

A G E N D A

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METRO

Agenda

MEETING: METRO COUNCIL WORK SESSION MEETING – revised 9/2/03
DATE: September 2, 2003
DAY: Tuesday
TIME: 2:00 PM
PLACE: Metro Council Chamber

CALL TO ORDER AND ROLL CALL

- | | | | |
|---------|----|---|---------------------|
| 2:00 PM | 1. | SALEM LEGISLATIVE REPORT | Cooper |
| 2:15 PM | 2. | DISCUSSION OF AGENDA FOR COUNCIL
REGULAR MEETING, SEPTEMBER 4, 2003 | |
| 2:30 PM | 3. | ROBERT WOOD JOHNSON FOUNDATION
GRANT PROPOSAL | Bosworth/
Barber |
| 2:45 PM | 4. | TITLE 4 – UPDATE OF PROCESS | Weber |
| 3:00 PM | 5. | FY 04-05 BUDGET ASSUMPTION DISCUSSION
– PERSONAL SERVICES AND GLOBAL ASSUMPTIONS | Short |
| 3:45 PM | 6. | CITIZEN COMMUNICATION | |
| 4:00 PM | 7. | CHIEF OPERATING OFFICER COMMUNICATION | |
| 4:15 PM | 8. | COUNCILOR COMMUNICATION | |

ADJOURN

ROBERT WOOD FOUNDATION GRANT PROPOSAL

Metro Council Work Session
Tuesday, September 2, 2003
Metro Council Chamber

METRO COUNCIL

Work Session Worksheet

Presentation Date: 9/2/2003

Time: 2:45 P.M.

Length: 15 minutes

Presentation Title: Briefing on Robert Wood Johnson Foundation Grant Applications

Department: Planning

Presenters: Mark Bosworth and Bill Barber

ISSUE & BACKGROUND

The Robert Wood Johnson Foundation (RWJF) grants include Active Living Policy and Environmental Studies (ALPES) and Active Living by Design (ALBD). ALPES was created to stimulate and support research that will identify environmental factors and policies that influence physical activity. Active Living by Design promotes changes in local community design, transportation and architecture that make it easy for people to be physically active. Partnerships develop and implement strategies in their communities that will increase the opportunities for and remove barriers to physical activities.

Metro is interested in the RWJF grants because of our emphasis on biking and walking as transportation options, and because of our focus on Region 2040 centers and pedestrian friendly design. Metro has participated in multidisciplinary partnerships comprised of health, land-use, transportation, design, educational and environmental groups with two statewide groups, the Active Community Environments (ACE) committee and the Oregon Coalition for Promoting Physical Activity (OCPPA).

Metro staff (including transportation planning, travel forecasting and data resource center) has participated in two grant applications for "Active Living Policy and Environmental Studies (ALPES) research grant funded through the RWJF. The first proposal was to improve the bicycle travel demand-forecasting model, and the second proposal was to enhance the understanding of relationship between land use mix and people's propensity to walk, bike and use other means of travel that involve physical activity. Metro competed with nation-wide applicants for the grants but was not awarded funding.

OPTIONS AVAILABLE

Metro is in the process of applying for an ALPES II grant as partner to OHSU. Also, Metro is a partner on an ALBD grant that is pending approval. Metro is not the lead on either of the grant applications. For the ALPES II grant, Metro would team with OHSU to clarify the role of urban design in health and health behaviors among older adults. The proposal work will quantify the associations of neighborhood accessibility with walking behavior, physical activity and lower-extremity function among older men.

For the ALBD proposal, Metro staff participated in a series of meetings with state and regional partners involving coordination of statewide public health/physical activity policy with regional transportation and growth management policy. The proposal is titled "Active Living by Design in Three Oregon Communities" with the target communities being Damascus, the Interstate Corridor in North Portland, and Lents Station in Southeast Portland. The Project will increase physical activity in the target communities by fostering partnerships, improving public policies, and incorporating ALBD objectives into planning documents.

A proposal for Metro to work directly with RWJF on a Centers grant is moving at slow pace. Richard Benner had been working with the RWJF contact in charge of promotion and health, but recent administrative changes at RWJF have focused on a different agenda (more focus on children) and word from RWJF is that they are not initiating anything new (outside of current ALPES and ALBD). Metro could reopen the discussion on a Centers grant later this year.

IMPLICATIONS AND SUGGESTIONS

Staff recommends that Metro continue to pursue special relationship with RWJF beyond ALPES and Active Living by Design grants, because there is a continuing focus on public health and physical activity issues as they relate to transportation options and centers planning. If the grants are awarded and implemented they could improve working relationship with jurisdictional and agency partners, PSU and OHSU, and the public health field, and have positive research implications. If not implemented, this is a missed opportunity.

Only 39% of Oregon's adults and 50% of its youth currently meet the physical activity recommendation of 30 minutes most days of the week. Inactivity contributes to health disparities among high-risk groups: racial and ethnic communities, low income, seniors, and those with chronic disease.

Though it is individuals who ultimately make the choice of when and how to be physically active, the environment in which we live has an impact on how easy or difficult those choices really are. Oregon's recently completed Statewide Physical Activity Plan (SPAP) is one of the first such plans in the US. It lays out goals and strategies for integrating physical activity into the lives of Oregonians. Goal 3 of the SPAP is related to the built environment and will be a particular focus of the Active Living by Design project described above. Statewide implementation is one of the future goals of the work under this project.

There is an opportunity to integrate health and physical activity related policies into the 2040 Growth Concept and Regional Transportation Plan. There is also an opportunity to work with the health and physical activity professionals – representatives on various committees and subcommittees. We will be more successful with grant proposals to RWJF if we make the land use-transportation-health connection through policies and strong working relationships.

QUESTION(S) PRESENTED FOR CONSIDERATION

Informal Council approval to continue working with local partners in the health and education fields in pursuit of RWJF funding.

Begin crafting policies that make a stronger land use transportation health connection that can be integrated into the RTP.

Make community health and physical activity a priority for centers related work.

Metro takes a leadership role in the region to raise awareness around options to driving, especially walking and biking through the Regional Travel Options program.

LEGISLATION WOULD BE REQUIRED FOR COUNCIL ACTION __ Yes **X** No
DRAFT IS ATTACHED __ Yes **X** No

SCHEDULE FOR WORK SESSION

Department Director/Head Approval _____
Chief Operating Officer Approval _____

Agenda Item Number 4.0

TITLE 4 – UPDATE OF PROCESS (No Work Session Form Necessary)

Metro Council Work Session
Tuesday, September 2, 2003
Metro Council Chamber

FY 04-05 BUDGET ASSUMPTIONS DISCUSSION – PERSONAL SERVICES AND GLOBAL ASSUMPTIONS

Metro Council Work Session
Tuesday, September 2, 2003
Metro Council Chamber

METRO COUNCIL

Work Session Worksheet

Presentation Date: 9/2/03 & 9/9/03 Time: 2:00 Length: 45 min (each)

Presentation Title: FY 2004-05 Financial Assumptions for Annual Budget

Department: Finance

Presenters: Mike Jordan, Kathy Rutkowski on September 2, 2003
Department Representatives on September 9, 2003

ISSUE & BACKGROUND

Preparation of the annual budget includes the development of a variety of financial assumptions. These assumptions range from all factors that impact personal services (cost of living, PERS, health & welfare, etc) to general revenue factors such as interest rates to global factors such as allocations of excise tax and central service transfers. This year, more than any other year, more factors are in a state of flux. The assumptions have been crafted with the best information available at the time. There are several areas where changes have been recommended to the traditional way of calculating costs. These changes have been recommended in order to provide greater flexibility in meeting unknown needs or to provide greater accuracy in estimates.

In addition, revenue estimates for several departments (Solid Waste & Recycling, MERC and Zoo) are sensitive to economic situations. The revenue assumptions used by these departments drive not only the preparation of these department budgets but also significantly impact general fund revenue projections. The Council President has requested that these three departments discuss the current environment and expectations for the coming year.

Finally, reserves held in the Risk Management Fund for liability, property, and workers' compensation have reached an unacceptably low level. Projections indicate that if department allocations continue to be held constant, the fund will eat into the solid waste environmental impairment liability reserves by about \$2 million within five years. The Risk Manager will make a presentation explaining how we got to this situation, provide three possible financing alternatives for the fund, and discuss options for possible cost reductions.

OPTIONS AVAILABLE

A detailed report on all financial assumptions will be discussed with Council at the work session. The report provides an explanation and a rationale for each assumption. It also provides a recommendation for each assumption and cost estimates and options where appropriate.

IMPLICATIONS AND SUGGESTIONS

These financial assumptions will be used in the development of the FY 2004-05 budget. Although official budget preparation will not begin for a few months several departments have asked to have these assumptions as soon as possible in order to begin forecasting

and identifying issues for their departments. The approved FY 2004-05 financial assumptions will also form the basis for the five-year operating forecasts that will be prepared beginning the middle of September. These forecasts will be used to help determine sufficiency of resources when evaluating the CIP requests and, for central services, will be used to forecast preliminary central service costs to be included in the budget manual.

QUESTION(S) PRESENTED FOR CONSIDERATION

Review of each assumption may develop additional questions, however, currently identified questions are:

1. Does the Council approve the assumptions as presented? If not, what changes are acceptable?
2. Does the Council wish to continue reserving the savings from the legislative changes to PERS?
3. Should we assume the continuation of the \$1.00 per ton excise tax to Regional Parks?
4. Is the Council comfortable with maintaining excise tax allocations to operating departments at the current year levels (i.e. no increase based on flat revenue forecast)?
5. Is the Council comfortable with the proposed new method of estimating central service allocations for purposes of initial assumptions?
6. Which financing option for risk management does the Council wish to implement?

LEGISLATION WOULD BE REQUIRED FOR COUNCIL ACTION X Yes No
DRAFT IS ATTACHED Yes X No

SCHEDULE FOR WORK SESSION

Department Director/Head Approval CSM SSS

Chief Operating Officer Approval Michael Jones

FINANCIAL ASSUMPTIONS FOR FY 2004-05 BUDGET

Presentation to Council

Council Work Session September 2, 2003

Prepared by: Kathy Rutkowski

Assumptions are inherent in any financial planning process. They provide the numerical basis for the development of the annual budget. This report will outline and discuss the various global financial assumptions to be used in the development of the FY 2004-05 budget. It will be divided into four main categories: Salary Base and Adjustments, Fringe Benefits, General Revenue Estimates, and Other Global Assumptions. Each main category will include multiple assumptions. Significant assumptions, such as health & welfare, PERS and excise tax, will be discussed individually while other assumptions will be discussed as a group. Included in the report will be an estimate of the cost to Metro if the Council accepts the proposed assumption. The analysis includes all departments and facilities of Metro including MERC as well as all salary/wage costs including temporary, seasonal, MERC part-time event related staff and overtime/holiday pay.

A resolution has been submitted to Council that will formalize the financial assumptions to be used by departments in the preparation of their FY 2004-05 budget. It will also direct the Chief Operating Officer to advise the Council of any substantive changes in the assumptions prior to submission of the proposed budget to the Council for public review.

A. Salary Base and Adjustments

The analysis used the FY 2003-04 adopted budget salaries, wages and FTE as the base for all FY 2004-05 cost estimates. The analysis was broken down by fund, department and employee representation status or group such as non-represented, AFSCME, LIU 483, etc. This presentation will focus on costs by employee representation status or group.

Each employee group has its own pay plan and scale, however, certain generalities can be made. All collective bargaining agreements except Metro AFSCME have pay plans with limited steps. In all cases, employees in these other collective bargaining agreements reach the top step within one year. Metro AFSCME's pay plan includes seven steps with five percent increments between each step. An employee steps through the plan with annual increases on the anniversary of the date of hire into the position. Elected Officials' salaries are tied to the District Court Judge salary that is adjusted by the State Legislature. Non-represented employees, both Metro and MERC, and the Council unclassified position are paid within a salary range with increases based on merit review for Metro non-represented employees and implementation of a pay-for-performance plan for MERC non-represented staff. Unclassified employees of the Auditor are paid in accordance with the Auditor's direction. For purposes of this analysis all unclassified employees are treated the same as non-represented employees.

For discussion of the analysis all employees have been grouped into one of three categories: (1) elected officials, (2) non-represented, unclassified, Metro AFSCME, or (3) all other employee groups. The salary base and proposed assumption for FY 2004-05 will be discussed separately for each group.

1) *Elected Officials*

The elected officials include the salaries for the Council President, Auditor and six Councilors. The salaries are tied to the District Court Judge salary. Adjustments are allowed only through legislative action. At this time, no legislative bill has been proposed or approved that would change elected officials' salaries for FY 2004-05.

Proposed assumption: 0% increase for FY 2004-05

2) *Non-Represented (Metro and MERC), Metro AFSCME, Unclassified*

The pay structure of Metro's non-represented group is currently in a state of flux. The Council will soon be acting on a resolution to implement the recommendations of a recent pay and classification plan. In addition, the Council has tasked the Chief Operating Officer with implementing a "pay for performance" based system for department directors and non-represented staff. The Metro AFSCME group will enter collective bargaining negotiations in the Spring of 2004 for a new agreement to begin July 1, 2004.

Traditionally, separate assumptions were provided for each group for COLA and step/merit adjustment. Given the state of flux with these employee groups a different approach is proposed. The proposal is to set a straight percentage increase of current year salary to create a pool in each department from which all salary adjustments for employees within these groups will be funded. The salary pool will be budgeted in a separate line and not, for budgeting purposes, allocated among the various positions.

Currently, merit awards for non-represented staff range from 0% to 5% and step awards for AFSCME are 5% each. However, in most cases one-half to two-thirds of the employees in AFSCME are at the top of the scale. Providing a 5% increase for each employee is not necessary. In addition, the CPI for Portland-Salem through the first half of the year came in at 1.4 percent. The indicator that has historically been used to base COLA awards is the CPI for Portland-Salem through the second half of the year. While CPI has fluctuated, with recent trends downward, costs are beginning to increase in certain sectors of the economy. It is unknown how this will affect the CPI. Given these factors a salary pool of between 4% to 6% of salaries/wages would be reasonable.

Proposed assumption: 5% of salaries/wages to create salary pool.

3) *All Other Employee Groups*

All other employee groups, such as LIU local 483, IUOE local 701 and local 701-1, AFSCME local 3580-1 (MERC Utility Workers), IATSE local B-20 and local 28, and MERC non-represented part-time positions, have limited pay scales. In all cases, employees reach the top of the scale in one year. Thereafter, salary adjustments are based on annual cost of living adjustments. The financial assumptions for the budget usually assume that all employees in these groups have reached the top step, however, there is flexibility for departments to provide for the limited step increases for certain employees if needed. The only assumption provided for these groups is the annual cost of living adjustment awarded to each employee.

As mentioned above, the CPI-U for Portland-Salem for the first half of the year (through June 2003) was 1.4 percent. The CPI-W for Portland-Salem for the same time period was 1.7 percent. The CPI indicator in the LIU Local 483 contract is the CPI-W for Portland, average January – June (first half) and July – December (second half). The COLA award range in the LIU Local 483 contract is 1 percent to 3 percent. To reach the 2 percent threshold for COLA award, the CPI-W for the second half of the year (through December 2003) would need to be at least 2.3 percent. Given the information known at this time, we would propose a 2 percent cost of living salary adjustment for all other employee groups not previously discussed. Again, we would recommend that this be budgeted in a separate line and not, for budgeting purposes, be allocated among the various positions.

Proposed assumption: 2% increase for FY 2004-05

Summary of Salary Base and Adjustment Assumptions:

	Proposed Assumption	Base Salary	Estimated FY 2004-05 Cost of Assumption
Elected Officials	0% increase	\$364,038	\$0
Non-Rep, AFSCME, Unclassified	5% salary pool	\$28,231,600	\$1,411,580
All Other Groups	2% COLA pool	\$12,812,350	\$256,247
Total		\$41,407,988	\$1,667,827

B. Fringe Benefits

Fringe benefits include all costs coded to the Fringe Benefit line item in personal services, which are rolled into each department's fringe benefit rate. They include items such as health & welfare (medical, dental, vision insurance), PERS, and life insurance, as well as required payroll taxes such as FICA, TriMet payroll tax and worker comp tax. Discussion of these costs will be divided into three categories: (1) Required or Miscellaneous Benefits, (2) Health & Welfare, and (3) PERS.

1) *Required or Miscellaneous Benefits*

Metro pays three required payroll taxes – FICA, TriMet payroll tax, and worker compensation tax. In addition, Metro provides for six miscellaneous benefits – long term disability insurance, life insurance, accidental death insurance, dependent care insurance, employee assistance program and TriMet Passport program. Except for the TriMet Passport program no increase is anticipated over the current year rates.

Metro's FY 2002-03 costs for the passport program were \$170 per employee for Metro Regional Center, \$115 per employee for the Oregon Zoo and \$10 per employee for Regional Parks and Solid Waste offsite facilities. Initially, the program requested an increase in Metro Regional Center costs for FY 2003-04 to \$196 per employee. Staff was successful in negotiating a reduction in the cost for FY 2003-04 to \$176 per employee. The cost for Zoo employees remained the same and offsite staff costs increased to \$20. Metro TDM staff have advised that since Metro Regional Center costs have remained relatively stable the last couple of years we should plan for an 8 to 10 percent increase in costs; between \$190 - \$195 per employee for FY

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2004-05. In addition, we were advised to plan for a 5 percent increase in all other costs to match a planned 5 percent increase in other TriMet passes.

The following table summarizes the proposed assumption for each benefit and estimates the cost to Metro for FY 2004-05.

Summary of Required and Miscellaneous Benefits:

Benefit	Proposed Rate Assumptions	Estimated FY 2004-05 Cost
FICA	7.65% of salaries/wages with exceptions for Elected Officials	\$3,293,961
TriMet Payroll Tax	0.6218% of salaries/wages	\$267,732
Worker Comp Tax	\$0.018 per hour worked	\$36,207
Total Required Benefits		\$3,597,900

Benefit	Proposed Rate Assumptions	Estimated FY 2004-05 Cost
Long Term Disability	0.74% of eligible salaries/wages	\$276,576
Life Insurance	\$0.17 per \$1,000 of annual salary (to a maximum of \$50,000) per month	\$69,330
Accidental Death Insurance	\$0.03 per \$1,000 of annual salary (to a maximum of \$50,000) per month	\$12,247
Dependent Life Insurance	\$0.35 per employee per month	\$2,839
Employee Assistance Program	\$1.78 per employee per month	\$14,667
TriMet Passport Program	Regular Employees Only Metro Regional Center - \$190/emp Offsite Facilities - \$21/emp Oregon Zoo - \$121/emp	\$85,761
Total Miscellaneous Benefits		\$461,420

2) Health & Welfare (medical, dental, vision)

Currently, Metro's cap on health & welfare for FY 2003-04 as set by various bargaining agreements is \$562 per employee per month. AFSCME, Metro's largest collective bargaining unit, will be subject to negotiations in the Spring 2004 for a new labor agreement to begin effective July 1, 2004. LIU local 483, the second largest collective bargaining unit, is in the first

year of a three-year collective bargaining agreement. The LIU agreement sets a health & welfare cap of \$629 in FY 2004-05, a 12 percent increase over the current year. The Joint Labor and Management Committee on health & welfare has been meeting regularly on a monthly basis to discuss, investigate and recommend options for the management of Metro's health & welfare program. At this time, it is too early in the fiscal year to have any better indication of actual benefit costs. We recommend using the agreed upon cap in the LIU local 483 bargaining agreement as the basis for Metro's health & welfare costs for all employees.

The following table shows the cost estimate by major employee group of the proposed assumption as well as the estimated cost for each 1 percent increase in the cap over \$629 and each \$10 increase in the cap.

Proposed assumption: \$629 per employee per month

	Estimated Cost @ \$629 cap	Estimated Cost of each 1% increase in Cap	Estimated Cost of Each \$10 Increase in Cap
Elected Officials	\$60,384	\$539	\$960
Non-Represented	\$1,983,236	\$17,673	\$31,530
Represented	\$3,162,462	\$28,223	\$50,278
Total	\$5,206,082	\$46,435	\$82,768

3) PERS – Public Employee Retirement System

Prior to recent legislative actions, Metro's employer PERS rate was set at 13.79 percent. When combined with the 6 percent employee pick-up provided to all employees except LIU Local 483 (member employees received an offsetting salary increase) Metro's total effective PERS rate was 19.79 percent. Departments had budgeted for an effective rate of 19.90 percent.

Legislative actions reduced Metro's employer rate to 7.14 percent, a 6.65 percent decrease. However, PERS cautions that several variables could affect future rates. First, the reduced rates do not recognize \$3.6 billion in unrecognized investment losses through 2001. Second, investment losses in 2002 of \$6.4 billion will eventually be reflected in higher employer contributions unless offset by future investment gains. And third, court challenges and any other legal initiatives, when resolved, may also have a major impact on future contributions.

With Council approval, we are currently reserving, where allowable, the difference between the budgeted rate of 19.90 percent and the actual rate we pay to PERS of 13.14 percent. The funds reserved will be available to offset, in some fashion, any future rate increases received from PERS. In addition, the current practice retains the ability to fund potentially higher rates in the future without making significant reductions to programs.

Until court challenges to recent legislative actions are resolved it is very difficult to forecast where PERS rates will be in the future. However, PERS has cautioned that even if all legislative changes are upheld, there will likely be increases in the near future because of investment losses already incurred that have yet to be recognized in the actuarial study. If no other action demands it, the next actuarial study would normally be scheduled for the fall of 2004 with rates effective July 1, 2005.

In addition to paying the required rates of 6 percent employee pick-up and 7.14 percent employer contribution, we would also recommend departments continue to budget for and reserve an additional 6.65 percent. This represents the difference between the original rate for FY 2003-04 prior to legislative action and the revised rate that incorporates the actions. If the legislative actions to PERS are overturned and Metro has allocated the PERS savings to other program costs, it will be very difficult to recapture that funding for PERS costs. It would likely result in substantial program reductions. At least until the court challenges are resolved, we would not recommend allocating the PERS savings to other program costs.

The following table summarizes the estimated costs for FY 2004-05 for each rate:

	Proposed Assumption Rate	Estimated FY 2004-05 Cost
Required - Employee Pick-up	6.00%	\$1,998,852
Required - Current Employer Contribution	7.14%	\$2,669,806
Optional - Additional Contribution to Reserve	6.65%	\$2,486,584
TOTAL	19.79%	\$7,155,242

C. General Revenue Estimates

There are two areas for assumptions that impact General Revenue Estimates – interest rate assumption and excise tax forecast. Each will be discussed separately.

1) *Interest Rate*

Oregon law (and Metro’s investment policy) generally limits investments to no more than 18-months – short-term investments. While long-term interest rates are on the rise, the Federal Reserve has made it fairly clear that short-term interest rates will remain low for the foreseeable future. Short-term rates are currently at a 45-year low. Using various sources, including an analysis of the Treasury Yield Curve and an informal telephone survey of brokers, Metro’s Investment Manager estimates an average interest yield of about 1.5 percent for FY 2004-05.

Proposed assumption: 1.5% for FY 2004-05

2) *Excise Tax Forecast*

The discussion of the excise tax will be divided into two parts – solid waste generated excise tax and all other facility generated excise tax.

- a. Solid Waste Generated Excise Tax – Metro code sections 7.01.020 – 7.01.028 guide the calculation and budgeting of the excise tax generated from solid waste tonnage. The code provides for a base level of excise tax increased annually by a CPI factor. The base level of excise tax generated from solid waste tonnage is the amount that is available in the General Fund for general revenue purposes. Any amount collected over and above this amount is placed in a reserve in the General Fund and is accessible only by specific Council action. The CPI indicator stated in the code is the Portland-Salem CPI-U for the first half of the

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federal report year (January – June). The CPI indicator available in August of 2003 is used to determine the allowable increase in solid waste generated base excise tax for FY 2004-05. The following is a historical summary of the solid waste base excise tax calculations with the CPI indicator and base excise tax amount for FY 2004-05.

	CPI	Base General Amount	Increase from Previous Year
FY 2000-01	---	\$5,700,000	---
FY 2001-02	3.3%	\$5,888,100	\$188,100
FY 2002-03 ⁽¹⁾	2.7%	\$6,050,000	\$161,900
FY 2003-04	1.3%	\$6,128,650	\$78,650
FY 2004-05	1.4%	\$6,214,451	\$85,801

⁽¹⁾ \$5,888,100 + 2.7% increase = \$6,047,079. A revision to the excise tax ordinance set a new base rate in FY 2002-03.

- b. All Other Facility General Excise Tax – A discussion of excise tax generated from all other facilities must, by nature, include a discussion of the enterprise revenues generated by those facilities. While, at this time, there are no firm forecasts of FY 2004-05 enterprise revenues, discussions with departments did indicate certain revenue trends. These trends were used to estimate preliminary excise tax revenue generated from non-solid waste facilities.
 - ✓ Although the Zoo is aggressively investigating new non-admission revenue sources, the proposals are still too early to include in the forecast for next year. In addition, revenue targets for the current year are aggressive. Very early fiscal year trends indicate that the Zoo is following the national trend in Zoos, where attendance is up but per caps are down slightly. Even with the recognition of a full year of the admission increase to take effect January 1, 2004, and the opening of the Eagle Canyon exhibit in March 2004, FY 2004-05 revenues were assumed for purposes of excise tax calculations to be no greater than the current year budget.
 - ✓ MERC has recently prepared a revised forecast for FY 2003-04 for all facilities. The revised forecast is in response to current economic circumstances and reduces revenues at both the Oregon Convention Center and the Expo Center. However, for FY 2004-05 MERC staff assume a 5 percent growth in revenues above the revised FY 2003-04 forecast for the Oregon Convention Center while Expo Center revenues are assumed to remain about the same. These assumptions produce less revenue than initially anticipated in the FY 2003-04 Adopted Budget.
 - ✓ The Regional Parks department increased many fees in FY 2003-04. The fee increases, however, do not go into effect until October 1, 2003. A preliminary projection of revenue for FY 2004-05 includes the full year effect of these fee increases as well as adjustments in revenues based on FY 2002-03 actual results. These assumptions produce approximately a 4 percent increase in enterprise revenues.
 - ✓ Enterprise revenues generated by the Planning Fund and Building Management Fund that are eligible for excise tax account for less than 1 percent of total excise tax eligible enterprise revenue (not including solid waste revenues). Revenue generation from these areas is limited. It was assumed that revenues would remain flat for FY 2004-05.

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Using the assumptions about enterprise revenues discussed above, Finance prepared preliminary excise tax revenue forecast. The following table compares excise tax generated by facility between the FY 2003-04 adopted budget and the FY 2004-05 preliminary estimate.

Facility	FY 2003-04 Adopted Budget	FY 2004-05 Preliminary Estimate	Change
Zoo	\$983,552	\$983,550	(\$2)
Planning	7,725	7,725	\$0
Regional Parks	183,112	191,250	\$8,138
Expo Center	479,585	463,500	(\$16,085)
Building Management	12,889	12,900	\$11
Convention Center	993,527	925,050	(\$68,477)
Base Excise Tax Earned	\$2,660,390	\$2,583,975	(\$76,415)

- c. \$1.00 per ton for Regional Parks – The excise tax ordinance currently includes a provision for an additional \$1.00 per ton to be levied on solid waste tonnage with the proceeds dedicated to Regional Parks. The same CPI inflator is applied to the \$1.00 per ton as to the base solid waste excise tax. This provision is currently set to sunset at June 30, 2004. Should the sunset clause be extended this provision is estimated to generate the following:

	CPI	\$1.00 per ton for Parks	Estimate to be earned on \$1.00 per ton
FY 2002-03 ⁽¹⁾	---	\$1.0000	\$1,210,246
FY 2003-04	1.3%	\$1.0130	\$1,230,914
FY 2004-05	1.4%	\$1.0272	\$1,271,134

⁽¹⁾ Amount based on actual tonnage for FY 2002-03.

Summary – Excise Tax Forecast

In summary, while solid waste generated excise tax will produce approximately \$85,000 more than FY 2003-04 the rest of the facilities are projected to be down about \$76,000, for a net increase of about \$9,400. The \$1.00 per ton for Regional Parks, should the provision be extended, is expected to product about \$1.27 million in FY 2004-05.

	FY 2003-04 Adopted Budget	FY 2004-05 Preliminary Estimate	Change	Percent Change
Base Solid Waste	6,128,650	6,214,451	85,801	1.40%
All other Facilities	2,660,390	2,583,975	(76,415)	(2.87%)
General Excise Tax Available	\$8,789,040	\$8,798,426	\$9,386	0.11%
\$1.00 Per ton	\$1,230,914	\$1,271,134	\$40,220	3.27%

D. Other Global Assumptions

1) Excise Tax Allocations to Operating Departments

Along with a forecast of the excise tax revenue to the General Fund, the Budget Manual provides initial operating transfer amounts for those departments dependent on excise tax. Except for those transfers tied to a specific formula or expense we would recommend that FY 2004-05 allocations be held at FY 2003-04 amount. The following table shows the proposed FY 2004-05 allocations, identifies the amount of change from FY 2003-04, if any, and explains the reason for that change.

	FY 2004-05 Proposed Assumption	Change from FY 2003-04	Reason for Change
to Planning Fund (general allocation)	\$4,054,761	\$0	
to Support Services Fund (lobbyist contract)	\$100,000	\$30,000	Tied to legislative session
to Reg. Parks Fund (general allocation)	\$476,847	\$0	
to Reg. Parks Fund (earned on base SW)	\$730,198	\$10,429	Formula: 11.75% of base SW excise tax
to Reg. Parks Fund (landbanking)	\$231,008	\$0	
to MERC Operating Fund (OCC - VDI Compliance)	\$173,939	\$0	

2) Inflation Factor for Other Costs

Most expenditures will be tied to one or more factors either stated in this report or required by external sources. For example, most contracts or intergovernmental agreements will have stated rates or provide for increases based on some CPI factor. Utility expense will be based on experience plus estimates of rates or rate increases provided by the utility provider. In those cases, however, in which there is no external basis for an increase the department is allowed to apply a basic inflation factor. This factor is usually tied to closely to the Portland-Salem CPI-U. This factor is currently at 1.4 percent. However, the US City Average CPI-U and the West Urban CPI-U for the same time period were 2.5 percent and 2.3 percent respectively. While CPI has fluctuated, with recent trends downward, costs are beginning to increase in certain sectors of the economy. It is unknown how these will affect the CPI. We would recommend an inflation factor of 2 percent for FY 2004-05.

Proposed assumption: 2.0% for FY 2004-05

3) Contingency

Each operating fund will provide for a contingency for unexpected needs that may arise throughout the year. By law, the Council may only transfer from contingency a cumulative amount not to exceed 15 percent of a fund's appropriations. Any amount exceeding the 15 percent threshold would require a supplemental budget with TSCC public hearing. The Budget Manual provides a general guideline for departments to follow but allows flexibility for each department to budget for a contingency that is more suited to its particular needs. For example, the Planning Fund being largely grant funded with exceptions provided in budget law for the recognition of additional grant funds may not need a large contingency. However, enterprise

operations such as the Zoo that are sensitive to factors outside of their control may wish to budget for higher contingency levels. Contingency levels are evaluated on a case-by-case basis.

Proposed assumption: 4% of operating expenses as a general guideline with variances based on volatility of activity.

4) *Special Appropriations in the General Fund*

- a. *Elections Expenses*: Currently, the only known possible elections are run-offs for three Council positions in November 2004. Until further information is known about the number of candidates for each position, it is prudent to assume that all three positions will be subject to run-off races. In addition, Multnomah County election expenses are usually the highest of the three counties. Since two of the three Council positions up for election are in Multnomah County we would recommend budgeting the same amount as currently budgeted for the primary elections in May.

Proposed assumption: \$150,000 for run-off elections for three Council seats

- b. *Contribution to RACC*: At the Council President's request, the FY 2003-04 budget included a \$25,000 contribution to RACC. It is assumed that this contribution will continue into FY 2004-05.

Proposed assumption: \$25,000 contribution to RACC

- c. *Water Consortium Dues*: For a period of years the budget has included an amount for Water Consortium dues. Historically, this amount has been budgeted around \$15,000. It is assumed that these dues will continue at about the same historical level.

Proposed assumption: \$15,000 for Water Consortium Dues

- d. *Public Notifications*: For several years, the Special Appropriations category has included an amount to provide for legal notices required under ballot measure 56. As part of the FY 2003-04 budget, the purpose of this funding was expanded to include notifications required under ballot measure 26-29 and any other notification required by approved ballot measure or Metro Code. The FY 2003-04 budget includes \$150,000 for notifications. Half of the funding was carried over from FY 2002-03 and half was funded through new revenues in FY 2003-04. At this time it is assumed that all of the appropriation provided in FY 2003-04 will be spent. We recommend that \$75,000 be funded through new appropriation in FY 2004-05. As the year progresses, we will work closely with the Planning and Public Affairs departments to determine the amount that will actually be needed this year. Any amount identified as extra can be carried over to supplement next year's appropriation.

Proposed assumption: \$75,000 for legal notifications

5) *Central Service Transfers/Overhead Rates*

The cost allocation plan is the tool that calculates central service transfers and overhead rates for each department. Each year the cost allocation plan is updated with new allocation basis data and budgeted costs. As a result, there are two variables that can cause changes in any one department's central service allocations – (1) a change in service level usage or benefit as defined by the allocation basis, and (2) a change in the budgeted cost for that central service function.

Traditionally, the Budget Manual has provided overhead rates that are based on the current year cost allocation plan. These rates do not take into consideration the changes in service level usage by the departments. Changes in usage or benefit levels of service can result in significant shifts in costs between departments. In order to eliminate as many of the variables as possible between Budget Manual estimates and actual costs, Financial Planning is proposing to run a preliminary version of the FY 2004-05 cost allocation with updated service level usage/benefit data and forecasted costs for status quo service levels. The preliminary plan will also fold in any direction received from the Council on risk management costs and known or anticipated savings in debt service costs from the refinancing of the Metro Regional Center revenue bonds. At this time, we anticipate running the preliminary cost allocation plan around mid-October so that central service estimates will be available in time for the release of the Budget Manual.

In addition, we plan to provide individual estimates for Risk Management separate from all other central service costs. Costs for the Risk Management Fund are due largely to factors such as cost of claims and insurance directly related to the activity and value of facilities and not to the size of staffing or other indirect costs of central services. As such, the changes in these costs should be evaluated separately from all other central service costs.

Proposed assumption: Central service estimates to be provided in the budget manual based on a preliminary run of the FY 2004-05 cost allocation plan as described above.

DRAFT

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF FORMALIZING)	RESOLUTION NO 03-XXX
BUDGET ASSUMPTION GUIDELINES FOR)	
DEPARTMENTAL USE IN PREPARING THE)	Introduced by Michael Jordan, Chief
FISCAL YEAR 2004-05 BUDGET, AND)	Operating Office with the concurrence of the
DIRECTING THE THE CHIEF OPERATING)	Council President
OFFICER TO ADVISE COUNCIL OF ANY)	
SUBSTANTIVE CHANGES IN THE)	
ASSUMPTIONS PRIOR TO THE SUBMISSION)	
OF THE PROPOSED BUDGET TO COUNCIL)	
FOR PUBLIC REVIEW)	

WHEREAS, The Metro Council has deliberated upon the global budget assumptions shown in Attachment 1 a) better understand the factors that are used in creating Metro departmental and agency assumptions; b) discuss questions, issues, or concerns related to these proposed assumptions; c) determine areas where a change in assumptions may be desirable; and d) determine areas where Council has little or no discretion in changing assumptions; and

WHEREAS, The Metro Council has agreed upon the need for this set of assumptions to be used by departments in the preparation of the Fiscal Year 2004-05 budget; and

WHEREAS, The Metro Council wishes to formalize these assumptions as guidelines prior to the dissemination of the Budget Preparation Manual; now therefore

BE IT RESOLVED that the Metro Council approves and formalizes the budget assumptions as guidelines for departmental use in preparing the Fiscal Year 2004-05 budget, and directs the Chief Operating Officer to advise the Council of any substantive changes in these assumptions prior to the submission of the budget to Council for public review.

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

David Bragdon, Council President

APPROVED AS TO FORM:

Daniel B. Cooper, General Counsel

DRAFT

STAFF REPORT

IN CONSIDERATION OF RESOLUTION NO. 03-XXX FOR THE PURPOSE OF FORMALIZING BUDGET ASSUMPTION GUIDELINES FOR DEPARTMENTAL USE IN PREPARING THE FISCAL YEAR 2004-05 BUDGET, AND DIRECTING THE CHIEF OPERATING OFFICER TO ADVISE COUNCIL OF ANY SUBSTANTIVE CHANGES IN THE ASSUMPTIONS PRIOR TO THE SUBMISSION OF THE PROPOSED BUDGET TO COUNCIL FOR PUBLIC REVIEW

Date: August 25, 2003

Prepared by: Kathy Rutkowski

BACKGROUND

At the September 2, 2003 Council Work Session, Financial Planning staff will present to Council for discussion a series of financial assumptions to guide the development of the FY 2004-05 budget. The assumptions include estimates for salary adjustments for various employee groups, fringe benefit costs such as health & welfare and PERS, and a variety of general revenue or global assumptions such as excise tax forecast and allocations for FY 2004-05 and elections expense. Following discussion, the Council is asked to formalize the use of these assumptions as guidelines in the development of the FY 2004-05 departmental budgets. Should additional information arise that would necessitate a significant change in any of these assumptions, the Chief Operating Officer will advise the Council of the change prior to the submission of the Proposed Budget to the Council for public review.

ANALYSIS/INFORMATION

1. **Known Opposition:** None known.
2. **Legal Antecedents:** None.
3. **Anticipated Effects:** Approval of this resolution will formalize the assumptions to be used in the FY 2004-05 budget. It provides that any significant changes to these assumptions will be brought back to Council prior to submission of the Proposed Budget.
4. **Budget Impacts:** The estimated cost impact of each assumption has been calculated where appropriate, and is shown in Attachment 1 to the Resolution, Summary of Financial Assumptions.

RECOMMENDED ACTION

The Chief Operating Officer recommends approval of Resolution No. 03-xxx.

DRAFT

ATTACHMENT 1
Resolution No. 03-XXX
SUMMARY OF FINANCIAL ASSUMPTIONS FOR FY 2004-05 BUDGET

	FY 2004-05 Assumption	FY 2003-04 Cost Estimate
<i>Salary Adjustment:</i>		
✓ Elected Officials	0% increase	\$0
✓ Non-Represented (Metro & MERC), AFSCME	5% salary pool	\$1,411,580
✓ All Other Groups	2% COLA pool	\$256,247
<i>Fringe Benefits</i>		
1. FICA	7.65% of salaries/wages with exceptions for Elected Officials	\$3,293,961
2. TriMet Payroll Tax	0.6218% of salaries/wages	\$267,732
3. Worker Comp Tax	\$0.018 per hour worked	\$36,207
4. Long Term Disability	0.74% of eligible salaries/wages	\$276,576
5. Life Insurance	\$0.17 per \$1,000 of annual salary (to a maximum of \$50,000) per month	\$69,330
6. Accidental Death Insurance	\$0.03 per \$1,000 of annual salary (to a maximum of \$50,000) per month	\$12,247
7. Dependent Life Insurance	\$0.35 per employee per month	\$2,839
8. Employee Assistance Program	\$1.78 per employee per month	\$14,667
9. TriMet Passport Program	Regular Employees Only Metro Regional Center - \$190/emp Offsite Facilities - \$21/emp Oregon Zoo - \$121/emp	\$85,761
10. Health & Welfare Program	\$629 per employee per month	\$5,206,082
11. PERS	6.00% Employee Pick-Up 7.14% Employer Contribution 6.65% Additional to Reserve	\$1,999,852 \$2,669,806 \$2,486,584

DRAFT

ATTACHMENT 1
Resolution No. 03-XXX
SUMMARY OF FINANCIAL ASSUMPTIONS FOR FY 2004-05 BUDGET

	FY 2004-05 Assumption	FY 2003-04 Estimate
General Revenue Estimates:		
✓ Interest Rate	1.5% of cash balances	Varies
✓ Excise Tax Forecast		
○ Base solid waste excise tax	1.4% above FY 2003-04 base	\$6,214,451
○ All other facilities	Estimate based on discussions with departments	\$2,583,975
○ \$1.00 per ton to Parks (if continued)	1.4% above FY 2003-04 rate	\$1,271,134
Other Global Assumptions:		
✓ Excise Tax Allocations		
○ Planning Fund (general allocation)	Same as FY 2003-04	\$4,054,761
○ Regional Parks Fund (general allocation)	Same as FY 2003-04	\$476,847
○ Regional Parks Fund (landbanking)	Same as FY 2003-04	\$231,008
○ Regional Parks Fund (1% on SW)	Tied to formula of base SW excise tax	\$730,198
○ Support Service Fund (lobbyist contract)	Tied to legislative session need	\$100,000
○ MERC Operating Fund (OCC VDI Compliance)	Same as FY 2003-04	\$173,939
✓ Inflation factor for other costs	2% where no other factors exist	Varies
✓ Contingency	4% of operating expenses with variances based on volatility of activity	Varies
✓ Special Appropriations		
○ Elections Expenses	\$150,000 for run-off elections for three Council seats	\$150,000
○ Contribution to RACC	Contribute same amount as in current year	\$25,000
○ Water Consortium Dues	Provide for same amount as in current year	\$15,000
○ Public Notifications	Newly fund same amount as in current year	\$75,000
✓ Central Service Transfers/Overhead Rates	Central service estimates to be provided in the budget manual based on a preliminary run of the FY 2004-05 cost allocation plan as described above.	TBD

090203c-01

A G E N D A

600 NORTHEAST GRAND AVENUE | PORTLAND, OREGON 97232 2736
TEL 503 797 1542 | FAX 503 797 1793



METRO

Agenda

MEETING: METRO COUNCIL REGULAR MEETING
DATE: September 4, 2003
DAY: Thursday
TIME: 2:00 PM
PLACE: Metro Council Chamber

CALL TO ORDER AND ROLL CALL

1. INTRODUCTIONS

2. CITIZEN COMMUNICATIONS

3. COLUMBIA VILLA PRESENTATION

Wilson

4. CONSENT AGENDA

4.1 Consideration of Minutes for the August 14, 2003 Metro Council Regular Meeting.

4.2 **Resolution No. 03-3357**, For the Purpose of Confirming the Re-Appointment of Gloria Candanoza to Investment Advisory Board.

4.3 **Resolution No. 03-3361**, For the Purpose of Authorizing the Issuance of a Request for Proposal 03-1082-BS Administrative Record Keeping Services and Trust Service for the Metro Employee Salary Savings Plan.

4.4 **Resolution No. 03-3368**, For the purpose of Approving the addition of the New classification of Latex Retail Technician to Metro's Classification Plan.

5. ORDINANCES - FIRST READING

5.1 **Ordinance No. 03-1018**, For the Purpose of Amending Metro Code Chapter 5.01 Regarding Solid Waste Facility Regulation; and Declaring An Emergency.

5.2 **Ordinance No. 03-1019**, For the Purpose of Amending Metro Code Chapter 5.05 Relating to Solid Waste Flow Control; and Declaring an Emergency.

5.3 **Ordinance No. 03-1020**, For the Purpose of Amending Metro Code Chapter 7.01 Regarding Solid Waste Facility Regulation.

6. **ORDINANCES – SECOND READING**

6.1 **Ordinance No. 03-1015**, For the Purpose of transferring \$35,000 from the Zoo Capital Fund Capital Outlay to Zoo Capital Fund Personal Services; And Declaring an Emergency. McLain

6.2 **Ordinance No. 03-1016**, For the purpose of Amending Metro Code Section 4.01.050 and revising admission fees at the Oregon Zoo effective January 1, 2004. Park

7. **RESOLUTIONS**

7.1 **Resolution No. 03-3356**, For the Purpose of Confirming the Council President's Appointment of Gale Castillo to the Metropolitan Exposition Recreation Commission. Burkholder

7.2 **Resolution No. 03-3362**, For the Purpose of approving new Classification Specifications and Pay Schedule resulting from Classification/Compensation Study of Metro Non-represented positions. Newman

7.3 **Resolution No. 03-3365**, For the Purpose of Confirming the Appointments Of Mark Altenhofen, Kevin Rauch, and Terry Waddell to the Regional Solid Waste Advisory Committee (SWAC). McLain

7.4 **Resolution No. 03-3369**, For the Purpose of Endorsing the Objectives For Planning the Bethany Addition to the Urban Area. McLain

8. **CHIEF OPERATING OFFICER COMMUNICATION**

9. **COUNCILOR COMMUNICATION**

ADJOURN

Cable Schedule for September 4, 2003 Meeting (TVTV)

	Sunday (9/7)	Monday (9/8)	Tuesday (9/9)	Wednesday (9/10)	Thursday (9/4)	Friday (9/5)	Saturday (9/6)
CHANNEL 11 (Community Access Network) (most of Portland area)		2 p.m.			2 p.m.	2 p.m.	
CHANNEL 30 (TVTV) (Washington County, Lake Oswego)	9 p.m.		6 a.m. 11 p.m.	4 p.m.			7 p.m.
CHANNEL 30 (CityNet 30) (most of City of Portland)		2 p.m.					
CHANNEL 30 Willamette Falls Television (West Linn, Rivergrove, Lake Oswego)							
CHANNEL 23/18 Willamette Falls Television (23- Oregon City, West Linn, Gladstone; 18- Clear Creek)							
CHANNEL 23 Milwaukie Public Television (Milwaukie)							

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

Portland Cable Access	www.pcatv.org	(503) 288-1515
Tualatin Valley Television	www.yourtvvtv.org	(503) 629-8534
Willamette Falls Television	www.wftvaccess.com	(503) 650-0275
Milwaukie Public Television		(503) 652-4408

Agenda items may not be considered in the exact order. For questions about the agenda, call Clerk of the Council, Chris Billington, 797-1542. Public Hearings are held on all ordinances second read and on resolutions upon request of the public. Documents for the record must be submitted to the Clerk of the Council to be considered included in the decision record. Documents can be submitted by email, fax or mail or in person to the Clerk of the Council. For assistance per the American Disabilities Act (ADA), dial TDD 797-1804 or 797-1540 (Council Office).

SUMMARY OF CURRENT METRO INVOLVEMENT IN GRANT APPLICATIONS TO ROBERT WOOD JOHNSON FOUNDATION, AND OTHERS

August 2003

1.

RWJ Section	Active Living Policy and Environmental Studies Program (ALPES), Round I \$150,000 to \$600,000 up to three years
RWJ Purpose	Inform environmental and policy changes that will promote active living among Americans. Produce publishable research that enhances the understanding of associations between physical activity and characteristics of natural and built environments and policy. <u>Research university as lead agency desired.</u>
Timeline	Proposals due July 27 th , 2002.
Metro approach	People will bike more if they are provided with enough safe and convenient routes to key destinations. By better understanding the physical environment variables that are most important to 1) those who currently bike and 2) those who want to bike, regional transportation policies can be developed that direct more money to capital projects and campaigns that encourage bicycling as a physically active way of daily travel.
Metro Lead	Bill Barber
Benefit to Metro	Improves modeling, ability to judge MTIP proposals, assistance to center design
Partners	BTA
Status	Submitted Jan. 17.
Awarded?	No. Not the right partners. Stronger health connection. Really like the application but there was too much going on. Encouraged us to reapply.

2.

RWJ Section	Active Living Policy and Environmental Studies Program (ALPES), Round II \$150,000 to \$600,000 up to three years
RWJ Purpose	Inform environmental and policy changes that will promote active living among Americans. Produce publishable research that enhances the understanding of associations between physical activity and characteristics of natural and built environments and policy. <u>Research university as lead agency desired.</u>
Timeline	Brief proposals due Jan 17, 2003. If selected, full proposals due May 16, 2003.
Metro approach	Measure aspects of bike and pedestrian related to level of Centeredness
Metro Lead	Marc Guichard
Benefit to Metro	Improves modeling, ability to judge MTIP proposals, assistance to center design
Partners	OHSU, PSU
Status	Submitted Jan. 17.
Awarded?	No. Really liked the proposal – not a strong enough connection to the exercise science field. Concerned with the measuring devices we were proposing. Encouraged us to reapply.

3.

RWJ Section	Active Living Policy and Environmental Studies Program (ALPES), Round II Up to \$150,000
RWJ Purpose	Same as above
Timeline	Brief proposals on a rolling basis, Feb. 1, '03—Sept. 2, '03
Metro Approach	Coordinate with Yvonne Michaels at OHSU to enhance the understanding of relationship between land use mix and people's propensity to walk, bike and use other means of travel that involve physical activity
Metro Staff Lead	Dick Walker
Benefit to Metro	Connection to centers work, building relationship with health/physical activity professionals.
Partners	OHSU, PSU, possibly others.
Status	Intend to apply, with OHSU or PSU as lead. May revise based on success of proposal above.
Awarded?	

4.

RWJ Section	Active Living by Design Up to \$200,000 total over five years. Up to \$75,000 in year one for a planning and development process.
RWJ Purpose	Establish and Evaluate innovative approaches that support active living. Promote changes in local community design, transportation and architecture that make it easy for people to be physically active. Want interdisciplinary, community-oriented partnerships.
Timeline	Brief proposals due Jan 31, 2003 . If selected, full proposals due May 23, 2002.
Metro Approach	Join with others to meld approaches put forward by Oregon Coalition for Promoting Physical Activity (OCPPA), and by 1000 Friends of Oregon. The Oregon Coalition for Promoting Physical Activity (OCPPA) is a multidisciplinary partnership of organizations and individuals committed to increasing physical activity in Oregon. The project will increase physical activity in the target community by fostering partnerships and Active Community Environments, improving public policies, and incorporating ALBD objectives into planning documents. The project has the potential to provide a statewide model for ALBD. The project has three phases: <ol style="list-style-type: none"> 1) Multidisciplinary exchange will expand current partner collaboration and create new community partners. The partners will review relevant regional planning documents and the SPAP to generate objectives for ALBD and propose preliminary amendments to documents from a multi-disciplinary perspective. 2) Pilot projects will use coalition resources to support and implement three pilot projects in distinct communities within the Metro area. Each pilot offers an opportunity for disseminating ALBD principles and objectives. 3) Results, evaluation, and recommendations will produce a final document including: proposed amendments to the SPAP and regional planning documents, case studies with results from each of the pilot projects, and recommendations for regional/statewide replication. Target communities – Lents, Damascus, Interstate Avenue
Metro Staff Lead	Kelley Webb
Benefit to Metro	Consistent with many current Metro goals. Possible refinement of Regional Framework plan. Possible aid to Center's policy and design. Probably no \$ directly to Metro. Strong connection to health/physical activity professionals.
Partners	Many, including City of Portland, Multnomah County Health Dept., BTA, neighborhood organizations, others.
Status	Metro is collaborating. Grant will be submitted by deadline.
Awarded?	Very likely. In the second stage of interview process.

5.

RWJ Section	Direct Application to Agency As much as \$750,000 request.
RWJ Purpose	Open
Timeline	Submit proposal by March 2003 (Initial Metro goal).
Metro Approach	Region-Wide Centers Development Strategies - Create Centers development strategy and for one-three Centers. Strategy will identify barriers to and incentives and other actions. Metro will also increase its resources available to other Centers in future (e.g. a library and skill bank). Evaluate progress over time. More fully integrate active living concept into Metro policy. State as a key partner. Intend for initial proposal to RWJ, and green light to modify & present fuller proposal.
Benefit to Metro	One to three actual center strategies produced. Prototypes for other centers. Gain subset of tools and tactics for "Centers Incubator." Create rating system that helps local jurisdictions in offering incentives relative to development proposals.
Metro Staff Lead	Richard Benner and Sherry Oeser
Partners	State Community Solutions team, Portland State College of Public and Urban Affairs, 1000 Friends of Oregon, Home Builders Association of Metropolitan Portland.
Status	Draft proposal has been critiqued by Centers team. Draft ready for review by Councilors 1/31/03. RWJF priorities have changed so application is currently on hold.
Awarded?	

Title 4 Regionally Significant Industrial Areas
Outline of Implementation Issues and Recommendations

Metro Council Work Session
September 2, 2003

1. Purpose and Intent

- Better protect the diminishing supply of industrial land within the UGB*
- Ensure new industrial land used for its intended purpose*
- Demonstrate to LCDC that Metro had taken measures to protect the region's current industrial capacity*

What It Does

- Restricts portioning of parcels that are 50 acres or larger
- Limits retail in RSIA to 5% of net developable land
- Limits a retail use to no more than 20,000sf in a single building or multiple buildings in the same development
- Places specific requirements on offices for industrial R& D and corporate headquarters larger than 1000 employees

Where It Applies - Recommended Factors

- Areas that support regional transportation facilities such as marine terminals, airports and rail yards
- Areas that have access to specialized utilities for industrial uses
- Areas with close proximity to freeways

2. Implementation Issues

- Industrial jobs and building type
- Creation of non-conforming uses – financing and enforcement
- Retail restrictions and accessory uses
- Airports
- Conversion of 50-acre parcels over time
- New urban areas and concept plans

3. Recommended Refinements to RSIA Regulations

- Re-examination of RSIA at next periodic review
- Allowing FIRE uses in existing buildings in RSIA's
- Provision allowing buildings to convert to FIRE uses over time
- Clarify accessory uses and retail limits
- Remove industrial research and development offices from transit requirements
- Allow for division of 50 acre parcels over time

4. Local Government Compliance – Existing Codes

5. Reconciling the Urban Growth Report

TITLE 4: INDUSTRIAL AND OTHER EMPLOYMENT AREAS

3.07.410 Purpose and Intent

The Regional Framework Plan calls for a strong economic climate. To improve the region's economic climate, the plan seeks to protect the supply of sites for employment by limiting incompatible uses within Industrial and Employment Areas. To protect the capacity and efficiency of the region's transportation system for movement of goods and services and to promote the creation of jobs in centers, the plan encourages efficient patterns and mixes of uses within designated Centers and discourages certain kinds of commercial retail development outside Centers. It is the purpose of Title 4 to achieve these policies. Metro will consider amendments to this title in order to make the title consistent with new policies on economic development adopted as part of periodic review.

(Ordinance No. 97-715B, Sec. 1. Amended by Ordinance 02-969B, Sec. 5.)

3.07.420 Protection of Regionally Significant Industrial Areas

- A. Regionally Significant Industrial Areas are those areas that offer the best opportunities for family-wage industrial jobs. Each city and county with land use planning authority over areas shown on the Generalized Map of Regionally Significant Industrial Areas adopted in Ordinance No. 02-969 shall derive specific plan designation and zoning district boundaries of the areas from the Map, taking into account the location of existing uses that would not conform to the limitations on non-industrial uses in subsections C, D and E of this section and the need of individual cities and counties to achieve a mix of types of employment uses.
- B. Each city and county with land use planning authority over an area designated by Metro on the 2040 Growth Concept Map, as amended by Ordinance No. 02-969, as a Regional Significant Industrial Area shall, as part of compliance with Section 3.07.1120 of the Urban Growth Management Functional Plan, derive plan designation and zoning district boundaries of the areas from the Growth Concept Map.
- C. After determining boundaries of Regionally Significant Industrial Areas pursuant to subsections A and B, the city or county shall adopt implementing ordinances that limit development in the areas to industrial uses, uses accessory to industrial uses, offices for industrial research and development and large corporate headquarters in compliance with subsection E of this section, utilities, and those

non-industrial uses necessary to serve the needs of businesses and employees of the areas. Ordinances shall not allow financial, insurance, real estate or other professional office uses unless they are accessory to an industrial or other permitted use.

D. Notwithstanding subsection C, a city or county shall not approve:

1. A commercial retail use with more than 20,000 square feet of retail sales area in a single building or in multiple buildings that are part of the same development project; or
2. Commercial retail uses that would occupy more than five percent of the net developable portion of all contiguous Regionally Significant Industrial Areas.

E. As provided in subsection C of this section, a city or county may approve an office for industrial research and development or a large corporate headquarters if:

1. The office is served by public or private transit; and
2. If the office is for a corporate headquarters, it will accommodate for the initial occupant at least 1,000 employees.

F. A city or county may allow division of lots or parcels into smaller lots or parcels as follows:

1. Lots or parcels less than 50 acres may be divided into any number of smaller lots or parcels;
2. Lots or parcels 50 acres or larger may be divided into smaller lots and parcels so long as the resulting division yields the maximum number of lots or parcels of at least 50 acres;
3. Notwithstanding paragraphs 2, 3 and of this subsection, any lot or parcel may be divided into smaller lots or parcels or made subject to rights-of-way for the following purposes:
 - a. To provide public facilities and services;
 - b. To separate a portion of a lot or parcel in order to protect a natural resource, to provide a public amenity, or to implement a remediation plan for a

site identified by the Oregon Department of Environmental Quality pursuant to ORS 465.225;

- c. To separate a portion of a lot or parcel containing a nonconforming use from the remainder of the lot or parcel in order to render the remainder more practical for a permitted use;
 - d. To reconfigure the pattern of lots and parcels pursuant to subsection G of this section; or
 - e. To allow the creation of a lot for financing purposes when the created lot is part of a master planned development.
- G. A city or county may allow reconfiguration of lots or parcels less than 50 acres in area if the reconfiguration would be more conducive to a permitted use and would result in no net increase in the total number of lots and parcels. Lots or parcels 50 acres or greater in area may also be reconfigured so long as the resulting area of any such lot or parcel would not be less than 50 acres.
- H. Notwithstanding subsections C and D of this section, a city or county may allow the lawful use of any building, structure or land at the time of enactment of an ordinance adopted pursuant to this section to continue and to expand to add up to 20 percent more floor area and 10 percent more land area. Notwithstanding subsection F of this section, a city or county may allow division of lots or parcels pursuant to a master plan approved by the city or county prior to December 31, 2003.
- I. By December 31, 2003, Metro shall, following consultation with cities and counties, adopt a map of Regionally Significant Industrial Areas with specific boundaries derived from the Generalized Map of Regionally Significant Industrial Areas adopted in Ordinance No. 02-969, taking into account the location of existing uses that would not conform to the limitations of non-industrial uses in subsections C, D and E of this section and the need of individual cities and counties to achieve a mix of types of employment uses. Each city and county with land use planning authority over the area shall use the map in the application of the provisions of this section until the city or county adopts plan designations and zoning district boundaries of the area as provided by subsection A of this section.

(Ordinance No. 97-715B, Sec. 1. Amended by Ordinance No. 02-969B, Sec. 5.)

3.07.430 Protection of Industrial Areas

- A. In Industrial Areas mapped pursuant to Metro Code section 3.07.130 that are not Regionally Significant Industrial Areas, cities and counties shall limit new and expanded retail commercial uses to those appropriate in type and size to serve the needs of businesses, employees and residents of the Industrial Areas.
- B. In an Industrial Area, a city or county shall not approve:
 - 1. A commercial retail use with more than 20,000 square feet of retail sales area in a single building or in multiple buildings that are part of the same development project; or
 - 2. Commercial retail uses that would occupy more than ten percent of the net developable portion of the area or any adjacent Industrial Area.
- C. Notwithstanding subsection B of this section, a city or county may allow the lawful use of any building, structure or land at the time of enactment of an ordinance adopted pursuant to this section to continue and to expand to add up to 20 percent more floorspace and 10 percent more land area.

(Ordinance No. 97-715B, Sec. 1. Amended by Ordinance No. 02-969B, Sec. 5.)

3.07.440 Protection of Employment Areas

- A. Except as provided in subsections C, D and E, in Employment Areas mapped pursuant to Metro Code Section 3.07.130, cities and counties shall limit new and expanded commercial retail uses to those appropriate in type and size to serve the needs of businesses, employees and residents of the Employment Areas.
- B. Except as provided in subsections C, D and E, a city or county shall not approve a commercial retail use in an Employment Area with more than 60,000 square feet of gross leasable area in a single building, or commercial retail uses with a total of more than 60,000 square feet of retail sales area on a single lot or parcel, or on contiguous lots or parcels, including those separated only by transportation right-of-way.

- C. A city or county whose zoning ordinance applies to an Employment Area and is listed on Table 3.07-4 may continue to authorize commercial retail uses with more than 60,000 square feet of gross leasable area in that zone if the ordinance authorized those uses on January 1, 2003.
- D. A city or county whose zoning ordinance applies to an Employment Area and is not listed on Table 3.07-4 may continue to authorize commercial retail uses with more than 60,000 square feet of gross leasable area in that zone if:
1. The ordinance authorized those uses on January 1, 2003;
 2. Transportation facilities adequate to serve the commercial retail uses will be in place at the time the uses begin operation; and
 3. The comprehensive plan provides for transportation facilities adequate to serve other uses planned for the Employment Area over the planning period.
- E. A city or county may authorize new commercial retail uses with more than 60,000 square feet of gross leasable area in Employment Areas if the uses:
1. Generate no more than a 25 percent increase in site-generated vehicle trips above permitted non-industrial uses; and
 2. Meet the Maximum Permitted Parking - Zone A requirements set forth in Table 3.07-2 of Title 2 of the Urban Growth Management Functional Plan.

Table 3.07-4
(Section 3.07.420(B))

Clackamas County unincorporated
Commercial
Commercial Industrial

Lake Oswego
General Commercial
Highway Commercial

Troutdale
General Commercial

Hillsboro
General Commercial

Sherwood
General Commercial

Tigard
General Commercial
Commercial Professional

Tualatin
Commercial General

Wilsonville
Planned Development Commercial

(Ordinance No. 97-715B, Sec. 1. Amended by Ordinance No.
02-969B, Sec. 5.)