each other.

Metro defines diversity as the variance or difference amongst people:

> This variance includes race, ethnicity, gender, age, religion, nationality, language preference, socioeconomic status, disability, sexual orientation, gender identity and others. These differences are tied to a variety of other aspects of diversity such as experience, work styles, life experience, education, beliefs and ideas. Honoring these differences while upholding our value for respect is central to our diversity philosophy.

Metro's philosophy regarding diversity:

> Metro's diversity philosophy is built upon our commitment to creating, establishing, and maintaining a diverse and inclusive culture through increased internal awareness and diversity sensitivity, employee recruitment and retention, public involvement and citizen advisory committee membership, procurement, and accessibility. Metro embraces diversity in such a way that it includes understanding the strength of individual and group differences, respecting the perspectives of others, and communicating openly. We strive to create an environment where all participants value and celebrate each other's contributions, skills, and experience and a workplace where all staff are encouraged to thrive and reach their highest potential.

Diversity Action Team vision

We envision a future where Metro's diversity practices improve Metro's responsiveness to the residents of the region, strengthen Metro's workforce and serve as a model for other governments. Metro strives to incorporate diversity and cultural competence in carrying out its mission.

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Diversity Action Plan process and scope

To realize this vision, the Diversity Action Plan identifies strategies and actions to increase diversity and cultural competence at Metro in four key areas: internal awareness and diversity sensitivity, employee recruitment and retention, public involvement and citizen advisory committee membership and procurement.

The Diversity Action Team is primarily responsible for developing the plan's content, based on organizational needs and feedback gathered from employees and community groups. This plan is a living document, subject to regular review and revisions Regular plan status reports will be provided no less than annually. For details on employee and community group engagement conducted for this plan, including issues and items to address in future revisions based on the stakeholder feedback, see Appendix B.

The Diversity Action Team reviews and recommends revisions to the Diversity Action Plan as necessary. The team recommends revisions to the Chief Operating Officer, who has Metro Council's delegated authority to revise the plan.

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ROLES AND RESPONSIBILITIES

Regardless of title or position, all individuals at Metro are responsible for meeting the Diversity Action Plan goals.

Metro employees

Metro employees hold themselves and each other accountable to meeting diversity goals.

Metro management

Metro managers and supervisors act as role models by holding themselves and each other accountable to meeting diversity goals. Metro managers and supervisors commit to ensuring the plan's success, including actively supporting the plan, setting expectations and holding employees accountable to meeting diversity goals.

Diversity Action Team

The Diversity Action Team serves in an advisory capacity to the Senior Leadership Team regarding implementation of the Diversity Action Plan. The Diversity Action Team reviews the Diversity Action Plan as necessary and recommends revisions to the Senior Leadership Team and Chief Operating Officer. The Metro Council approves any revisions to the plan.

Diversity Program Manager

The Diversity Program Manager serves as an internal consultant to cultivate diversity in Metro's practices, including further refinement and implementation of the Diversity Action Plan. On at least a semi-annual basis, the Diversity Program Manager will review implementation of the Diversity Action Plan and report to the Diversity Action Team and Senior Leadership Team on the plan's progress.

Senior Leadership Team

The Senior Leadership Team of Metro's departments and venues is responsible for implementing the Plan. This team identifies resources necessary for carrying out the plan and to ensure continuity over time. Team members actively link organizational values to carrying out the plan and set expectations to hold themselves and the organization accountable to meeting diversity goals.

Metro Council

The Metro Council adopts the Diversity Action Plan and acts as the budget authority, allocating resources to support the plan in balance with other needs of the organization. As elected representatives of the region, members of the Metro Council publicly reflect the values and commitments laid out in the plan.

Metro Exposition and Recreation Commission (MERC)

The MERC Commissioners support the plan through their commitment to diversity and how it underpins the region's cultural and economic vitality. Commissioners provide plan feedback, guidance and connections to valuable resources in our region.

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CORE AREA GOALS, STRATEGIES, ACTIONS AND INDICATORS

Key actions are included below each of the 4 core area goals. We have prioritized core area actions that are critical to the ongoing success of the respective core area. For the complete list of actions associated with each core area, see Appendix E.

Core area 1:
Internal awareness and sensitivity to diversity issues

To achieve greater internal awareness and sensitivity to diversity issues, Metro must establish active dialogue with employees regarding diversity; provide training to managers and staff; and put tools in place to measure inclusivity, diversity and cultural competence[1] at Metro.

Indicators

- Percentage of employees who agree and strongly agree with the statement: "Our organization is taking sufficient action to address and foster diversity," disaggregated by gender, age group, minority group membership, and other indicators of diversity.
- Percentage of employees who agree or strongly agree with the statement: "All employees regardless of their differences are respected and valued for their contribution to our organization," disaggregated by gender, age group, minority group membership, and other indicators of diversity.
- Percentage of staff at all levels who have attended diversity training.
- Percentage of managers who receive a "successful or above" rating in the correlating area of their performance evaluations.

Goal 1.1: Metro's work environment is inclusive, where cultural, gender, age, race, ethnicity, and other indicators of diversity are respected by all employees.
Strategies: **A. Use regular monitoring and assessment to measure our cultural competence and internal climate.** **B. Provide cultural competency training for all employees.** **C. Create an open climate for employees to understand and contribute to Metro's values and diversity practices.** **D. Give consideration to Metro values and diversity practices in project planning.**
Goal 1.2: Employees actively hold each other accountable for respectful behavior.
Strategies: **A. Provide tools and an environment where people feel safe to raise concerns.**

[1] See Appendix A for definition

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CORE AREA 1: PRIORITIZED ACTIONS

1.1.4 Require training for Senior Leadership and Diversity Action teams to help them identify their role in leading a diversity initiative. Participation in training will also be available to Metro Council and MERC Commissioners. **Funds required**	FY 2012-13
1.1.7 Implement an ongoing broad cultural sensitivity offering for all employees, prioritizing front line staff, based on results from diversity survey and input from diverse representation of employees regarding content and messages. **Funds required**	Initiate 2013
1.1.11 Develop and implement an internal communication plan, including use of Intramet, to build and maintain employee awareness about diversity and cultural competence. Ensure that employees are familiar with diversity team members.	Implement January 2013 and ongoing

Core area 2:
Employee recruitment and retention

Employee recruitment and retention goals will improve diversity in recruiting, hiring and retaining employees. Human Resources staff will establish a baseline for minority applicants and employee retention; enhance outreach to strengthen relationships with underserved populations; improve diverse representation among hiring panels and further integrate diversity into new employee orientation and performance evaluations.

Employee recruitments are designed to establish a diverse workforce at Metro. Recruitments for positions at Metropolitan Exposition and Recreation Commission (MERC) venues will follow First Opportunity Target Area (FOTA) mandates.

Indicators

- Demographics of self disclosed minority candidate applicants as compared with previous fiscal year of applicant demographics.
- New employees hired by Metro per category according to gender, age group, minority group membership, and other indicators of diversity, as compared with previous fiscal year of hire demographics.
- Average rate of tenure, promotional rate, and turnover rate is similar for all groups, including those sorted by gender, age group, minority group membership, and other indicators of diversity.
- Employee satisfaction rate as indicated in the Cultural Assessment and Employee Survey is similar for all groups, including those sorted by gender, age group, minority group membership, and other indicators of diversity.

Goal 2.1: Increase diversity in applicant pool.
Strategies: **A. Use existing resources within the organization to help promote and attract a diverse representation of candidates.** **B. Invest resources in building professional relationships with community partners.**
Goal 2.2: Increase diversity of new hires according to gender, age group, minority group membership, and other indicators of diversity.
Strategies: **A. Use resources to identify and address barriers in the selection process.**
Goal 2.3: Increase retention of diverse employees according to gender, age group, minority group membership, and other indicators of diversity.
Strategies: **A. Use existing and new resources to increase retention of diverse employees.**

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CORE AREA 2: PRIORITIZED ACTIONS

2.1.1 Establish a baseline representing diversity among applicants for FY 11-12.	2013
2.1.3 Update Human Resources recruitment page(s) to promote diversity and desire for diverse pool of candidates.	End of FY 13-14
2.1.9 Coordinate internal resources for outreach efforts.	Ongoing as of FY 12-13
2.2.1 Analyze recruitment data to identify if any barriers to hiring exist for a particular group and develop tools to address as necessary. Share learned best practices with community partners.	FY 13-14 and ongoing

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Core Area 3: Public involvement and citizen advisory committee membership

Goals for public involvement and citizen advisory committee membership seek to have Metro outreach and committees, at a minimum, serve and represent the diversity of the region's population. Many of these actions should be part of a continuous and conscious effort to acknowledge that one committee member cannot represent an entire group and to ensure various groups are continually engaged. To meet these goals, Communications staff will conduct research to assess gaps in community interactions; engage the Metro Council members to actively conduct outreach to historically underserved[2] communities; establish protocols to improve diverse representation on Metro committees; and put tools in place to track and coordinate growing relationships with diverse communities as well as better communicate with those communities. Information about existing Metro committees is available at http://www.oregonmetro.gov/committees. The goals listed below also take into account the importance of Metro's policies and programs reflecting the values of diversity and equity.

Indicators

- Number of culturally specific organizations engaged by Metro that represent the needs of underrepresented communities in the region.
- Demographic composition of people participating in public involvement activities per category according to gender, age group, minority group membership, and other indicators of diversity.
- Percentage of participants who think that Metro is effective in engaging diverse and historically underserved communities and meeting their stated needs, as compared with previous years. (requires survey)
- Percent of community organizations that are satisfied with their engagement with Metro.
- Demographics of committee applicant pool as compared with demographics of the region, including historically underserved populations.
- Demographics of committee members as compared with demographics of the region, including historically underserved populations.

Goal 3.1: Metro's public involvement fully engages diverse communities in the Metro region.
Strategies: **A. Provide support as needed for members of diverse communities to become involved in the public process.** **B. Recognize the importance of making long-term investments through relationships with various diverse communities throughout the region. Ask diverse communities how best to engage them and transcend barriers to involvement. Meet on a regular basis to update involved groups/ individuals.** **C. Increase Metro's presence in communities in culturally specific ways.** **D. Improve diverse communities' access to information.** **E. Improve Metro's ability to measure demographic data for historically underserved populations.**

[2] See Appendix A for definition

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Goal 3.1 (continued): Metro's public involvement fully engages diverse communities in the Metro region.
F. Leverage relationships developed through job recruitment and procurement activities to expand Metro's reach to underrepresented populations **G.** When public involvement policies and programs are developed or revised, integrate diversity and equity considerations into the process. **H.** Work collaboratively with government and community partners to tap into existing research and lessons learned; look for future opportunities to work together.
Goal 3.2: Metro committees reflect the diversity of our region's communities.
Strategies: **A.** Develop understanding of diverse communities' barriers to committee participation. **B.** Provide support as needed for members of diverse communities to participate on Metro committees. **C.** Build support among existing committee members for improved participation by historically underserved populations. **D.** Consider changes in committee bylaws to broaden opportunities for membership by historically underserved populations. **E.** Explore and implement best practices for increasing diversity in committee membership. **F.** Develop new approach to public engagement review process (formerly Metro Committee for Citizen Involvement) that includes broader representation and understanding of public outreach tools.

CORE AREA 3: PRIORITIZED ACTIONS

3.1.4 Engage regularly with groups who represent historically underserved and diverse populations at a mutually agreed-upon frequency and manner – in order to build trust and to identify barriers to participation.	Ongoing
3.1.9 Continue to implement and expand best practices to track participation of underserved populations in the public comment process. Include demographic questions at all public involvement events and in all surveys conducted by Metro. Improve consistency and breadth of data collection through Metro public involvement events and surveys. **Resources required**	2012-2013/Ongoing
3.1.11 Implement a tool that enables Metro to effectively coordinate outreach to key community stakeholders. Establish working group to meet regularly and identify areas for leverage. Coordinate and maintain list of contacts with diverse communities, including contacts made through Human resources, Procurement and Communications efforts.	2013-14

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Core Area 4: Procurement

The primary goal of diversity in procurement is to increase the utilization of Minority-owned, Women-owned and Emerging Small Businesses[3] (MWESBs), Sheltered Market participants[4], (SM) and Disadvantaged Business Enterprises, (DBE)[5]. Beyond increasing the number of MWESB firms participating on Metro contracts, Procurement staff will work with vendors, contractors and Metro staff to establish baseline usage data, identify areas for improvement, train stakeholders on the system, put new policies and procedures in place, and measure the performance of Metro's efforts.

Fiscal year indicators

- Number of MWESB's and First Opportunity Target Area (FOTA) contractors that bid on Metro solicitations as compared to the total number of bids received.
- Amount of dollars awarded to MWESB and FOTA contractors and subcontractors out of the total dollar amount awarded.
- Percent of total available contract and subcontract dollars awarded to MWESB and FOTA contractors and subcontractors.
- Share of dollars awarded to MWESB's within the Sheltered Market Program, as compared with total contract dollars awarded.
- Percent of Sheltered Market Program construction contracts as compared with total construction contracts.
- Amount of dollars awarded to DBE contractors within the Sheltered Market Program.
- Percent of contracts awarded to DBE firms compared to total contracts.
- Number of formal procurements using value-based contracting[6] approach.
- Amount of dollar awards using value-based approach.

Goal 4.1: Increase MWESB and FOTA participation.
Strategies: **A. Identify areas for improvement through annual review of contract solicitation and awards.** **B. Engage with vendors, contractors and Metro staff to uncover barriers to participation.**

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[3] MBE denotes firms that are 51% ownership by a racial minority; WBE denotes firms with 51% or higher woman ownership. ESB is characterized as an emerging small business with two tiers; Tier 1 requires firms to have 19 or fewer employees whose average annual gross receipts over the last three years are under $1,699,953 for construction firms and under $679,981 for non-construction-related firms. Tier 2 requires firms with 29 or fewer employees whose average annual gross receipts over the last three years are under $3,399,907 for construction-related businesses and under $1,133,302 for non-construction businesses.

[4] Metro's Sheltered Market Program restricts bids for public improvement contracts with dollar amounts between $5,000 and $50,000 to State certified Minority Owned Businesses, Women Owned Businesses or Emerging Small Businesses (MWESBs).

[5] Disadvantaged Business Enterprises are defined as those firms that are owned and operated by a woman or a member of a racial minority who are seeking federally funded construction contracts.

[6] See Appendix A for definition

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Goal 4.2: Increase contract dollars awarded to MWESB contractors and subcontractors to between 15 to 18 percent of total contract dollars.
Strategies: **A. Increase accountability of prime contractors to ensure MWESB and FOTA participation.** **B. Ensure internal agency compliance.**
Goal 4.3: Increase number of projects and contracts in Sheltered Market Program for MWESB's.
Strategies: **A. Expand Sheltered Market Program.** **B. Ensure internal agency compliance.**
Goal 4.4: Assess Disadvantaged Business Enterprise (DBE) compliance requirements and increase DBE participation.
Strategies: **A. Increase accountability for prime contractors to comply with DBE requirements when hiring subcontractors.** **B. Increase accountability for local public agencies to comply with DBE requirements when hiring contractors.** **C. Ensure internal agency compliance.**
Goal 4.5: Use value-based contracting to promote equity.
Strategies: **A. Establish agency policy.** **B. Ensure internal agency compliance.**
Goal 4.6: Develop recommendations with Metropolitan Exposition Recreation Commission (MERC) to align FOTA with strategies in this plan.
Strategies: **A. Develop and execute project plan to respond to FOTA recommendations requested by MERC Commission.**

CORE AREA 4: PRIORITIZED ACTIONS

4.1.1 Track participation statistics.	Ongoing
4.2.6 Require MWESB and FOTA training for staff involved in contracts.	Ongoing
4.6.1 Conduct demographic study of FOTA area. **Resources required**	2013-14

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APPENDIX A: METRO DEFINITIONS

Balanced Scorecard

To gauge the overall health of the agency and to pursue continuous improvement in our business practices, Metro produces an annual Balanced Scorecard report. The Balanced Scorecard views the organization from six distinct perspectives: financial performance, internal and external customer service, business process efficiency, employee learning and growth, sustainability, and diversity. Balanced Scorecard reports can be found on Metro's website.

Capacity-building

Capacity-building is a coordinated process of deliberate activities to upgrade skills, improve procedures and strengthen organizations by investing in people, institutions and practices that will enable organizations to achieve their objectives.

Cultural competency

Cultural competency is a comprehensive collection of behavior, attitudes, practices and policies that creates an inclusive environment for people of diverse backgrounds. Culturally competent organizations have the awareness, knowledge base and learned skills to effectively and sensitively work with and provide services to people of diverse backgrounds.

Disadvantaged Business Enterprise (DBE):

A company primarily owned by people who are socially and economically disadvantaged as defined by the federal government. This designation is used when contracting with federal funds.

Diversity

Diversity is the variance or difference amongst people. This variance includes race, ethnicity, gender, age, religion, nationality, language preference, socioeconomic status, disability, sexual orientation, gender identity, and others. These differences are tied to a variety of other aspects of diversity such as experience, work styles, life experience, education, beliefs and ideas. Honoring these differences while upholding our value for respect is central to our diversity philosophy.

Equal Opportunity

Metro's commitment to provide equal opportunities to all individuals without regard to race, religion, national origin, disability, age, marital status, sex, sexual orientation, military service, or any other status protected by law. This applies to all employment related activities, procurement and citizen involvement.

FOTA

Metro's First Opportunity Target Area (FOTA) program applies to the three venues under management by the Metropolitan Exposition Recreation Commission – the Oregon Convention Center, Portland Center for the Performing Arts and Portland Expo Center. Established in 1989, the FOTA program was first intended to ensure that economically disadvantaged residents within the defined geographical area

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FOTA (continued)

near the Oregon Convention Center(OCC) be offered the first opportunity to apply for employment at the OCC. The MERC Commission later expanded and applied the FOTA program to the other two venues and now also requires all three venues to offer contracting and procurement opportunities, in addition to employment opportunities, to individuals and businesses within the FOTA boundary.

Historically underserved

Groups whose demographic, geographic, or economic characteristics impede or prevent their access to public services.

Inclusive/Inclusivity

An inclusive organization respects and values the unique dimension of each employee. Inclusivity cultivates a climate where all members feel they belong. By encouraging engagement with multiple points of view, the organization welcomes the variety of perspectives and knowledge necessary for a healthy work environment. Metro recognizes that employees are at their creative and productive best when they work in an inclusive work environment.

MERC

The Metropolitan Exposition Recreation Commission (MERC) manages three public facilities within Metro— the Oregon Convention Center, Portland Center for the Performing Arts, and Portland Expo Center. MERC is governed by a Board of Commissioners appointed by the Metro Council President upon recommendation from local area governments.

Minority/Women/Emerging Small Business (MWESB)

A company primarily owned by minorities or women; or has a small number of employees and limited revenue. MWESB certification is approved by the State of Oregon.

Request for Bid

A Request for Bid tells contractors exactly what is needed for the project and asks them to tell Metro how much the project would cost.

Request for Proposal

Metro issues a Request for Proposal during a value-based contracting process. A Request for Proposal tells contractors what is needed for the project and what factors are important for the success of the project or to support Metro priorities. For example, important factors could be workforce diversity, subcontracts with MWESBs, or experience with similar projects. Contractors respond with how they meet the important factors, along with how much the project would cost.

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Respect

Respect is one of the stated values of Metro. We encourage and appreciate diversity in people and ideas. We embrace diversity in people and ideas within our workplace and our community. Everyone is treated with care and appreciation. We promote an atmosphere of equality and personal integrity and seek to understand the perspective of others. We strive for a culture supported by honesty and trust. Above all, we demonstrate respect for each other.

Sheltered Market

A sheltered market means that only certain vendors can bid on certain projects. Metro's Sheltered Market Program restricts bids for public improvement contracts between $5,000 and $50,000 to State of Oregon certified Minority Owned Enterprises, Women Owned Enterprises or Emerging Small Businesses (MWESBs). For these contracts, MWESBs do not compete against other vendors for the work.

Public improvement contracts are for construction, reconstruction or major renovations.

Value-based contracting

In a value-based contracting process, Metro decides which contractor offers the best overall value rather than just the lowest price. For example, when Metro issues a Request for Proposal, we can specify that the diversity of a contractor's workforce is important. Then when Metro considers the contractor proposals, the decision is made based on workforce diversity among other factors, including price.

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APPENDIX B: STAKEHOLDER ENGAGEMENT AND FEEDBACK

Stakeholder engagement conducted for this plan

Prior to engaging employees around the Diversity Action Plan, the Diversity Action Team and Human Resources sponsored two information-gathering efforts led by outside consultants: an organization-wide diversity survey in fall of 2010 and two diversity town halls at the Metro Regional Center and one at the Oregon Zoo in May of 2011. The survey results provided a baseline of employee beliefs and perceptions on diversity, and both efforts yielded themes and recommendations that were either integrated into this plan or held for consideration by the incoming Diversity Program Manager who was hired in February 2012.

From June to October of 2011, Diversity Action Team members made presentations about the Diversity Action Plan to 25 different employee groups across Metro. Following the presentations, the team invited employees at the Metro Regional Center, Oregon Zoo and Oregon Convention Center to view a large display of the plan's overview and goals, strategies and actions for the first core area addressing internal awareness and sensitivity to diversity issues.

In 2012 after the plan has been adopted by Metro Council, the team will bring the plan to outside community groups for their consideration and feedback.

Stakeholder feedback to be addressed in future plan revisions

Employee suggestion: Incorporate audience diversity and public access to our facilities, sites and information (online or otherwise).

Explore a fifth core area: Accessibility.

> To live our value of public service, Metro must commit to services, visitor venues and outreach programs that are inclusive and accessible to a diverse population.
>
> An objective of this work over the coming year would be to complete an analysis of access needs and opportunities at Metro's built facilities. Accessibility goals would be to improve the opportunity for people of all abilities to participate in Metro's programs, services, facilities and events. Our outcome would be to achieve a culture of inclusion and promote participation of people of all abilities.
>
> Potential goals include visitor venues and parks and environmental services that are welcoming to all, outreach programs that are culturally sensitive and education programs that meet the needs of diverse communities.
>
> Potential first steps are to assess and establish a baseline for accessibility.

Employee suggestion: Include equity in the plan.

Metro plays a growing role in addressing equity issues and assessing the impacts of our services and planning activities on residents in the region. As our region's residents continue to encompass an ever-

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growing range of multi-cultural, international, socio-economic, profession, age and ability characteristics, the importance of intentionally incorporating equity considerations and addressing long-standing inequities into Metro activities has become increasingly clear.

Metro staff is currently conducting an inventory of how Metro employees intentionally incorporate equity considerations into our activities. The inventory will begin to provide Metro staff and community stakeholders a standardized approach for how Metro considers equity. While the inventory is the first phase of a larger project focusing on how Metro should define and approach equity, future work is dependent upon resources and staff availability. If this future work is funded, the long-term goal is to develop an organizing framework that consistently incorporates equity into all Metro activities. The framework will provide a decision support tool that will help institutionalize equity in program and policy development throughout the agency.

APPENDIX C: 2012 DIVERSITY ACTION TEAM ROSTER

Martha Bennett, Chair Chief Operating Officer	Trudy Pollard Finance and Regulatory Services for MERC
Rex Burkholder, Metro Council Liaison Metro Councilor	Scott Robinson Deputy Chief Operating Officer
Molly Chidsey Sustainability Center	Mary Rowe Human Resources Director
Joe Durr Portland Center for the Performing Arts	Cary Stacey Office of the COO
Aidan Gronauer Sustainability Center	Nathan Sykes, Vice Chair Office of the Metro Attorney
Jan Jung, Treasurer Human Resources	Bill Tolbert Diversity Program Manager
Jim Middaugh Communications Director	Matt Tracy Sustainability Center
Jennifer Payne Oregon Zoo	

ACKNOWLEDGMENTS

We would also like to thank the following people who, although not current Diversity Action Team members, participated in the development of this Diversity Action Plan.

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APPENDIX D: LEVEL OF ENGAGEMENT CATEGORIES

<u>Community Partner or Community Stakeholder</u>

Includes all community organizations that are within Metro's Scope.

<u>Metro Council</u>

Elected body of representatives of the region, which publicly reflect the values and commitments laid out in the plan.

<u>Metro COO</u>

Has Metro Council's delegated authority to revise the plan.

<u>Diversity Action Team (DAT)</u>

Advice on implementation and review of the Diversity Action Plan.

<u>Diversity Program Manager</u>

Internal consultant responsible for refinement and implementation of the plan.

<u>Senior Leadership Team (SLT)</u>

Implementation of the Plan and ensuring continuity.

<u>Metro Diversity Action Plan Workgroup</u>

Project Workgroups will be limited to a specific term and the specific strategies/actions to which they are assigned.

<u>Metro Department or Position</u>

Ex. Program Coordinator, Director, Program Manager

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APPENDIX E: CORE AREA ACTIONS

Core area 1: Internal awareness and sensitivity to diversity issues

Goal 1.1: Metro's work environment is inclusive, where cultural, gender, age, race, ethnicity and other indicators of diversity are respected by all employees.		
	Actions	**Completion**
A	1.1.1 Conduct initial "Cultural Compass" survey for baseline information; commit to follow-up surveys at least every two years.	Baseline completed 2010; future surveys in 2013, 2015, etc.
	1.1.2 Include diversity measures in Metro's Balanced Scorecard.[1]	Completed
	1.1.3 Conduct comprehensive assessment of progress on Diversity Action Plan goals	2015-16
B	1.1.4 Require training for Senior Leadership and Diversity Action teams to help them identify their role in leading a diversity initiative. Participation in training will also be available to Metro Council and MERC Commission. **Funds required**	FY 2012-13
	1.1.5 Offer initial training sessions to Metro Councilors and Metropolitan Exposition Recreation Commissioners. **Funds required**	Initiate FY 2012-13
	1.1.6 Provide annual training sessions to managers and supervisors. **Funds required**	2013
	1.1.7 Implement an ongoing broad cultural sensitivity offering for all employees, prioritizing front line staff, based on results from diversity survey and input from diverse representation of employees regarding content and messages. **Funds required**	Initiate 2013
	1.1.8 Offer Uniting to Understand Racism course, or a similar class, twice per year.	Implement Fall 2012; ongoing thereafter
	1.1.9 Provide debriefing opportunities after any diversity training to identify areas for continuing support or attention.	Fall 2012
	1.1.10 Include diversity awareness training during employee orientation to ensure a good start.	FY 2012-13

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Goal 1.1 (continued): Metro's work environment is inclusive, where cultural, gender, age, race, ethnicity and other indicators of diversity are respected by all employees		
C	1.1.11 Develop and implement an internal communication plan, including use of Intramet, to build and maintain employee awareness about diversity and cultural competence. ▪ Ensure that employees are familiar with diversity team members.	Implement January 2013 and ongoing
	1.1.12 Provide opportunities for Metro managers and employees to engage in dialogues about diversity and cultural competence.	Re-Uniting to Understand Racism started in 2012 Other opportunities commence 2014
	1.1.13 Invite diverse representation of employees and external stakeholders to participate in revisions of the Diversity Action Plan.	Ongoing
D	1.1.14 Review Project Management Training and include consideration of Metro's values and diversity practices	Summer 2013
Goal 1.2: Employees actively hold each other accountable for respectful behavior.		
Actions		**Completion**
A	1.2.1 Train employees on what they can or should do if they experience or encounter behaviors or practices that run counter to diversity goals. (Ouch-Video training begun July 2012)	2013
	1.2.2 Promote current tools for establishing climate that is conducive for raising concerns and having them addressed appropriately.	Begin spring 2013 and then ongoing

Core Area 2: Employee recruitment and retention

Goal 2.1: Increase diversity in applicant pool.		
Actions		**Completion**
A	2.1.1 Establish a baseline representing diversity among applicants for FY 11-12.	2013
	2.1.2 When opening a recruitment, solicit input from staff and community organizations to identify methods to reach diverse applicants.	Ongoing
	2.1.3 Update Human Resources recruitment page(s) to promote diversity and desire for diverse pool of candidates.	End of FY 13-14
	2.1.4 Include diversity and values language in classifications, job announcements and hiring panel questions.	Ongoing
	2.1.5 Attend a variety of job fairs and ensure diverse employee representation at the events. **Funds and resources required**	Ongoing
	2.1.6 Hold events for online application training with community partners. **Funds and resources required**	Ongoing
	2.1.7 Educate hiring managers on how to use internships to increase diversity in hiring pools.	Ongoing
	2.1.8 Focused outreach: increase recruitment and retention of people with disabilities.	2013 and ongoing
B	2.1.9 Coordinate internal resources for outreach efforts.	Ongoing as of FY 12-13
	2.1.10 Provide sponsorship resources to community partners. **Funds and resources required**	FY 12-13 and ongoing
	2.1.11 Promote outreach events Human Resources staff is attending. **Funds and resources required**	End of FY 13-14

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Goal 2.2: Increase diversity of new hires according to gender, age group, minority group membership, and other indicators of diversity.		
Actions		**Completion**
A	2.2.1 Analyze recruitment data to identify if any barriers to hiring exist for a particular group and develop tools to address as necessary. Share learned best practices with community partners.	FY 13-14 and ongoing
	2.2.2 Track data of successful applicants to determine how they were informed about position.	Jul-12
	2.2.3 Educate hiring managers regarding the importance of diverse employee representation on hiring panels.	Ongoing
	2.2.4 Brief and debrief hiring panels to ensure a fair and equitable hiring process.	Ongoing
	2.2.5 Hold Metro managers accountable through performance review process for diversity in hiring.	FY 13-14
Goal 2.3: Increase retention of diverse employees according to gender, age group, minority group membership, and other indicators of diversity.		
Actions		**Completion**
A	2.3.1 Include diversity awareness training during employee orientation to ensure a good start.	FY 12-13
	2.3.2 Evaluate exit interviews and develop strategies for addressing identified diversity issues.	Ongoing
	2.3.3 Educate managers on how to use performance appraisals to raise concerns and have them addressed appropriately.	Spring 2013 and ongoing
	2.3.4 Establish baseline through initial Cultural Compass survey.	Completed 2010
	2.3.5 Explore the applicability of mentorship programs for employees and implements as determined appropriate.	FY 14-15
	2.3.6 Explore interest in establishing employee affinity and resource groups and establish as appropriate.	FY 13-14
	2.3.7 Ensure that diversity training curriculum includes issues specific to Metro, including hiring and retention	Jan-13

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Core Area 3:
Public involvement and citizen advisory committee membership

Goal 3.1: Metro's public involvement fully engages diverse communities in the Metro region.		
Actions		**Completion**
A	3.1.1 Partner with stakeholder groups to reach out to underserved populations and build capacity for community participation. Additionally, partner with stakeholders to identify new and emerging diverse stakeholder groups in the region. **Funds required**	Ongoing
	3.1.2 Provide sponsorship funds or resources (such as meeting space) to diverse communities on an ongoing and equitable basis. **Funds required**	Ongoing
	3.1.3 Develop a Limited English Proficiency plan to evaluate and address language barriers. **Funds required**	2012
B	3.1.4 Engage regularly with groups who represent historically underserved and diverse populations at a mutually agreed-upon frequency and manner – in order to build trust and to identify barriers to participation.	Ongoing
C	3.1.5 Develop cultural awareness training concepts for external outreach. **Funds required**	2012-2013
	3.1.6 Coordinate with Procurement and Recruitment to identify Metro programs that could benefit from participating in large culturally specific events. **Resources required** **Prioritize Metro programs that could benefit from participating in relevant, culturally specific events. Resources required.**	2013
D	3.1.7 Develop culturally specific methods for diverse communities to access Metro information most effectively. **Funds required for translation**	Ongoing
	3.1.8 Tailor outreach materials for diverse audiences and give specific examples for where people can get involved. **Funds required for translation**	Ongoing

E	3.1.9 Continue to implement and expand best practices to track participation of underserved populations in the public comment process. ▪ Include demographic questions at all public involvement events and in all surveys conducted by Metro. ▪ Improve consistency and breadth of data collection through Metro public involvement events and surveys. **Resources required**	2012-2013/Ongoing
	3.1.10 Establish baseline and publish results annually. **Funds required**	2013
F	3.1.11 Implement a tool that enables Metro to effectively coordinate outreach to key community stakeholders. ▪ Establish working group to meet regularly and identify areas for leverage. ▪ Coordinate and maintain list of contacts with diverse communities, including contacts made through Human resources, Procurement and Communications efforts.	2013-14
G	3.1.12 Develop an agency-wide process that will provide staff and the Metro Council with tools and criteria to consider diversity and equity in our public involvement and public outreach practices. **Resources required**	2013-14
H	3.1.13 Meet with government and community partners regularly to share and improve public involvement best practices.	2012
Goal 3.2: Metro committees reflect the diversity of our region's communities.		
Actions		**Completion**
A	3.2.1 Develop an overview of Metro and the agency's committee work to present to historically underserved populations, including how Metro directly affects the various communities being recruited for these committees. **Funds required for translation**	2013
	3.2.2 Conduct outreach with diverse community members to assess level of interest and barriers to participation. (See 3.1.16) **Funds required**	Ongoing in 2012
B	3.2.3 Develop recommendations to support community member participation on metro committees.	2013

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Goal 3.2 (continued): Metro committees reflect the diversity of our region's communities.		
C	3.2.4 Provide diversity/equity awareness training for committees. **Funds required**	2013
	3.2.5 Build understanding and establish expectations that committee members will assist with engaging diverse communities.	2013
	3.2.6 Monitor outreach results by committee members to diverse communities.	2014
	3.2.7 Provide training and develop expectations for Senior Leadership Team members and Metro Councilors to engage diverse communities.	Ongoing
D	3.2.8 Change committee bylaws to address limitations and broaden membership.	2014
	3.2.9 Examine committee selection criteria through a diversity lens.	Ongoing
	3.2.10 Voluntarily gather demographic information from committee applicants.	Ongoing
E	3.2.11 Survey and research existing committees from local governments to learn best practices. **Funds required**	2013
	3.2.12 Continue to implement and expand best practices to track participation of underserved populations in the public comment process.	2013
F	3.2.13 Replace Metro Committee for Citizen Involvement with more effective public engagement review process to include: ▪ Nine-member Public Engagement Review Committee appointed by Council – meets twice annually ▪ Public involvement peer group – meets twice annually to share and improve best practice ▪ Annual public meeting – community member review of past and upcoming Metro projects, politics and outreach practices (beginning in 2013) ▪ Annual public survey of Metro public involvement practices ▪ Annual public engagement report	2013

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Core Area 4: Procurement

Goal 4.1: Increase MWESB and FOTA participation.		
Actions		**Completion**
A	4.1.1 Track participation statistics.	Ongoing
	4.1.2 Develop an annual review and adjust strategy to narrow procurement participation gaps.	2013, Ongoing
B	4.1.3 Extend outreach to MWESB's via meet and greet events.	Ongoing
	4.1.4 Partner with outside organizations to provide training to MWESB's to navigate public bidding process.	Ongoing
	4.1.5 Conduct random follow-up with contractors that did not submit responses and contractors that responded but were not awarded contracts.	FY 13-14
Goal 4.2: Increase contract dollars awarded to MWESB and FOTA contractors and subcontractors to 18% of total contract dollars.		
Actions		**Completion**
A	4.2.1 Annually review contract solicitation and awards including: • Requests for bids and proposals sent to MWESB's and partner organizations. • Bids and proposals received from MWESB's. • Contracts and subcontracts awarded to MWESB's.	Ongoing
	4.2.2 Institute monthly reporting by prime contractors regarding their use of MWESB's as subcontractors in projects over $100,000.	Ongoing
B	4.2.3 Review request for proposals (RFP's) prior to issuance to ensure diversity language is included.	Ongoing
	4.2.4 Review construction bids under $50,000 to ensure MWESB participation.	Ongoing
	4.2.5 Include compliance language in performance evaluations for procurement and project managers.	2014
	4.2.6 Require MWESB training for staff involved in contracts.	Ongoing

Goal 4.3: Increase number of projects and contracts in Sheltered Market Program for MWESB's.		
Actions		**Completion**
A	4.3.1 Gain approval from MERC to amend MERC procurement policy to include Sheltered Market Program.	2013
B	4.3.2 Track compliance by department programs.	Ongoing
	4.3.3 Provide mandatory staff training.	Ongoing
Goal 4.4: Assess Disadvantaged Business Enterprise (DBE) compliance requirements and increase DBE participation.		
Actions		**Completion**
A	4.4.1 List DBE goal in requests for proposals for federally funded projects.	Ongoing
	4.4.2 Establish DBE goal for agency, subject to revision every three years.	Completed
B	4.4.3 Include DBE appropriate language in intergovernmental agreements	Ongoing
	4.4.4 Monitor ongoing reporting by public agencies.	Ongoing
C	4.4.5 Review RFP's prior to issuance for all federally funded projects.	Ongoing
	4.4.6 Provide DBE mandatory training.	FY 12-13
Goal 4.5: Use value-based contracting to promote equity.		
Actions		**Completion**
A	4.5.1 Establish protocol for involvement in value-based contracting for projects over $100,000.	Ongoing
	4.5.2 Revise RFP templates to emphasize best value and promote diversity in employment and contracting.	Completed
B	4.5.3 Procurement to meet with department staff regarding value-based contracting policy and expectations.	2012
	4.5.4 Provide mandatory training.	Ongoing

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Goal 4.6: Develop recommendation to reconcile MERC FOTA with strategies in this plan.		
Actions		**Completion**
A	4.6.1 Conduct demographic study of FOTA area. **Resources required**	FY 13-14
	4.6.2 Develop recommendations for MERC Commission and the Metro Council in response to study.	FY 12-13

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STAFF REPORT

IN CONSIDERATION OF RESOLUTION NO. 12-4375, FOR THE PURPOSE OF ADOPTING THE METRO DIVERSITY ACTION PLAN

Date: Oct. 11, 2012 Prepared by: Bill Tolbert, x1910

BACKGROUND

In 2005, Metro Council approved the convening of the Diversity Action Team at the request of the Chief Operating Officer (COO). The COO chairs the Diversity Action Team, which includes members of the Senior Leadership Team, a Metro Councilor to serve as liaison to Metro Council, and employee representatives. The Diversity Action Team meets monthly to determine how to promote diversity at Metro.

Key Activities of the Diversity Action Team

- The team has been an active partner with the Metro Council, Senior Leadership Team, Human Resources and Finance and Regulatory Services in providing diversity training and outreach opportunities, building partnerships with outside organizations and supporting diversity goals.
- On October 2010 the team launched the organization's first assessment on diversity, called the Cultural Compass 2010 Diversity Survey.
- In spring of 2011 the team sponsored a series of diversity town halls, led by consultant Steve Hanamura.
- In February 2012 Metro hired a Diversity Program Manager whose job in part is to review the plan, make necessary revisions, and to facilitate implementation of the five core areas of the Diversity Action Plan.
- October 2012 marks the completion of Metro's first comprehensive Diversity Action Plan.

About the Diversity Action Plan

- The Diversity Action Plan is a living document, subject to regular review and revisions to better reflect the growing diversity of the region Metro serves. This evolving plan identifies goals, strategies and actions to increase diversity and cultural awareness at Metro.
- The plan contains strategies and action items in five core areas: internal awareness and sensitivity to diversity issues; employee recruitment and retention; public involvement and citizen advisory committee membership; procurement; and usability of facilities and programs.
- The plan strategically sets goals and action items for the next four years.
- Some other programs identified and impacted by this plan are: the Affirmative Action Plan, the First Opportunity Target Area program, Minority/Women/Emerging Small Business goals and outcomes, the Limited English Proficiency protocols under Title VI, and Americans with Disability Act considerations. Staff will continue to coordinate work in all these areas.
- The plan has been reviewed by external community partners and received their support.
- The plan has been reviewed by internal stakeholders including the Diversity Action Team and the Senior Leadership Team and has received their support.

- Regular plan status reports will be provided no less than annually.

Addition to the Diversity Action Plan

- Upon Council adoption of the Diversity Action Plan, the attached letter of support from Council President Hughes will be included in the plan.

ANALYSIS/INFORMATION

1. **Known Opposition:** None

2. **Legal Antecedents:** None

3. **Anticipated Effects:** Adoption and implementation of the Diversity Action Plan will ensure that Metro incorporates diversity and cultural competence in carrying out its mission, improves its responsiveness to the residents of the region, strengthens Metro's workforce and serves as a model for other governments.

4. **Budget Impacts:** Some of the core area actions in the plan are currently funded. Those marked as "funds required" or "resources required" are not currently funded and will be considered during the annual budget process.

RECOMMENDED ACTION

Full council support for the implementation of the Diversity Action Plan and adoption of the plan by resolution. The council's support is crucial to the success of the plan and visibility of Metro's commitment to diversity.

600 NE Grand Ave.
Portland, OR 97232-2736
www.oregonmetro.gov

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November 15, 2012

The Metro Council is committed to embracing diversity and upholding our organizational value of respect. It is my firm belief that creating and sustaining a culture of diversity and respect is critical to Metro's success. By reflecting the growing diversity of the community we serve, we will be better suited to meet employee and stakeholder needs, craft policy and deliver excellent services to the communities in our region.

As Metro moves forward in implementing the Diversity Action Plan, the Council expects regular assessments of the Agency's progress. While Metro staff will initially focus on the plan's four core areas of internal awareness and diversity sensitivity, employee recruitment and retention, committee membership and public involvement and procurement, it is important to recognize that the plan is a living document which must be readily adapted to evolving needs of Metro and the region.

The benefits of embracing diversity in our business operations and our workforce culture simply make sense. With this plan as a blueprint, we will incorporate diversity in carrying out our mission to make the region a great place for everyone to live, work and play.

Tom Hughes
Metro Council President

Agenda Item No. 6.2

Resolution No. 12-4383, For the Purpose of Adopting Policy Direction to the Regional Flexible Funding Allocation (RFFA) Process for Federal Fiscal Years 2016-18.

Resolutions

Metro Council Meeting
Thursday, Nov. 15, 2012
Metro, Council Chamber

BEFORE THE METRO COUNCIL

FOR THE PURPOSE ADOPTING POLICY DIRECTION TO THE REGIONAL FLEXIBLE FUNDING ALLOCATION (RFFA) PROCESS FOR FEDERAL FISCAL YEARS 2016-18	))))	RESOLUTION NO. 12-4383 Introduced by Councilor Carlotta Collette

WHEREAS, the Joint Policy Advisory Committee on Transportation (JPACT) and the Metro Council will be awarding regional flexible funds to transportation projects and programs in the region through the Regional Flexible Fund Allocation (RFFA) process; and

WHEREAS, these funding awards, as well as all other federal transportation spending in the region, will be programmed in the Metropolitan Transportation Improvement Program (MTIP); and

WHEREAS, JPACT and the Metro Council wish to provide policy direction on the objectives of the RFFA and programming of funds in the MTIP; now therefore,

BE IT RESOLVED that the Metro Council hereby adopts the recommendation of JPACT for policy direction to the RFFA process for federal fiscal years 2016-18 as described in Exhibit A attached hereto as to form.

ADOPTED by the Metro Council this ____ day of November 2012.

____
Tom Hughes, Council President

Approved as to Form:

____
Alison Kean-Campbell, Metro Attorney

www.oregonmetro.gov

2016-18 Regional Flexible Funds Allocation (RFFA) Policy Report

November 2012

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About Metro

Clean air and clean water do not stop at city limits or county lines. Neither does the need for jobs, a thriving economy, and sustainable transportation and living choices for people and businesses in the region. Voters have asked Metro to help with the challenges and opportunities that affect the 25 cities and three counties in the Portland metropolitan area.

A regional approach simply makes sense when it comes to making decisions about how the region grows. Metro works with communities to support a resilient economy, keep nature close by and respond to a changing climate. Together we're making a great place, now and for generations to come.

Stay in touch with news, stories and things to do.

www.oregonmetro.gov/

Metro Council President

Tom Hughes

Metro Councilors
Shirley Craddick, District 1
Carlotta Collette, District 2
Carl Hosticka, District 3
Kathryn Harrington, District 4
Rex Burkholder, District 5
Barbara Roberts, District 6

Auditor
Suzanne Flynn

Metro is the federally mandated metropolitan planning organization designated by the governor to develop an overall transportation plan and to allocate federal funds for the region.

The Joint Policy Advisory Committee on Transportation (JPACT) is a 17-member committee that provides a forum for elected officials and representatives of agencies involved in transportation to evaluate transportation needs in the region and to make recommendations to the Metro Council.

The established decision-making process assures a well-balanced regional transportation system and involves local elected officials directly in decisions that help the Metro Council develop regional transportation policies, including allocating federal transportation funds.

Metro respects civil rights

Metro hereby gives public notice that it is the policy of the Metro Council to assure full compliance with Title VI of the Civil Rights Act of 1964, the Civil Rights Restoration Act of 1987, Executive Order 12898 on Environmental Justice and related statutes and regulations in all programs and activities. Title VI requires that no person in the United States of America shall, on the grounds of race, color, sex, or national origin, be excluded from the participation in, be denied the benefits of, or be otherwise subjected to discrimination under any program or activity for which Metro receives federal financial assistance. Any person who believes they have been aggrieved by an unlawful discriminatory practice under Title VI has a right to file a formal complaint with Metro. Any such complaint must be in writing and filed with Metro's Title VI Coordinator within one hundred eighty (180) days following the date of the alleged discriminatory occurrence. For more information, or to obtain a Title VI Discrimination Complaint Form, see the web site at www.oregonmetro.gov or call (503) 797-1536."

TABLE OF CONTENTS

1.0 INTRODUCTION

Regional flexible funds are an element of the funds programmed within the Metropolitan Transportation Improvement Program (MTIP). The Metropolitan region is preparing to prioritize transportation projects and program activities to receive regional flexible funds available in the federal fiscal years 2016 through 2018. This report provides the Joint Policy Advisory Committee on Transportation (JPACT) and the Metro Council's policy direction for the allocation of these funds.

These policies have evolved from previous MTIP processes. The policy evolved significantly in the previous two program processes: 2010-13 MTIP and the 2012-15 MTIP. Section 2.0, the Existing Policy Framework, describes the policy framework that has carried forward and provides the basis for the 2015-18 MTIP policy update.

The process for updating these policies first involved discussions by engaging agency technical staff at TPAC, JPACT, and Metro Council members to provide policy direction to allocate the estimated $94.58 million available to region from 2016-18. Metro staff has used the TPAC and JPACT meeting discussions to produce this Policy Report.

The approach to allocating Regional Flexible Funds proposed in this report is intended to develop a collaborative method for supporting transportation investments that keep our neighborhoods safe, support sustainable economic growth, and make the most of the existing investments our region has already made in existing public structures.

The new three-step process builds upon the 2014-15 RFFA process for Step 1 regional programs and Step 2 Community Investment Funds for Active Transportation/Complete Streets and Green Economy/Freight Initiatives. It establishes a new Step 3 Regional Economic Opportunity Fund to fund regional priority projects identified by JPACT and the Metro Council.

2.0 EXISTING POLICY FRAMEWORK

DESIRED OUTCOMES

The region has adopted a new Regional Transportation Plan (RTP) that includes policies for the development of the transportation system and the prioritization of transportation projects. Six outcomes form the framework for how to prioritize projects in our region. Those outcomes are:

• **Vibrant communities**: People live and work in vibrant communities where they can choose to walk for pleasure and to meet their everyday needs.

• **Economic prosperity**: Current and future residents benefit from the region's sustained economic competitiveness and prosperity.

• **Safe and reliable transportation**: People have safe and reliable transportation choices that enhance their quality of life.

• **Leadership on climate change**: The region is a leader in minimizing contributions to global warming.

• **Clean air and water**: Current and future generations enjoy clean air, clean water and healthy ecosystems.

• **Equity**: The benefits and burdens of growth and change are distributed equitably.

These outcomes guided the development of the RTP performance targets for transportation investments. The ten performance targets are shown below in Table 1.

Table 1: RTP Performance Targets

Economy	Safety – Contribute to meeting goals identified in the 2010 Oregon Traffic Safety Performance Plan based on the Metro region's share of Vehicle Miles Traveled (VMT).
	Congestion – By 2035, reduce vehicle hours of delay per person by 10 percent compared to 2005.
	Freight reliability – By 2035, reduce vehicle hours of delay per truck by 10 percent compared to 2005.
Environment	Climate change – By 2035, reduce transportation-related carbon dioxide emissions by 40 percent below 1990 levels.
	Active transportation – By 2035, triple walking, biking and transit mode share compared to 2005.
	Basic infrastructure – By 2035, increase by 50 percent the number of essential destinations[1] accessible within 30 minutes by trails, bicycling and public transit or within 15 minutes by sidewalks for all residents compared to 2005.
	Clean air – By 2035, ensure zero percent population exposure to at-risk levels of air pollution.
	Travel – By 2035, reduce vehicle miles traveled per person by 10 percent compared to 2005.
Equity	Affordability – By 2035, reduce the share of-households in the region spending more than 50 percent of income on housing and transportation combined compared to 2000.

REGIONAL TRANSPORTATION FINANCE APPROACH

A framework was developed that summarizes a general regional direction on the how the transportation needs of the region are to be addressed by existing or potential funding sources at the JPACT retreat in May 2009. This approach is shown in Table 2 and provides a starting point for refinement of policy direction for the various funding programs or sources that are addressed in the MTIP/STIP. The approach identifies funding mechanisms that agencies use and a regional strategy for sources to be pursued to address unmet needs of the different elements of transportation activities in the region. This framework was utilized in the development of the 2010-13 and 2012-15 Regional Flexible Fund allocation policies.

Table 2: Regional Transportation Plan Finance Approach

Transportation Project/Activity Type	**Existing Funding Sources**	**Strategy for Sources of Additional Funding**
Local/Arterial Street reconstruction/maintenance	• State pass through • Street utility fees • Local portion of HBRR • OTIA	• Increases in state gas tax or VRF • New street utility fees or equivalent
Active Transportation	• **Regional Flexible Funds** • Transportation Enhancement	• New federal program • State Urban Trail Fund • New local funds
Highway preservation	• Interstate Maintenance • State gas & w/m • HBRR • OTIA	• Increases in state gas tax or VRF
Transit Operations	• Employer tax • Passenger fares • Section 5307 • New Freedom • JARC	• Employer tax rate • New funding mechanism • Increase fares
Arterial Expansion	• Development (Frontage, Impact Fees, SDC's) • Urban Renewal • OTIA	• SDC rate increases • Regional VRF pass through or equivalent

Transportation Project/Activity Type	Existing Funding Sources	Strategy for Sources of Additional Funding
Highway expansion	• Modernization Program • OTIA • Fed/state earmarks	• More from existing sources • New federal Metropolitan mobility program • Pricing/tolling • Regional VRF or equivalent
HCT expansion	• Federal New Starts • State lottery • **Regional Flexible Funds** • TriMet General Fund • Local contributions	• More from existing sources
TSMO	• State Operations • **Regional Flexible Funds**	• State Modernization • Regional VRF or equivalent
Land Use – TOD	• **Regional Flexible Funds**	• Strategy under development

RECURRING PROCESS AND ADMINISTRATIVE POLICIES

The following policies define how the allocation process should be conducted and what outcomes should be achieved with the overall allocation process.

1. Select projects from throughout the region, however, consistent with federal rules, there is no sub-allocation formula or commitment to a particular distribution of funds to any sub-area of the region.

2. Honor previous funding commitments made by JPACT and the Metro Council.

3. Address air quality requirements by ensuring air quality Transportation Control Measures (TCMs) for pedestrian and bicycle improvements are met and that an adequate pool of CMAQ-eligible projects are available for funding.

4. Achieve multiple transportation policy objectives.

5. Allow use of funding for project development and local match of large-scale projects (greater than $10 million) that compete well in addressing policy objectives when there is a strong potential to leverage other sources of discretionary funding.

6. Encourage the application of projects that efficiently and cost-effectively make use of federal funds.

7. Recognize the difference in transportation infrastructure investment needs relative to an areas stage of development (developed, developing, undeveloped) consistent with RTP Table 3.2.

8. Identify project delivery performance issues that may impact ability to complete a project on time and on budget.

9. Ensure agencies have qualifications for leading federal aid transportation projects.

10. Identify opportunities for leveraging, coordinating, and collaboration.

3.0 STEP 1 – REGION WIDE PROGRAMS

Regional programs have been defined over time by their regional scope, program administration, and policy coordination and a consistent allocation of regional flexible funds to support them. In previous cycles, the allocation of funding to these programs was competed in Step 1 of the process, prior to the allocation of funds to local projects.

Funding targets are set for the existing regional programs in this cycle based on their historical allocation levels plus a 3% inflationary increase to address program costs and purchasing power. The regional programs will be reviewed prior to the final funding decision scheduled for the fall of 2013. The review will provide the following information about each program:

- Program description – description of the program purpose and its major activities.
- Regional Funding Strategy Context – description of why the program is appropriate for regional flexible funding (see Table 2: RTP Finance Approach chart).
- Directly related RTP performance targets –description of how the program helps the region meet performance targets in the RTP.
- Program strategic plan or recent planning work completed to date – description of how the strategic plan helps set priorities for implementation.
- Program performance to date – description of specific accomplishments of the program.
- Additional opportunities – description of priorities or activities the program would pursue given additional resources.

Regional Program Funding Targets

Transit Oriented Development	$9.19 million
TSMO/ITS	$4.64 million
Regional Travel Options	$7.01 million
Regional MPO Planning (In-Lieu of Dues)	$3.63 million
Corridor & Systems Planning	$1.54 million
TOTAL	**$26.01 million**

4.0 STEP 2 – COMMUNITY INVESTMENT FUND PROJECT FOCUS AREAS

The project focus areas established by JPACT during the 2014-15 RFFA for Step 2 were Active Transportation/Complete Streets and Green Economy/Freight Initiatives. Funds for these projects targeted to a 75 / 25 percent split of Step 2 funding respectively. The 2016-18 RFFA cycle will continue to use the 2014-15 RFFA approach to investing in local projects by focusing funds in order achieve greater regional impact.

JPACT and the Metro Council are continuing support for these project focus areas to create a more strategic approach to allocating funds, including:

- A topically or geographically focused impact rather than an array of disconnected projects
- Achieves appreciable impacts on implementing a regional scale strategy given funding amount available
- Addresses specific outcomes utilizing the Regional Transportation Plan Performance Targets
- Prioritizes catalytic investments (leveraging large benefits or new funding)
- Positions the region to take advantage of federal and state funding opportunities as they arise

As part of the 2014-15 RFFA, a task force was created to advise JPACT and TPAC on project focus area needs, priorities and project prioritization factors and developed direction for the project focus areas as part of the 2014-15 RFFA. This direction will continue as part of the 2016-18 RFFA.

Project Focus Area Funding Targets

Green Economy/Freight Initiatives	$8.7 million
Active Transportation/Complete Streets	$26.07 million
TOTAL	**$34.77 million**

GREEN ECONOMY & FREIGHT INITIATIVES

Recommended approach for developing projects

For this project focus area, the task force recommended an approach of allocating funds for two components: construction type projects and planning/strategy development type projects. Eligible project types and criteria that could be utilized to scope and prioritize potential projects are described below.

Construction focus

Capital improvements will focus on:

- System management, such as Intelligent Transportation Systems (ITS), on arterial freight routes. This could include upgrading traffic signal equipment and timing or provide travel information to inform freight trip decisions.

- Small capital projects (e.g. spot widening or installation of mountable curbs to accommodate large truck turning movements). Technical measures should be developed that assess the regional impacts of nominated projects such as improving access to regionally significant industrial land or safe movements to/on the regional freight network to ensure a regional interest is served by the project.

Planning/strategy development focus

Project development for specific arterial freight routes would evaluate key barriers to the development of a green economy and freight movement and recommend operations and design improvements to address the barrier.

Funds may also be set aside to develop regional strategies. These are areas that need further analysis and a policy development process to achieve a regional consensus on how to move forward on the issue.

Recommended criteria for scoping and prioritization of GE/FI projects

Relative priority	Criteria
Highest	Reduces freight vehicle delay
Highest	Project increases freight access to: o Industrial lands o Employment centers & local businesses o Rail facilities for regional shippers
Highest	Projects that help green the economy and offer economic opportunities for EJ/underserved communities
Higher	Improves safety by removing conflicts with active transportation and/or provides adequate mitigation for any potential conflicts
Higher	Reduces air toxics or particulate matter
Higher	Reduces impacts to EJ communities e.g., reduced noise, land use conflict, emissions
Higher	Increases freight reliability
Priority	May not get funding otherwise
Priority	Can leverage (or prepare for) future funds
Priority	Reduces need for highway expansion
Priority	Multi-modal component

Table 3 – Green Economy & Freight Initiatives Sub-regional cost targets, by weighted regional freight system (route miles) and Title 4 land (acres)					
	Region	**City of Portland**	**Clackamas County**	**Multnomah County**	**Washington County**
Allocation % based on freight network miles and industrial land factors (1)	**100%**	**46%**	**15%**	**13%**	**26%**
Fund Target - 25% of available revenues (millions)	**$8.200**	**$3.772**	**$1.23**	**$1.066**	**$2.132**
Potential allocation of unused regional strategy funds based on maximum of $500,000	**$.500**	**$.230**	**$.075**	**$.065**	**$.130**

(1) Average of Freight System and Land Use Factors as follows
Weighted Route Miles of Regional Freight System
- Local components of roadway (i.e., connectors only) –including proposed connectors (weighting factor of 67%, based on year 2000 percent tonnage moved by truck, per 2035 RTP)
-Main + branch rail lines (weighting factor of 33%)

- Straight Average of Acres of Title 4 Land
  -Industrial land (50%)
  -Regionally significant industrial land (50%).

Construction project cost minimum
$1 million or total sub-region target, whichever is less.

Project development cost minimum
$200,000 but appropriate to project scope (PE phase will be more expensive than planning level work). Scope and budget must be reviewed for feasibility with Metro and ODOT staff prior to final nomination.

Number of nominations
Meet target and construction project cost minimums, and may nominate one project development phase. Project development may include anything from a planning level "alternatives analysis" to preliminary engineering.

ACTIVE TRANSPORTATION & COMPLETE STREETS

Recommended approach for developing projects

For this project focus area, the task force recommended an approach of selecting travel corridor/areas and identifying project elements that would address the most critical barriers to completing non-auto trips in the corridor/area or a concentrated portion of the corridor/area. Examples of barriers could be the lack of direct pedestrian or bicycle facilities to key destinations in the corridor, inability to safely cross streets to access destinations, or lack of access to transit stop improvements.

To implement this approach with available funding, the following parameters will be utilized:

- improvements will be concentrated geographically in a travel corridor/area or portion thereof,
- improvements will be limited to a few travel corridor/areas within the region,
- potentially merge portions of several planned projects and several project types (bicycle, trail, pedestrian, transit stops) into a unified corridor/area wide project,
- project development will be allowed as an eligible activity for funding to address project readiness issues or as part of a strategy to phase implementation of projects.

Table 4 – Active Transportation and Complete Streets

Sub-regional cost targets by percent population

	Region	City of Portland	Clackamas County	Multnomah County	Washington County
% of Population [1]	**100%**	**39.25%**	**17.6%**	**9.89%**	**33.26%**
Fund Target - 75% of available revenues (millions)	**$26.070**	**$10.232**	**$4.588**	**$2.578**	**$8.671**

[1] 2010 population data.

Construction project cost minimum

$3 million total project cost or total sub-region target (less eligible project development nomination), whichever is less.

Project development cost minimum

$200,000 but appropriate to project scope (PE phase will be more expensive than planning level work). Scope and budget must be reviewed for feasibility with Metro and ODOT staff prior to final nomination.

Number of nominations

Meet target and construction project cost minimums, and may nominate one project development phase. Project development may include anything from a planning level "alternatives analysis" to preliminary engineering.

Recommended criteria for scoping and prioritization of AT/CS projects

Relative priority	Criteria
Highest	Improves access to and from priority destinations: o Mixed-use centers o Large employment areas (by # of jobs) o Schools o Essential services for EJ/underserved communities
Highest	Improves safety o addresses site issue(s) documented in pedestrian/bike crash data o separates pedestrian/bike traffic from freight and/or vehicular conflicts
Highest	Serves underserved communities
Higher	Improves safety by removing conflicts with freight and/or provides safety mitigation for any potential freight conflicts
Higher	Completes the "last mile"
Higher	Increase in use/ridership by providing a good user experience (refer to Active Transportation design criteria)
Higher	Serves high density or projected high growth areas
Priority	Includes outreach/education/engagement component
Priority	Can leverage funds
Priority	Reduces need for highway expansion

5.0 STEP 3 – REGIONAL ECONOMIC OPPORTUNITY FUND

After funding Step 1 and Step 2, there is a remaining $34 million to allocate as part of the 2016-18 RFFA. At the September 13 JPACT meeting, Metro staff presented three options for how to spend the additional $33.8 million: Option 1, invest using the same 75-25 percent split the region did in 2010; Option 2, split the money across region-wide programs and local project focus areas by different percentages; Option 3, invest in new project categories. JPACT directed Metro staff to work with TPAC to further refine a policy direction around Option 3 and that the proposal should prioritize investments that:

- Address economic opportunity and job creation
- Take a system wide approach
- Leverage private sector investments
- Consider corridor safety
- Reflect criteria from Transportation Investment Generating Economic Recovery (TIGER)
- Implement corridor planning work
- Improve access to industrial lands
- Consider the transportation needs of Environmental Justice and underserved communities

The Regional Economic Opportunity Fund (REOF) was created to respond to the JPACT direction. The fund is targeted at larger projects ($5-$10 million) that are difficult to fund at the local level and through the 2014-15 RFFA policy framework, and allowing for multi-agency projects.

Construction project cost minimum
$2.5 million.

Project development
Project development is not the intent of the REOF, but is an eligible activity. Scope and budget must be reviewed for feasibility with Metro and ODOT staff prior to application submittal.

Number of nominations
The following sub-areas and agencies are capped at submitting no more than two REOF applications that combined cannot exceed $10 million:

i. Clackamas County and its cities
ii. East Multnomah County and its cities
iii. Washington County and its cities
iv. City of Portland
v. Port of Portland
vi. TriMet

CRITERIA FOR SCOPING AND PRIORITIZING REOF PROJECTS

The project applications, technical evaluation and public comments will be presented to JPACT and the Metro Council for a regional decision on funding. All project applications will be evaluated by Metro staff based on the criteria listed below:

<u>Threshold Requirements</u>

1. Project is eligible for federal funding.

2. Receipt (or reasonably anticipated receipt) of all environmental approvals necessary for the project to proceed to construction on the timeline specified.

3. Project included in state, metropolitan and local planning docs.

4. Local matching funds to support 10.27 percent or more of the costs for the project are identified and committed by FFY 2015.

At the October 11 meeting, JPACT unanimously supported moving forward with Option 3 and creating a Regional Economic Opportunity Fund to allocate the remaining funds as part of the RFFA process. Additionally, the JPACT action directed Metro staff to modify the TIGER criteria to include equity and environmental justice, implementation of corridor plans, and integration of the Regional Transportation Safety Plan recommendations.

To incorporate the policy direction from JPACT, Metro staff is recommending modifying the TIGER criteria reflected below to highlight the following:

1. Incorporate CII, Greater Portland Export Initiative, Industrial Lands Access Study.
2. Address Corridor Safety,
3. Implement Corridor Plan work,
4. Address Environmental Justice and Underserved communities (including framework established with creation of Step 2 policy direction).
5. Use a system-wide approach
6. Private sector investments

Recommended criteria for scoping and prioritization of REOF projects

Relative priority	Criteria
Primary Criteria	**Economic Competitiveness:** Contribute to long-term productivity of US and Metro region economy. 1. Long-term improvement to good & worker access (emphasis on traded-sector goods & services access to markets) 2. Improved access to/from and market viability of industrial land 3. Increased efficiency through integration/use of all existing transportation infrastructure, including improvements and repair 4. Leverages private sector investments
Primary Criteria	**Livability:** Further Partnership for Sustainable Communities principles. 1. Reduce average cost of user mobility 2. Improve existing transportation choices (by enhancing modal connectivity, increasing number of accommodated modes and/or reducing congestion) on existing facilities. 3. Improve accessibility of disadvantaged populations. 4. Coordinated transportation and land use planning - contribute significantly to broader travel mobility, including implementing completed corridor plans.
Primary Criteria	**Environmental Sustainability:** Promote environmentally sustainable transportation system. 1. Improve energy efficiency (including scale of use of new facilities/TSMO reducing auto trips) 2. Environmental benefits or avoidance of adverse impacts
Primary Criteria	**Safety:** Improve safety of the transportation system. o Ability to reduce number, rate and consequences of crashes, injuries and fatalities, including focusing on the recommendations from the Regional Transportation Safety Plan: 1. Improves multimodal safety on arterials 2. Addresses pedestrian/bike crash issues 3. Addresses safety behavioral contributing factors of alcohol and drugs, speeding, aggressive and distracted driving
Primary Criteria	**Job Creation/Economic Stimulus:** Creation or preservation of jobs. 1. # and type of jobs created or preserved (emphasize efforts to support opportunities for low-income & disadvantaged populations). 2. Project readiness (NEPA approvals, legislative approvals, in required planning documents, technical feasibility, financial feasibility).

Relative priority	Criteria
	3. Provide opportunities for small businesses and disadvantaged business enterprises 4. Effective use of community-based organizations in connecting disadvantaged workers with economic opportunities.
Secondary Criteria	**Innovation:** Use of innovative technology, system management and project delivery techniques 1. Use of innovative technology. 2. Use of innovative finance, contracting, project delivery, congestion management, safety management, asset management, O&M.
Secondary Criteria	**Partnership:** Jurisdiction and stakeholder collaboration, and disciplinary (non-transportation agency) integration 1. Multi-agency support to implement priority project from a completed corridor plan. 2. Jurisdiction & Stakeholder collaboration (involvement of state and local governments, other public entities, including projects that engage parties that are not traditionally involved in transportation projects, non-Federal funds, use of TIGER funds to complete a finance package). 3. Disciplinary Integration (support by non-transportation public agencies: e.g. public housing, economic development, historic pres., energy, etc.). 4. Use a system-wide approach

TPAC will review and provide input on performance measures for the REOF. This will be part of a discussion of the 2016-18 RFFA project solicitation packet scheduled for the November 28 meeting.

6.0 STAKEHOLDER ENGAGEMENT AND DECISION PROCESS

COMMUNITY INVESTMENT PROJECT FOCUS AREAS

For both Community Investment project focus areas, the process to define projects will begin with stakeholder outreach to the communities affected by the focus areas, including targeted outreach to environmental justice and underserved communities.

Stakeholders for the Green Economy/Freight Initiatives focus area include local agency freight, planning and capital development staff, and business & economic development groups. Stakeholder comments will be summarized and provided to a regional freight and business task force for their consideration in developing a recommendation of projects to receive funding consistent with the policy framework and funding target.

Stakeholders for the Active Transportation/Complete Streets focus area includes local bike, pedestrian, trail and transit staff, advocacy organizations, and other stakeholders working in the area of multimodal transportation.

Deadlines for both Community Investment project focus areas is **March 15**.

The agency proposals will be provided to JPACT for release for public comment in May 2013. After collecting and summarizing public comments on the proposals and allowing for adjustments based on the comments, Regional Coordinating Committees and the City of Portland will recommend priority projects at 100% of their funding targets, along with a description of how their process met program directions. JPACT and the Metro Council will make a final decision on the allocation of funds to the regional programs and projects defined as a part of the project focus area process. These projects and programs will then be incorporated into the 2015-18 MTIP with all other federally funded and regionally significant projects.

REGIONAL ECONOMIC OPPORTUNITY FUND (REOF)

For the REOF, each of the sub-areas, the Port of Portland and TriMet will have until **March 15** to submit applications. All of the applications will be technically evaluated by Metro staff using the above criteria. The projects will then be included as part of a comment period from May – early June 2012. The public comment period will include:

- 150 percent Region 1 STIP Enhance projects
- STIP Fix-It projects
- Step 1 – Region-wide Programs
- Step 2 – Green Economy/Freight Initiative projects
- Step 2 – Active Transportation/Complete Street projects
- Step 3 – REOF project applications

The REOF project applications, technical evaluation and public comments will be presented to JPACT and the Metro Council in July and August 2013. JPACT and the Metro Council will be tasked with making the final decision on REOF projects.

The draft 2015-18 MTIP, including the 2016-18 RFFA projects from Steps 1, 2 and 3 will be adopted by JPACT and the Metro Council in September 2013

The 2015-18 TIP schedule, including both STIP and RFFA decision points are included on pages 21-22.

2015-18 TIP Schedule

METRO

2015-18 MTIP and STIP Development

2012

Fall

September 13 – JPACT direction on joint MTIP/STIP calendar and preferred option for 2016-18 RFFA
September 20 – STIP Enhance application process begins
October 11 – JPACT refine preferred option for allocating 2016-18 regional flexible funds
October 16 – OTC meeting with ACT chairs to discuss STIP process
November 8 – JPACT action on policy direction for 2016-18 RFFA
November 15 – Metro Council action on policy direction for 2016-18 RFFA
November 27 – STIP enhance applications due to Region 1
November 28 – TPAC review and discussion of 2016-18 RFFA project solicitation packet

Winter

- Review of existing performance measurement data (part of federal Congestion Management Process)

December - Release 2016-18 RFFA solicitation packet
December 6 – STIP project applications distributed to JPACT and Region 1 STIP Committee*

2013

Winter/Spring

-Review region-wide programs (TOD, RTO, TSMO, Corridor Development, TriMet & SMART 5307)
-Review TriMet 5-year Transit Investment Plan

February 14 – JPACT provides input on the 150 percent STIP projects to the Region 1 STIP Committee*
March 15 – RFFA applications due for Active Transportation/Complete Streets and Green Economy/Freight Initiative projects. 150 percent list of Regional Economic Opportunity Fund projects due to Metro. Begin evaluation of all projects.
March 15 – Region 1 STIP Committee submit 150 percent recommendations to ODOT Region 1
(March – July – ODOT Region 1 scopes the 150 percent list of STIP projects)
March 21 – ODOT Region 1 provide the 150 percent STIP projects to TDD for distribution to OTC, OFAC and Joint TE-OBPAC Committee
April – conduct technical evaluations of projects by Metro staff for REOF projects and local agency staff for Community Investment projects.
May – early June – Metro conduct joint public comment period on Step 1, 2 and 3 RFFA project, and ODOT Region 1 STIP Enhance 150 percent list and Fix-It projects*

Summer/Fall

June 19 – OTC, OFAC and Joint TE-OBPAC Committee provide input on 150 percent list

July 22 – ODOT Region 1 provides STIP project scoping information to Area Managers and Region 1 STIP Committee chair. STIP Committee and Region 1 begin developing project recommendation lists.
June - August – Local prioritization of Community Investment projects. Regional prioritization of REOF projects.
August 8 – JPACT provides input to the Region 1 STIP Committee on the STIP projects.*
August 23 – TPAC recommendation to JPACT for adoption of 2016-18 RFFA projects and 2015-18 MTIP.
September 12 – JPACT and Metro Council adopt 2016-18 RFFA projects and 2015-18 MTIP.

Fall/Winter

Submit proposed MTIP to ODOT for inclusion in Draft STIP by Oct 1
Region STIP Coordinators upload project list into PCSX by Oct 31

October 4 – ODOT regions provide STIP project recommendations to TDD for compilation and OTC consideration.
October 7 – November 13 – OTC review of STIP project recommendations and allocation of discretionary 20 percent.

November/December – Draft STIP prepared for public review process

2014

Jan

OTC & JPACT release STIP & MTIP for public review

March 1

Public review of Draft TIPs complete

March - June

JPACT/Council act on any adjustments based on public comments (March TPAC, April JPACT)
Air quality conformity analysis and determination process

June – July

Final STIP prepared and reviewed with ACTs, MPOs, other stakeholders

August

OTC review and approve Final 2015-18 STIP

September

FHWA/FTA approval of STIP and air quality conformity of MTIP

Bold and italicized items are coordination points between the STIP and MTIP process.

STAFF REPORT

FOR THE PURPOSE OF ADOPTING THE POLICY DIRECTION TO THE REGIONAL FLEXIBLE FUNDING ALLOCATION (RFFA) PROCESS FOR FEDERAL FISCAL YEARS 2016-18

Date: October 31, 2012 Prepared by: Josh Naramore

BACKGROUND

Regional flexible funds are an element of the funds programmed within the Metropolitan Transportation Improvement Program (MTIP). The Metropolitan region is preparing to prioritize transportation projects and program activities to receive regional flexible funds available in the federal fiscal years 2016 through 2018. This report provides the Joint Policy Advisory Committee on Transportation (JPACT) and the Metro Council's policy direction for the allocation of these funds.

The process for updating these policies first involved discussions by engaging agency technical staff at TPAC, JPACT, and Metro Council members to provide policy direction to allocate the estimated $98 million available to region from 2016-18. Metro staff has used the TPAC and JPACT meeting discussions to produce this Policy Report. The revised approach to allocating Regional Flexible Funds proposed in this report is intended to develop a more collaborative method for supporting transportation investments that keep our neighborhoods safe, support sustainable economic growth, and make the most of the existing investments our region has already made in existing public structures.

The new three step process builds upon the 2014-15 RFFA process for Step 1 regional programs and Step 2 Community Investment Funds for Active Transportation/Complete Streets and Green Economy/Freight Initiatives. It also established a Step 3 Regional Economic Opportunity Fund to fund regional priority projects identified by JPACT and the Metro Council.

Metro and ODOT update the MTIP/STIP every two years to schedule funding for the following four-year period. The 2016-18 RFFA process is a component of the four-year period of federal fiscal years 2015 through 2018. This update will therefore adjust, as necessary, funds already allocated to projects in fiscal years 2014 and 2015 in the current approved MTIP. It will also allocate funds to new projects in the last three years (2016 and 2018) of the new MTIP.

The regional flexible funds available for the 2016-18 allocation are composed of three types of federal transportation assistance, which come with differing restrictions. The most flexible funds are surface transportation program (STP) funds that may be used for virtually any transportation purpose, identified in the Financially Constrained RTP, short of building local residential streets. The second category of money is Congestion Mitigation/Air Quality (CMAQ) funds. CMAQ funds cannot be used to build new lanes for automobile travel. Also, projects that use CMAQ funds must demonstrate that some improvement of air quality will result from building or operating the project. The third category is Transportation Alternatives, new from MAP-21 that consolidated Transportation Enhancements, Safe Routes to Schools, and Recreational Trails funding.

In the previous two allocation processes, regional flexible funds have been allocated in two steps. The first step was to allocate funds to existing regional transportation programs: metropolitan transportation planning, transit oriented development, regional travel options, transportation system management & operations, and high capacity transit development and capital construction. Step two was an allocation to local agencies for a variety of transportation projects. The 2016-18 process will add a third step of allocating $34 million to projects as part of a Regional Economic Opportunity Fund (REOF)

The policy report in Exhibit A responds to direction received from JPACT discussion at their September and October meetings. The policy direction outlined in report includes:

- STEP 1 - Support of funding for existing region wide programs. JPACT will review these programs prior to the final allocation of funding in the September 2013.
- STEP 2 - Continued support of two Community Investment project focus areas providing direction to local agencies to develop projects for allocating funds:
    - Active Transportation/Complete Streets
    - Green Economy/Freight Initiatives
    - Directions to develop the project proposals for these focus areas through a collaborative process involving impacted stakeholders.
- STEP 3 – Development of a new Regional Economic Opportunity Fund

Anticipated 2016-18 Regional Flexible Funds	
Step 1 – Region Wide Programs	
• Transit Oriented Development	$9.19 million
• TSMO/ITS	$4.64 million
• Regional Travel Options	$7.01 million
• Regional MPO Planning (In-Lieu of Dues)	$3.63 million
• Corridor & Systems Planning	$1.54 million
Step 1 TOTAL	**$26.01 million**
Step 2 – Community Investment Fund Projects	
• Active Transportation/Complete Streets	$26.07 million
• Green Economy/Freight Initiatives	$8.7 million
Step 2 TOTAL	**$34.77 million**
Step 3 – Regional Economic Opportunity Fund	**$33.80 million**
GRAND TOTAL	**$94.58 million**

ANALYSIS/INFORMATION

1. **Known Opposition** None known at this time.

2. **Legal Antecedents** Updates the 2014-15 Regional Flexible Fund Allocation Policy Report, adopted by Metro Council Resolution 10-4160 on July 20, 2010 (FOR THE PURPOSE OF ADOPTING THE POLICY DIRECTION AND PROGRAM OBJECTIVES FOR THE 2014-15 REGIONAL FLEXIBLE FUNDING ALLOCATION PROCESS AND 2012-15 METROPOLITAN TRANSPORTATION IMPROVEMENT PROGRAM (MTIP).

3. **Anticipated Effects** Adoption of this resolution will provide the policy direction, program objectives and procedures that will be used during the 2016-18 Regional Flexible Fund Allocation process to nominate, evaluate and select projects to receive federal transportation funds as described in Exhibit A of Resolution 12-4383.

4. **Budget Impacts** there are no impacts for Metro's current budget. This resolution proposes policy for determining future allocations. The amounts are illustrative and rely on a continuation of funding at historic levels with modest inflationary increases of three percent. The proposal maintains Step One funding for MPA functions on the same proportion and requires the same 10.27 percent match from local participants. Final allocations will depend on available federal finding.

RECOMMENDED ACTION

Metro staff recommends the approval of Resolution No. 12-4383.

Materials following this page were distributed at the meeting.

600 NE Grand Ave.
Portland, OR 97232-2736

REVISED, 11/13

Metro | *Agenda*

Meeting:	Metro Council
Date:	Thursday, Nov. 15, 2012
Time:	2 p.m.
Place:	Metro, Council Chamber

CALL TO ORDER AND ROLL CALL

1. INTRODUCTIONS

2. CITIZEN COMMUNICATION

3. NATURAL AREAS OVERSIGHT COMMITTEE REPORT — **Linda Craig, Drake Butsch**

4. CONSENT AGENDA

4.1 Consideration of the Minutes for Nov. 8, 2012

4.2 **Resolution No. 12-4376**, For the Purpose of Authorizing the Chief Operating Officer to Issue a Renewed Non-System License to Crown Point Refuse, Inc. for Delivery and Disposal of Putrescible Waste at the Wasco County Landfill Located in Wasco County, Oregon.

4.3 **Resolution No. 12-4377**, For the Purpose of Authorizing the Chief Operating Officer to Issue a Renewed Non-System License to Willamette Resources, Inc. For Delivery and Disposal of Putrescible Waste at the Coffin Butte Landfill Located in Benton County, Oregon.

4.4 **Resolution No. 12-4378**, For the Purpose of Authorizing the Chief Operating Officer to Issue a Renewed Non-System License to Arrow Sanitary Service, Inc. for Delivery of Putrescible Waste to the West Van Materials Recovery Center and the Central Transfer and Recycling Center Located in Clark County, Washington.

4.5 **Resolution No. 12-4379**, For the Purpose of Authorizing the Chief Operating Officer to Issue a Renewed Non-System License to American Sanitary, Inc. for Delivery of Putrescible Waste to the West Van Materials Recovery Center and the Central Transfer and Recycling Center Located in Clark County, Washington.

4.6 **Resolution No. 12-4380**, For the Purpose of Authorizing the Chief Operating Officer to Issue a Renewed Non-System License to Waste Management of Oregon, Inc. for Delivery of Putrescible Waste from the Troutdale Transfer Station to the Columbia Ridge Landfill Located in Gilliam County, Oregon, and Under Certain Unusual Circumstances to Riverbend Landfill in Yamhill County, Oregon.

4.7 **Resolution No. 12-4386**, For the Purpose of Declaring the Restaurant Property at Glendoveer Golf and Tennis Center Surplus Property, Exempting the Restaurant from Paying Excise Tax and Authorizing the Execution of a Lease with Ringside Restaurant.

Continued on back…

5. ORDINANCES – FIRST READING

5.1 **Ordinance No. 12-1294**, For the Purpose of Amending Metro Code Chapter 2.19.100 Regarding Term Length and Membership of the Public Engagement Review Committee (PERC).

5.2 **Ordinance No. 12-1295**, For the Purpose of Amending the FY 2012-13 Budget and Appropriations Schedule and the FY 2012-13 Through 2016-17 Capital Improvement Plan.

6. RESOLUTIONS

6.1 **Resolution No. 12-4375**, For the Purpose of Adopting the Metro Diversity Action Plan. **Burkholder**

6.2 **Resolution No. 12-4383**, For the Purpose of Adopting Policy Direction to the Regional Flexible Funding Allocation (RFFA) Process for Federal Fiscal Years 2016-18. **Collette**

7. CHIEF OPERATING OFFICER COMMUNICATION

8. COUNCILOR COMMUNICATION

ADJOURN

Television schedule for Nov. 15, 2012 Metro Council meeting

Clackamas, Multnomah and Washington counties, and Vancouver, WA Channel 30 – Community Access Network *Web site*: www.tvctv.org *Ph*: 503-629-8534 *Date*: Thursday, Nov. 15	**Portland** Channel 30 – Portland Community Media *Web site*: www.pcmtv.org *Ph*: 503-288-1515 *Date:* Sunday, Nov. 18, 7:30 p.m. *Date*: Monday, Nov. 19, 9 a.m.
Gresham Channel 30 - MCTV *Web site*: www.metroeast.org *Ph*: 503-491-7636 *Date*: Monday, Nov. 12, 2 p.m.	**Washington County** Channel 30– TVC TV *Web site*: www.tvctv.org *Ph*: 503-629-8534 *Date*: Saturday, Nov. 17, 11 p.m. *Date*: Sunday, Nov. 18, 11 p.m. *Date*: Tuesday, Nov. 20, 6 a.m. *Date*: Wednesday, Nov. 21, 4 p.m.
Oregon City, Gladstone Channel 28 – Willamette Falls Television *Web site*: http://www.wftvmedia.org/ *Ph*: 503-650-0275 Call or visit web site for program times.	**West Linn** Channel 30 – Willamette Falls Television *Web site*: http://www.wftvmedia.org/ *Ph*: 503-650-0275 Call or visit web site for program times.

PLEASE NOTE: Show times are tentative and in some cases the entire meeting may not be shown due to length. Call or check your community access station web site to confirm program times. Agenda items may not be considered in the exact order. For questions about the agenda, call the Metro Council Office at 503-797-1540. Public hearings are held on all ordinances second read. 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).

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Portland, OR 97232-2736
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METRO COUNCIL MEETING
Meeting Summary
Nov. 8, 2012
Metro, Council Chamber

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

Councilors Excused: None

Council President Tom Hughes convened the regular council meeting at 2:04 p.m.

1. INTRODUCTIONS

There were none.

2. CITIZEN COMMUNICATIONS

Claudia Martin, Sylvan Highland Neighborhood Association: Dr. Martin was not in support of Resolution No. 12-4384 and stated that sufficient notice was not provided to her neighborhood association. She stated that some of the plan's language was worded as if agreement had already been reach; such as parking meters in Washington Park. Dr. Martin did not support paid parking in Washington Park citing potential impacts to local neighborhood residents. She also did not believe Metro residents from other parts of the region should have to pay to visit the park. She recommended the issue be placed on the ballot for consideration. She also stated that her neighborhood was told it would be included as part of the transportation management plan discussion, but did not see this reflected in the park's plan. She stated that additional discussion was needed. (Written comments included as part of the meeting record.)

Bryan Burch, Portland: Mr. Burch was opposed to Resolution No. 12-4384. He stated that there is a disconnect between activities that happen in and outside Washington Park. He stated that Metro and partners need to manage the traffic driving through the neighborhoods to visit park attractions. Mr. Burch stated that he has tried to find language that could satisfy both the Park Alliance and neighborhood associations, but unfortunately has not been able to reach common ground. He stated that staff has been listening to the neighborhoods for almost 20 months, but that the joint discussions were not reflected in the plan. He urged the Council to reconsider Resolution No. 12-4384. (Written comments included as part of the meeting record.)

3. CONSIDERATION OF THE MINUTES FOR NOV. 1 2012

Motion:	Councilor Rex Burkholder moved to approve the Nov. 1, 2012 council summary.
Second:	Councilor Barbara Roberts seconded the motion.

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

4. RESOLUTIONS

4.1 **Resolution No. 12-4384**, For the Purpose of Authorizing the Chief Operating Officer to Enter into the 2012 Washington Park Transportation and Parking Management Agreement.

Motion:	Councilor Shirley Craddick moved to approve Resolution No. 12-4384.
Second:	Councilor Carlotta Collette seconded the motion.

Councilor Craddick introduced Resolution No. 12-4384. Councilor Craddick stated that the agreement represents a new era of collaboration and significantly changes the approach to transportation access and parking management at the Oregon Zoo, Portland Parks, and other Washington Park attractions. She stated that for many years the Oregon Zoo has managed and been financially responsible for the Washington Park's south parking lot. However, as visitor levels have grown so have the Zoo's management and financial responsibilities. Councilor Craddick emphasized that a more comprehensive, park-wide, approach would better serve the Zoo, park attractions and the surrounding neighborhoods.

Councilor Craddick welcomed Ms. Kim Smith of the Oregon Zoo, Ms. Cheryl Twete of Metro, and Mr. Mike Abbate and Mr. Todd Lofgren of the City of Portland to provide a summary of the agreement. Their presentation provided information on the Washington Park Alliance partners, strategic planning efforts, the new parking management agreement compared to the previous management approach, and key elements of the new agreement. Examples included a paid-parking system in all of Washington Park and the establishment of a Transportation Management Association in 2013. Staff indicated that the World Forestry Center, Hoyt Arboretum, Portland Children's Museum and Portland Japanese Garden have approved the agreement. The City of Portland is scheduled to hold a public hearing and consider the agreement on Nov. 14.

Council discussion
Council asked clarifying questions about the TMA, good neighbor agreements, potential for neighborhood parking permits, outreach to the surrounding neighborhood associations, and the City of Portland's authority to establish paid parking in parks. Staff stated that the neighborhood organizations had two primary concerns: (1) not to discourage patrons from using the park – specifically if someone wants to come to Washington Park he or she is able to park; and (2) possible displacement at the park's north end – specifically park patrons parking in the neighborhoods instead of paying for parking. Staff clarified that the neighborhood associations would be represented – with voting privileges – on the TMA similar to the Washington Park Alliance members and TriMet. Staff stated that the TMA would provide an ongoing, consistent regular forum to address concerns like those stated by the neighborhood association representatives. Additionally, staff stated parking permits are voluntary and requested through neighborhood associations, and that the TMA and resolution would not stop this kind of agreement process from moving forward.

Staff also clarified that paid parking was an already pre-exiting – nonnegotiable – term of the agreement, and was included in the material provided over the past 9 months to the neighborhood associations. Staff stated that the last meeting with the Arlington neighborhood association was on Monday, Nov. 5th and the last Sylvan neighborhood association meeting was June 2012.

Councilors stated that the public process had been flawed and that greater outreach to the surrounding neighborhood associations should have been completed to inform the groups of the Metro Council and City of Portland's upcoming actions. Councilors encouraged the City of Portland to have greater outreach prior to Nov. 14. That said, Councilors acknowledged and shared personal experiences with TMAs, paid parking, and neighborhood parking permits, and spoke to the benefits these systems can provide. Councilors also noted the importance of managing expectations of all parties and problem solving to come to consensus and a common understanding. Additional discussion included the good neighbor agreement as a basis for developing an ongoing relationship, and the potential for the Washington Park shuttle service to also benefit local neighborhood residents.

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

5. CHIEF OPERATING OFFICER COMMUNICATION

Ms. Martha Bennett provided an update on the following:

- The Metro Regional Center will be closed on Monday, Nov. 12 in observance of Veteran's Day.
- Metro's Charitable Giving Campaign will begin Tuesday, Nov. 13 with a grill cheese and soup cook-off contest and ping-pong tournament. Proceeds from the events will go the charities.
- She provided an update on upcoming external meetings regarding a potential natural area levy – for example, Council President Hughes is scheduled to meet with the region's mayors on Nov. 14. Lastly, Ms. Bennett stated that staff is in the process of developing a telephone poll to determine the public's appetite for conversation on this issue.

6. COUNCILOR COMMUNICATION

There were none.

7. ADJOURN

There being no further business, Council President Hughes adjourned the regular meeting at 3:15 p.m. Council will convene the next regular council meeting on Thursday, Nov. 15 at 2 p.m. at the Metro Council Chamber. Council reconvened in the Metro Council Annex for a work session.

Respectfully submitted,

K. Newell

Kelsey Newell, Regional Engagement and Legislative Coordinator

ATTACHMENTS TO THE PUBLIC RECORD FOR THE MEETING OF NOV. 8, 2012

Item	Topic	Doc. Date	Document Description	Doc. Number
3.0	Minutes	11/1/12	Council summary for Nov. 1. 2012	110812c-01
4.1	PowerPoint	11/8/12	Washington Park Transportation and Parking Management Agreement presentation	110812c-02
4.1	Testimony	11/8/12	Written comments submitted by C. Martin	110812c-03
4.1	Testimony	11/8/12	Written comments submitted by B Burch	110812c-04

Updated 11/8/12. This legislation replaces the copy in the collated printed packets for Nov. 15. This new version incorporates the amendments adopted at the Nov. 8 JPACT meeting.

BEFORE THE METRO COUNCIL

FOR THE PURPOSE ADOPTING POLICY DIRECTION TO THE REGIONAL FLEXIBLE FUNDING ALLOCATION (RFFA) PROCESS FOR FEDERAL FISCAL YEARS 2016-18	))))	RESOLUTION NO. 12-4383 Introduced by Councilor Carlotta Collette

WHEREAS, the Joint Policy Advisory Committee on Transportation (JPACT) and the Metro Council will be awarding regional flexible funds to transportation projects and programs in the region through the Regional Flexible Fund Allocation (RFFA) process; and

WHEREAS, these funding awards, as well as all other federal transportation spending in the region, will be programmed in the Metropolitan Transportation Improvement Program (MTIP); and

WHEREAS, JPACT and the Metro Council wish to provide policy direction on the objectives of the RFFA and programming of funds in the MTIP; now therefore,

BE IT RESOLVED that the Metro Council hereby adopts the recommendation of JPACT for policy direction to the RFFA process for federal fiscal years 2016-18 as described in Exhibit A attached hereto as to form.

ADOPTED by the Metro Council this ____ day of November 2012.

____
Tom Hughes, Council President

Approved as to Form:

____
Alison Kean-Campbell, Metro Attorney

www.oregon**metro.gov**

2016-18 Regional Flexible Funds Allocation (RFFA) Policy Report

November 2012

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About Metro

Clean air and clean water do not stop at city limits or county lines. Neither does the need for jobs, a thriving economy, and sustainable transportation and living choices for people and businesses in the region. Voters have asked Metro to help with the challenges and opportunities that affect the 25 cities and three counties in the Portland metropolitan area.

A regional approach simply makes sense when it comes to making decisions about how the region grows. Metro works with communities to support a resilient economy, keep nature close by and respond to a changing climate. Together we're making a great place, now and for generations to come.

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Metro Council President

Tom Hughes

Metro Councilors
Shirley Craddick, District 1
Carlotta Collette, District 2
Carl Hosticka, District 3
Kathryn Harrington, District 4
Rex Burkholder, District 5
Barbara Roberts, District 6

Auditor
Suzanne Flynn

Metro is the federally mandated metropolitan planning organization designated by the governor to develop an overall transportation plan and to allocate federal funds for the region.

The Joint Policy Advisory Committee on Transportation (JPACT) is a 17-member committee that provides a forum for elected officials and representatives of agencies involved in transportation to evaluate transportation needs in the region and to make recommendations to the Metro Council.

The established decision-making process assures a well-balanced regional transportation system and involves local elected officials directly in decisions that help the Metro Council develop regional transportation policies, including allocating federal transportation funds.

Metro respects civil rights

Metro hereby gives public notice that it is the policy of the Metro Council to assure full compliance with Title VI of the Civil Rights Act of 1964, the Civil Rights Restoration Act of 1987, Executive Order 12898 on Environmental Justice and related statutes and regulations in all programs and activities. Title VI requires that no person in the United States of America shall, on the grounds of race, color, sex, or national origin, be excluded from the participation in, be denied the benefits of, or be otherwise subjected to discrimination under any program or activity for which Metro receives federal financial assistance. Any person who believes they have been aggrieved by an unlawful discriminatory practice under Title VI has a right to file a formal complaint with Metro. Any such complaint must be in writing and filed with Metro's Title VI Coordinator within one hundred eighty (180) days following the date of the alleged discriminatory occurrence. For more information, or to obtain a Title VI Discrimination Complaint Form, see the web site at www.oregonmetro.gov or call (503) 797-1536."

TABLE OF CONTENTS

1.0 INTRODUCTION

Regional flexible funds are an element of the funds programmed within the Metropolitan Transportation Improvement Program (MTIP). The Metropolitan region is preparing to prioritize transportation projects and program activities to receive regional flexible funds available in the federal fiscal years 2016 through 2018. This report provides the Joint Policy Advisory Committee on Transportation (JPACT) and the Metro Council's policy direction for the allocation of these funds.

These policies have evolved from previous MTIP processes. The policy evolved significantly in the previous two program processes: 2010-13 MTIP and the 2012-15 MTIP. Section 2.0, the Existing Policy Framework, describes the policy framework that has carried forward and provides the basis for the 2015-18 MTIP policy update.

The process for updating these policies first involved discussions by engaging agency technical staff at TPAC, JPACT, and Metro Council members to provide policy direction to allocate the estimated $94.58 million available to region from 2016-18. Metro staff has used the TPAC and JPACT meeting discussions to produce this Policy Report.

The approach to allocating Regional Flexible Funds proposed in this report is intended to develop a collaborative method for supporting transportation investments that keep our neighborhoods safe, support sustainable economic growth, and make the most of the existing investments our region has already made in existing public structures.

The new three-step process builds upon the 2014-15 RFFA process for Step 1 regional programs and Step 2 Community Investment Funds for Active Transportation/Complete Streets and Green Economy/Freight Initiatives. It establishes a new Step 3 Regional Economic Opportunity Fund to fund regional priority projects identified by JPACT and the Metro Council.

2.0 EXISTING POLICY FRAMEWORK

DESIRED OUTCOMES

The region has adopted a new Regional Transportation Plan (RTP) that includes policies for the development of the transportation system and the prioritization of transportation projects. Six outcomes form the framework for how to prioritize projects in our region. Those outcomes are:

• **Vibrant communities**: People live and work in vibrant communities where they can choose to walk for pleasure and to meet their everyday needs.

• **Economic prosperity**: Current and future residents benefit from the region's sustained economic competitiveness and prosperity.

• **Safe and reliable transportation**: People have safe and reliable transportation choices that enhance their quality of life.

• **Leadership on climate change**: The region is a leader in minimizing contributions to global warming.

• **Clean air and water**: Current and future generations enjoy clean air, clean water and healthy ecosystems.

• **Equity**: The benefits and burdens of growth and change are distributed equitably.

These outcomes guided the development of the RTP performance targets for transportation investments. The ten performance targets are shown below in Table 1.

Table 1: RTP Performance Targets

Economy	Safety – Contribute to meeting goals identified in the 2010 Oregon Traffic Safety Performance Plan based on the Metro region's share of Vehicle Miles Traveled (VMT).
	Congestion – By 2035, reduce vehicle hours of delay per person by 10 percent compared to 2005.
	Freight reliability – By 2035, reduce vehicle hours of delay per truck by 10 percent compared to 2005.
Environment	Climate change – By 2035, reduce transportation-related carbon dioxide emissions by 40 percent below 1990 levels.
	Active transportation – By 2035, triple walking, biking and transit mode share compared to 2005.
	Basic infrastructure – By 2035, increase by 50 percent the number of essential destinations[1] accessible within 30 minutes by trails, bicycling and public transit or within 15 minutes by sidewalks for all residents compared to 2005. Clean air – By 2035, ensure zero percent population exposure to at-risk levels of air pollution.
	Travel – By 2035, reduce vehicle miles traveled per person by 10 percent compared to 2005.
Equity	Affordability – By 2035, reduce the share of-households in the region spending more than 50 percent of income on housing and transportation combined compared to 2000.

REGIONAL TRANSPORTATION FINANCE APPROACH

A framework was developed that summarizes a general regional direction on the how the transportation needs of the region are to be addressed by existing or potential funding sources at the JPACT retreat in May 2009. This approach is shown in Table 2 and provides a starting point for refinement of policy direction for the various funding programs or sources that are addressed in the MTIP/STIP. The approach identifies funding mechanisms that agencies use and a regional strategy for sources to be pursued to address unmet needs of the different elements of transportation activities in the region. This framework was utilized in the development of the 2010-13 and 2012-15 Regional Flexible Fund allocation policies.

Table 2: Regional Transportation Plan Finance Approach

Transportation Project/Activity Type	Existing Funding Sources	Strategy for Sources of Additional Funding
Local/Arterial Street reconstruction/maintenance	• State pass through • Street utility fees • Local portion of HBRR • OTIA	• Increases in state gas tax or VRF • New street utility fees or equivalent
Active Transportation	• **Regional Flexible Funds** • Transportation Enhancement	• New federal program • State Urban Trail Fund • New local funds
Highway preservation	• Interstate Maintenance • State gas & w/m • HBRR • OTIA	• Increases in state gas tax or VRF
Transit Operations	• Employer tax • Passenger fares • Section 5307 • New Freedom • JARC	• Employer tax rate • New funding mechanism • Increase fares
Arterial Expansion	• Development (Frontage, Impact Fees, SDC's) • Urban Renewal • OTIA	• SDC rate increases • Regional VRF pass through or equivalent

Transportation Project/Activity Type	Existing Funding Sources	Strategy for Sources of Additional Funding
Highway expansion	• Modernization Program • OTIA • Fed/state earmarks	• More from existing sources • New federal Metropolitan mobility program • Pricing/tolling • Regional VRF or equivalent
HCT expansion	• Federal New Starts • State lottery • **Regional Flexible Funds** • TriMet General Fund • Local contributions	• More from existing sources
TSMO	• State Operations • **Regional Flexible Funds**	• State Modernization • Regional VRF or equivalent
Land Use – TOD	• **Regional Flexible Funds**	• Strategy under development

RECURRING PROCESS AND ADMINISTRATIVE POLICIES

The following policies define how the allocation process should be conducted and what outcomes should be achieved with the overall allocation process.

1. Select projects from throughout the region, however, consistent with federal rules, there is no sub-allocation formula or commitment to a particular distribution of funds to any sub-area of the region.

2. Honor previous funding commitments made by JPACT and the Metro Council.

3. Address air quality requirements by ensuring air quality Transportation Control Measures (TCMs) for pedestrian and bicycle improvements are met and that an adequate pool of CMAQ-eligible projects are available for funding.

4. Achieve multiple transportation policy objectives.

5. Allow use of funding for project development and local match of large-scale projects (greater than $10 million) that compete well in addressing policy objectives when there is a strong potential to leverage other sources of discretionary funding.

6. Encourage the application of projects that efficiently and cost-effectively make use of federal funds.

7. Recognize the difference in transportation infrastructure investment needs relative to an areas stage of development (developed, developing, undeveloped) consistent with RTP Table 3.2.

8. Identify project delivery performance issues that may impact ability to complete a project on time and on budget.

9. Ensure agencies have qualifications for leading federal aid transportation projects.

10. Identify opportunities for leveraging, coordinating, and collaboration.

3.0 STEP 1 – REGION WIDE PROGRAMS

Regional programs have been defined over time by their regional scope, program administration, and policy coordination and a consistent allocation of regional flexible funds to support them. In previous cycles, the allocation of funding to these programs was competed in Step 1 of the process, prior to the allocation of funds to local projects.

Funding targets are set for the existing regional programs in this cycle based on their historical allocation levels plus a 3% inflationary increase to address program costs and purchasing power. The regional programs will be reviewed prior to the final funding decision scheduled for the fall of 2013. The review will provide the following information about each program:

- Program description – description of the program purpose and its major activities.

- Regional Funding Strategy Context – description of why the program is appropriate for regional flexible funding (see Table 2: RTP Finance Approach chart).

- Directly related RTP performance targets –description of how the program helps the region meet performance targets in the RTP.

- Program strategic plan or recent planning work completed to date – description of how the strategic plan helps set priorities for implementation.

- Program performance to date – description of specific accomplishments of the program.

- Additional opportunities – description of priorities or activities the program would pursue given additional resources.

Regional Program Funding Targets

Transit Oriented Development	$9.19 million
TSMO/ITS	$4.64 million
Regional Travel Options	$7.01 million
Regional MPO Planning (In-Lieu of Dues)	$3.63 million
Corridor & Systems Planning	$1.54 million
TOTAL	**$26.01 million**

4.0 STEP 2 – COMMUNITY INVESTMENT FUND PROJECT FOCUS AREAS

The project focus areas established by JPACT during the 2014-15 RFFA for Step 2 were Active Transportation/Complete Streets and Green Economy/Freight Initiatives. Funds for these projects targeted to a 75 / 25 percent split of Step 2 funding respectively. The 2016-18 RFFA cycle will continue to use the 2014-15 RFFA approach to investing in local projects by focusing funds in order achieve greater regional impact.

JPACT and the Metro Council are continuing support for these project focus areas to create a more strategic approach to allocating funds, including:

- A topically or geographically focused impact rather than an array of disconnected projects
- Achieves appreciable impacts on implementing a regional scale strategy given funding amount available
- Addresses specific outcomes utilizing the Regional Transportation Plan Performance Targets
- Prioritizes catalytic investments (leveraging large benefits or new funding)
- Positions the region to take advantage of federal and state funding opportunities as they arise

As part of the 2014-15 RFFA, a task force was created to advise JPACT and TPAC on project focus area needs, priorities and project prioritization factors and developed direction for the project focus areas as part of the 2014-15 RFFA. This direction will continue as part of the 2016-18 RFFA.

Project Focus Area Funding Targets

Green Economy/Freight Initiatives	$8.7 million
Active Transportation/Complete Streets	$26.07 million
TOTAL	**$34.77 million**

GREEN ECONOMY & FREIGHT INITIATIVES

Recommended approach for developing projects

For this project focus area, the task force recommended an approach of allocating funds for two components: construction type projects and planning/strategy development type projects. Eligible project types and criteria that could be utilized to scope and prioritize potential projects are described below.

Construction focus

Capital improvements will focus on:

- System management, such as Intelligent Transportation Systems (ITS), on arterial freight routes. This could include upgrading traffic signal equipment and timing or provide travel information to inform freight trip decisions.

- Small capital projects (e.g. spot widening or installation of mountable curbs to accommodate large truck turning movements). Technical measures should be developed that assess the regional impacts of nominated projects such as improving access to regionally significant industrial land or safe movements to/on the regional freight network to ensure a regional interest is served by the project.

Planning/strategy development focus

Project development for specific arterial freight routes would evaluate key barriers to the development of a green economy and freight movement and recommend operations and design improvements to address the barrier.

Funds may also be set aside to develop regional strategies. These are areas that need further analysis and a policy development process to achieve a regional consensus on how to move forward on the issue.

Recommended criteria for scoping and prioritization of GE/FI projects

Relative priority	Criteria
Highest	Reduces freight vehicle delay
Highest	Project increases freight access to: o Industrial lands o Employment centers & local businesses o Rail facilities for regional shippers
Highest	Projects that help green the economy and offer economic opportunities for EJ/underserved communities
Higher	Improves safety by removing conflicts with active transportation and/or provides adequate mitigation for any potential conflicts
Higher	Reduces air toxics or particulate matter
Higher	Reduces impacts to EJ communities e.g., reduced noise, land use conflict, emissions
Higher	Increases freight reliability
Priority	May not get funding otherwise
Priority	Can leverage (or prepare for) future funds
Priority	Reduces need for highway expansion
Priority	Multi-modal component

Table 3 – Green Economy & Freight Initiatives **Sub-regional cost targets, by weighted regional freight system (route miles) and Title 4 land (acres)**					
	Region	**City of Portland**	**Clackamas County**	**Multnomah County**	**Washington County**
Allocation % based on freight network miles and industrial land factors (1)	**100%**	**46%**	**15%**	**13%**	**26%**
Fund Target - 25% of available revenues (millions)	**$8.200**	**$3.772**	**$1.23**	**$1.066**	**$2.132**
Potential allocation of unused regional strategy funds based on maximum of $500,000	**$.500**	**$.230**	**$.075**	**$.065**	**$.130**

(1) Average of Freight System and Land Use Factors as follows
Weighted Route Miles of Regional Freight System
- Local components of roadway (i.e., connectors only) –including proposed connectors (weighting factor of 67%, based on year 2000 percent tonnage moved by truck, per 2035 RTP)
- Main + branch rail lines (weighting factor of 33%)

- Straight Average of Acres of Title 4 Land
  - Industrial land (50%)
  - Regionally significant industrial land (50%).

Construction project cost minimum
$1 million or total sub-region target, whichever is less.

Project development cost minimum
$200,000 but appropriate to project scope (PE phase will be more expensive than planning level work). Scope and budget must be reviewed for feasibility with Metro and ODOT staff prior to final nomination.

Number of nominations
Meet target and construction project cost minimums, and may nominate one project development phase. Project development may include anything from a planning level "alternatives analysis" to preliminary engineering.

ACTIVE TRANSPORTATION & COMPLETE STREETS

Recommended approach for developing projects

For this project focus area, the task force recommended an approach of selecting travel corridor/areas and identifying project elements that would address the most critical barriers to completing non-auto trips in the corridor/area or a concentrated portion of the corridor/area. Examples of barriers could be the lack of direct pedestrian or bicycle facilities to key destinations in the corridor, inability to safely cross streets to access destinations, or lack of access to transit stop improvements.

To implement this approach with available funding, the following parameters will be utilized:

- improvements will be concentrated geographically in a travel corridor/area or portion thereof,
- improvements will be limited to a few travel corridor/areas within the region,
- potentially merge portions of several planned projects and several project types (bicycle, trail, pedestrian, transit stops) into a unified corridor/area wide project,
- project development will be allowed as an eligible activity for funding to address project readiness issues or as part of a strategy to phase implementation of projects.

Table 4 – Active Transportation and Complete Streets

Sub-regional cost targets by percent population

	Region	City of Portland	Clackamas County	Multnomah County	Washington County
% of Population [1]	**100%**	**39.25%**	**17.6%**	**9.89%**	**33.26%**
Fund Target - 75% of available revenues (millions)	**$26.070**	**$10.232**	**$4.588**	**$2.578**	**$8.671**

[1] 2010 population data.

Construction project cost minimum

$3 million total project cost or total sub-region target (less eligible project development nomination), whichever is less.

Project development cost minimum

$200,000 but appropriate to project scope (PE phase will be more expensive than planning level work). Scope and budget must be reviewed for feasibility with Metro and ODOT staff prior to final nomination.

Number of nominations
Meet target and construction project cost minimums, and may nominate one project development phase. Project development may include anything from a planning level "alternatives analysis" to preliminary engineering.

Recommended criteria for scoping and prioritization of AT/CS projects

Relative priority	Criteria
Highest	Improves access to and from priority destinations: o Mixed-use centers o Large employment areas (by # of jobs) o Schools o Essential services for EJ/underserved communities
Highest	Improves safety o addresses site issue(s) documented in pedestrian/bike crash data o separates pedestrian/bike traffic from freight and/or vehicular conflicts
Highest	Serves underserved communities
Higher	Improves safety by removing conflicts with freight and/or provides safety mitigation for any potential freight conflicts
Higher	Completes the "last mile"
Higher	Increase in use/ridership by providing a good user experience (refer to Active Transportation design criteria)
Higher	Serves high density or projected high growth areas
Priority	Includes outreach/education/engagement component
Priority	Can leverage funds
Priority	Reduces need for highway expansion

5.0 STEP 3 – REGIONAL ECONOMIC OPPORTUNITY FUND

After funding Step 1 and Step 2, there is a remaining $34 million to allocate as part of the 2016-18 RFFA. At the September 13 JPACT meeting, Metro staff presented three options for how to spend the additional $33.8 million: Option 1, invest using the same 75-25 percent split the region did in 2010; Option 2, split the money across region-wide programs and local project focus areas by different percentages; Option 3, invest in new project categories. JPACT directed Metro staff to work with TPAC to further refine a policy direction around Option 3 and that the proposal should prioritize investments that:

- Address economic opportunity and job creation
- Take a system wide approach
- Leverage private sector investments
- Consider corridor safety
- Reflect criteria from Transportation Investment Generating Economic Recovery (TIGER)
- Implement corridor planning work
- Improve access to industrial lands
- Consider the transportation needs of Environmental Justice and underserved communities

The Regional Economic Opportunity Fund (REOF) was created to respond to the JPACT direction. The fund is targeted at larger projects ($5-$10 million) that are difficult to fund at the local level and through the 2014-15 RFFA policy framework, and allowing for multi-agency projects.

Construction project cost minimum
$2.5 million.

Project development
Project development is not the intent of the REOF, but is an eligible activity. Scope and budget must be reviewed for feasibility with Metro and ODOT staff prior to application submittal.

Number of nominations
The following sub-areas and agencies are eligible to submit REOF applications:

i. Clackamas County and its cities
ii. East Multnomah County and its cities
iii. Washington County and its cities
iv. City of Portland
v. Port of Portland
vi. TriMet

CRITERIA FOR SCOPING AND PRIORITIZING REOF PROJECTS

The project applications, technical evaluation and public comments will be presented to JPACT and the Metro Council for a regional decision on funding. All project applications will be evaluated by Metro staff based on the criteria listed below:

Threshold Requirements

1. Project is eligible for federal funding.

2. Receipt (or reasonably anticipated receipt) of all environmental approvals necessary for the project to proceed to construction on the timeline specified.

3. Project included in state, metropolitan and local planning docs.

4. Local matching funds to support 10.27 percent or more of the costs for the project are identified and committed by FFY 2015.

At the October 11 meeting, JPACT unanimously supported moving forward with Option 3 and creating a Regional Economic Opportunity Fund to allocate the remaining funds as part of the RFFA process. Additionally, the JPACT action directed Metro staff to modify the TIGER criteria to include equity and environmental justice, implementation of corridor plans, and integration of the Regional Transportation Safety Plan recommendations.

To incorporate the policy direction from JPACT, Metro staff is recommending modifying the TIGER criteria reflected below to highlight the following:

1. Incorporate CII, Greater Portland Export Initiative, Industrial Lands Access Study.
2. Address Corridor Safety,
3. Implement Corridor Plan work,
4. Address Environmental Justice and Underserved communities (including framework established with creation of Step 2 policy direction).
5. Use a system-wide approach
6. Private sector investments

Recommended criteria for scoping and prioritization of REOF projects

Relative priority	**Criteria**
Primary Criteria	**Economic Competitiveness:** Contribute to long-term productivity of US and Metro region economy. 1. Long-term improvement to good & worker access (emphasis on traded-sector goods & services access to markets) 2. Improved access to/from and market viability of industrial land 3. Increased efficiency through integration/use of all existing transportation infrastructure, including improvements and repair 4. Leverages private sector investments
Primary Criteria	**Livability:** Further Partnership for Sustainable Communities principles. 1. Reduce average cost of user mobility 2. Improve existing transportation choices (by enhancing modal connectivity, increasing number of accommodated modes and/or reducing congestion) on existing facilities. 3. Improve accessibility of disadvantaged populations. 4. Coordinated transportation and land use planning - contribute significantly to broader travel mobility, including implementing completed corridor plans.
Primary Criteria	**Environmental Sustainability:** Promote environmentally sustainable transportation system. 1. Improve energy efficiency (including scale of use of new facilities/TSMO reducing auto trips) 2. Environmental benefits or avoidance of adverse impacts
Primary Criteria	**Safety:** Improve safety of the transportation system. o Ability to reduce number, rate and consequences of crashes, injuries and fatalities, including focusing on the recommendations from the Regional Transportation Safety Plan: 1. Improves multimodal safety on arterials 2. Addresses pedestrian/bike crash issues 3. Addresses safety behavioral contributing factors of alcohol and drugs, speeding, aggressive and distracted driving
Primary Criteria	**Job Creation/Economic Stimulus:** Creation or preservation of jobs. 1. # and type of jobs created or preserved (emphasize efforts to support opportunities for low-income & disadvantaged populations). 2. Project readiness (NEPA approvals, legislative approvals, in required planning documents, technical feasibility, financial feasibility).

Relative priority	Criteria
	3. Provide opportunities for small businesses and disadvantaged business enterprises 4. Effective use of community-based organizations in connecting disadvantaged workers with economic opportunities.
Secondary Criteria	**Innovation:** Use of innovative technology, system management and project delivery techniques 1. Use of innovative technology. 2. Use of innovative finance, contracting, project delivery, congestion management, safety management, asset management, O&M.
Secondary Criteria	**Partnership:** Jurisdiction and stakeholder collaboration, and disciplinary (non-transportation agency) integration 1. Multi-agency support to implement priority project from a completed corridor plan. 2. Jurisdiction & Stakeholder collaboration (involvement of state and local governments, other public entities, including projects that engage parties that are not traditionally involved in transportation projects, non-Federal funds, use of TIGER funds to complete a finance package). 3. Disciplinary Integration (support by non-transportation public agencies: e.g. public housing, economic development, historic pres., energy, etc.). 4. Use a system-wide approach

TPAC will review and provide input on performance measures for the REOF. This will be part of a discussion of the 2016-18 RFFA project solicitation packet scheduled for the November 28 meeting.

6.0 STAKEHOLDER ENGAGEMENT AND DECISION PROCESS

COMMUNITY INVESTMENT PROJECT FOCUS AREAS

For both Community Investment project focus areas, the process to define projects will begin with stakeholder outreach to the communities affected by the focus areas, including targeted outreach to environmental justice and underserved communities.

Stakeholders for the Green Economy/Freight Initiatives focus area include local agency freight, planning and capital development staff, and business & economic development groups. Stakeholder comments will be summarized and provided to a regional freight and business task force for their consideration in developing a recommendation of projects to receive funding consistent with the policy framework and funding target.

Stakeholders for the Active Transportation/Complete Streets focus area includes local bike, pedestrian, trail and transit staff, advocacy organizations, and other stakeholders working in the area of multimodal transportation.

The deadline for both Community Investment project focus areas is **March 15**.

The agency proposals will be provided to JPACT for release for public comment in May 2013. After collecting and summarizing public comments on the proposals and allowing for adjustments based on the comments, Regional Coordinating Committees and the City of Portland will recommend priority projects at 100% of their funding targets, along with a description of how their process met program directions. JPACT and the Metro Council will make a final decision on the allocation of funds to the regional programs and projects defined as a part of the project focus area process. These projects and programs will then be incorporated into the 2015-18 MTIP with all other federally funded and regionally significant projects.

REGIONAL ECONOMIC OPPORTUNITY FUND (REOF)

For the REOF, each of the county coordinating committees, City of Portland, the Port of Portland and TriMet will identify projects by the December or January JPACT meetings. At that meeting, JPACT will identify the projects to be included in the overall RFFA process. The RFFA projects will then be included as part of a comment period from May – early June 2012. The public comment period will include:

- 150 percent Region 1 STIP Enhance projects
- STIP Fix-It projects
- Step 1 – Region-wide Programs
- Step 2 – Green Economy/Freight Initiative projects
- Step 2 – Active Transportation/Complete Street projects
- Step 3 – REOF project applications

The draft 2015-18 MTIP, including the 2016-18 RFFA projects from Steps 1, 2 and 3 will be adopted by JPACT and the Metro Council in September 2013

The 2015-18 TIP schedule, including both STIP and RFFA decision points are included on pages 21-22.

2015-18 TIP Schedule

2015-18 MTIP and STIP Development

2012

Fall

September 13 – JPACT direction on joint MTIP/STIP calendar and preferred option for 2016-18 RFFA
September 20 – STIP Enhance application process begins
October 11 – JPACT refine preferred option for allocating 2016-18 regional flexible funds
October 16 – OTC meeting with ACT chairs to discuss STIP process
November 8 – JPACT action on policy direction for 2016-18 RFFA
November 15 – Metro Council action on policy direction for 2016-18 RFFA
November 27 – STIP enhance applications due to Region 1
November 28 – TPAC review and discussion of 2016-18 RFFA project solicitation packet

Winter

- Review of existing performance measurement data (part of federal Congestion Management Process)

December - Release 2016-18 RFFA solicitation packet
December 6 – STIP project applications distributed to JPACT and Region 1 STIP Committee*
December/January – JPACT identifies REOF projects.

2013

Winter/Spring

-Review region-wide programs (TOD, RTO, TSMO, Corridor Development, TriMet & SMART 5307)
-Review TriMet 5-year Transit Investment Plan

February 14 – JPACT provides input on the 150 percent STIP projects to the Region 1 STIP Committee*
March 15 – RFFA applications due for Active Transportation/Complete Streets and Green Economy/Freight Initiative projects. REOF project applications due. Begin evaluation of all projects.
March 15 – Region 1 STIP Committee submit 150 percent recommendations to ODOT Region 1
(March – July – ODOT Region 1 scopes the 150 percent list of STIP projects)
March 21 – ODOT Region 1 provide the 150 percent STIP projects to TDD for distribution to OTC, OFAC and Joint TE-OBPAC Committee
April – Metro and local agency staff conduct technical evaluations of projects.
May – early June – Metro conduct joint public comment period on Step 1, 2 and 3 RFFA projects, and ODOT Region 1 STIP Enhance 150 percent list and Fix-It projects*

Summer/Fall

June 19 – OTC, OFAC and Joint TE-OBPAC Committee provide input on 150 percent STIP Enhance project list
July 22 – ODOT Region 1 provides STIP project scoping information to Area Managers and Region 1 STIP Committee chair. STIP Committee and Region 1 begin developing project recommendation lists.
June - August – Local prioritization of Community Investment projects. Regional prioritization of REOF projects.
August 8 – JPACT provides input to the Region 1 STIP Committee on the STIP projects.*
August 23 – TPAC recommendation to JPACT for adoption of 2016-18 RFFA projects and 2015-18 MTIP.
September 12 – JPACT and Metro Council adopt 2016-18 RFFA projects and 2015-18 MTIP.

Fall/Winter

Submit proposed MTIP to ODOT for inclusion in Draft STIP by Oct 1
Region STIP Coordinators upload project list into PCSX by Oct 31

October 4 – ODOT regions provide STIP project recommendations to TDD for compilation and OTC consideration.
October 7 – November 13 – OTC review of STIP project recommendations and allocation of discretionary 20 percent.

November/December – Draft STIP prepared for public review process

2014

Jan

OTC & JPACT release STIP & MTIP for public review

March 1

Public review of Draft TIPs complete

March - June

JPACT/Council act on any adjustments based on public comments (March TPAC, April JPACT)
Air quality conformity analysis and determination process

June – July

Final STIP prepared and reviewed with ACTs, MPOs, other stakeholders

August

OTC review and approve Final 2015-18 STIP

September

FHWA/FTA approval of STIP and air quality conformity of MTIP

Bold and italicized items are coordination points between the STIP and MTIP process.

STAFF REPORT

FOR THE PURPOSE OF ADOPTING THE POLICY DIRECTION TO THE REGIONAL FLEXIBLE FUNDING ALLOCATION (RFFA) PROCESS FOR FEDERAL FISCAL YEARS 2016-18

Date: November 8, 2012 Prepared by: Josh Naramore

BACKGROUND

Regional flexible funds are an element of the funds programmed within the Metropolitan Transportation Improvement Program (MTIP). The Metropolitan region is preparing to prioritize transportation projects and program activities to receive regional flexible funds available in the federal fiscal years 2016 through 2018. This report provides the Joint Policy Advisory Committee on Transportation (JPACT) and the Metro Council's policy direction for the allocation of these funds.

The process for updating these policies first involved discussions by engaging agency technical staff at TPAC, JPACT, and Metro Council members to provide policy direction to allocate the estimated $94 million available to region from 2016-18. Metro staff has used the TPAC and JPACT meeting discussions to produce this Policy Report. The revised approach to allocating Regional Flexible Funds proposed in this report is intended to develop a more collaborative method for supporting transportation investments that keep our neighborhoods safe, support sustainable economic growth, and make the most of the existing investments our region has already made in existing public structures.

The new three step process builds upon the 2014-15 RFFA process for Step 1 regional programs and Step 2 Community Investment Funds for Active Transportation/Complete Streets and Green Economy/Freight Initiatives. It also established a Step 3 Regional Economic Opportunity Fund to fund regional priority projects identified by JPACT and the Metro Council.

Metro and ODOT update the MTIP/STIP every two years to schedule funding for the following four-year period. The 2016-18 RFFA process is a component of the four-year period of federal fiscal years 2015 through 2018. This update will therefore adjust, as necessary, funds already allocated to projects in fiscal years 2014 and 2015 in the current approved MTIP. It will also allocate funds to new projects in the last three years (2016 and 2018) of the new MTIP.

The regional flexible funds available for the 2016-18 allocation are composed of three types of federal transportation assistance, which come with differing restrictions. The most flexible funds are surface transportation program (STP) funds that may be used for virtually any transportation purpose, identified in the Financially Constrained RTP, short of building local residential streets. The second category of money is Congestion Mitigation/Air Quality (CMAQ) funds. CMAQ funds cannot be used to build new lanes for automobile travel. Also, projects that use CMAQ funds must demonstrate that some improvement of air quality will result from building or operating the project. The third category is Transportation Alternatives, new from MAP-21 that consolidated Transportation Enhancements, Safe Routes to Schools, and Recreational Trails funding.

In the previous two allocation processes, regional flexible funds have been allocated in two steps. The first step was to allocate funds to existing regional transportation programs: metropolitan transportation planning, transit oriented development, regional travel options, transportation system management & operations, and high capacity transit development and capital construction. Step two was an allocation to local agencies for a variety of transportation projects. The 2016-18 process will add a third step of allocating $34 million to projects as part of a Regional Economic Opportunity Fund (REOF)

The policy report in Exhibit A responds to direction received from JPACT discussion at their September and October meetings. The policy direction outlined in report includes:

- STEP 1 - Support of funding for existing region wide programs. JPACT will review these programs prior to the final allocation of funding in the September 2013.
- STEP 2 - Continued support of two Community Investment project focus areas providing direction to local agencies to develop projects for allocating funds:
    - Active Transportation/Complete Streets
    - Green Economy/Freight Initiatives
    - Directions to develop the project proposals for these focus areas through a collaborative process involving impacted stakeholders.
- STEP 3 – Development of a new Regional Economic Opportunity Fund

Anticipated 2016-18 Regional Flexible Funds	
Step 1 – Region Wide Programs	
• Transit Oriented Development	$9.19 million
• TSMO/ITS	$4.64 million
• Regional Travel Options	$7.01 million
• Regional MPO Planning (In-Lieu of Dues)	$3.63 million
• Corridor & Systems Planning	$1.54 million
Step 1 TOTAL	**$26.01 million**
Step 2 – Community Investment Fund Projects	
• Active Transportation/Complete Streets	$26.07 million
• Green Economy/Freight Initiatives	$8.7 million
Step 2 TOTAL	**$34.77 million**
Step 3 – Regional Economic Opportunity Fund	**$33.80 million**
GRAND TOTAL	**$94.58 million**

ANALYSIS/INFORMATION

1. **Known Opposition** None known at this time.

2. **Legal Antecedents** Updates the 2014-15 Regional Flexible Fund Allocation Policy Report, adopted by Metro Council Resolution 10-4160 on July 20, 2010 (FOR THE PURPOSE OF ADOPTING THE POLICY DIRECTION AND PROGRAM OBJECTIVES FOR THE 2014-15 REGIONAL FLEXIBLE FUNDING ALLOCATION PROCESS AND 2012-15 METROPOLITAN TRANSPORTATION IMPROVEMENT PROGRAM (MTIP).

3. **Anticipated Effects** Adoption of this resolution will provide the policy direction, program objectives and procedures that will be used during the 2016-18 Regional Flexible Fund Allocation process to nominate, evaluate and select projects to receive federal transportation funds as described in Exhibit A of Resolution 12-4383.

4. **Budget Impacts** there are no impacts for Metro's current budget. This resolution proposes policy for determining future allocations. The amounts are illustrative and rely on a continuation of funding at historic levels with modest inflationary increases of three percent. The proposal maintains Step One funding for MPA functions on the same proportion and requires the same 10.27 percent match from local participants. Final allocations will depend on available federal finding.

RECOMMENDED ACTION

Metro staff recommends the approval of Resolution No. 12-4383.