 **Metro** | *Agenda*

Meeting: Metro Council
Date: Thursday, Jan. 24, 2013
Time: 2 p.m.
Place: Metro, Council Chamber

CALL TO ORDER AND ROLL CALL

1. INTRODUCTIONS

2. CITIZEN COMMUNICATION

3. RISK MANAGEMENT PROGRAM AUDIT

Flynn

4. CONSENT AGENDA

4.1 Consideration of the Minutes for Jan. 17, 2013

4.2 **Resolution No. 13-4407**, For the Purpose of Metro Council's Acceptance of the Results of the Independent Audit Report for Financial Activity During Fiscal Year 2011-2012.

5. RESOLUTIONS

5.1 **Resolution No. 13-4402**, For the Purpose of Endorsing Regional Policy and Funding Priorities for 2013 State Transportation Legislation.

Collette

5.2 **Resolution No. 13-4403**, For the Purpose of Providing Direction to Metro Concerning Bills Before the 2013 Oregon Legislature.

Bennett

5.3 **Resolution No. 13-4406**, For the Purpose of Authorizing Refunding Full Faith and Credit Bonds.

**Collier
Rutkowski**

5.4 **Resolution No. 13-4410**, For the Purpose of Authorizing the Chief Operating Officer to Purchase Property in the Willamette Narrows and Canemah Bluff Target Area.

**Desmond
Brennan-Hunter**

6. CHIEF OPERATING OFFICER COMMUNICATION

7. COUNCILOR COMMUNICATION

ADJOURN

Television schedule for Jan. 24, 2013 Metro Council meeting

<p>Clackamas, Multnomah and Washington counties, and Vancouver, WA Channel 30 – Community Access Network <i>Web site:</i> www.tvctv.org <i>Ph:</i> 503-629-8534 <i>Date:</i> Thursday, Jan. 24</p>	<p>Portland Channel 30 – Portland Community Media <i>Web site:</i> www.pcmtv.org <i>Ph:</i> 503-288-1515 <i>Date:</i> Sunday, Jan. 27, 7:30 p.m. <i>Date:</i> Monday, Jan. 28, 9 a.m.</p>
<p>Gresham Channel 30 - MCTV <i>Web site:</i> www.metroeast.org <i>Ph:</i> 503-491-7636 <i>Date:</i> Monday, Jan. 28, 2 p.m.</p>	<p>Washington County Channel 30– TVC TV <i>Web site:</i> www.tvctv.org <i>Ph:</i> 503-629-8534 <i>Date:</i> Saturday, Jan. 26, 11 p.m. <i>Date:</i> Sunday, Jan. 27, 11 p.m. <i>Date:</i> Tuesday, Jan. 29, 6 a.m. <i>Date:</i> Wednesday, Jan. 30, 4 p.m.</p>
<p>Oregon City, Gladstone Channel 28 – Willamette Falls Television <i>Web site:</i> http://www.wftvmedia.org/ <i>Ph:</i> 503-650-0275 Call or visit web site for program times.</p>	<p>West Linn Channel 30 – Willamette Falls Television <i>Web site:</i> http://www.wftvmedia.org/ <i>Ph:</i> 503-650-0275 Call or visit web site for program times.</p>

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

Agenda items may not be considered in the exact order. For questions about the agenda, call the Metro Council Office at 503-797-1540. Public hearings are held on all ordinances second read. Documents for the record must be submitted to the Regional Engagement and Legislative Coordinator to be included in the meeting record. Documents can be submitted by e-mail, fax or mail or in person to the Regional Engagement and Legislative 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.

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Agenda Item No. 3.0

Risk Management Program Audit

Metro Council Meeting
Thursday, Jan. 24, 2013
Metro, Council Chamber



Risk Management Program:
Improve training and use data to control costs

January 2013
A Report by the Office of the Auditor

Suzanne Flynn
Metro Auditor

Michael Anderson
Senior Management Auditor



Knighton Award for Auditing

Metro Audit Awarded ALGA Gold Award

An audit released in 2011 entitled “Large Contract Administration” received the Gold Award for Small Shops by ALGA (Association of Local Government Auditors.) Auditors were presented with the award at the ALGA conference in Tempe, Arizona in May 2012. Knighton Award winners are selected each year by a judging panel, and awards presented at the annual conference.

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The Metro Ethics Line gives employees and citizens an avenue to report misconduct, waste or misuse of resources in any Metro or Metropolitan Exposition Recreation Commission (MERC) facility or department.

The ethics line is administered by the Metro Auditor's Office. All reports are taken seriously and responded to in a timely manner. The auditor contracts with a hotline vendor, EthicsPoint, to provide and maintain the reporting system. Your report will serve the public interest and assist Metro in meeting high standards of public accountability.

To make a report, choose either of the following methods:

Dial 888-299-5460 (toll free in the U.S. and Canada)
File an online report at www.metroethicsline.org



SUZANNE FLYNN

Metro Auditor

600 NE Grand Avenue

Portland, OR 97232-2736

Phone: (503)797-1892 fax: (503)797-1831

MEMORANDUM

January 10, 2013

To: Tom Hughes, Council President
Shirley Craddick, Councilor, District 1
Carlotta Collette, Councilor, District 2
Craig Dirksen, Councilor, District 3
Kathryn Harrington, Councilor, District 4
Sam Chase, Councilor, District 5
Bob Stacey, Councilor, District 6

From: Suzanne Flynn, Metro Auditor 

Re: Audit of Risk Management Program

The attached report covers our audit of Metro's risk management program. This audit was included in our FY 2012-13 Audit Schedule.

We conducted this audit to determine the effectiveness of Metro's risk management program. Specifically, we wanted to know if the program used available resources to control costs and manage the number of incidents. We determined that there were two sources of information that could be used to identify hazards and develop action plans to reduce risks. The quality of departmental safety programs has been evolving to a more coordinated effort. We believe that increasing analytical capabilities and continuing to strengthen the safety programs will result in cost savings and increased safety.

We have discussed our findings and recommendations with Martha Bennett, COO; Scott Robinson, Deputy COO; Teri Dresler, General Manager, Visitor Venues; Tim Collier, Interim Director, Finance and Regulatory Services; Paul Ehinger, Director, Solid Waste Operations; Craig Stroud, Deputy Director Operations, Oregon Zoo; and Bill Jemison, Risk Manager. My office will schedule a formal follow-up to this audit within 1-2 years.

We would like to acknowledge and thank the management and staff in the risk management program and other departments at Metro who assisted us in completing this audit.

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Summary

A well-run risk management system should identify, analyze and assess risks. Once a risk is identified, a plan of action should be developed. Finally, a process to monitor and review the effectiveness of the action taken should be in place. The purpose of this audit was to assess whether Metro's risk management program was effectively using its data resources to reduce workers compensation claims.

Metro services are very diverse, for example, they range from the Oregon Zoo to trash disposal. As a result, the agency's risk management program plays an important role in ensuring that Metro's properties, visitors and employees remain safe and are cared for if an accident occurs.

The risk management program is located in the Finance and Regulatory Services Department. It includes a risk manager, a safety specialist and a workers' compensation specialist. The program:

- makes recommendations on how to resolve property and liability claims,
- administers Metro's self-insurance program,
- maintains Metro's health and safety programs,
- processes workers' compensation claims,
- organizes return-to-work efforts, and
- creates accident trend reports.

Risk management has access to two important sources of information: incident reports and workers' compensation claims. While many incidents never result in a workers' compensation claim, they can be an important source of information and lead to preventative action. Similarly, reoccurring claims provide an additional opportunity. We found that better use of both types of reports could result in cost savings.

Developing a strong safety training program is another way to reduce the frequency of injuries and costs. We found that the cost of workers' compensation claims varied with the quality of the safety programs in the departments. Metro's safety efforts evolved over the past years. Earlier approaches were to delegate the responsibility to departments while more recently, some departments' safety programs were restructured and standardized. We did not find best practices for the organization of a safety program but our findings reveal a need for improvements in two areas: 1) the analysis and use of available data to address risks, and 2) the need to strengthen all safety programs in each department.

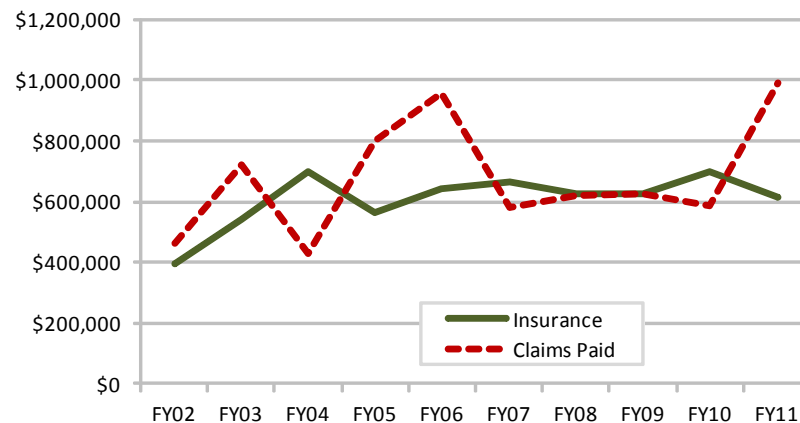
Background

Metro is a regional government engaged in a wide spectrum of business activities. From the Oregon Zoo to trash disposal, Metro's employees work in diverse environments with a variety of risks. The agency's risk management program plays an important role in effectively ensuring that Metro's property, visitors and workers remain safe and are cared for if an accident occurs.

The risk management program uses three tools to accomplish this. First, the program is responsible for ensuring that Metro maintains appropriate levels of property and liability insurance. This insurance pays to repair damaged equipment or buildings and pays for any medical care provided to injured visitors. Second, the program manages Metro's workers' compensation system. Workers' compensation pays to treat and rehabilitate workers who are injured on the job. Finally, the program is responsible for overseeing Metro's safety programs. The safety programs provide training to employees on safe work practices in an effort to reduce workers' compensation claims.

The risk management program's primary expense is the cost of insurance and claims (which includes workers' compensation, property and liability). On average, these two categories accounted for about 85% of program expenses over the last ten years. Over the same period, the cost of insurance remained relatively stable at around \$600,000 per year. In contrast, the cost of claims varied from year to year and reached a ten year high of \$987,000 in FY 2010-11 (Exhibit 1).

Exhibit 1
Insurance and claim costs
FY 2001-02 to FY 2010-11



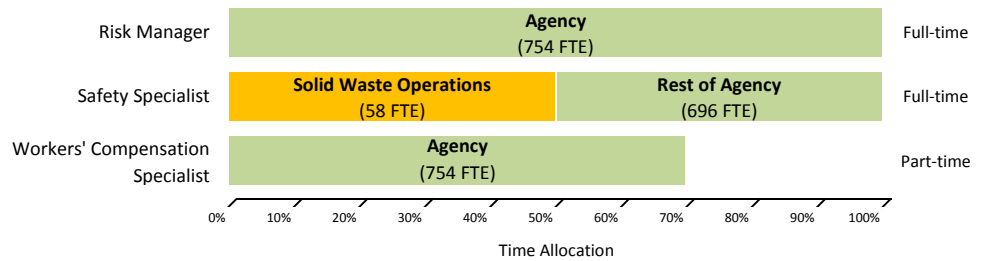
Source: Metro Auditor's Office analysis of Peoplesoft data

The risk management program, which is located in Finance and Regulatory Services, includes a risk manager, a safety specialist, and a workers' compensation specialist. The risk manager makes recommendations on how to resolve property and liability claims, administers Metro's self-insurance program, and oversees the two specialists. The safety specialist is responsible for

implementing and maintaining Metro's health and safety programs. The workers' compensation specialist processes workers' compensation claims, organizes return-to-work efforts and creates accident trend reports.

The risk manager and workers' compensation specialist are agency-wide resources and are not restricted to supporting any one department in the agency. In contrast, half of the safety specialist's time is devoted to addressing safety issues for around 58 employees in the solid waste operations of the Parks and Environmental Services Department. This leaves the other half of the safety specialist's time for agency-wide matters for the remaining 696 employees (Exhibit 2).

Exhibit 2
Risk Management employee
time allocation



Source: Metro Auditor's Office analysis

Scope and methodology

The purpose of this audit was to determine if risk management was effective at using its data resources to reduce workers' compensation claims. There were three objectives for the audit:

1. Determine what departments have the most workers' compensation claims.
2. Determine what types of safety risks and safety training strategies exist in departments with large numbers of claims.
3. Determine if the safety training strategies for departments with large numbers of claims adequately address worker safety risks.

To accomplish our objectives, we created a methodology to identify departments and positions with the greatest number of workers' compensation claims. We applied our methodology to a workers' compensation database maintained by risk management. This methodology was used to narrow the audit's focus to positions and departments with a higher history of claims. Once the positions were identified, we reviewed a sample of workers' compensation claim files and reviewed insurance claim data from the company Metro used to process workers' compensation claims.

To determine if safety training strategies addressed worker safety issues, we selected a sample of key training courses taken by employees working in positions with a history of claims. A significant portion of the audit was dedicated to reviewing and evaluating training records and materials used for safety training classes at Metro.

We reviewed budgets and performance measure summaries to understand program finances, and conducted a literature review to understand best practices. We interviewed key management and staff at Metro and interviewed the risk managers at Multnomah, Clackamas and Washington Counties.

This audit was included in the FY 2012-13 audit schedule. We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Results

A well-run risk management system should apply to every department in an organization. The system should identify, analyze and assess risks. Once a risk is identified, a treatment plan should be devised. Finally, a process for monitoring and reviewing the treatment should be implemented and feed back into the risk identification phase. Our review of Metro's risk management program found that opportunities were being missed to control costs. The program had two underutilized data sources that could be used to identify and address risks.

Metro can save money by focusing safety efforts

Risk management had access to two important sources of information, incident reports and workers' compensation claims. Incident reports documented injuries to employees and visitors and property damage. These reports were filled out by department staff. An incident report, which can be several pages long, included a narrative section and frequently included pictures and interview notes. A workers' compensation claim was a one page insurance form that an injured employee fills out before seeking medical treatment. Risk management was not utilizing all the data in the incident reports and workers' compensation claims to identify injury trends.

Many incidents never resulted in a workers' compensation claim. For example, in FY 2010-11 the Oregon Zoo received around 330 incident reports for incidents involving the general public, employees, and volunteers yet only 33 workers compensation claims were filed. Incident reports can illuminate risk areas that may not be apparent from looking solely at the workers' compensation data.

As an example, in FY 2010-11, an employee slipped in the bat exhibit at the Zoo and received a head injury. In the 16 months since that claim, there have been at least three other slips in the bat exhibit that generated an incident report. While the average cost of a slip or fall at the Zoo is around \$6,200, none of these incidents resulted in a workers' compensation claim. Incident reports contain valuable information that may help identify potential risk areas before a workers' compensation claim is filed. Systematically tracking and reviewing this information could help Metro contain claim costs.

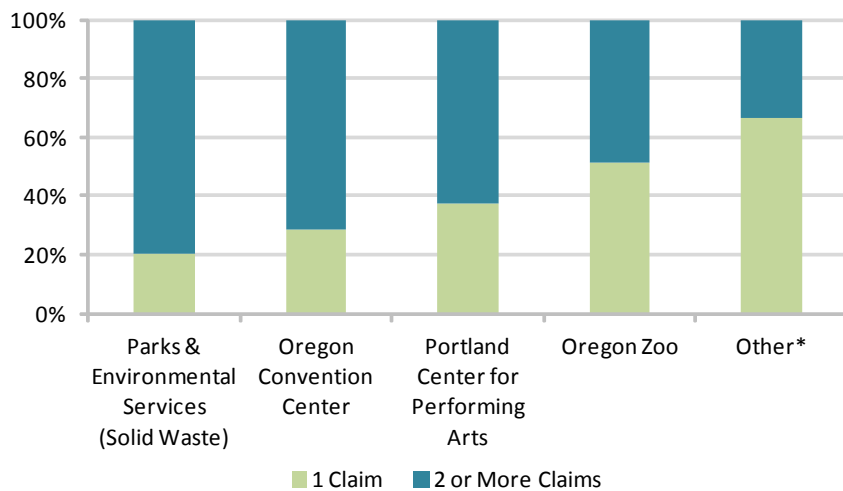
Workers compensation claims provide a similar opportunity to identify unresolved safety problems. One possible indicator of a recurring safety problem is an employee who files more than one claim. We calculated the number of claims filed by each employee and looked at how employees who filed multiple claims (those with two or more claims) were distributed across departments and positions. From FY 2006-07 to FY 2010-11, 56% of all claims originated from employees who filed more than one claim.

Employees who have filed multiple claims might be an indicator of an untreated safety problem. First, employees that file a claim are more likely to file another claim. For example, 29% of employees who filed one workers'

compensation claim filed a second claim, and more than half of the employees who have filed two claims go on to file a third. Second, average claim costs tended to increase with additional claims. The average cost of a first time claim was \$2,800 and the average cost a subsequent claim was \$4,644.

Employees who filed multiple claims were concentrated in a small number of departments and positions within those departments. The majority of these claims were in four parts of Metro’s operations: Parks & Environmental Services (Solid Waste), Oregon Zoo, Oregon Convention Center and the Portland Center for Performing Arts (Exhibit 3). These areas accounted for 49% of Metro’s workforce, but 92% of employees who filed two or more claims originated within these departments. Most of the employees who have filed multiple workers’ compensation claims worked in a small number of positions within these departments. The risk management program may save money by providing these departments and positions with additional safety training.

Exhibit 3
Concentration of claims
within departments
FY 2006-07 to FY 2010-11



Source: Metro Auditor’s Office analysis of risk management workers’ compensation database.

* Includes Metro Auditor, Metro Attorney, Metro Council, Communications, Planning & Development, Research Center, Parks & Environmental Services (Parks), Portland Expo Center, Sustainability Center, Finance, Human Resources, and Information Services.

Employees who filed two or more claims accounted for a disproportionate share of total workers’ compensation claim costs. Over the last five years, average claim costs for employees who have filed two or more claims was around \$6,500, compared to about \$2,300 for employees who filed one claim. A small reduction in the number of claims filed by employees who filed multiple claims could have a meaningful impact on annual claim costs. Based on historical trends, if there were three to four fewer claims per year, Metro could have saved between \$6,500 and \$23,000 in workers’ compensation claim costs per year.

Risk management did not track the number of claims or report injury statistics for positions. Reports from the program described accident rates by department, cause of injury and body part injured. However, the reports lacked enough detail to allow managers to identify safety problems that may have required additional training. Rather, some managers relied on their own informal tracking systems to identify emerging safety risks and implement safety trainings.

Training uneven between departments

Developing a safety program that effectively manages risk is one way to reduce the frequency and cost of workers' compensation claims. Such a program would apply across the organization, clearly define safety training roles and responsibilities between risk management and each department, and use incident and accident data to improve the program. We found that program effectiveness varied. Generally speaking, the total cost of claims went down as the quality of the safety program improved (Exhibit 4).

Exhibit 4
Total Workers' Compensation costs for departments FY 2006-07 to FY 2010-11

Department	Total Cost of Claims	Total Number of Claims	Safety Program
Portland Center for Performing Arts	\$558,819	40	In Development
Oregon Zoo	\$549,224	188	Under Developed
Oregon Convention Center	\$335,588	67	In Development
Parks & Environmental Services (Solid Waste)	\$261,461	60	Developed
All Other Departments*	\$221,848	57	Not Evaluated
Total	\$1,926,940	412	N/A

Source: Metro Auditor's Office analysis of risk management workers' compensation database.

* Includes Metro Auditor, Metro Attorney, Metro Council, Communications, Planning & Development, Research Center, Parks & Environmental Services (Parks), Portland Expo Center, Sustainability Center, Finance, Human Resources, and Information Services.

The cost of workers' compensation claims varied with the quality of the safety programs in the departments. As the quality of the safety program increased, the total claim costs tended to decrease. From FY 2006-07 to FY 2010-11, the Oregon Zoo and Portland Center for Performing Arts each accounted for 29% of the total cost of workers' compensation claims. This is followed by the Oregon Convention Center and Parks & Environmental Services (Solid Waste), who each respectively accounted for 17% and 14% of the total cost of worker's compensation claims during that period. Together, these four departments accounted for 88% of the cost of workers' compensation claims at Metro.

We chose to look at the safety programs in the four departments with the largest share of claims. These departments also reflected key steps in the evolution of Metro's safety efforts. Metro's original approach to safety can be seen at the Portland Center for Performing Arts and the Oregon Convention Center where safety program responsibilities are delegated to the departments. These departments do not have any staff with work place safety experience,

rely on informal job safety training, and rely on risk management's informal safety advice to improve their safety programs.

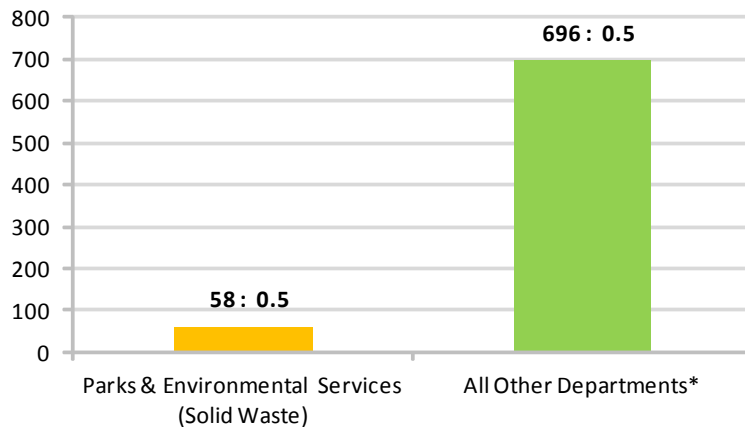
Metro's more recent approach to safety can be found in Parks & Environmental Services (Solid Waste) and the Oregon Zoo. The Solid Waste safety program was an example of a strong program. The department paid a safety specialist to develop and operate the safety program which can implement safety improvements and provide formal job safety training. In contrast to Solid Waste, the Oregon Zoo needed improvement. The department had a safety employee, but this person lacked industrial safety experience and had limited participation in implementing changes at the zoo.

Responsibility for safety training was shared between Risk Management and the departments. Risk management was responsible for developing and implementing health and safety programs. Risk management also attended safety committee meetings and provided safety consulting services. Individual departments were responsible for job specific safety training and ensuring that employees use safe work practices.

The content of safety training also varied. Safety training materials for Parks & Environmental Services (Solid Waste) covered Occupational Safety and Health Administration (OSHA) topics and also addressed specific job related safety issues. For example, Solid Waste training materials discussed how to properly read and interpret radiation alarms. On the other hand, safety training materials for the Zoo, Portland Center for Performing Arts, and Convention Center focused solely on satisfying OSHA training requirements. Department managers were responsible for job specific training.

The level of integration between risk management and individual departments varied. Integration was strongest in the Solid Waste program within Parks & Environmental Services. Half of the safety specialist's time was dedicated to managing the Solid Waste safety program. This was significant, given the small size of the department and was equivalent to 58 staff per 0.5 safety specialist (Exhibit 5). The safety specialist was considered to be partially embedded in Solid Waste and worked closely with management to find solutions to safety problems

Exhibit 5
Ratio of Safety Specialist FTE
to department
FY 2006-07 to FY 2010-11



Source: Metro Auditor's Office analysis of risk management program and safety training materials..

* Includes Metro Auditor, Metro Attorney, Metro Council, Communications, Planning & Development, Research Center, Parks & Environmental Services (Parks), Portland Expo Center, Sustainability Center, Finance, Human Resources, and Information Services.

This level of integration is not present in the other departments. The safety specialist is only dedicated half-time to providing safety consulting services to the departments. This was equivalent to a 696 staff per 0.5 safety specialist (Exhibit 5).

As a consultant, the safety specialist provided a recommendation when the department specifically requested help. The department chose whether to implement the change, often with little feedback to the safety specialist. For example, several employees slipped in the bat exhibit at the Oregon Zoo. After the first slip in the exhibit, the safety specialist was asked to provide a safety consultation to the animal keepers. The safety specialist proposed a solution and the animal keepers used it for a while. However, the solution created other problems and the keepers ultimately stopped using it. No one told the safety specialist about these problems. As a result, when another slip occurred in the bat exhibit, the same solution was offered again to solve the problem.

Risk management program not clearly managed

A well run risk management program needs enough trained staff to allow the manager to effectively run the program. We contacted the risk management departments at Multnomah, Clackamas and Washington Counties to see how they are organized and staffed. We learned two things:

- There is no common organizational form. At Multnomah County, risk management was located in the finance department. In Clackamas County, risk management was housed within human resources and in Washington County, risk management was independent of, and coequal to, human resources and finance.

- There was no consistent staffing pattern. The ratio of risk management staff to agency staff varied significantly between the three counties.

Metro cannot look to the risk management programs of local municipalities for organizational and staffing guidance. However, two factors played an important role in the development of Metro's risk management program.

First, there was a legacy of dispersed safety training duties in the risk management program. Before 2009, the program had two staff, a full-time manager and a part-time workers' compensation specialist. The manager was responsible for managing the program and processing property and liability insurance claims. In 2009, Metro hired its first safety specialist to organize Metro's training efforts. The safety specialist organized Metro's health and safety training program, but the responsibility for ensuring employees receive job-related safety training remained dispersed and informal.

Second, the program does not provide adequate information to allow management to effectively address problem areas. The program had two underutilized data sources, its own workers' compensation database and department incident reports. These resources contained information that can guide safety training efforts. Utilizing and systematically analyzing existing data sources would help the program identify risk areas. This information could then be used to design training to proactively mitigate risk areas.

Recommendations

In order to improve safety in Metro's facilities and control costs, Metro should:

1. Strengthen the design and management of department safety programs.
2. Regularly review and analyze incident reports and workers' compensation claims data to identify potential safety concerns.
 - a. Work with departments to identify safety issues using this analysis.
 - b. Once a safety issue is identified, work with departments to develop strategies to improve safety.

Management response



Date: January 7, 2013

To: Suzanne Flynn, Metro Auditor

From: Scott Robinson, Deputy COO *SR*
Tim Collier, Interim Director of Finance and Regulatory Services *TC*
William Jemison, Risk Manager *WJ*

Subject: Response to Risk Management Audit

Thank you for the opportunity to respond to your recent audit regarding risk management at Metro. We appreciate the time and effort that you and your staff spent in conducting this audit. Overall, management agrees with your recommendations and as a public agency recognizes the importance of focusing on improving the efficiency and effectiveness of our operational practices. In particular, use of data to better inform practices and improve safety performance is an important focus of our risk management program. With that in mind, specific responses to the recommendations provided through the audit are provided below.

Recommendation #1
Strengthen the design and management of department safety programs.

Response: Risk Management is nearing completion of a two year program to roll out the following items: 1) a training matrix which identifies regulatory and training requirements for all facilities and departments, 2) written programs 3) awareness training for all operational employees identified in the training matrix and 4) a reminder and tracking system to report against the training requirements.

Risk Management will complete the minimum level of awareness training for all department operational employees by December 2013. "Operational employees" generally include most employees throughout the agency with the exception of administrative or office staff.

Further, Risk Management plans to develop and implement a scheduled audit program to provide additional validation regarding overall program performance. The audits will evaluate the facility needs (based on hazards and activities), written program, status of training for employees, evidence that programs are applied or functioning and the overall function of safety committee.

Recommendation #2
Regularly review and analyze incident reports and workers' compensation claims data to identify potential safety concerns.

- a. **Work with departments to identify safety issues using this analysis.**
- b. **Once a safety issue is identified, work with departments to develop strategies to improve safety.**

Response: Risk Management currently conducts an annual analysis of work comp claims and identifies recommendations that apply to all departments. Risk Management will enhance this analysis by adding a review by job title to facilitate departments identifying recurring injuries.

Additionally, Risk Management will conduct annual meetings with OCC, the Zoo , PES and OCC to review the agency wide analysis and provide department specific analysis and provide the analysis to safety committees for review. Further, Risk Management has initiated a pilot project with OCC in an attempt to develop a more thorough accident investigation process.

Last, Risk Management is currently moving the work comp database from its current platform to PeopleSoft HR to assist in the development of more robust centralized incident reporting capability. Individual departments will participate in the development and implementation of the system. With enhanced centralized reporting, Risk Management will be better positioned to use the incident information to for both analysis and preventative recommendations.

Conclusion

Again, we want to thank the auditor and her staff for this work. We appreciate the collaborative effort to improve Metro operations through reflection on best practices.



METRO

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www.oregonmetro.gov

Agenda Item No. 4.1

Consideration of the Minutes for Jan. 17, 2013

Consent Agenda

Metro Council Meeting
Thursday, Jan. 24, 2013
Metro, Council Chamber

Agenda Item No. 4.2

Resolution No. 13-4407, For the Purpose of Metro Council's
Acceptance of the Results of the Independent Audit Report for
Financial Activity During Fiscal Year 2011-2012.

Consent Agenda

Metro Council Meeting
Thursday, Jan. 24, 2013
Metro, Council Chamber

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF METRO COUNCIL’S) RESOLUTION NO. 13- 4407
ACCEPTANCE OF THE RESULTS OF THE)
INDEPENDENT AUDIT REPORT FOR) Introduced by Suzanne Flynn, Metro Auditor
FINANCIAL ACTIVITY DURING FISCAL)
YEAR 2011-2012)

WHEREAS, Oregon Revised Statute 297.465 requires an annual independent audit of Metro’s financial statements; and

WHEREAS, Metro Code Section 2.15.80 requires the Metro Auditor to appoint the external certified public accountant to conduct certified financial statement audits as specified in state and local laws; and

WHEREAS, Metro engaged in Contract No. 929814 with Moss Adams LLP, independent Certified Public Accountants to provide the following audit services for each of the fiscal years ending June 30, 2010-2012:

- 1. Audit of Metro’s financial statements (including all costs associated with the Comprehensive Annual Financial Report and applicable management recommendations and comments);
- 2. Single Audit and applicable management recommendations and comments;
- 3. Metro Natural Areas Bond Measure Expenditures and applicable management recommendations and comments; and
- 4. Oregon Zoo Construction Bond Measure Expenditures and applicable management recommendations and comments.

WHEREAS, the annual independent audit for fiscal year ended June 30, 2012 has been completed and an unqualified opinion received from Moss Adams LLP; and

WHEREAS, a separate letter was delivered to management and a management plan of action completed; now, therefore,

BE IT RESOLVED that the Metro Council hereby acknowledges and accepts the results of the independent audit for fiscal year ended June 30, 2012 (Attachment A).

ADOPTED by the Metro Council this ____ day of _____ 2013.

Tom Hughes, Council President

Approved as to Form:

Allison Keen Campbell, Metro Attorney

REPORT OF INDEPENDENT AUDITORS

Metro Council and Metro Auditor
Portland, Oregon

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Metro, as of and for the year ended June 30, 2012, which collectively comprise Metro's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Metro's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Oregon Zoo Foundation, a discretely presented component unit, which represents 100 percent of the assets, net assets, and revenues of the discretely presented component unit of Metro. Those financial statements were audited by other auditors, whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Oregon Zoo Foundation, is based solely on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The financial statements of The Oregon Zoo Foundation were not audited in accordance with *Government Auditing Standards*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Metro's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Metro, as of June 30, 2012, and the respective changes in financial position and where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2012 on our consideration of Metro's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of the report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 17 through 33; the schedules of revenues, expenditures and changes in fund balance - budget and actual on pages 83 through 84 (the "budgetary schedules"); and the schedule of funding progress for other post employment benefits on page 85 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to management's discussion and analysis and the schedule of funding progress for other post employment benefits described in the preceding paragraph in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on this information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The budgetary schedules described above are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The budgetary schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Metro's basic financial statements. The introductory section, other supplementary information, other financial schedules, statistical section, and the schedule of expenditures of federal awards as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations (Circular A-133)* are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The other supplementary information, other financial schedules, and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information, other financial schedules, and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory section and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.



For Moss Adams LLP
Eugene, Oregon
December 3, 2012

Attachment "A" to Resolution 13-4407

Metro C A F R

Cover only - entire report may be
downloaded from Metro's website
(188 pages)

Comprehensive Annual Financial Report

For the fiscal year ended June 30, 2012

Finance and Regulatory Services Department

Interim Director of Finance and Regulatory Services
Timothy C. Collier

Prepared by
Accounting Services Division

Accounting Compliance Officer
Donald R. Cox, Jr., MBA, CPA, CGMA, CGFM

Financial Reporting and Control Supervisor
Karla J. Lenox, CPA, CGMA



Metro | *Making a great place*

600 NE Grand Ave., Portland, Oregon 97232

Attachment "A" to Resolution 13-4407

**REPORT OF INDEPENDENT AUDITORS ON COMPLIANCE AND
ON INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *OREGON MINIMUM AUDIT STANDARDS***

Metro Council and Metro Auditor
Portland, Oregon

We have audited the basic financial statements of Metro as of and for the year ended June 30, 2012 and have issued our report thereon dated December 3, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the provisions of the Minimum Standards for Audits of Oregon Municipal Corporations, prescribed by the Secretary of State. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement.

Compliance

As part of obtaining reasonable assurance about whether Metro's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, grants, including provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules OAR 162-010-0000 to 162-010-0330, as set forth below, noncompliance with which could have a direct and material effect on the determination of financial statement amounts:

- The use of approved depositories to secure the deposit of public funds.
- The requirements relating to debt.
- The requirements relating to the preparation, adoption and execution of the annual budgets for fiscal years 2012 and 2013.
- The requirements relating to insurance and fidelity bond coverage.
- The appropriate laws, rules and regulations pertaining to programs funded wholly or partially by other governmental agencies.
- The statutory requirements pertaining to the investment of public funds.
- The requirements pertaining to the awarding of public contracts and the construction of public improvements.

However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance other than the following that are required to be reported under Minimum Standards for Audits of Oregon Municipal Corporations, prescribed by the Secretary of State, except as noted below.

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The Metropolitan Exposition-Recreation Commission (MERC) did not always follow public contracting rules as described in Oregon Revised Statute 279 and its own Contracting and Purchasing Rules. Specifically,

- For public contracts exceeding \$5,000 but less than \$100,000, the contract manager is to seek at least three informally solicited competitive price quotes or competitive proposals from prospective contractors. In one instance, MERC did not informally obtain three competitive price quotes but appears to have predetermined the contractor.
- No contract in an amount above \$5,000 may be amended without the General Manager's approval. In one instance a contract was amended, taking the total contract price over \$5,000 without the required approval;
- No public contract may be amended to include additional work or improvements that are not directly related to the scope of work that was described in the competitive process. All public improvement contracts exceeding \$100,000 shall be based upon competitive sealed bids. In one instance, MERC modified a contract for over \$100,000 that appears to include additional work and improvements beyond the scope of the original work.

In addition, we found one contract award for more than the original bid. While MERC may negotiate a contract price in instances where the bid exceeds the budget, this was not the case and indicates the solicitation did not adequately represent the project and should have been re-solicited.

Internal Control Over Financial Reporting

Management of Metro is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Metro's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Metro's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Metro's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined previously.

This report is intended solely for the information of the Metro Council and Metro Auditor, management, and the Secretary of State, Divisions of Audits, of the State of Oregon and is not intended to be and should not be used by anyone other than those specified parties.



For Moss Adams LLP
Eugene, Oregon
December 3, 2012

REPORT OF INDEPENDENT AUDITORS ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Metro Council and Metro Auditor
Portland, Oregon

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Metro as of and for the year ended June 30, 2012, which collectively comprise Metro's basic financial statements and have issued our report thereon dated December 3, 2012. Our report was modified to include a reference to other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Other auditors audited the financial statements of the Oregon Zoo Foundation, a discretely presented component unit, as described in our report on Metro's financial statements. The financial statements of the Oregon Zoo Foundation were not audited in accordance with *Governmental Auditing Standards*.

Internal Control over Financial Reporting

Management of Metro is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Metro's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Metro's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Metro's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined previously.



REPORT OF INDEPENDENT AUDITORS ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS* – (continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Metro's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the audit committee; management; the Council; others within the entity; the Secretary of State, Divisions of Audits, of the State of Oregon; federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Moss Adams, LLP

Eugene, Oregon
December 3, 2012

**REPORT OF INDEPENDENT AUDITORS ON COMPLIANCE WITH REQUIREMENTS THAT
COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Metro Council and Metro Auditor
Portland, Oregon

Compliance

We have audited Metro's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Metro's major federal programs for the year ended June 30, 2012. Metro's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Metro's management. Our responsibility is to express an opinion on Metro's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Metro's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Metro's compliance with those requirements.

In our opinion, Metro complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

Internal Control over Compliance

Management of Metro is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Metro's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Metro's internal control over compliance.

**REPORT OF INDEPENDENT AUDITORS ON COMPLIANCE WITH REQUIREMENTS THAT
COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be *material weaknesses*, as defined above.

This report is intended solely for the information and use of the audit committee; management; the Council; others within the entity; the Secretary of State, Divisions of Audits, of the State of Oregon; federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Moss Adams, LLP

Eugene, Oregon
December 3, 2012

Communications with Those Charged with Governance under SAS No. 114

Suzanne Flynn, Metro Auditor
and the Audit Committee
Portland, Oregon

We have audited the financial statements of Metro as of and for the year ended June 30, 2012 and have issued our report thereon dated December 3, 2012. Professional standards require that we provide you with the following information related to our audit.

OUR RESPONSIBILITY UNDER AUDITING STANDARDS GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA

As stated in our contract dated May 1, 2010, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

Our responsibility is to plan and perform the audit in accordance with generally accepted auditing standards and to design the audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Metro's internal control over financial reporting. Accordingly, we considered Metro's internal control solely for the purposes of determining our audit procedures and not to provide assurance concerning such internal control.

We are also responsible for communicating significant matters related to the financial statement audit that, in our professional judgment, are relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

OTHER INFORMATION IN DOCUMENTS CONTAINING AUDITED FINANCIAL STATEMENTS

Our responsibility for other information in the Auditor's Report and Financial Statements does not extend beyond the financial information identified in our report. We do not have an obligation to perform any procedures to corroborate other information contained in these documents. However, we have read the information and nothing came to our attention that caused us to believe that such information or its manner of presentation is materially inconsistent with the information or manner of its presentation appearing in the financial statements.

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PLANNED SCOPE AND TIMING OF THE AUDIT

We performed the audit according to the planned scope communicated to you in the original contract dated May 1, 2010, as well as the meeting we held with you on August 8, 2012.

SIGNIFICANT AUDIT FINDINGS

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Metro are described in Note II to the financial statements. We noted no transactions entered into by Metro during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

Financial Statement Disclosures

The disclosures in the financial statements are consistent, clear and understandable. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

- Disclosure of the reporting entity and significant accounting policies in prelude to the notes to the financial statements. This disclosure reports the operations under the governance of the elected Metro Council, as well as the more significant policies used by Metro in the preparation of the financial statements.
- Disclosure of cash and investment details in Note III.A. to the financial statements. This disclosure provides the details of the amounts of cash and investments held in the various types of depositories and securities at year end as well as the details of the nature of the risks inherent in Metro's cash and investment portfolio.
- Disclosure of pension and other post-employment benefits in Notes III.G. and H. to the financial statements. The recorded OPEB liability for benefits included in the financial statements is an estimate based on assumptions regarding future healthcare trend rates, discount rates that attempt to match anticipated returns on Metro's cash and investments, and many other actuarial assumptions. In addition, the allowable accrual methods allow for the smoothing of current year expenses through the concept of 'catching up' for prior year under-funding of the plan over a 15-year period resulting in an accrual that is less than the actuarially determined total liability.

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- Disclosure of Metro's long-term debt in Notes III.K. and L. to the financial statements. These disclosures provide the details of the amounts and types of debt outstanding at year end along with the repayment terms, significant covenants, and future maturities of principal and interest.
- Disclosure of Metro's pollution remediation and post-closure landfill care obligations in Note III.M. to the financial statements. The recorded liability was calculated and reported pursuant to GASB 49 that provides that a liability for remediation projects is only necessary when one of five obligating events has occurred. Metro has determined that obligating events have occurred on two remediation projects. Further, the liability is based on a probability weighted estimate of future environmental study, remediation, and post-remediation costs, and those estimates may change significantly in the future.
- Disclosure of Metro's landfill post-closure care costs in Note III.N. to the financial statements. The liability recorded is based on estimates of costs that will be incurred through the year 2026 to meet current State and Federal requirements, and actual costs could vary significantly from those estimates.
- Disclosure of Metro's risk management programs in Note III.Q. to the financial statements. This disclosure provides a summary of the various risks of loss Metro is exposed to, and its method of financing those risks. This note also provides a reconciliation of claims liabilities for the past two years. The claims liability is an estimate that is based on assumptions, and actual results could vary significantly from those estimates.

Significant Difficulties Encountered in Performing the Audit

We did not encounter significant difficulties in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. There were no audit adjustments found to be necessary, and we identified one misstatement as a result of audit procedures for a \$400,000 grant payable to another entity under the Natural Areas Share Program that was not accrued at year end. Management has not corrected for this as the amount is immaterial, and we concur with that assessment.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated December 3, 2012.



Management Consultation with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to Metro’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Significant Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as Metro’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

We have represented to you that we are independent with respect to Metro.

This information is intended solely for the use of the audit committee and management of Metro and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Moss Adams, LLP".

Eugene, Oregon
December 3, 2012

METRO

Schedule of Expenditures of Federal Awards
For the fiscal year ended June 30, 2012

Grantor and Program Title	Federal CFDA Number	Grant Number	Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
Natural Resources Conservation Service-			
Direct Programs:			
Wetlands Reserve Program-Forest Grove Habitat	10.072	66-0436-8-060	\$ 7,042
Wetlands Reserve Program-Munger Restoration	10.072	66-0436-6-019	5,000
Wetlands Reserve Program-Gotter Prairie	10.072	66-0436-8-035	29,611
Total Wetlands Reserve Program			41,653
Forest Service-			
Direct Programs:			
UNO Program	10.XXX	09-CS-11062200-010 Mod #3	10,000
Total U.S. Department of Agriculture			51,653
U.S. DEPARTMENT OF DEFENSE			
Department of the Army, Office of the Chief of Engineers			
Passed through Washington Department of Fish & Wildlife:			
Planning Assistance to States - Water Resources Development Act	12.110	WDFW # 06-1337, Amend #7	55,115
Total U.S. Department of Defense			55,115
U.S. DEPARTMENT OF THE INTERIOR			
Bureau of Land Management-			
Direct Program:			
Fish, Wildlife and Plant Conservation Resource Management; Federal Land Policy and Management Act (FLPMA)	15.231	L07AC20271 Task order-HAF079Q05	40,000
Fish and Wildlife Service-			
Direct Program:			
Endangered Species Conservation-Recovery Implementation Funds	15.657	F11AC00094	45,000
Passed through The Department of State Lands:			
Cooperative Endangered Species Conservation Fund	15.615	USFWS Sec 6 grant E-28	7,413
Passed through Oregon Department of Parks and Recreation			
Cooperative Endangered Species Conservation Fund	15.615	E28TW3 OZ	19,216
Total Cooperative Endangered Species Conservation Fund			26,629
Passed through Oregon State Marine Board:			
Clean Vessel Act	15.616	N/A	787
Passed through Ducks Unlimited			
North American Wetlands Conservation Fund	15.623	US-OR-32-5	12,147
North American Wetlands Conservation Fund	15.623	US-OR-210-1	500,000
Total North American Wetlands Conservation Fund			512,147
Passed through Washington Department of Fish & Wildlife:			
State Wildlife Grants	15.634	WDFW #08-1424 Amend #5	32,760
Total U.S. Department of the Interior			657,323

METRO

Schedule of Expenditures of Federal Awards
For the fiscal year ended June 30, 2012

Grantor and Program Title	Federal CFDA Number	Grant Number	Federal Expenditures
U.S. DEPARTMENT OF TRANSPORTATION			
Federal Highway Administration-			
Highway Planning and Construction Cluster-			
Highway Planning and Construction-			
Passed through Oregon Department of Transportation:			
Chimney Pier Park pedestrian/bike bridge	20.205	ODOT # 26482	1,732
2012 Planning Fund	20.205	ODOT # 27833	1,505,248
2010 Planning Fund Carryover funds	20.205	ODOT # 27833	244,950
2012 STP funds	20.205	ODOT # 27833	832,629
2010 STP Carryover funds	20.205	ODOT # 27833	122,722
2012 STP Next Corridor funds	20.205	ODOT # 27833	274,662
2011 STP Next Corridor Carryforward fund	20.205	ODOT # 27833	36,333
SW Corridor fund (I-5/99W Tualatin-Sherwood Connector)	20.205	ODOT # 27833	150,018
Household Survey STP Carryforward	20.205	ODOT # 27833	350,000
Tigard TGM Land Use Planning	20.205	ODOT # 27105	1,352
Oregon Hwy 212 / Damascus Project	20.205	ODOT # 25218-01	335
Loaned Planner Assignment - D.Kaempff	20.205	ODOT # 28383	9,215
RSO Rewards Program	20.205	ODOT # 28007	5,110
TGM Regional Active Transportation Action Plan	20.205	ODOT # 28260	87,805
RCTO - Multimodal Arterial Performance Mgmt	20.205	ODOT # 28088	2,059
Passed through Washington Department of Transportation:			
Columbia River Crossing III Project	20.205	GCA 5744	22,451
Passed through Clackamas County, Oregon:			
172nd Ave / Sunnyside Rd - Multnomah Cty Line	20.205	ODOT # 25784	1,595
Total Highway Planning and Construction			3,648,216
Recreational Trails Program			
Passed State of Oregon, Department of Parks and Recreation			
Bi-State Regional Trails Web Site and Map	20.219	RT10-012	38,000
Total Highway Planning and Construction Cluster			3,686,216
Federal Transit Administration-			
Metropolitan Transportation Planning Grants-			
Passed through Oregon Department of Transportation:			
2012 Technical Studies (Sec 5303)	20.505	ODOT # 27559	480,610
Federal Transit - Formula Grants (Federal Transit Cluster)-			
Direct Programs:			
Congestion Mitigation & Air Quality Improvement Program (CMAQ)			
Regional Travel Options	20.507	OR-95-X010-03	1,143,010
Regional Travel Options	20.507	OR-95-X037	518,370
Total Regional Travel Options Grants			1,661,380
Capital Investment Grants			
Passed through Tri-County Metropolitan Transportation District of Oregon (TriMet)			
Milwaukie Light Rail Final Design	20.500	GH120250TL	20,747
Total Federal Transit Cluster			1,682,127
Alternative Analysis-			
Direct Programs:			
Streetcar/Eastside/LO-PDX (Sec 5339)	20.522	OR-39-0002-02	15,493
Southwest Corridor Plan (Sec 5339)	20.522	OR-39-0006	1,368,697
Total Alternatives Analysis Grants			1,384,190
Total U.S. Department of Transportation			7,233,143

METRO

Schedule of Expenditures of Federal Awards
For the fiscal year ended June 30, 2012

<u>Grantor and Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant Number</u>	<u>Federal Expenditures</u>
NATIONAL SCIENCE FOUNDATION			
Passed through the New York Hall of Science Education and Human Resources, Wild Minds	47.076	DRL-0840160	7,700
Total National Science Foundation			7,700
U.S. ENVIRONMENTAL PROTECTION AGENCY			
Office of Solid Waste and Emergency Response Direct Program:			
Brownfields Assessment and Cleanup Cooperative Agreements II	66.818	BF-96072301	16,004
State Clean Diesel Grant Program Passed through State of Oregon Department of Environmental Quality	66.040	DS-96077601	303,522
Total U.S. Environmental Protection Agency			319,526
U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES			
U.S. Centers for Disease Control and Prevention Passed through Multnomah County Health Department ARRA - Prevention and Wellness – Communities Putting Prevention to Work Funding Opportunities Announcement East Metro Health Equity Investment Strategy	ARRA - 93.724	CPPW10-001	24,925
Total U.S. Department of Health & Human Services			24,925
Total Expenditures of Federal Awards			\$ 8,349,385

METRO
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

NOTE 1 – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes all federal grant activity of Metro, under programs of the federal government for the year ended June 30, 2012. The information in this Schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because this Schedule presents only a selected portion of the operations of Metro, it is not intended to and does not present the financial position, changes in net assets or cash flows of Metro.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting, which is described in note II.C to Metro's basic financial statements. Such expenditures are recognized following the cost principals contained in OMB Circular A-87, *Cost Principals for State, Local and Indian Tribal Governments*, wherein certain types of expenses are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

NOTE 3 – SUBRECIPIENTS

Included within the federal expenditures presented on the Schedule are federal awards subrecipients as follows:

SUBRECIPIENT	FEDERAL CFDA #	GRANT #	TOTAL EXPENDITURES
Bicycle Transportation Alliance	20.507	FTA OR-95-X010	\$ 13,750
City of Gresham	20.507	FTA OR-95-X010	44,662
City of Portland	20.507	FTA OR-95-X010	175,365
City of Tigard	20.507	FTA OR-95-X010	11,227
City of Wilsonville	20.507	FTA OR-95-X010	122,008
Community Cycling Center	20.507	FTA OR-95-X010	12,456
Gresham Downtown Development Association	20.507	FTA OR-95-X010	43,165
Lloyd District TMA	20.507	FTA OR-95-X010	66,622
South Waterfront Community Relations	20.507	FTA OR-95-X010	48,037
Swan Island Business Association	20.507	FTA OR-95-X010	55,365
Tri-Met	20.507	FTA OR-95-X010	71,686
Tri-Met	20.522	FTA OR-39-0006	23,747
Westside Transportation Alliance Inc.	20.507	FTA OR-95-X010	57,865
Woodland Park Zoo	15.657	FWS # F11AC00094	18,000
Tualatin Riverkeepers	10.072	66-0436-6-019	5,000
Total Subrecipient Federal Expenditures			\$ 768,955

**METRO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? _____ yes X no
- Significant deficiency(ies) identified? _____ yes X none reported

Noncompliance material to financial statements noted? _____ yes X no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____ yes X no
- Significant deficiency(ies) identified? _____ yes X none reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? _____ yes X no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
15.623	U.S. Department of the Interior North American Wetlands Conservation Fund
20.505	U.S. Department of Transportation Metropolitan Transportation Planning Grants Federal Transit Cluster
20.500	Federal Transit – Capital Investment Grants
20.507	Federal Transit – Formula Grants
20.522	Alternative Analysis
66.040	U.S. Environmental Protection Agency State Clean Diesel Grant Program

Dollar threshold used to distinguish between type A and type B programs: \$ 300,000

Auditee qualified as low-risk auditee? X yes _____ no

**METRO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Section II - Financial Statement Findings

None reported

Section III - Federal Award Findings and Questioned Costs

None reported

REPORT OF INDEPENDENT AUDITOR

Metro Council and Metro Auditor
Portland, Oregon

We have audited, in accordance with auditing standards generally accepted in the United States of America, financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Metro as of and for the year ended June 30, 2012, which collectively comprise Metro's basic financial statements, and have issued our report thereon dated December 3, 2012.

In connection with our audit, nothing came to our attention that caused us to believe that Metro failed to comply with the provisions in Exhibit A to Resolution No. 06-3672B with regard to the Natural Areas General Obligation Bonds, Series 2007 and Series 2012A. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance.

This report is intended solely for the information and use of Metro, and is not intended to be and should not be used by anyone other than these specified parties.

Moss Adams, LLP

Eugene, Oregon
December 3, 2012

REPORT OF INDEPENDENT AUDITOR

Metro Council and Metro Auditor
Portland, Oregon

We have audited, in accordance with auditing standards generally accepted in the United States of America, financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Metro as of and for the year ended June 30, 2012, which collectively comprise Metro's basic financial statements, and have issued our report thereon dated December 3, 2012.

In connection with our audit, nothing came to our attention that caused us to believe that Metro failed to comply with the provisions in Exhibit A to Resolution No. 08-3945 with regard to the Oregon Zoo General Obligation Bonds, Series 2008, Series 2010, and Series 2012A. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance.

This report is intended solely for the information and use of Metro, and is not intended to be and should not be used by anyone other than these specified parties.

Moss Adams, LLP

Eugene, Oregon
December 3, 2012

STAFF REPORT

IN CONSIDERATION OF RESOLUTION NO. 13-4407 FOR THE PURPOSE OF THE METRO COUNCIL'S ACCEPTANCE OF THE RESULTS OF THE INDEPENDENT AUDIT REPORT FOR FINANCIAL ACTIVITY DURING FISCAL YEAR ENDING JUNE 30, 2012

Date: January 24, 2013

Prepared by: Suzanne Flynn
Metro Auditor
503/797-1891

BACKGROUND

State ORS provision 297.465 requires an annual independent audit of Metro's financial statements. The current contract (No. 929814) was awarded to Moss Adams LLP for audit services and is effective May 1, 2010 through June 30, 2013.

Metro Code Chapter 2.15 specifies at Section 2.15.80 that the Auditor shall appoint external certified public accountants to conduct certified financial statement audits. Metro Charter Section 18 also specifies that the auditor shall be responsible for financial auditing of all aspects of Metro's operations.

The Comprehensive Annual Financial Report (CAFR) has been completed by Metro Finance and Regulatory Services. Moss Adams LLP has audited the financial statements and issued an opinion that these statements fairly represent Metro's financial position as of June 30, 2012. The results have been reviewed by the Metro Auditor and Metro Audit Committee members.

ANALYSIS/INFORMATION

1. **Known Opposition** none

2. **Legal Antecedents**

State ORS provision 297.465 requires an annual independent audit of Metro's financial statements. Metro contract No. 929814 with Moss Adams LLP for audit services will expire on June 30, 2013.

Metro Code Chapter 2.15 specifies at Section 2.15.80 that the Auditor shall appoint external certified public accountants to conduct certified financial statement audits. The Metro Charter Section 18 also specifies that the auditor shall be responsible for financial auditing of all aspects of Metro's operations.

3. **Anticipated Effects**

Finance and Regulatory Services management and staff will review and implement the best practices suggestions as appropriate.

4. **Budget Impacts** None known at this time.

RECOMMENDED ACTION

The Metro Auditor recommends approval of Resolution No. 13- 4407.

Agenda Item No. 5.1

Resolution No. 13-4402, For the Purpose of Endorsing
Regional Policy and Funding Priorities for 2013 State
Transportation Legislation.

Metro Council Meeting
Thursday, Jan. 24, 2013
Metro, Council Chamber

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF ENDORSING) RESOLUTION NO. 13-4402
REGIONAL POLICY AND FUNDING)
PRIORITIES FOR 2013 STATE) Introduced by Councilor Carlotta Collette
TRANSPORTATION LEGISLATION)

WHEREAS, the governments of the Portland metropolitan region recognize the importance of investing strategically in public infrastructure, particularly transportation infrastructure, as a way to support private investment and economic recovery in these difficult economic times; and

WHEREAS, transportation investments that contribute to economic recovery also bring increased revenues to local and state governments, thereby helping to ease the crisis in public budgets; and

WHEREAS, our region has a track record of creatively financing forward-looking transportation investments that address the needs of both the present and the future, and of combining smart investment with policy innovations that support good jobs, livable communities and a sustainable environment; and

WHEREAS, the Columbia River Crossing represents the most important transportation investment in the Portland metropolitan region in a generation, providing benefits to the economy, the environment and the safety of the traveling public; and

WHEREAS, the Columbia River Crossing is poised to receive federal support once the states of Oregon and Washington have secured their share of the overall funding package for the project; and

WHEREAS, the Governor’s Vision Committee, which in 2008 developed the framework that led to the passage of the landmark 2009 Jobs and Transportation Act, included in that framework a recommendation that the state identify a source of dedicated funding to support multimodal transportation investments that cannot be paid for with highway fund dollars; and

WHEREAS, subsequent efforts have advanced that recommendation by attempting to quantify the funding gaps for various non-roadway transportation modes and proposing potential institutional structures and funding sources to close those gaps; and

WHEREAS, a combination of careful planning and strategic investments supported by local, regional, state and federal resources has helped to make this region the economic engine of the state and an example to the nation; and

WHEREAS, in the face of today’s challenges, we need to extend this tradition of leadership by pursuing supportive policy and funding proposals in the 2013 legislative session; now, therefore,

BE IT RESOLVED:

1. That the Metro Council and the Joint Policy Advisory Committee on Transportation (JPACT) adopt the following principles to guide the region’s approach to transportation issues in the 2013 legislative session:
 - Jobs and Economic Recovery: The local governments of the Portland metropolitan are committed to partnering with others to support economic recovery through the creation and efficient operation of a robust transportation system.
 - Support Multimodal Investment: Oregon should build upon its lottery-backed program of investment in multimodal capital projects that support freight mobility and transit by identifying new, ongoing state funding that supports those projects as well as transit operations and pedestrian and bicycle facilities.

- Preserve and Expand Local Options: The transportation challenge will require innovative policy and new funding commitments at all levels of government, including additional local funding to repair and maintain existing transportation facilities. Accordingly, the Legislature should remove existing restrictions on local and regional revenue-raising authority; avoid enacting new limitations or pre-emptions; and explore new structures and authorities that give local governments the flexibility to build, operate and fund transportation systems that support prosperity, livability and sustainability.
2. That the Metro Council and JPACT endorse transportation funding and policy priorities for the 2013 legislative session as reflected in Exhibit A to this resolution.

ADOPTED by the Metro Council this _____ day of January, 2013.

Tom Hughes, Council President

Approved as to Form:

Alison Kean Campbell, Metro Attorney

2013 Regional Transportation Agenda:
Specific Recommendations

Columbia River Crossing – The Columbia River Crossing represents the most important transportation investment in the Portland metropolitan region in a generation, providing benefits to the economy, the environment and the safety of the traveling public. JPACT and the Metro Council urge the Legislature to commit the state’s share of the project finance plan as follows:

- The funding approach must recognize the statewide importance of this project and not come at the expense of other projects in the region.
- The funding approach must reflect a commitment to build the full project, including road, bike, pedestrian and transit elements.
- Improvements intended to mitigate the impact of the project on local communities in the project area should not be deferred until an undefined and unfunded later phase of construction.
- Follow through on the creation of a Community Enhancement Fund.
- The funding package must not extend the current pre-emptions against local gas taxes or registration fees.

ConnectOregon V – Support a fifth round of *ConnectOregon* funding.

Non-roadway funding – Support the creation of a permanent funding stream for non-highway transportation.

STAFF REPORT

IN CONSIDERATION OF RESOLUTION NO. 13-4402, FOR THE PURPOSE OF ENDORISING REGIONAL POLICY AND FUNDING PRIORITIES FOR 2013 STATE TRANSPORTATION LEGISLATION

Date: December 6, 2012

Prepared by: Randy Tucker

BACKGROUND

In difficult economic times, strategic investment in public infrastructure, particularly transportation infrastructure, offers a way government can act to support private investment and economic recovery. An efficient and adequately funded transportation system is critical to ensuring a healthy economy and livable communities throughout our state. Moreover, transportation investments that create jobs and contribute to economic prosperity also bring increased revenues to local and state governments, thereby helping to ease the crisis in public budgets.

After years of stagnation in transportation funding, the investments supported by Oregon Transportation Investment Acts (OTIA) I, II and III (2001, 2002, and 2003), by the *ConnectOregon* I, II, III and IV packages (2005, 2007, 2009 and 2011), and by the Jobs and Transportation Act (JTA) in 2009 have created jobs, improved safety and helped Oregon respond to important economic opportunities. This is also true for legislative actions supporting capital investments in public transit and authorizing transit agencies to increase operations funding.

To be sure, funding shortfalls remain: a significant backlog of key modernization projects remains unfunded, local governments lack adequate revenues to maintain the existing system, and public transit systems continue to struggle to provide adequate service. Given the range of needs, there are many actions the Legislature can take to support an efficient, reliable, and sustainable transportation system.

However, there is an emerging consensus that the region's top priority for 2013 is to work with numerous partners to secure Oregon's share of funds to build the Columbia River Crossing (CRC). 2013 is a key window of opportunity for the CRC. Replacing the I-5 bridge over the Columbia is Governor Kitzhaber's top transportation priority and one of the top three overall priorities of the Oregon Business Plan. The project is poised to receive federal funding through New Starts and the TIFIA program, but only if Oregon and Washington commit their share of the overall finance package in the coming year.

Another emerging priority has to do with funding for non-highway transportation investments. Not only will a new round of *ConnectOregon* be proposed in 2013, but a statewide coalition that includes many of the organizations that lobby the Legislature on transportation issues is developing a proposal that could lead to ongoing funding for multimodal transportation, including funding for transit operations and bicycle and pedestrian investments not heretofore included in the *ConnectOregon* program. Both *ConnectOregon V* and the creation of a permanent non-highway funding stream have also been endorsed in the Oregon Business Plan.

Provisions of Resolution 13-4402: The resolution proposes three high-level principles to guide the region's participation in transportation discussions in 2013:

- Support jobs and economic recovery
- Support multimodal investment
- Preserve and expand local options (including revenue raising authority)

In service of these principles (the same general principles included in the 2011 JPACT agenda), Exhibit A includes specific recommendations. Attached to this staff report is an annotated version of Exhibit A that includes brief discussions of these recommendations.

Discussion: Metro and local government staff who developed this resolution initially presented a range of issues for discussion by the JPACT Finance Committee on October 23. JPACT members share an understanding of the challenging political, economic and budget environments at the state level. In that context, this agenda proposes to focus the region's strongest efforts on achieving a single top priority (financing for the CRC). Other priorities include defending past progress, maintaining existing local revenue authority and restoring authority that has been temporarily suspended, seeking additional local flexibility, and continuing our region's innovative approach to transportation system development in ways that support economic prosperity, livable communities, and environmental sustainability.

Issues to consider: See the attached annotated version of Exhibit A.

ANALYSIS/INFORMATION

1. **Known Opposition:** None (to this resolution). Opposition to individual recommendations could come from a variety of sources depending on the specifics of the recommendation. Given the challenging budget climate and the shortage of funding for most transportation needs, recommendations that require funding may generate opposition based on competition for funds.
2. **Legal Antecedents:**
 - Oregon Transportation Investment Acts I, II, and III (HB 2142, 2001; HB 4010, 2002; HB 2041, 2003).
 - ConnectOregon I, II, III and IV multimodal investment packages (SB 71, 2005; HB 2278, 2007; sections 8, 9, and 10 of HB 2001, 2009; HB 5036, 2011).
 - Oregon Jobs and Transportation Act (HB 2001, 2009).
 - Metro Council Resolution No. 04-3498, For the purpose of endorsing regional priorities for a state transportation funding package; Resolution No. 07-3764, For the purpose of endorsing regional priorities for state transportation funding legislation; Resolution No. 08-3921, For the purpose of endorsing regional priorities for state transportation funding legislation; Resolution No. 08-3956, For the purpose of endorsing regional priorities for state transportation funding legislation; Resolution 08-4003, For the purpose of endorsing final regional priorities for 2009 state transportation funding legislation; Resolution 11-4223, For the purpose of endorsing regional policy and funding priorities for 2011 state transportation legislation.
3. **Anticipated Effects:** The proposed resolution establishes policy guidelines for the region's advocacy efforts related to transportation in the 2013 Oregon Legislature.
4. **Budget Impacts:** No direct impacts. Local and regional governments will dedicate existing staff to advocacy.

RECOMMENDED ACTION

Staff recommends adoption of Resolution 13-4402.

2013 Regional Transportation Agenda:
Specific Recommendations

Columbia River Crossing – The Columbia River Crossing represents the most important transportation investment in the Portland metropolitan region in a generation, providing benefits to the economy, the environment and the safety of the traveling public. JPACT and the Metro Council urge the Legislature to commit the state’s share of the project finance plan as follows:

- **The funding approach must recognize the statewide importance of this project and not come at the expense of other projects in the region.**

JPACT adopted this position in its 2011 legislative agenda. The funding plan for the CRC calls for a state contribution in the range of \$450 million, in addition to a regional contribution in the range of \$1-1.3 billion that would be funded by tolls. (Other contributions are expected from the state of Washington and from the federal government). The language of Exhibit A reflects a regional understanding that the benefits of this investment accrue to the whole state; thus the state’s contribution should not come at the expense of other transportation projects in the region any more than it should come at the expense of other projects around the state. Past transportation funding approaches have reflected this understanding in different contexts:

- *The earmarked projects in the Jobs and Transportation Act (2009) were not considered part of the formula allocation of new revenues to local jurisdictions around the state.*
- *OTIA III (2003) allocated \$1.3 billion to ODOT bridge repair statewide and \$300 million to city/county bridge repair; this money was “taken off the top” without regard to the location of the bridges that were repaired and without otherwise affecting the formula for distribution of city and county highway fund dollars.*
- *The 2007 Legislature reserved \$56 million to assist counties suffering from the loss of timber payments; this money, distributed in 2008, came out of the ODOT share of the highway trust fund and did not come at the expense of other funding allocations to cities and counties.*
- *There is a longstanding practice of allotting funds to small cities and small counties off the top of the city/county and ODOT shares of highway fund dollars without affecting the underlying city and county allocations.*

The legislative oversight committee has articulated its interest in treating the CRC as a statewide priority, and no one has publicly advocated a state funding approach that disadvantages this region. However, concerns remain that legislators from other areas of the state might push for such an approach.

- **The funding approach must reflect a commitment to build the full project, including road, bike, pedestrian and transit elements.**

While this is not really at issue, certain parties continue to raise concerns about specific elements of the project (e.g., light rail, tolls). The full multimodal project is necessary to obtain federal funds, maintain the broadest possible public support and address the project’s Purpose and Need.

- **Improvements intended to mitigate the impact of the project on local communities in the project area should not be deferred until an undefined and unfunded later phase of construction.**

The project’s tentative phasing proposal would defer until a second phase certain improvements in the immediate vicinity of the bridge that are intended to address the impact of the facility on the local Hayden Island community. If these improvements are left out of the project’s first phase, there is no guarantee that they will ever be built. The community is proposing an alternative that reduces the footprint of the interchanges and eliminates the need for a second phase, thereby saving significant cost while still meeting the project’s Purpose and Need.

Exhibit A to Resolution 13-4402 (staff report version)

➤ **Follow through on the creation of a Community Enhancement Fund.**

The CRC has committed to the development of a Community Enhancement Fund to address the impacts on the local community of I-5 south of the bridge, which divides the community it passes through. This commitment responds to a condition of approval that was adopted by JPACT and the Metro Council in Resolution 08-3960B and further endorsed in Resolutions 11-4264 and 11-4288.

➤ **The funding package must not extend the current pre-emptions against local gas taxes or registration fees.**

ConnectOregon V – Support a fifth round of ConnectOregon funding.

- *Each of the first three rounds of Connect Oregon utilized \$100 million in lottery-backed bonds to support air, marine, rail and public transit projects; ConnectOregon IV was reduced to \$40 million. The Governor’s recommended budget includes \$60 million for ConnectOregon V.*

Non-roadway funding – Support the creation of a permanent funding stream for non-highway transportation.

- *Building on the recommendation of the 2008 Governor’s Vision Committee, the work of the 2011/12 Non-Roadway Transportation Funding Work Group, and the success of ConnectOregon, a broad range of parties who are active in the Legislature on transportation issues is developing a proposal for an ongoing (as opposed to session-by-session) program for investing in non-highway transportation. This program would divide its investments evenly between moving freight (air, rail, marine) and moving people (transit, passenger rail, bicycle, pedestrian). Unlike ConnectOregon, it would not be limited to capital investments, but could be used for operations as well (e.g., public transit). The importance of establishing a reliable source of funding for non-highway modes is heightened by the passage in 2011 of HB 3672, which phases out the use of the Business Energy Tax Credit for transportation in steps over a four-year period. The Oregon Business Plan calls on the state to “take steps to create a permanent non-highway funding stream” as one of its 2013 Jobs Initiatives.*

Agenda Item No. 5.2

Resolution No. 13-4403, For the Purpose of Providing
Direction to Metro Concerning Bills Before the 2013 Oregon
Legislature.

Metro Council Meeting
Thursday, Jan. 24, 2013
Metro, Council Chamber

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF PROVIDING) RESOLUTION NO. 13-4403
DIRECTION TO METRO CONCERNING BILLS)
BEFORE THE 2013 OREGON LEGISLATURE) Introduced by Council President Tom Hughes
)
)

WHEREAS, Metro has an interest in bills before the 2013 Oregon Legislature; and

WHEREAS, the Metro Council and Metro staff will represent Metro’s interest during the upcoming legislative session; and

WHEREAS, the Metro Council wishes to establish a united position on important legislative proposals and provide direction to its staff in order to represent the will of the agency; and

WHEREAS, the attached Exhibit “A” of this resolution lists specific expected and potential 2013 issues that are of concern to Metro and the metropolitan region and gives guidance to staff on the Metro Council’s position on these issues; and

WHEREAS, on January 10, 2013, the Joint Policy Advisory Committee on Transportation endorsed legislative priorities for transportation policy and funding that are reflected in the attached Exhibit “B”; and

WHEREAS, the Metro Council adopted these transportation priorities by passing Resolution 13-4402 on January 24, 2013; and

WHEREAS, the attached Exhibit “C” states the Metro Council’s principles regarding categories of potential legislation in order to provide guidance to staff in representing Metro; now therefore

BE IT RESOLVED that the Metro Council hereby directs the Metro Chief Operating Officer, the Metro Attorney, and Metro staff to communicate the agency’s position on a variety of legislative proposals to the 2013 Oregon Legislature consistent with Exhibits “A,” “B” and “C” attached hereto.

ADOPTED by the Metro Council this _____ day of January, 2013.

Tom Hughes, Council President

Approved as to Form:

Alison Kean Campbell, Metro Attorney

METRO COUNCIL LEGISLATIVE PRIORITIES 2013 Legislative Session



TOP PRIORITY ITEMS

- **I-5 Replacement bridge over the Columbia River:** Support adoption of an equitable state finance package that reflects the importance of this project to the state while protecting the interests of the Portland region and addressing the project's impacts on the local community.
- **Oregon Convention Center headquarters hotel:** Pursue state participation in finance package for development of headquarters hotel needed to attract national conventions to Oregon.
- **Paint stewardship:** Lift the sunset on Oregon's paint stewardship program while incorporating improvements in convenience, public outreach and accountability.
- **Willamette Falls Legacy Project:** Pursue allocation of funds identified in Governor's Balanced Budget for redevelopment of Blue Heron paper mill site in Oregon City.
- **Industrial site readiness:** Support creation of state financial tools to help make land inside the urban growth boundary available for industrial development and job creation through infrastructure investment, brownfield cleanup, land aggregation, and other means.
- **Property tax reform:** Support changes in Oregon's property tax system that enhance the fairness of the system and improve the ability of local voters to effectively approve increases in local revenue without inadvertently affecting the ability of other jurisdictions to provide services to their residents.
- **Service provision in unincorporated areas:** Support legislation moving "Area 93" from Multnomah County to Washington County upon adoption of intergovernmental agreement between the counties. Oppose legislation allowing landowners to demand services outside local planning processes.

OTHER ITEMS, BY ISSUE AREA

Transportation Finance and Policy

- **Funding for non-highway transportation:** Support adoption of Connect Oregon V and development of "Connect Plus" package that provides ongoing funding for investment in air, rail, marine, transit, bicycle and pedestrian capital projects as well as transit operations.
- **TriMet collective bargaining:** Support legislation restoring collective bargaining to transit districts.
- **Clean Fuels Program:** Support legislation lifting the sunset on Oregon's Clean Fuels Program.
- **Local revenue authority:** Preserve and expand local options so local governments have the flexibility to build, operate and fund transportation systems that support prosperous, livable and sustainable communities.

Land Use/Community Development

- **Urban growth management:** Oppose efforts to force larger urban growth boundary expansions by legislatively removing certain areas from the buildable lands inventory.

- **Affordable housing:** Support legislation clarifying that receipt of federal rent subsidies like Section 8 vouchers is not grounds for denying tenancy.
- **Brownfields:** Support creation of policy tools including tax credits and tax abatements to facilitate brownfield redevelopment.

Resource Conservation and Recycling:

- **Product stewardship:** Support creation of systems for collection and recycling of batteries and mercury-containing fluorescent light bulbs based on producer responsibility.
- **Diesel emissions reduction:** Update state law to allow federal Diesel Emissions Reduction Act funds to be spent on most effective means of reducing diesel emissions.
- **Labeling of compostable materials:** Support legislation to improve information to households and businesses about the compostability and environmental impact of products and packaging.
- **Toxics:** Support legislation requiring disclosure and removal of toxic chemicals in children's products and expanding the use of integrated pest management by state agencies.

Regional Parks and Natural Areas

- **Allocation of RV fees:** Support change in the formula for allocation of recreational vehicle fees to increase percentage allocated to county parks, including Multnomah County parks owned and operated by Metro.
- **Abandoned vessels:** Support legislation that improves Metro's ability to address problems associated with abandoned or derelict vessels at Metro facilities.

Smart Government

- **Transient lodging tax:** Support legislation requiring internet travel companies to pay transient lodging tax on full consideration paid for lodging.
- **Efficient government:** Maintain or enhance local control related to public retirement and benefit costs.

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF ENDORSING)	RESOLUTION NO. 13-4402
REGIONAL POLICY AND FUNDING)	
PRIORITIES FOR 2013 STATE)	Introduced by Councilor Carlotta Collette
TRANSPORTATION LEGISLATION)	

WHEREAS, the governments of the Portland metropolitan region recognize the importance of investing strategically in public infrastructure, particularly transportation infrastructure, as a way to support private investment and economic recovery in these difficult economic times; and

WHEREAS, transportation investments that contribute to economic recovery also bring increased revenues to local and state governments, thereby helping to ease the crisis in public budgets; and

WHEREAS, our region has a track record of creatively financing forward-looking transportation investments that address the needs of both the present and the future, and of combining smart investment with policy innovations that support good jobs, livable communities and a sustainable environment; and

WHEREAS, the Columbia River Crossing represents the most important transportation investment in the Portland metropolitan region in a generation, providing benefits to the economy, the environment and the safety of the traveling public; and

WHEREAS, the Columbia River Crossing is poised to receive federal support once the states of Oregon and Washington have secured their share of the overall funding package for the project; and

WHEREAS, the Governor’s Vision Committee, which in 2008 developed the framework that led to the passage of the landmark 2009 Jobs and Transportation Act, included in that framework a recommendation that the state identify a source of dedicated funding to support multimodal transportation investments that cannot be paid for with highway fund dollars; and

WHEREAS, subsequent efforts have advanced that recommendation by attempting to quantify the funding gaps for various non-roadway transportation modes and proposing potential institutional structures and funding sources to close those gaps; and

WHEREAS, a combination of careful planning and strategic investments supported by local, regional, state and federal resources has helped to make this region the economic engine of the state and an example to the nation; and

WHEREAS, in the face of today’s challenges, we need to extend this tradition of leadership by pursuing supportive policy and funding proposals in the 2013 legislative session; now, therefore,

BE IT RESOLVED:

1. That the Metro Council and the Joint Policy Advisory Committee on Transportation (JPACT) adopt the following principles to guide the region’s approach to transportation issues in the 2013 legislative session:
 - Jobs and Economic Recovery: The local governments of the Portland metropolitan are committed to partnering with others to support economic recovery through the creation and efficient operation of a robust transportation system.
 - Support Multimodal Investment: Oregon should build upon its lottery-backed program of investment in multimodal capital projects that support freight mobility and transit by identifying new, ongoing state funding that supports those projects as well as transit operations and pedestrian and bicycle facilities.

- Preserve and Expand Local Options: The transportation challenge will require innovative policy and new funding commitments at all levels of government, including additional local funding to repair and maintain existing transportation facilities. Accordingly, the Legislature should remove existing restrictions on local and regional revenue-raising authority; avoid enacting new limitations or pre-emptions; and explore new structures and authorities that give local governments the flexibility to build, operate and fund transportation systems that support prosperity, livability and sustainability.
2. That the Metro Council and JPACT endorse transportation funding and policy priorities for the 2013 legislative session as reflected in Exhibit A to this resolution.

ADOPTED by the Metro Council this _____ day of January, 2013.

Tom Hughes, Council President

Approved as to Form:

Alison Kean Campbell, Metro Attorney

**2013 Regional Transportation Agenda:
Specific Recommendations**

Columbia River Crossing – The Columbia River Crossing represents the most important transportation investment in the Portland metropolitan region in a generation, providing benefits to the economy, the environment and the safety of the traveling public. JPACT and the Metro Council urge the Legislature to commit the state’s share of the project finance plan as follows:

- The funding approach must recognize the statewide importance of this project and not come at the expense of other projects in the region.
- The funding approach must reflect a commitment to build the full project, including road, bike, pedestrian and transit elements.
- Improvements intended to mitigate the impact of the project on local communities in the project area should not be deferred until an undefined and unfunded later phase of construction.
- Follow through on the creation of a Community Enhancement Fund.
- The funding package must not extend the current pre-emptions against local gas taxes or registration fees.

ConnectOregon V – Support a fifth round of *ConnectOregon* funding.

Non-roadway funding – Support the creation of a permanent funding stream for non-highway transportation.

METRO COUNCIL 2013 LEGISLATIVE PRINCIPLES¹

LOCAL AUTHORITY

1. **Pre-emption:** The Legislature should remove existing restrictions on local and regional revenue-raising authority and avoid enacting new limitations or pre-emptions. Within the context of Oregon's land use system, Metro's authority should not be pre-empted.
2. **Funding:** State mandates should be accompanied by funding.

LAND USE:

3. **Efficiency:** Land within UGBs should be used efficiently before UGBs are expanded.²
4. **Need:** The UGB should not be expanded in the absence of demonstrated need.³
5. **Transportation:** Land use and transportation planning should be coordinated so land uses do not undermine the efficiency and reliability of the transportation system and transportation investments do not lead to unintended land uses.⁴
6. **Annexation:** As cities are the preferred governing structure for providing public services to urban areas, Metro supports reforms that will facilitate, or reduce barriers to, orderly annexation and incorporation.
7. **Rules/Statutes:** Administrative rules should not be adopted into statute.
8. **Successful Communities:** Metro supports legislation that facilitates the achievement of the region's six desired outcomes for successful communities: vibrant, walkable communities; economic competitiveness and prosperity; safe and reliable transportation choices; leadership in minimizing contributions to global warming; clean air, clean water and healthy ecosystems; and equitable distribution of the burdens and benefits of growth and change.⁵
9. **Non-Regulatory Tools:** State efforts at regulatory streamlining should include funding to support development of non-regulatory tools for achieving desired land use outcomes.⁶
10. **Fiscal Responsibility:** Funding to support urban development should be generated at least in part by fees on those who directly benefit from that development.

SOLID WASTE:

11. **Product stewardship:** Metro supports efforts to minimize the health, safety, environmental, economic and social risks throughout all lifecycle stages of a product and its packaging, and believes that the producer of the product has the greatest ability, and therefore the greatest responsibility, to minimize those adverse impacts.

TRANSPORTATION:

12. **Transportation Funding:** Metro supports an increase in overall transportation funding, investments in a balanced multimodal transportation system, and flexibility in the system to provide for local solutions to transportation problems.

PARKS AND NATURAL AREAS:

13. **Parks and Natural Areas:** Metro supports measures to increase local and regional authority to raise revenues to support parks and natural areas and to increase the level of state funding distributed to local governments for acquisition, capital improvements, and park operations.

SUSTAINABILITY:

- 14. Climate Change:** Metro supports efforts to combat and adapt to climate change and to meet the state's goals for reducing greenhouse gas emissions.
- 15. Conservation Education:** Metro supports efforts to provide stable and reliable funding to conservation education.

ECONOMIC PROSPERITY:

- 16. Infrastructure Finance:** Metro supports measures, including funding or revenue measures, that facilitate state, regional or local investments in the public structures needed to accommodate population and economic growth in a way that helps the region achieve its six desired outcomes for successful communities.
- 17. Metro Venues:** Because the Oregon Convention Center, Expo Center, Portland Center for the Performing Arts and Oregon Zoo are assets that contribute millions of dollars to the state and regional economies, Metro supports legislative measures that facilitate the success of these venues in attracting visitors and enhancing the quality of their experiences.

AGENCY OPERATIONS:

- 18. Firearms and public facilities:** Metro supports legislation that increases Metro's authority to regulate the carrying of firearms on Metro properties, and opposes legislation that limits or reduces that authority.

¹ Footnotes refer to applicable policy statements in Metro's Regional Framework Plan (RFP).

² RFP Policy 1.1 (Compact Urban Form).

³ RFP Policy 1.9 (Urban Growth Boundary).

⁴ RFP Policy 1.3.13 (Housing Choices and Opportunities); Transportation Goal 1 (Foster Vibrant Communities and Efficient Urban Form).

⁵ RFP Chapter 1 (Land Use).

⁶ Policy 1.1 (Compact Urban Form); Policy 1.2 (Centers, Corridors, Station Communities and Main Streets).

STAFF REPORT

IN CONSIDERATION OF RESOLUTION NO. 13-4403, FOR THE PURPOSE OF PROVIDING DIRECTION TO METRO CONCERNING BILLS BEFORE THE 2013 OREGON LEGISLATURE

Date: January 15, 2013

Prepared by: Randy Tucker

BACKGROUND

The Metro Council has taken formal positions on legislation since its inception. The first such action taken by the Council was in Resolution No. 79-23 in which it took a position on SB 66, which dealt with economic development. Since that time, Metro has taken formal and informal positions on legislation (state and federal) that it feels impacts the agency and the region.

The agenda and principles described in Exhibits A and C were developed by Randy Tucker (Legislative Affairs Manager) in consultation with the Metro Council. Most of the specific legislative issues described in Exhibit A resulted from consultation with legislative liaisons and other staff in Metro departments; others emerged from Council discussions. These issues were discussed with the Metro Council in work sessions that occurred on November 6, November 27 and January 8.

Where applicable, the principles in Exhibit C also reflect existing Metro policy as embodied in the Regional Framework Plan.

Exhibit B includes the transportation-related agenda approved by the Joint Policy Advisory Committee on Transportation on January 10, which the Metro Council will consider in the form of Resolution 13-4402 on January 24.

As issues arise and develop during the 2013 legislative session, the Council will have the opportunity to take positions on specific pieces of legislation and to modify its agenda as it sees fit.

ANALYSIS/INFORMATION

1. **Known Opposition:** none
2. **Legal Antecedents:** none applicable
3. **Anticipated Effects:** Provide direction to Metro staff with respect to issues before the 2013 Oregon Legislature
4. **Budget Impacts:** None

RECOMMENDED ACTION

Staff recommends approval of Resolution No. 13-4403.

Agenda Item No. 5.3

**Resolution No. 13-4406, For the Purpose of Authorizing
Refunding Full Faith and Credit Bonds.**

Metro Council Meeting
Thursday, Jan. 24, 2013
Metro, Council Chamber

BEFORE THE METRO COUNCIL

AUTHORIZING REFUNDING FULL)	RESOLUTION NO. 13-4406
FAITH AND CREDIT BONDS)	
)	Introduced by Martha Bennett, Chief
)	Operating Officer with the concurrence of
)	Council President Tom Hughes

WHEREAS, Metro has issued its Full Faith and Credit Refunding Bonds, Series 2003 in the original amount of \$24,435,000 (the “2003 Bonds”); and,

WHEREAS, under current market conditions refunding all or a portion of the 2003 Bonds may produce debt service savings; and,

WHEREAS, it is now desirable to authorize the refunding of the 2003 Bonds to achieve debt service savings; now, therefore,

BE IT RESOLVED by the Metro Council as follows:

Section 1. Refunding Bonds Authorized.

The Metro Council hereby authorizes the issuance of full faith and credit refunding bonds to refund all or any portion of the outstanding 2003 Bonds that achieve adequate debt service savings. The bonds authorized by this Section 1 (the “Bonds”) shall be sold and issued as provided in this resolution pursuant to the applicable provisions of ORS Chapter 287A including ORS 287A.365 to 287A.375. The Bonds may be issued in an amount sufficient to pay and redeem the 2003 Bonds that are being refunded, plus an amount sufficient to pay estimated costs related to the refunding and the Bonds.

Section 2. Delegation.

The Chief Operating Officer or the person designated by the Chief Operating Officer to act under this resolution (the “Metro Official”), on behalf of Metro and without further action by Metro Council, may:

- 2.1 Issue the Bonds in one or more series that may be sold at different times.
- 2.2 Participate in the preparation of, authorize the distribution of, and deem final the preliminary and final official statements and any other disclosure documents for the Bonds.
- 2.3 Establish the final principal amounts, maturity schedules, interest rates, sale prices, redemption terms, payment terms and dates, record date and other terms of each series of the Bonds.

- 2.4 Publish a notice of sale, receive bids and award the sale of each series of Bonds to the bidder complying with the notice and offering the most favorable terms to Metro, or select one or more underwriters, commercial banks or other investors and negotiate the sale of any series of the Bonds with those underwriters, commercial banks or investors.
- 2.5 Undertake to provide continuing disclosure for each series of the Bonds in accordance with Rule 15c2-12 of the United States Securities and Exchange Commission.
- 2.6 Appoint and enter into agreements with a paying agent, verification agent, escrow agent, registrar and any other professionals and service providers that the Metro Official determines are desirable in connection with the Bonds.
- 2.7 Apply for ratings for each series of Bonds, determine whether to purchase municipal bond insurance or obtain other forms of credit enhancements for each series of Bonds, enter into agreements with the providers of credit enhancement, and execute and deliver related documents.
- 2.8 Prepare, execute and deliver a bond declaration for each series of Bonds specifying the terms under which each series of Bonds is issued, and making covenants for the benefit of Bondowners. The bond declarations may also contain covenants for the benefit of any credit providers.
- 2.9 Determine whether each series of Bonds will bear interest that is excludable from gross income under the Internal Revenue Code of 1986, as amended, is includable in gross income under that code, or is eligible for federal interest subsidies or tax credits. If a series bears interest that is excludable from gross income or eligible for federal interest subsidies or tax credits under that code, the Metro Official may enter into covenants to maintain the tax status of that series of Bonds.
- 2.10 File an advance refunding plan for the 2003 Bonds with the State of Oregon.
- 2.11 Determine whether the savings produced by refunding are adequate to justify the refunding, and select the portions of the outstanding 2003 Bonds that will be refunded.
- 2.12 Enter into escrow deposit agreements and take any other actions to call, defease and refund the any bonds that are refunded.
- 2.13 Issue, sell and deliver the Bonds and execute any documents and take any other action in connection with the Bonds which the Metro Official finds will be advantageous to Metro.

Section 3. Security For Bonds.

Metro may pledge its full faith and credit and taxing power to pay the Bonds pursuant to ORS Section 287A.315.

Section 4. Effective Date.

This resolution shall take effect on the date of its passage by the Metro Council.

ADOPTED by the Metro Council this 24th day of January 2013.

Tom Hughes, Council President

Approved as to Form:

Alison Kean Campbell, Metro Attorney

STAFF REPORT

IN CONSIDERATION OF RESOLUTION NO.13-4406 FOR THE PURPOSE OF AUTHORIZING THE REFINANCING OF THE FULL FAITH AND CREDIT SERIES 2003 BONDS

Date: January 8, 2012

Prepared by: Kathy Rutkowski,
Budget Coordinator

BACKGROUND

In October, 2003 Metro issued full faith and credit bonds to refund outstanding commitments for the acquisition and construction of Metro Regional Center (MRC) and for loans from the Oregon Economic and Community Development Department's (OECD) Special Public Works Fund to the Oregon Zoo for Metro's share of Light Rail station construction and Washington Park parking lot improvements. The 2003 refunding broadened the pool of available funds to back payment of the bonds, by pledging Metro's general revenues including excise taxes and Metro's permanent rate property tax levy, which is used to support the general operations of Metro. Debt service payments continued to be made from the same sources as before, but the full faith and credit pledge strengthened the security for bondholders.

Currently, market interest rates are sufficiently lower than the rates of the existing bonds that a healthy net present value savings is projected. This provides Metro with an opportunity to refinance this outstanding debt by issuing a new bond. The Series 2003 bond was itself an "advanced refunding" – meaning that at the time the bonds were issued, the bonds that were refunded were callable more than 90 days from the issuance date. IRS regulations only allow you to advance refund an issue once on a tax-exempt basis. The 2003 bonds, as well, are callable more than 90 days from the projected date of issuance. Thus, to take advantage of the lower market rates at this time, the new refunding bond must be issued on a taxable basis. However, even with a taxable issue we are still projecting a net present value savings of over \$1.1 million, almost 9.0 percent of the refunding bond proceeds

The purpose of this resolution is to authorize Metro to issue taxable full faith and credit bonds to refinance the outstanding full faith and credit Series 2003 bonds. It is anticipated the refunding will provide approximately \$1.23 million of gross savings over the life of the bonds, or about \$1.1 million in net present value savings – approximately 8.97 percent of the refunding bond proceeds. The final structure of the bonds will be determined at a later date to provide the maximum benefit to Metro. The Oregon Zoo portion of the bonds will mature in August 2016 and the MRC portion will mature in August 2022. Debt service will continue to be paid from operating revenues of the Oregon Zoo and from allocation charges against the occupants of MRC. Because of the length to maturity and the size of the outstanding bonds the vast majority of the savings – approximately 97 percent – will accrue to MRC.

ANALYSIS/INFORMATION

1. **Known Opposition** – None.
2. **Legal Antecedents** – Metro is authorized by ORS Chapter 287A, and specifically ORS 287A.360-380 and also ORS 271.390 to enter into financing agreements to refinance real or personal property that the Metro Council determines is needed. Chapter III, Section 10 of the Metro charter

supplements Metro's authority to issue revenue bonds, and Metro Code Title VII, Chapter 7.02.020. authorizes Metro to issue bonds that are secured by Metro's full faith and credit; and Metro Code Section 7.02.070 authorizes Metro to issue refunding bonds.

3. **Anticipated Effects** – Implementation of Resolution No. 13-4406 would reduce debt service costs and provide net present value savings of approximately \$1.1 million or about 8.97 percent over the life of the bonds.
4. **Budget Impacts** – As of January 4, 2013, the estimated net present value savings of the bonds is approximately \$1.1 million, or approximately 8.97 percent. This would result in about \$1.1 million in savings to the MRC and about \$33,000 to the Oregon Zoo in debt service payments over the remaining life of the bonds.

RECOMMENDED ACTION

The Chief Operating Officer recommends Council adoption of Resolution No. 13-4406

Agenda Item No. 5.4

Resolution No. 13-4410, For the Purpose of Authorizing the Chief Operating Officer to Purchase Property in the Willamette Narrows and Canemah Bluff Target Area.

Metro Council Meeting
Thursday, Jan. 24, 2013
Metro, Council Chamber

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF AUTHORIZING THE) RESOLUTION NO. 13-4410
CHIEF OPERATING OFFICER TO PURCHASE)
PROPERTY IN THE WILLAMETTE NARROWS) Introduced by Chief Operating Officer Martha
AND CANEMAH BLUFF TARGET AREA) J. Bennett, with the concurrence of Council
) President Tom Hughes

WHEREAS, at the general election held on November 7, 2006, the voters of the Metro region approved the 2006 Natural Areas Bond Measure, authorizing Metro to sell \$227.4 million in general obligation bonds to fund natural area acquisition and water quality protection; and

WHEREAS, the Willamette Narrows and Canemah Bluff Target Area was identified in the Bond Measure as one of 27 regional target areas for land acquisition; and

WHEREAS, on September 20, 2007, the Metro Council adopted Resolution No. 07-3858 “Approving the Natural Areas Acquisition Refinement Plan for the Willamette Narrows and Canemah Bluff Target Area” which resolution approved the acquisition of the properties within the target area; and

WHEREAS, the primary goal of the Willamette Narrows and Canemah Bluff Target Area refinement plan is to “protect the unique biological, geological and scenic values of this area and allow for a publicly accessible regional natural area to be established”; and

WHEREAS, certain real property identified in executive session that meets this goal (the “Property”) and which is identified in the Willamette Narrows and Canemah Bluff Target Area refinement plan may be available for purchase; and

WHEREAS, Metro Code Chapter 2.04.026 requires Metro Council authorization for any contract for the purchase of real property to be owned by Metro; now therefore

BE IT RESOLVED that the Metro Council finds that, for the reasons stated and as provided herein and discussed in executive session, it is in the public interest to purchase the Property, and therefore authorizes the Chief Operating Officer to:

- 1. Acquire the Property on terms and under conditions acceptable to the Chief Operating Officer and the Office of Metro Attorney, consistent with the discussion at executive session; and
- 2. Execute such ancillary documents as may be required in connection with this acquisition, in the form approved by the Office of Metro Attorney.

ADOPTED by the Metro Council this _____ day of _____, 2013.

Tom Hughes, Council President

Approved as to Form:

Alison Kean Campbell, Metro Attorney

STAFF REPORT

IN CONSIDERATION OF RESOLUTION NO. 13-4410 FOR THE PURPOSE OF AUTHORIZING THE CHIEF OPERATING OFFICER TO PURCHASE PROPERTY IN THE WILLAMETTE NARROWS AND CANEMAH BLUFF TARGET AREA

Date: January 24, 2013

Prepared by: Kathleen Brennan Hunter, 503-797-1948

BACKGROUND

Resolution No. 13-4410 requests authorization to purchase real property located within the Willamette Narrows and Canemah Bluff target area that was identified and discussed at the Metro Council executive session on January 15, 2013 (the "Property").

This acquisition fulfills the goals of the Refinement Plan for this target area because it is a strategic addition that will protect the unique biological, geological and scenic values of the area and allow for a publicly accessible regional natural area to be established. Acquisition of the Property would fulfill the Tier 1 Refinement Plan objective to acquire property adjacent to existing public holdings that are essential to the establishment and management of a publicly accessible regionally significant natural area.

ANALYSIS/INFORMATION

1. Known Opposition

None.

2. Legal Antecedents

The voters' approved Metro's 2006 Natural Areas Bond Measure at the general election held on November 7, 2006.

The Metro Council adopted Resolution No. 07-3766A, "Authorizing the Chief Operating Officer to Purchase Property with Accepted Acquisition Guidelines as Outlined in the Natural Areas Implementation Work Plan" on March 1, 2007.

The Metro Council adopted Resolution No. 07-3858, "Approving the Natural Areas Acquisition Refinement Plan for the Willamette Narrows and Canemah Bluff Target Area," on September 6, 2007.

Metro Code Chapter 2.04.026 requires Metro Council authorization for any contract for the purchase of real property to be owned by Metro.

3. Anticipated Effects

The acquisition will allow Metro to plan for a publicly accessible and regionally significant natural area. Metro will be able to more effectively manage its holdings in the area. The total number of acres acquired for the target area using 2006 Bond Measure funds will be 262.8 acres.

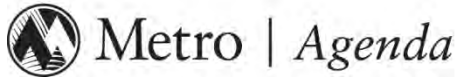
4. Budget Impacts

Metro's acquisition of the Property shall be funded with 2006 Regional Bond proceeds.

RECOMMENDED ACTION

Staff recommends the adoption of Resolution No. 13-4410.

Materials following this page were distributed at the meeting.



REVISED, 1/23/13

Meeting: Metro Council
Date: Thursday, Jan. 24, 2013
Time: 2 p.m.
Place: Metro, Council Chamber

CALL TO ORDER AND ROLL CALL

1. INTRODUCTIONS

2. CITIZEN COMMUNICATION

3. RISK MANAGEMENT PROGRAM AUDIT **Flynn**

4. CONSENT AGENDA

4.1 Consideration of the Minutes for Jan. 17, 2013

4.2 **Resolution No. 13-4407**, For the Purpose of Metro Council's Acceptance of the Results of the Independent Audit Report for Financial Activity During Fiscal Year 2011-2012.

4.3 **Resolution No. 13-4409**, For the Purpose of Approving the Expenditure of Additional Natural Areas Bond Measure Funds for Trail Construction at Blue Lake Regional Park.

4.4 **Resolution No. 13-4411**, For the Purpose of Amending Exhibit A to Resolution No. 12-4398, Referring to the Voters of the Metro Area a Local Option Levy for the Purpose of Preserving Water Quality, Fish and Wildlife Habitat and Maintaining Metro's Parks and Natural Areas for the Public.

5. RESOLUTIONS

5.1 **Resolution No. 13-4402**, For the Purpose of Endorsing Regional Policy and Funding Priorities for 2013 State Transportation Legislation. **Collette**

5.2 **Resolution No. 13-4403**, For the Purpose of Providing Direction to Metro Concerning Bills Before the 2013 Oregon Legislature. **Bennett**

5.3 **Resolution No. 13-4406**, For the Purpose of Authorizing Refunding Full Faith and Credit Bonds. **Collier
Rutkowski**

5.4 **Resolution No. 13-4410**, For the Purpose of Authorizing the Chief Operating Officer to Purchase Property in the Willamette Narrows and Canemah Bluff Target Area. **Desmond
Brennan-Hunter**

6. CHIEF OPERATING OFFICER COMMUNICATION

7. COUNCILOR COMMUNICATION

ADJOURN

Continued on back...

**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 Jan. 24, 2013 Metro Council meeting

<p>Clackamas, Multnomah and Washington counties, and Vancouver, WA Channel 30 – Community Access Network <i>Web site:</i> www.tvctv.org <i>Ph:</i> 503-629-8534 <i>Date:</i> Thursday, Jan. 24</p>	<p>Portland Channel 30 – Portland Community Media <i>Web site:</i> www.pcmtv.org <i>Ph:</i> 503-288-1515 <i>Date:</i> Sunday, Jan. 27, 7:30 p.m. <i>Date:</i> Monday, Jan. 28, 9 a.m.</p>
<p>Gresham Channel 30 - MCTV <i>Web site:</i> www.metroeast.org <i>Ph:</i> 503-491-7636 <i>Date:</i> Monday, Jan. 28, 2 p.m.</p>	<p>Washington County Channel 30– TVC TV <i>Web site:</i> www.tvctv.org <i>Ph:</i> 503-629-8534 <i>Date:</i> Saturday, Jan. 26, 11 p.m. <i>Date:</i> Sunday, Jan. 27, 11 p.m. <i>Date:</i> Tuesday, Jan. 29, 6 a.m. <i>Date:</i> Wednesday, Jan. 30, 4 p.m.</p>
<p>Oregon City, Gladstone Channel 28 – Willamette Falls Television <i>Web site:</i> http://www.wftvmedia.org/ <i>Ph:</i> 503-650-0275 Call or visit web site for program times.</p>	<p>West Linn Channel 30 – Willamette Falls Television <i>Web site:</i> http://www.wftvmedia.org/ <i>Ph:</i> 503-650-0275 Call or visit web site for program times.</p>

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

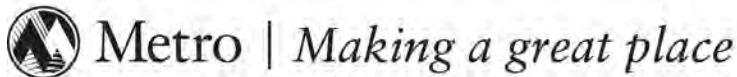
Agenda items may not be considered in the exact order. For questions about the agenda, call the Metro Council Office at 503-797-1540. Public hearings are held on all ordinances second read. Documents for the record must be submitted to the Regional Engagement and Legislative Coordinator to be included in the meeting record. Documents can be submitted by e-mail, fax or mail or in person to the Regional Engagement and Legislative 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.

Metro’s nondiscrimination notice

Metro respects civil rights. Metro fully complies with Title VI of the Civil Rights Act of 1964 that bans discrimination on the basis of race, color or national origin. For more information on Metro’s civil rights program, or to obtain a Title VI complaint form, visit www.oregonmetro.gov/civilrights or call 503-797-1536.

Metro provides services or accommodations upon request to persons with disabilities and people who need an interpreter at public meetings.

All Metro meetings are wheelchair accessible. If you need a sign language interpreter, communication aid or language assistance, call 503-797-1536 or TDD/TTY 503-797-1804 (8 a.m. to 5 p.m. weekdays) 7 business days in advance of the meeting to accommodate your request. For up-to-date public transportation information, visit TriMet’s website at www.trimet.org.



METRO COUNCIL MEETING

Meeting Summary

Jan. 17, 2013

Metro, Council Chamber

Councilors Present: Council President Tom Hughes and Councilors Shirley Craddick, Craig Dirksen, Carlotta Collette, Kathryn Harrington, Sam Chase, and Bob Stacey

Councilors Excused: None

Deputy Council President Shirley Craddick called the regular council meeting to order at 2:02 p.m.

1. INTRODUCTIONS

There were none.

2. CITIZEN COMMUNICATIONS

Ellen Ino, 5769 N. Vancouver Ave., Portland: Ms. Ino addressed the Council as a resident in Portland, but also noted that she was a small business owner, a member of LIUNA 483 and a temporary worker for Metro. Ms. Ino stated that she hoped to be granted one-on-one meetings with each councilor over the next two months. She discussed the different definitions for the terms permanent, temporary, and limited duration positions, and regular versus seasonal positions. She stated that the definitions seek to clarify the nature of the employment and the expectation of the duration of the relationship between the employer and employee. She offered definitions for each position and provided examples of positions at Metro facilities. She also stated that permanent seasonal employees should not have to reapply for their positions each year.

Ninette Jones, 7637 N. Interstate, Portland: Ms. Jones asked a series of questions regarding the elephants at the Oregon Zoo. She wanted to know what would happen to Tusko once he was genetically represented within the herd. She advocated that the Oregon Zoo purchase Tusko and Lily from the company *Have Trunks Will Travel*. She also inquired about the future for Samudra and asked that he not be isolated like Packy. Additional questions addressed the new on-site elephant habitat and what it meant for the male and female elephants to cohabitate together and what self-directed activity meant.

3. FY 2011-12 EXTERNAL FINANCIAL AUDIT RESULTS

Metro Auditor Suzanne Flynn stated that the Auditor's role in the external audit is limited to managing the selection and contract processes for the external auditor, and to facilitate Metro's Audit Committee. She welcomed Mr. Jason Stanley, chair of the Audit Committee, to provide information on the committee's role and observations for FY 11-12, and Mr. Jim Lanzarotta of Moss Adams, LLP for the FY 11-12 external audit results.

Mr. Stanley overviewed the committee membership and role. He stated that over the years the relationship between the audit and management has been professional and appropriate, and that management has been proactive in addressing issues before they arise.

Mr. Lanzarotta also spoke to the role and value of an audit committee and complimented the committee's membership. He stated that the purpose of the external audit is to determine if Metro has accurately compiled its Comprehensive Annual Financial Report (CAFR), and to determine if all of the balances and transactions within the report are reflected correctly. Additionally, the external audit is used to review Metro's internal controls used by management to put the CAFR together. His presentation provided information on:

- Scope of services provided by the external audit, such as technical review of the CAFR for compliance with generally accepted accounting principles;
- FY 11-12 audit results for the Oregon Municipal Audit Standards, federal grants, and bond expenditures;
- Status of prior year and current year observations and recommendations; and
- New and anticipated changes in accounting standards, such as economic condition reporting or future financial projections.

Overall, Mr. Lanzarotta stated that the audit found an unqualified opinion, or clean opinion, and that Metro's financial statements are accurate and meet the requirements of accounting standards. (Presentation included as part of the meeting record.)

Mr. Tim Collier of Metro provided management's response. Mr. Collier reiterated that the CAFR serves as Metro's report card on how well the agency implemented its financial budget for FY 11-12. Additionally, he stated that it serves as a primary document Metro and financial bodies – such as the S&P – use to issue bond ratings. He stated that the CAFR is a complicated document and recommended that councilors and the public focus on the following highlighted sections for more information: *Management's Discussion and Analysis, Fund Financial Statements, Notes to the Financial Statements, the Statistical Section, and Audit Comments and Disclosures*. Mr. Collier also addressed the audit's FY 11-12 comments and recommendations. He stated that the agency has already put in place procedures to address the audit's comments regarding corrections to MERC procurement practices. Additionally, he stated that management believed that all expenditures of natural areas bond funds were proper and generally administrative, but did agree with the audit's recommendation to tighten the agency's policy around what constitutes an allowable administrative expense for bond funds.

Council discussion

Councilors thanked Mr. Stanley, Ms. Kathryn McLaughlin (in audience) and additional members for their service on the audit committee. Councilors discussed potential negative impacts to local jurisdictions caused by including future financial projections in CAFR documents; for example potential difficulty in securing loans. Additionally, councilors noted that the further out the projection, the less reliable and more expensive it becomes. Councilors also asked clarifying questions about Metro's administrative costs compared to industry standards. Mr. Lanzarotta recommended Metro benchmark against itself, and stated that Metro is too unique to compare to any city or county. The agency could, however, be potentially compared on a topic level such as solid waste, the Oregon Zoo, etc.

4. CONSIDERATION OF THE MINUTES FOR JAN. 10, 2013

Motion:	Councilor Shirley Craddick moved to approve the Council minutes for Jan. 10, 2013.
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Vote:	Council President Hughes and Councilors Craddick, Collette, Stacey, Chase, Dirksen, and Harrington voted in support of the motion. The vote was 7 ayes, the motion <u>passed</u> .
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5. CHIEF OPERATING OFFICER COMMUNICATION

Ms. Martha Bennett announced the following three events:

- Many Metro facilities will be closed on Monday, Jan. 21 in observance of Dr. Rev. Martin Luther King Day. Tickets to the Scanner breakfast are still available; Councilors were asked to contact their Policy Coordinator if interested in attending.
- The Oregon State Parks Commission has scheduled a site tour of Willamette Falls Blue Heron site on Jan. 29. Councilors are welcome to attend.
- A discussion on Oregon's African-American history has been scheduled on Feb. 14 at Metro to commemorate Black History Month.

6. COUNCILOR COMMUNICATION

Councilors recognized and shared personal stories of Mr. Forest Soth, a long-time volunteer and civic leader in the region who recently passed away.

Councilor updates included the recent Tigard public open house on the Fields property, and recent and upcoming ODOT open houses on reliable passenger rail.

7. ADJOURN

There being no further business, Council President Hughes adjourned the regular meeting at 2:57 p.m. The Metro Council will convene the next regular council meeting on Thursday, Jan. 24 at 2 p.m. at the Council Chamber.

Respectfully submitted,



Kelsey Newell, Regional Engagement and Legislative Coordinator

ATTACHMENTS TO THE PUBLIC RECORD FOR THE MEETING OF JAN. 17, 2013

Item	Topic	Doc. Date	Document Description	Doc. Number
	Minutes	1/10/13	Council minutes for 1/10/13	11713c-01

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF METRO COUNCIL’S) RESOLUTION NO. 13- 4407
ACCEPTANCE OF THE RESULTS OF THE)
INDEPENDENT AUDIT REPORT FOR) Introduced by Suzanne Flynn, Metro Auditor
FINANCIAL ACTIVITY DURING FISCAL)
YEAR 2011-2012)

WHEREAS, Oregon Revised Statute 297.425 requires an annual independent audit of Metro’s financial statements; and

WHEREAS, Metro Code Section 2.15.80 requires the Metro Auditor to appoint the external certified public accountant to conduct certified financial statement audits as specified in state and local laws; and

WHEREAS, Metro engaged in Contract No. 929814 with Moss Adams LLP, independent Certified Public Accountants to provide the following audit services for each of the fiscal years ending June 30, 2010-2012:

- 1. Audit of Metro’s financial statements (including all costs associated with the Comprehensive Annual Financial Report and applicable management recommendations and comments);
- 2. Single Audit and applicable management recommendations and comments;
- 3. Metro Natural Areas Bond Measure Expenditures and applicable management recommendations and comments; and
- 4. Oregon Zoo Construction Bond Measure Expenditures and applicable management recommendations and comments.

WHEREAS, the annual independent audit for fiscal year ended June 30, 2012 has been completed and an unqualified opinion received from Moss Adams LLP; and

WHEREAS, a separate letter was delivered to management and a management plan of action completed; now, therefore,

BE IT RESOLVED that the Metro Council hereby acknowledges and receive the results of the independent audit for fiscal year ended June 30, 2012 (Attachment A).

ADOPTED by the Metro Council this ____ day of _____ 2013.

Tom Hughes, Council President

Approved as to Form:

Alison Kean Campbell, Metro Attorney

REPORT OF INDEPENDENT AUDITORS

Metro Council and Metro Auditor
Portland, Oregon

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Metro, as of and for the year ended June 30, 2012, which collectively comprise Metro's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Metro's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Oregon Zoo Foundation, a discretely presented component unit, which represents 100 percent of the assets, net assets, and revenues of the discretely presented component unit of Metro. Those financial statements were audited by other auditors, whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Oregon Zoo Foundation, is based solely on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The financial statements of The Oregon Zoo Foundation were not audited in accordance with *Government Auditing Standards*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Metro's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Metro, as of June 30, 2012, and the respective changes in financial position and where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2012 on our consideration of Metro's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of the report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 17 through 33; the schedules of revenues, expenditures and changes in fund balance - budget and actual on pages 83 through 84 (the "budgetary schedules"); and the schedule of funding progress for other post employment benefits on page 85 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to management's discussion and analysis and the schedule of funding progress for other post employment benefits described in the preceding paragraph in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on this information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The budgetary schedules described above are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The budgetary schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Metro's basic financial statements. The introductory section, other supplementary information, other financial schedules, statistical section, and the schedule of expenditures of federal awards as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations (Circular A-133)* are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The other supplementary information, other financial schedules, and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information, other financial schedules, and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory section and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.



For Moss Adams LLP
Eugene, Oregon
December 3, 2012

Attachment "A" to Resolution 13-4407

Metro CAFR

Cover only - entire report may be
downloaded from Metro's website
(188 pages)

Comprehensive Annual Financial Report

For the fiscal year ended June 30, 2012

Finance and Regulatory Services Department

Interim Director of Finance and Regulatory Services
Timothy C. Collier

Prepared by
Accounting Services Division

Accounting Compliance Officer
Donald R. Cox, Jr., MBA, CPA, CGMA, CGFM

Financial Reporting and Control Supervisor
Karla J. Lenox, CPA, CGMA



Metro | *Making a great place*

600 NE Grand Ave., Portland, Oregon 97232

Attachment "A" to Resolution 13-4407

**REPORT OF INDEPENDENT AUDITORS ON COMPLIANCE AND
ON INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *OREGON MINIMUM AUDIT STANDARDS***

Metro Council and Metro Auditor
Portland, Oregon

We have audited the basic financial statements of Metro as of and for the year ended June 30, 2012 and have issued our report thereon dated December 3, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the provisions of the Minimum Standards for Audits of Oregon Municipal Corporations, prescribed by the Secretary of State. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement.

Compliance

As part of obtaining reasonable assurance about whether Metro's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, grants, including provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules OAR 162-010-0000 to 162-010-0330, as set forth below, noncompliance with which could have a direct and material effect on the determination of financial statement amounts:

- The use of approved depositories to secure the deposit of public funds.
- The requirements relating to debt.
- The requirements relating to the preparation, adoption and execution of the annual budgets for fiscal years 2012 and 2013.
- The requirements relating to insurance and fidelity bond coverage.
- The appropriate laws, rules and regulations pertaining to programs funded wholly or partially by other governmental agencies.
- The statutory requirements pertaining to the investment of public funds.
- The requirements pertaining to the awarding of public contracts and the construction of public improvements.

However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance other than the following that are required to be reported under Minimum Standards for Audits of Oregon Municipal Corporations, prescribed by the Secretary of State, except as noted below.

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The Metropolitan Exposition-Recreation Commission (MERC) did not always follow public contracting rules as described in Oregon Revised Statute 279 and its own Contracting and Purchasing Rules. Specifically,

- For public contracts exceeding \$5,000 but less than \$100,000, the contract manager is to seek at least three informally solicited competitive price quotes or competitive proposals from prospective contractors. In one instance, MERC did not informally obtain three competitive price quotes but appears to have predetermined the contractor.
- No contract in an amount above \$5,000 may be amended without the General Manager's approval. In one instance a contract was amended, taking the total contract price over \$5,000 without the required approval;
- No public contract may be amended to include additional work or improvements that are not directly related to the scope of work that was described in the competitive process. All public improvement contracts exceeding \$100,000 shall be based upon competitive sealed bids. In one instance, MERC modified a contract for over \$100,000 that appears to include additional work and improvements beyond the scope of the original work.

In addition, we found one contract award for more than the original bid. While MERC may negotiate a contract price in instances where the bid exceeds the budget, this was not the case and indicates the solicitation did not adequately represent the project and should have been re-solicited.

Internal Control Over Financial Reporting

Management of Metro is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Metro's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Metro's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Metro's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined previously.

This report is intended solely for the information of the Metro Council and Metro Auditor, management, and the Secretary of State, Divisions of Audits, of the State of Oregon and is not intended to be and should not be used by anyone other than those specified parties.



For Moss Adams LLP
Eugene, Oregon
December 3, 2012

REPORT OF INDEPENDENT AUDITORS ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Metro Council and Metro Auditor
Portland, Oregon

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Metro as of and for the year ended June 30, 2012, which collectively comprise Metro's basic financial statements and have issued our report thereon dated December 3, 2012. Our report was modified to include a reference to other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Other auditors audited the financial statements of the Oregon Zoo Foundation, a discretely presented component unit, as described in our report on Metro's financial statements. The financial statements of the Oregon Zoo Foundation were not audited in accordance with *Governmental Auditing Standards*.

Internal Control over Financial Reporting

Management of Metro is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Metro's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Metro's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Metro's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined previously.



REPORT OF INDEPENDENT AUDITORS ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS* – (continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Metro's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the audit committee; management; the Council; others within the entity; the Secretary of State, Divisions of Audits, of the State of Oregon; federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Moss Adams, LLP

Eugene, Oregon
December 3, 2012

**REPORT OF INDEPENDENT AUDITORS ON COMPLIANCE WITH REQUIREMENTS THAT
COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Metro Council and Metro Auditor
Portland, Oregon

Compliance

We have audited Metro's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Metro's major federal programs for the year ended June 30, 2012. Metro's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Metro's management. Our responsibility is to express an opinion on Metro's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Metro's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Metro's compliance with those requirements.

In our opinion, Metro complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

Internal Control over Compliance

Management of Metro is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Metro's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Metro's internal control over compliance.

**REPORT OF INDEPENDENT AUDITORS ON COMPLIANCE WITH REQUIREMENTS THAT
COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be *material weaknesses*, as defined above.

This report is intended solely for the information and use of the audit committee; management; the Council; others within the entity; the Secretary of State, Divisions of Audits, of the State of Oregon; federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Moss Adams, LLP

Eugene, Oregon
December 3, 2012

Communications with Those Charged with Governance under SAS No. 114

Suzanne Flynn, Metro Auditor
and the Audit Committee
Portland, Oregon

We have audited the financial statements of Metro as of and for the year ended June 30, 2012 and have issued our report thereon dated December 3, 2012. Professional standards require that we provide you with the following information related to our audit.

OUR RESPONSIBILITY UNDER AUDITING STANDARDS GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA

As stated in our contract dated May 1, 2010, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

Our responsibility is to plan and perform the audit in accordance with generally accepted auditing standards and to design the audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Metro's internal control over financial reporting. Accordingly, we considered Metro's internal control solely for the purposes of determining our audit procedures and not to provide assurance concerning such internal control.

We are also responsible for communicating significant matters related to the financial statement audit that, in our professional judgment, are relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

OTHER INFORMATION IN DOCUMENTS CONTAINING AUDITED FINANCIAL STATEMENTS

Our responsibility for other information in the Auditor's Report and Financial Statements does not extend beyond the financial information identified in our report. We do not have an obligation to perform any procedures to corroborate other information contained in these documents. However, we have read the information and nothing came to our attention that caused us to believe that such information or its manner of presentation is materially inconsistent with the information or manner of its presentation appearing in the financial statements.

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PLANNED SCOPE AND TIMING OF THE AUDIT

We performed the audit according to the planned scope communicated to you in the original contract dated May 1, 2010, as well as the meeting we held with you on August 8, 2012.

SIGNIFICANT AUDIT FINDINGS

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Metro are described in Note II to the financial statements. We noted no transactions entered into by Metro during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

Financial Statement Disclosures

The disclosures in the financial statements are consistent, clear and understandable. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

- Disclosure of the reporting entity and significant accounting policies in prelude to the notes to the financial statements. This disclosure reports the operations under the governance of the elected Metro Council, as well as the more significant policies used by Metro in the preparation of the financial statements.
- Disclosure of cash and investment details in Note III.A. to the financial statements. This disclosure provides the details of the amounts of cash and investments held in the various types of depositories and securities at year end as well as the details of the nature of the risks inherent in Metro's cash and investment portfolio.
- Disclosure of pension and other post-employment benefits in Notes III.G. and H. to the financial statements. The recorded OPEB liability for benefits included in the financial statements is an estimate based on assumptions regarding future healthcare trend rates, discount rates that attempt to match anticipated returns on Metro's cash and investments, and many other actuarial assumptions. In addition, the allowable accrual methods allow for the smoothing of current year expenses through the concept of 'catching up' for prior year under-funding of the plan over a 15-year period resulting in an accrual that is less than the actuarially determined total liability.

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- Disclosure of Metro's long-term debt in Notes III.K. and L. to the financial statements. These disclosures provide the details of the amounts and types of debt outstanding at year end along with the repayment terms, significant covenants, and future maturities of principal and interest.
- Disclosure of Metro's pollution remediation and post-closure landfill care obligations in Note III.M. to the financial statements. The recorded liability was calculated and reported pursuant to GASB 49 that provides that a liability for remediation projects is only necessary when one of five obligating events has occurred. Metro has determined that obligating events have occurred on two remediation projects. Further, the liability is based on a probability weighted estimate of future environmental study, remediation, and post-remediation costs, and those estimates may change significantly in the future.
- Disclosure of Metro's landfill post-closure care costs in Note III.N. to the financial statements. The liability recorded is based on estimates of costs that will be incurred through the year 2026 to meet current State and Federal requirements, and actual costs could vary significantly from those estimates.
- Disclosure of Metro's risk management programs in Note III.Q. to the financial statements. This disclosure provides a summary of the various risks of loss Metro is exposed to, and its method of financing those risks. This note also provides a reconciliation of claims liabilities for the past two years. The claims liability is an estimate that is based on assumptions, and actual results could vary significantly from those estimates.

Significant Difficulties Encountered in Performing the Audit

We did not encounter significant difficulties in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. There were no audit adjustments found to be necessary, and we identified one misstatement as a result of audit procedures for a \$400,000 grant payable to another entity under the Natural Areas Share Program that was not accrued at year end. Management has not corrected for this as the amount is immaterial, and we concur with that assessment.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated December 3, 2012.



Management Consultation with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to Metro’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Significant Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as Metro’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

We have represented to you that we are independent with respect to Metro.

This information is intended solely for the use of the audit committee and management of Metro and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Moss Adams, LLP".

Eugene, Oregon
December 3, 2012

METRO

Schedule of Expenditures of Federal Awards
For the fiscal year ended June 30, 2012

Grantor and Program Title	Federal CFDA Number	Grant Number	Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
Natural Resources Conservation Service-			
Direct Programs:			
Wetlands Reserve Program-Forest Grove Habitat	10.072	66-0436-8-060	\$ 7,042
Wetlands Reserve Program-Munger Restoration	10.072	66-0436-6-019	5,000
Wetlands Reserve Program-Gotter Prairie	10.072	66-0436-8-035	29,611
Total Wetlands Reserve Program			41,653
Forest Service-			
Direct Programs:			
UNO Program	10.XXX	09-CS-11062200-010 Mod #3	10,000
Total U.S. Department of Agriculture			51,653
U.S. DEPARTMENT OF DEFENSE			
Department of the Army, Office of the Chief of Engineers			
Passed through Washington Department of Fish & Wildlife:			
Planning Assistance to States - Water Resources Development Act	12.110	WDFW # 06-1337, Amend #7	55,115
Total U.S. Department of Defense			55,115
U.S. DEPARTMENT OF THE INTERIOR			
Bureau of Land Management-			
Direct Program:			
Fish, Wildlife and Plant Conservation Resource Management; Federal Land Policy and Management Act (FLPMA)	15.231	L07AC20271 Task order-HAF079Q05	40,000
Fish and Wildlife Service-			
Direct Program:			
Endangered Species Conservation-Recovery Implementation Funds	15.657	F11AC00094	45,000
Passed through The Department of State Lands:			
Cooperative Endangered Species Conservation Fund	15.615	USFWS Sec 6 grant E-28	7,413
Passed through Oregon Department of Parks and Recreation			
Cooperative Endangered Species Conservation Fund	15.615	E28TW3 OZ	19,216
Total Cooperative Endangered Species Conservation Fund			26,629
Passed through Oregon State Marine Board:			
Clean Vessel Act	15.616	N/A	787
Passed through Ducks Unlimited			
North American Wetlands Conservation Fund	15.623	US-OR-32-5	12,147
North American Wetlands Conservation Fund	15.623	US-OR-210-1	500,000
Total North American Wetlands Conservation Fund			512,147
Passed through Washington Department of Fish & Wildlife:			
State Wildlife Grants	15.634	WDFW #08-1424 Amend #5	32,760
Total U.S. Department of the Interior			657,323

METRO

Schedule of Expenditures of Federal Awards
For the fiscal year ended June 30, 2012

Grantor and Program Title	Federal CFDA Number	Grant Number	Federal Expenditures
U.S. DEPARTMENT OF TRANSPORTATION			
Federal Highway Administration-			
Highway Planning and Construction Cluster-			
Highway Planning and Construction-			
Passed through Oregon Department of Transportation:			
Chimney Pier Park pedestrian/bike bridge	20.205	ODOT # 26482	1,732
2012 Planning Fund	20.205	ODOT # 27833	1,505,248
2010 Planning Fund Carryover funds	20.205	ODOT # 27833	244,950
2012 STP funds	20.205	ODOT # 27833	832,629
2010 STP Carryover funds	20.205	ODOT # 27833	122,722
2012 STP Next Corridor funds	20.205	ODOT # 27833	274,662
2011 STP Next Corridor Carryforward fund	20.205	ODOT # 27833	36,333
SW Corridor fund (I-5/99W Tualatin-Sherwood Connector)	20.205	ODOT # 27833	150,018
Household Survey STP Carryforward	20.205	ODOT # 27833	350,000
Tigard TGM Land Use Planning	20.205	ODOT # 27105	1,352
Oregon Hwy 212 / Damascus Project	20.205	ODOT # 25218-01	335
Loaned Planner Assignment - D.Kaempff	20.205	ODOT # 28383	9,215
RSO Rewards Program	20.205	ODOT # 28007	5,110
TGM Regional Active Transportation Action Plan	20.205	ODOT # 28260	87,805
RCTO - Multimodal Arterial Performance Mgmt	20.205	ODOT # 28088	2,059
Passed through Washington Department of Transportation:			
Columbia River Crossing III Project	20.205	GCA 5744	22,451
Passed through Clackamas County, Oregon:			
172nd Ave / Sunnyside Rd - Multnomah Cty Line	20.205	ODOT # 25784	1,595
Total Highway Planning and Construction			3,648,216
Recreational Trails Program			
Passed State of Oregon, Department of Parks and Recreation			
Bi-State Regional Trails Web Site and Map	20.219	RT10-012	38,000
Total Highway Planning and Construction Cluster			3,686,216
Federal Transit Administration-			
Metropolitan Transportation Planning Grants-			
Passed through Oregon Department of Transportation:			
2012 Technical Studies (Sec 5303)	20.505	ODOT # 27559	480,610
Federal Transit - Formula Grants (Federal Transit Cluster)-			
Direct Programs:			
Congestion Mitigation & Air Quality Improvement Program (CMAQ)			
Regional Travel Options	20.507	OR-95-X010-03	1,143,010
Regional Travel Options	20.507	OR-95-X037	518,370
Total Regional Travel Options Grants			1,661,380
Capital Investment Grants			
Passed through Tri-County Metropolitan Transportation District of Oregon (TriMet)			
Milwaukie Light Rail Final Design	20.500	GH120250TL	20,747
Total Federal Transit Cluster			1,682,127
Alternative Analysis-			
Direct Programs:			
Streetcar/Eastside/LO-PDX (Sec 5339)	20.522	OR-39-0002-02	15,493
Southwest Corridor Plan (Sec 5339)	20.522	OR-39-0006	1,368,697
Total Alternatives Analysis Grants			1,384,190
Total U.S. Department of Transportation			7,233,143

METRO

Schedule of Expenditures of Federal Awards
For the fiscal year ended June 30, 2012

<u>Grantor and Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant Number</u>	<u>Federal Expenditures</u>
NATIONAL SCIENCE FOUNDATION			
Passed through the New York Hall of Science Education and Human Resources, Wild Minds	47.076	DRL-0840160	7,700
Total National Science Foundation			7,700
U.S. ENVIRONMENTAL PROTECTION AGENCY			
Office of Solid Waste and Emergency Response Direct Program:			
Brownfields Assessment and Cleanup Cooperative Agreements II	66.818	BF-96072301	16,004
State Clean Diesel Grant Program Passed through State of Oregon Department of Environmental Quality	66.040	DS-96077601	303,522
Total U.S. Environmental Protection Agency			319,526
U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES			
U.S. Centers for Disease Control and Prevention Passed through Multnomah County Health Department ARRA - Prevention and Wellness – Communities Putting Prevention to Work Funding Opportunities Announcement East Metro Health Equity Investment Strategy	ARRA - 93.724	CPPW10-001	24,925
Total U.S. Department of Health & Human Services			24,925
Total Expenditures of Federal Awards			\$ 8,349,385

METRO
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

NOTE 1 – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes all federal grant activity of Metro, under programs of the federal government for the year ended June 30, 2012. The information in this Schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because this Schedule presents only a selected portion of the operations of Metro, it is not intended to and does not present the financial position, changes in net assets or cash flows of Metro.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting, which is described in note II.C to Metro's basic financial statements. Such expenditures are recognized following the cost principals contained in OMB Circular A-87, *Cost Principals for State, Local and Indian Tribal Governments*, wherein certain types of expenses are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

NOTE 3 – SUBRECIPIENTS

Included within the federal expenditures presented on the Schedule are federal awards subrecipients as follows:

SUBRECIPIENT	FEDERAL CFDA #	GRANT #	TOTAL EXPENDITURES
Bicycle Transportation Alliance	20.507	FTA OR-95-X010	\$ 13,750
City of Gresham	20.507	FTA OR-95-X010	44,662
City of Portland	20.507	FTA OR-95-X010	175,365
City of Tigard	20.507	FTA OR-95-X010	11,227
City of Wilsonville	20.507	FTA OR-95-X010	122,008
Community Cycling Center	20.507	FTA OR-95-X010	12,456
Gresham Downtown Development Association	20.507	FTA OR-95-X010	43,165
Lloyd District TMA	20.507	FTA OR-95-X010	66,622
South Waterfront Community Relations	20.507	FTA OR-95-X010	48,037
Swan Island Business Association	20.507	FTA OR-95-X010	55,365
Tri-Met	20.507	FTA OR-95-X010	71,686
Tri-Met	20.522	FTA OR-39-0006	23,747
Westside Transportation Alliance Inc.	20.507	FTA OR-95-X010	57,865
Woodland Park Zoo	15.657	FWS # F11AC00094	18,000
Tualatin Riverkeepers	10.072	66-0436-6-019	5,000
Total Subrecipient Federal Expenditures			\$ 768,955

**METRO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? _____ yes X no
- Significant deficiency(ies) identified? _____ yes X none reported

Noncompliance material to financial statements noted? _____ yes X no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____ yes X no
- Significant deficiency(ies) identified? _____ yes X none reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? _____ yes X no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
15.623	U.S. Department of the Interior North American Wetlands Conservation Fund
20.505	U.S. Department of Transportation Metropolitan Transportation Planning Grants Federal Transit Cluster
20.500	Federal Transit – Capital Investment Grants
20.507	Federal Transit – Formula Grants
20.522	Alternative Analysis
66.040	U.S. Environmental Protection Agency State Clean Diesel Grant Program

Dollar threshold used to distinguish between type A and type B programs: \$ 300,000

Auditee qualified as low-risk auditee? X yes _____ no

**METRO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Section II - Financial Statement Findings

None reported

Section III - Federal Award Findings and Questioned Costs

None reported

REPORT OF INDEPENDENT AUDITOR

Metro Council and Metro Auditor
Portland, Oregon

We have audited, in accordance with auditing standards generally accepted in the United States of America, financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Metro as of and for the year ended June 30, 2012, which collectively comprise Metro's basic financial statements, and have issued our report thereon dated December 3, 2012.

In connection with our audit, nothing came to our attention that caused us to believe that Metro failed to comply with the provisions in Exhibit A to Resolution No. 06-3672B with regard to the Natural Areas General Obligation Bonds, Series 2007 and Series 2012A. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance.

This report is intended solely for the information and use of Metro, and is not intended to be and should not be used by anyone other than these specified parties.

Moss Adams, LLP

Eugene, Oregon
December 3, 2012

REPORT OF INDEPENDENT AUDITOR

Metro Council and Metro Auditor
Portland, Oregon

We have audited, in accordance with auditing standards generally accepted in the United States of America, financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Metro as of and for the year ended June 30, 2012, which collectively comprise Metro's basic financial statements, and have issued our report thereon dated December 3, 2012.

In connection with our audit, nothing came to our attention that caused us to believe that Metro failed to comply with the provisions in Exhibit A to Resolution No. 08-3945 with regard to the Oregon Zoo General Obligation Bonds, Series 2008, Series 2010, and Series 2012A. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance.

This report is intended solely for the information and use of Metro, and is not intended to be and should not be used by anyone other than these specified parties.

Moss Adams, LLP

Eugene, Oregon
December 3, 2012

STAFF REPORT

IN CONSIDERATION OF RESOLUTION NO. 13-4407 FOR THE PURPOSE OF THE METRO COUNCIL'S ACCEPTANCE OF THE RESULTS OF THE INDEPENDENT AUDIT REPORT FOR FINANCIAL ACTIVITY DURING FISCAL YEAR ENDING JUNE 30, 2012

Date: January 24, 2013

Prepared by: Suzanne Flynn
Metro Auditor
503/797-1891

BACKGROUND

State ORS provision 297.425 requires an annual independent audit of Metro's financial statements. The current contract (No. 929814) was awarded to Moss Adams LLP for audit services and is effective May 1, 2010 through June 30, 2013.

Metro Code Chapter 2.15 specifies at Section 2.15.80 that the Auditor shall appoint external certified public accountants to conduct certified financial statement audits. Metro Charter Section 18 also specifies that the auditor shall be responsible for financial auditing of all aspects of Metro's operations.

The Comprehensive Annual Financial Report (CAFR) has been completed by Metro Finance and Regulatory Services. Moss Adams LLP has audited the financial statements and issued an opinion that these statements fairly represent Metro's financial position as of June 30, 2012. The results have been reviewed by the Metro Auditor and Metro Audit Committee members.

ANALYSIS/INFORMATION

1. **Known Opposition** none

2. **Legal Antecedents**

State ORS provision 297.425 requires an annual independent audit of Metro's financial statements. Metro contract No. 929814 with Moss Adams LLP for audit services will expire on June 30, 2013.

Metro Code Chapter 2.15 specifies at Section 2.15.80 that the Auditor shall appoint external certified public accountants to conduct certified financial statement audits. The Metro Charter Section 18 also specifies that the auditor shall be responsible for financial auditing of all aspects of Metro's operations.

3. **Anticipated Effects**

Finance and Regulatory Services management and staff will review and implement the best practices suggestions as appropriate.

4. **Budget Impacts** None known at this time.

RECOMMENDED ACTION

The Metro Auditor recommends approval of Resolution No. 13- 4407.

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF APPROVING THE) RESOLUTION NO. 13-4409
EXPENDITURE OF ADDITIONAL NATURAL)
AREAS BOND MEASURE FUNDS FOR TRAIL) Introduced by Chief Operating Officer Martha
CONSTRUCTION AT BLUE LAKE REGIONAL) Bennett, with the concurrence of Council
PARK) President Tom Hughes

WHEREAS, at the election held on November 7, 2006, the voters approved Ballot Measure 26-80, authorizing Metro to issue \$227.4 million of general obligation bonds to fund natural area acquisition and restoration that would protect lands near rivers and streams, fish and wildlife, and wildlife and trail corridors (the "Bond Measure"); and

WHEREAS, on November 5, 2009, the Metro Council approved Resolution No. 09-4084 allocating not more than \$135,000 in Bond Measure funds towards construction of a key missing gap of the 40-Mile Loop Trail within the Columbia Slough Target Area at Blue Lake Regional Park and also connecting to the Gresham to Fairview Trail; and

WHEREAS, environmental and public infrastructure conditions that were impossible to foresee at the outset of the Blue Lake trail project have resulted in additional design and engineering costs, and an increase in the estimated construction cost; and

WHEREAS, the additional funds required to complete the project are \$280,000, to be used as local match to secure federal funding in the amount of \$842,500; and

WHEREAS, the Bond Measure allows funds to be spent on, among other things, capital projects to protect and enhance trail corridors.

BE IT RESOLVED that the Metro Council hereby:

1. Authorizes the Chief Operating Officer to contribute, from proceeds of the 2006 Natural Areas Bond, \$280,000 in additional funds towards the construction of a segment of the 40-Mile Loop Trail within the Columbia Slough Target Area in the vicinity of Blue Lake Regional Park.
2. Recognizes that the project is at a 90% construction document phase and that a construction contract is not currently in place, authorizes the Chief Operating Officer the ability to review and approve additional project funding in the amount of 10% of the current construction estimate, or \$70,000.
3. Requires that project cost over runs in excess of \$70,000 will be brought back to Council for review.

ADOPTED by the Metro Council this _____ day of January, 2013.

Tom Hughes, Council President

Approved as to Form:

Alison Kean Campbell, Metro Attorney

STAFF REPORT

IN CONSIDERATION OF RESOLUTION NO. 13-4409, FOR THE PURPOSE OF APPROVING THE EXPENDITURE OF ADDITIONAL NATURAL AREAS BOND MEASURE FUNDS FOR TRAIL CONSTRUCTION AT BLUE LAKE REGIONAL PARK

Date: January 24, 2013

Prepared by: Rodney Wojtanik, 503-797-1846

BACKGROUND

The “40-Mile Loop” trail is a loop system of trails that connect parks and natural areas from the Columbia, to the Sandy, to the Willamette River and Johnson Creek. The concept for this loop trail system was first developed in 1904 by the Olmsted Brothers’ in their report to the Portland Park Board. Much has happened in the past 108 years, the “40-Mile Loop Trail” is approximately 140 miles in length today, but some key gaps still exist. One such gap exists within Metro’s Blue Lake Regional Park. This gap, in Blue Lake Park, is one of the last major gaps in the Marine Drive Trail and it is the only gap that is on property entirely owned by Metro. Partner jurisdictions, including Troutdale, Gresham, the City of Portland, Multnomah County and Fairview either have or will complete their portions of the trail.

Closing this gap improves pedestrian and bicycle access to and from this regionally significant park. Blue Lake Park offers a wealth of opportunities for people of all ages and abilities. Blue Lake Park provides active and passive recreational opportunities as well as cultural interpretation and environmental education.

In 2009, Metro received \$842,500 in Federal Highway Administration (FHWA) transportation funds, in the form of a Congressional “High Priority Project” earmark, for the planning, engineering and construction of the Blue Lake segment of the 40-Mile Loop Trail. These types of funds are no longer available, and if this project does not move forward in a timely way, the federal commitment is in jeopardy. This section of trail is a key missing gap and will ultimately connect the Marine Drive Trail to the west, the Gresham to Fairview Trail to the south, as well as connect to an existing trail which leads to Chinook Landing Marine Park to the east. Local partners have agreed to close the one remaining gap to the east, connecting to the existing trail in Troutdale. Once these sections to the east are completed, the 40-Mile Loop trail will connect Blue Lake Regional Park to the Sandy River Delta Natural Area and Lewis and Clark State Park.

In November 2009, the Metro Council approved Resolution No. 09-4084 which approved the limited expenditure of 2006 Natural Areas Bond Measure funds to provide local match for this project.

The total project budget qualifying for the FHWA funding was initially estimated at just under one million dollars. A 10.27% local cash match was required to qualify for these federal funds. The estimated total Metro contribution was \$135,000. Metro identified the 2006 Natural Areas Bond Measure as the funding source for this federal match because the Bond Measure permits spending bond funds on capital costs to protect and enhance trail corridors (Ballot Measure No. 26-80, Ballot Title). This project is consistent with that requirement.

As the project went through site investigations, design development, and engineering analysis several unforeseen conditions were discovered which have had considerable project cost implications. These conditions include environmental factors, potential damage to public infrastructure (including the levee that protects from flooding), design complexities and permit challenges. These conditions have increased the design and engineering and subsequently, the construction costs of the project above those that were originally estimated at the time federal funding was secured. In addition, as the project enters the public

bidding phase, the Oregon Department of Transportation (ODOT), administrator of the federal funds, requires that additional contingency funds be made available for potential project over runs.

Project Status

During the design process multiple revisions were required in the trail alignment and design. These revisions were required based on environmental, geotechnical and infrastructure impact concerns from several project stakeholders including the Multnomah County Drainage District, United States Army Corps of Engineers, State of Oregon Historic Preservation Office, and ODOT. These issue surfaced as the Team tried to find an alignment that worked with these various complicating factors and federal review processes.

After working closely with the project stakeholders, Metro, and the Drainage District submitted a Levee Encroachment Permit application to the Army Corps of Engineers in anticipation of obtaining their approval for the project. The Army Corps denied the permit and rejected the proposed trail alignment based on the location in relation to the levee's toe drain system. Based on this setback, the Design Team returned to the drawing board and proposed an alternative trail alignment. This conceptual alignment appears to satisfy all of the project stakeholders. The alternative trail alignment is currently being reviewed by the Army Corps of Engineers. The project team expects to be granted a Levee Encroachment Permit by mid-February. This additional design work, engineering analysis and the additional means and methods required during construction have increased the costs of the overall project.

ODOT will award the project if the lowest responsive bid comes in less than 10% above the engineer's estimate. If the bids come in more than 10%, additional value engineering will be conducted. ODOT would then rebid the project. Currently, the additional estimated investment required to complete the project is \$280,000.

Because the project is at a 90% construction document phase and Metro needs to produce the funding commitment letter to ODOT by March 2013 to enter the bid phase, staff requests that additional funding over and above the \$280,000 authorized herein be conditionally pre-authorized with review and approval by the Chief Operating Officer. These funds would be drawn upon if the overage is within 10% of the current construction estimate, or \$70,000. These funds may be necessary to go to bid if the final engineer's estimate is higher than the current total.

Should Metro decide that we are not prepared to move forward with completing the project at this time, Metro is responsible to pay for all design, engineering and ODOT expenses to date.

Timeline

Due to the permit setbacks and additional design and engineering required, bidding is anticipated in May 2013 with construction to begin that summer. There are strict seasonal construction requirements about when Metro can build on the levee.

ANALYSIS/INFORMATION

1. Known Opposition

None.

2. Legal Antecedents

Resolution No. 06-3672B, "For the Purpose of Submitting to the Voters of the Metro Area a General Obligation Bond Indebtedness in the Amount of \$227.4 Million to Fund Natural Area Acquisitions and Water Quality Protection," was adopted on March 9, 2006.

The voters' approved Metro's 2006 Natural Areas Bond Measure No. 26-80 at the general election held on November 7, 2006.

Resolution No. 09-4084 "Amending the Natural Areas Acquisition Refinement Plan for the Columbia Slough Target Area and Approving the Expenditure of Natural Areas Bond Measure Funds for Trail Construction at Blue Lake Regional Park," was adopted by the Metro Council on November 5, 2009, and allocated up to \$135,000 of bond proceeds as matching funds to receive the FHWA federal transportation funds for the design and construction of the Blue Lake Regional park trail.

3. Anticipated Effects

An additional investment of Bond Measure funds will leverage federal funding to construct a key remaining gap in the 40-Mile Loop Trail at Blue Lake Regional Park.

4. Budget Impacts

The construction opportunity identified in this Resolution will be funded entirely with funds from the 2006 Natural Area Bond Measure.

RECOMMENDED ACTION

The Chief Operating Officer recommends passage of Resolution No. 13-4409.

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF AMENDING EXHIBIT)	RESOLUTION NO. 13-4411
A TO RESOLUTION NO. 12-4398,)	
REFERRING TO THE VOTERS OF THE)	Introduced by Chief Operating Officer
METRO AREA A LOCAL OPTION LEVY FOR)	Martha J. Bennett with the concurrence of
THE PURPOSE OF PRESERVING WATER)	Council President Tom Hughes
QUALITY, FISH AND WILDLIFE HABITAT)	
AND MAINTAINING METRO’S PARKS AND)	
NATURAL AREAS FOR THE PUBLIC)	

WHEREAS, on December 18, 2012 the Metro Council adopted Resolution No. 12-4398, attached hereto as Exhibit A, referring a five-year local option measure to the voters of the Metro region for the purpose of preserving water quality, fish and wildlife habitat and maintaining Metro’s parks and natural areas for the public; and

WHEREAS, subsequent to that referral it was discovered that the map in Exhibit A to Resolution No. 12-4398 and the corresponding project lists in Attachments 1-3 contained minor discrepancies as detailed in the attached Staff Report; and

WHEREAS, ministerial revisions have been made to correct minor discrepancies between the map on page 11 of Exhibit A to Resolution No. 12-4398 and corresponding Attachments 1-3, attached hereto as Exhibit B; now, therefore

BE IT RESOLVED by the Metro Council that:

The Metro Council approves the ministerial revisions to Exhibit A to Resolution No. 12-4398 and directs staff to insert the revised pages into Exhibit A to Resolution No. 12-4398.

ADOPTED by the Metro Council this ____ day of January, 2013.

Tom Hughes, Council President

Approved as to Form:

Alison Kean Campbell, Metro Attorney

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF REFERRING TO THE)	RESOLUTION NO. 12-4398
VOTERS OF THE METRO AREA A LOCAL)	
OPTION LEVY FOR THE PURPOSE OF)	Introduced by Councilor Barbara Roberts
PRESERVING WATER QUALITY, FISH AND)	
WILDLIFE HABITAT AND MAINTAINING)	
METRO’S PARKS AND NATURAL AREAS)	
FOR THE PUBLIC)	

WHEREAS, in May 1995 voters in the Metro region approved a \$135.6 million Open Spaces, Parks and Streams Bond Measure with a stated goal of acquiring land in 14 of the 57 regional natural areas identified in the 1992 Greenspaces Master Plan and six of the 34 regional trails and greenways identified in the Greenspaces Master Plan; and

WHEREAS, on May 12, 2005, the Metro Council adopted Resolution No. 05-3574A “Establishing a Regional Habitat Protection, Restoration and Greenspaces Initiative Called Nature In Neighborhoods,” enacting a regional conservation policy that promotes fish and wildlife habitat protection using a variety of means; and

WHEREAS, in November 2006 voters in the Metro region approved a \$227.4 million Natural Areas, Parks and Streams Bond Measure with a stated goal of acquiring land in 27 target areas identified in the Greenspaces Master Plan; and

WHEREAS, pursuant to the two bond measures, land acquisitions exceeded goals and currently total 12,400 acres. In addition, Metro has acquired other parks and natural areas from voluntary transfers from local governments. The grand total of parks, trails and natural areas currently under Metro’s care and stewardship is more than 16,000 acres, including more than 75 miles of stream and river frontage; and

WHEREAS, on April 10, 2012 the Metro Council directed the Chief Operating Officer to establish a Natural Areas Funding Advisory Panel to consider a new funding source for ongoing care and maintenance of Metro’s parks and natural areas, considering the public’s previous investments in land acquisition, level of funding, timing and a long-term solution; and

WHEREAS, the Natural Areas Funding Advisory Panel returned its report to the Metro Council on August 16, 2012, recommending that the Metro Council refer a five-year levy to voters to restore natural areas, maintain and operate parks, engage the community and improve opportunities for people to safely use and enjoy more of the lands Metro has protected for the public and future generations long term; and

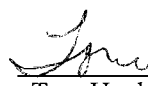
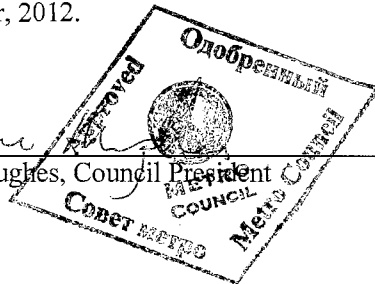
WHEREAS, the Metro Council is authorized under the laws of the State of Oregon and the Metro Charter to impose local option levies to fund natural area protection; and

WHEREAS, the Metro Council finds and determines that it is in the public interest to refer a five-year local option measure to the voters of the Metro region for the purpose of preserving water quality, fish and wildlife habitat and maintaining Metro’s parks and natural areas for the public, with a rate of 9.6 cents per \$1,000 of taxable assessed value for an estimated total outlay of \$10 million per year; now, therefore

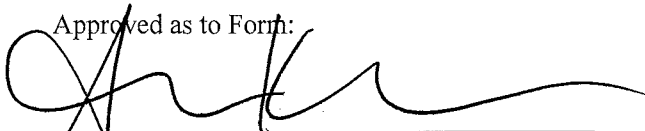
BE IT RESOLVED by the Metro Council that:

1. The Metro Council hereby refers to the qualified voters of the Metro region a five-year local option levy of 9.6 cents per \$1,000 of taxable assessed value with an estimated total outlay of \$10 million per year for the purposes of maintaining and improving water quality, protection of fish and wildlife habitat, preserving regional parks, natural areas and stream frontages, and through continued management, restoration and enhancement of parks and natural areas; and
2. The Metro Council hereby further defines the purpose, allowed uses and outcomes for funds collected via a five-year local option levy according to the Levy Framework, attached as Exhibit A; and
3. The Metro Council hereby certifies the Ballot Title attached as Exhibit B for placement of the Local Option Levy on the ballot for the May 2013 General Election; and
4. The Metro Council authorizes and directs the Metro Chief Operating Officer to refer this Resolution, including the Ballot Title, to the County Elections Officers, the Secretary of State, and the Tax Supervising and Conservation Commission in a timely manner as required by law; and
5. The Metro Council authorizes and directs the Metro Chief Operating Officer to continue to seek long-term funding for natural areas protection.
6. The Metro Council hereby directs program staff to produce an annual report and work plan to be approved by the Chief Operating Officer and presented to the Metro Council at the end of each fiscal year, such report detailing program expenditures by area as well as major accomplishments and made available on the Metro website and featured in other public outreach channels.

ADOPTED by the Metro Council this 18 day of December, 2012.


Tom Hughes, Council President
The seal is a diamond-shaped stamp with a globe in the center. The text 'Approved' is written vertically on the left side, and 'Одобрено' is written vertically on the right side. At the bottom, it says 'Совет МЕТРО' and 'Metro Council'.

Approved as to Form:


Alison Kean Campbell, Metro Attorney

LEVY FRAMEWORK

TAKING CARE OF NATURAL AREAS FOR WILDLIFE, WATER QUALITY, PEOPLE

During the last 20 years, a vast constellation of public land has quietly taken shape across the Portland metropolitan area. Starting with the closure of the St. Johns Landfill and transfer of Multnomah County's parks and cemeteries, Metro has evolved into a major landowner and manager. Twice, the region's voters have directed Metro to acquire additional natural areas for the benefit of the public to protect water quality, wildlife habitat and opportunities for people to connect with nature. Metro's portfolio has grown to nearly 16,000 acres, and that number may reach 17,000 by the time the proceeds of the most recent bond measure have been fully invested.

Top priority was given to buying sensitive habitat before it was developed or rose dramatically in price. As a result of Metro's bond programs, the region's publicly owned natural areas and parkland have grown by some 40 percent to a grand total of roughly 44,000 acres – enough to cover the entire cities of Beaverton, Hillsboro and Gresham. Today, Metro has the great responsibility of caring for more than a third of all those lands.

This flourishing network of natural areas and outdoor recreation demonstrates Metro's broader mission: making a great place. As Metro invests in livable communities, connections with nature are as critical as vibrant communities, economic prosperity and safe and reliable transportation. As this portfolio of land grows, the Metro Council has been considering important questions: What is the condition of these properties? Which land offers the best opportunities for restoring valuable habitat? Which natural areas could be opened for the public to use and enjoy? Is now the time for additional investments? The Metro Council sought the answers to these questions from the public and our partners, which have laid the groundwork for decisions about Metro's role as a major landowner and steward of these precious lands.

A treasure chest of opportunities

For good reason, Metro has concentrated for nearly two decades on land acquisition. Public sentiment centered squarely on securing land before it was lost to development, and voters approved two measures in a relatively short period to ensure that these lands were protected for the future. Investments have focused on "target areas" designed to protect streams and rivers, rare habitat, trail corridors and iconic landscapes. Although voter-approved funds have allowed Metro to assemble a growing number of natural areas and trail corridors and tackle basic, initial restoration work, no new funding has been secured for long-term stewardship. If natural areas are not actively managed and restored, they degrade significantly over time. Invasive plants can take over; erosion can damage water quality; threatened wildlife can disappear. Putting off key restoration work can make the same project more expensive – or even impossible – in the future. Without more resources, the future of the region's natural areas and parkland is in question. Metro's limited general fund dollars are not sufficient to protect the public's initial investment in its growing portfolio of land, let alone support restoration that can maximize the benefits for fish, water quality and people.

Many of Metro's natural area acquisitions also offer opportunities for people to enjoy the land they've helped protect and connect with nature. Since 2006, Metro has used the money approved by voters to open three new nature parks: Mount Talbert Nature Park near Happy Valley, Cooper Mountain Nature Park near Beaverton and Graham Oaks Nature Park in Wilsonville. Each has proven popular, and each has raised the bar for providing beautiful outdoor destinations. Opening these sites has also increased Metro's operating costs. And, as more people discover these places, maintenance and restoration costs

will continue to increase. As the region strives to create a world-class network of natural areas, parks and trails and expected population growth creates more demand, the need for more of these places is heightened – particularly in areas and communities that today are underserved. Inviting people to experience nature goes hand in hand with caring for the land and making the most of the public’s investment.

Funding for parks and natural areas not sustainable on status quo track

In addition to the natural areas acquired with voter-approved bonds, Metro has responsibility for a number of developed park sites that serve some of the most diverse populations of people in the region. More than 1.3 million people visit these places each year to enjoy hiking, bird watching, canoeing, golfing, camping, boating, fishing, picnicking, weddings and special events. Some Metro properties are more than 50 years old. As restrooms, maintenance buildings, picnic and play areas in these parks reach the end of their useful life, they need to be replaced. Without additional capital investments, the cost of maintaining these aging facilities will continue to increase. Without additional funding, basic services will need to be reduced.

Just over two decades ago, Metro didn’t own a single park or natural area. Today the agency is the largest owner of parks and natural areas in the Portland metropolitan region. Money approved by voters for land acquisition in 1995 and 2006 cannot be legally used for operating expenses. Once acquired, these lands require ongoing maintenance. To understand the magnitude of this need, in November 2011 staff completed a report for the Metro Council, titled “*Metro’s Portfolio of Natural Areas, Parks and Trails: Opportunities and Challenges*” (the Portfolio report). This report summarizes Metro’s evolution as a landowner and park operator, and gives an overview of the current condition of property, along with the regional context and relationships that affect the portfolio. The report highlights the need for ongoing operations funding to fulfill the Council’s commitment to meet the public’s expectation that Metro steward these lands and protect their value and benefit to the region. Metro has gone more than 20 years without new operating revenues while its land portfolio has grown from zero to 16,000 acres and counting. Resources are being used wisely, but caring for this much land without new funding is not sustainable over time.

Advisory panel recommends 5-year levy to Metro Council

In July 2012 an independent advisory panel of 15 business, conservation and community leaders from around the region considered Metro's work to acquire, restore and operate regional parks and natural areas, and the associated challenges of taking care of them. The panel recommended that the Metro Council refer to voters a five-year local option levy focused on the following key themes:

Taking care of public assets

The investment supports regional parks and takes care of these assets as a legacy for future generations. Taking care of what we have needs to be a high priority.

Restoring fish and wildlife habitat

Restoration work needs to continue on properties that have been acquired and improved, and extend to as much of the portfolio as possible. Funding should focus on habitat restoration work that protects resources and reduces future funding needs.

Addressing equity for underserved communities

Levy funding provides an opportunity to help meet the needs of underserved communities. Be intentional in designing the levy projects and programs to address barriers that prevent underserved communities from using and benefitting from Metro’s natural areas.

Improving natural areas for people

With a five-year levy, capital-intensive projects with significant new ongoing costs should be minimized. However, investments that provide opportunities for people to enjoy more of these special places while minimizing safety hazards and impacts to habitat should be a higher priority.

The panel’s recommendation for a five-year local option levy offers an incremental approach to fulfill the Metro Council’s commitment to meet the public expectation of good land stewardship and fully realize the potential of the bond program. The panel noted that, although a local option levy does not create a long-term solution, it will provide an important and timely first step while taking into account the reality of the region’s struggling economy, the challenges of our current tax structure and the cost of waiting. Funding from the levy is dedicated exclusively to natural areas, parks and trails and not to other programs or services, based on the panel’s recommendation. The panel understands that Metro will face budget challenges in the next five years but asked that cuts in natural areas, parks and trail program areas are not disproportionate just because new levy funding is available. This is based on keeping faith with the voters.

In an effort to understand and reflect the broader public’s priorities for funding, Metro reached out to stakeholders and sought input through opinion research and community engagement. Activities included holding meetings, giving presentations and having conversations with many of The Intertwine Alliance’s public and nonprofit partners, local government elected officials and staff, park directors, community-based organizations, organizations representing minority groups and communities of color, conservation education providers and others. These organizations and individuals were contacted and asked to help define the purpose and need for a local option levy for Metro’s parks and natural areas. Direct mail, advertising, social media, online surveys and other outreach efforts have been used to engage the broader public.

Wildlife AND people – the framework for investing

Based on the panel’s guidance and the input gathered from stakeholders and the public, staff has developed a framework for projects and programs that would be eligible for levy funding, focusing on two fundamental principles:

Fundamental principles	Program areas	Spending allocations over course of levy
1. Restoring natural areas for wildlife, fish and water quality.	Natural areas	40-50%
2. Improving parks and natural areas for people.	Regional parks operations	20-30%
	Improving natural areas for people	5-15%
	Conservation education/volunteer engagement	5-15%
	Nature in Neighborhood community grants	5-15%

A Natural Areas Local Option Levy of 9.6 cents per \$1,000 of assessed value will generate approximately \$10 million per year. Priority projects are outlined in Attachments 1-4 for further refinement in a detailed annual work plan – with the vision of an integrated approach. For example, planned restoration activities will also include opportunities to engage community volunteers and offer workforce development and mentoring for youth and conservation education programs for people of all ages and backgrounds. In this way we can marry environmental with economic and social aspirations.

Site improvements will highlight habitat restoration, provide cultural and natural history interpretation and improve experiences for a wide range of visitors. Because a five-year operating levy is limited in scale and scope, careful consideration has been given to ensure that projects can be completed within an appropriate timeframe and either reduce long-term operating costs or at least not increase them substantially. Funds would be divided among the various program elements in the percentages set forth in the chart above. All of the areas across Metro’s 16,000-acre land portfolio would receive some level of increased maintenance and investment, should the levy be passed by the voters.

Through levy-funded work, Metro can also increase and improve opportunities for underserved communities, specifically low-income and communities of color. By engaging all of our region’s residents we can create conditions that foster the future stewards of our public lands. Levy-funded activities will engage diverse communities in becoming active stewards of the region’s natural areas and better connect people with nature throughout the region, while also delivering better results for the ecological health and water quality of our region. Intentional goals contained in this program include:

- Continued engagement with diverse communities for all of the program areas, using input to shape efforts moving forward.
- Meeting or exceeding Metro’s goals for MWESB contracting; annual review as part of the program reporting, with areas for potential improvement identified.
- Specific outreach and involvement in college/career development pipelines through youth programs.
- Mentoring and volunteering opportunities.

More specifics about each program area follow.

RESTORING NATURAL AREAS FOR WILDLIFE, FISH, WATER QUALITY

Project selection

Natural areas restoration and maintenance projects are generally selected based on core ecological principles well accepted by restoration and conservation professionals and the best scientific information available. This includes The Intertwine Alliance’s recently published *Regional Conservation Strategy for the Greater Portland-Vancouver Metropolitan Area*, which documents and offers guidance for the region’s highest value habitat areas. Additionally, Metro will seek opportunities to leverage outside resources for restoring these lands – both financial and in partnerships. Potential partners include watershed councils, local governments and nonprofit organizations. Metro will seek diverse partners in planning and implementing restoration projects and strive to expand opportunities for MWESB-certified contractors to perform work on Metro lands.

In general, three types of restoration projects and activities are envisioned:

1. **Large scale, intensive restoration projects** to create significant improvements in the quality and function of the highest priority sites and habitats. These typically involve actions such as reconnecting floodplains to rivers, constructing or removing structures that direct hydrology and planting or thinning tree stands to develop healthy native plant communities.

2. **Smaller restoration projects** that improve ecological function. These projects are similar to larger restoration projects in purpose but smaller in scope and scale. Projects typically include vegetation management such as treating noxious and invasive weeds and planting native trees and shrubs. May also include activities such as replacing or removing failing culverts and modifying roads to prevent erosion from reaching streams and water sources.
3. **Natural area maintenance** focusing primarily on vegetation management and weed suppression. Maintenance will occur on virtually all of Metro's natural areas.

Criteria for priority setting

Projects to be funded are assessed according to the following criteria. Although they reflect a general priority order, all criteria will not apply to every project.

- **Water quality:** Clearly contributes to the protection of watershed health and water quality.
- **Habitat value:** Supports species or habitats identified in federal, state or regional conservation strategies or recovery plans.
- **Restoration potential:** Provides significant opportunity for successful ecological improvement within the time constraints of the levy.
- **Location:** In a regionally important location, including potential for enhancing connectivity between existing stream and wildlife corridors, parks, trails and natural areas.
- **Leverage:** Potential to engage diverse partners, increase funding, reduce long-term costs and create larger, more sustainable projects.
- **Community engagement:** Engages diverse communities through volunteer, workforce development and mentoring or other activities; provides historical, cultural and/or natural history education and interpretation opportunities.

Project refinement

The restoration and stewardship projects identified for investment with levy funds described in Attachment 1 will meet these criteria, including the ability to be substantially completed within the timeframe of the levy, a reduction in long-term operating and maintenance costs and significant ecological improvement. In addition, projects are prioritized based on existing species-specific plans, the Oregon State Conservation Strategy and the Regional Conservation Strategy for the Greater Portland-Vancouver Region. They are described and further prioritized based on Metro's conservation and maintenance plan for each site. Invasive weeds identified as Early Detection and Rapid Response targets by state and regional organizations offer great return on investment by avoiding habitat degradation and higher future control costs. While refining the project priority list and approach, Metro will assess additional factors, including opportunities for collaboration with diverse partners, community engagement and ability to leverage outside resources.

See Attachment 1 for Restoring Natural Areas initial project list.

IMPROVING PARKS AND NATURAL AREAS FOR PEOPLE

The advisory panel, stakeholders and the public agree that levy funds should be used to maintain existing parks and expand opportunities for all people to enjoy Metro's parks and natural areas, learn about and connect with nature. This is achieved through better park maintenance, conservation education, volunteer opportunities and improvements to natural areas for people.

Regional parks operations

Project selection

Metro's parks offer important access to nature for the region's citizens and support regionally important natural habitats. More than 1.3 million visitors enjoy Metro's developed parks each year for walking, hiking, bird watching, canoeing, camping, boating, fishing, picnicking and weddings, in addition to family and community events. As facilities such as restrooms and picnic shelters age, they reach the end of their useful life and need to be replaced. Funding from this levy will be used to make capital improvements, including upgrades to all of Metro's developed parks, with two exceptions: Metro's 14 historic pioneer cemeteries, and the golf courses and support facilities at Glendoveer Golf Course.

Projects are identified based on visitor safety, facility age and condition. Projects designated for funding include those identified in Metro's existing capital improvement program and the renewal and replacement plan. These were supplemented by information from field staff, safety records and park user feedback.

Criteria for priority setting

Projects to be funded are assessed according to the following criteria. Although they reflect a general priority order, all criteria will not apply to every project.

- Improve sustainability features that increase resource efficiency and facility longevity.
- Replace or upgrade facilities or amenities that have reached the end of their life expectancy.
- Reduce maintenance costs.
- Improve safety and security.
- Support continued high quality customer service.
- Respond to regulatory requirements such as Americans with Disabilities Act (ADA) compliance.

Project refinement

Projects outlined in Attachment 2 reflect completed plans and previous public input and have been generally studied in terms of scope and costs. However, permits have not been secured and public input on projects in some locations may affect scope or alter priorities. Adjustments to this initial list may be made based on changing conditions and public input. Grants, partnerships, use of volunteers and other opportunities to leverage levy funds will be explored and factored in as appropriate during project development. Levy projects will be organized to leverage MWESB and sheltered-market contractor utilization.

See Attachment 2 for Regional Parks Operations project list.

Improving natural areas for people

Project selection

As the region strives to create a world-class network of natural areas, parks and trails, the need is heightened to improve some of these places so people can use them – particularly in areas and communities that today are underserved – and goes hand in hand with caring for them and making the most of the public's investment.

Levy funds provide an opportunity to develop low-impact, low-cost access to Metro's natural areas, focusing on providing hiking and walking opportunities for visitors. This will enable residents of the

region to experience the range of habitat types represented at these natural areas, learn more about them and become better stewards of these important regional resources. Improvements for visitors will be closely coordinated with conservation education, volunteer engagement and restoration projects to ensure that community needs are integrated into project design and development. Careful consideration will be given to the limitations of a five-year levy and the desire to avoid increasing long-term maintenance costs. In addition, safety and security are ongoing challenges for protecting the natural resources at these locations. Modest investments that direct public use of select natural areas will create significant gains in water quality and ecological health.

Criteria for priority setting

Projects to be funded are assessed according to the following criteria. Although they reflect a general priority order, all criteria will not apply to every project.

- **Habitat protection:** The project reduces or eliminates visitors' negative impact on sensitive habitats.
- **Safety:** The project addresses a safety concern with current or future site access.
- **Light touch:** The project includes basic improvements such as trails and signage. The project is not capital intensive and avoids a significant increase to ongoing operating costs.
- **Enhanced stewardship:** The project provides access for volunteer and environmental education groups that will promote learning and stewardship.
- **Outdoor experience:** The project improves access to a natural area with a high quality outdoor experience. Activities beyond hiking and walking, such as boating and fishing, might be accommodated.
- **Equity:** The project improves opportunities to connect with nature in areas with a high concentration of low-income people and people of color who currently have poor access.

Project refinement

Final project selection and sequencing will need to be determined. Project lists may be modified with the help of stakeholders and the public. Metro's Chief Operating Officer will review and approve staff recommendations for projects that are designed to improve and expand opportunities for the public to use and enjoy Metro's natural areas.

See Attachment 3 for Improving Natural Areas initial project list.

Conservation education and volunteer engagement

Volunteer engagement

Stewardship of public land requires involving people in caring for the natural areas that have been protected on their behalf and for future generations. Today, volunteers donate more than 20,000 hours of service per year to Metro's parks and natural areas across the region. More than 2,500 people volunteer at Metro sites every year, often participating through their business or nonprofit group. Currently, demand for volunteer opportunities exceeds staff capacity to support their work. Volunteers supplement the work of agency staff members, increasing the quality and quantity of Metro's work.

Volunteers will play a key role across levy-enhanced programs. Volunteer coordination will be expanded to support opportunities for meaningful community engagement across all programs funded by the levy. For example, levy funds will support recruitment and coordination of regular work parties in restoration and maintenance projects, including some organized by nonprofit partners. Levy proceeds will also support specialty and volunteer opportunities such as site stewards, wildlife monitoring and trail counting. Outreach to volunteers will be intentional in efforts to include diverse populations and communities.

Conservation education

The primary goal of levy-supported conservation education activities is to increase stewardship and volunteerism at the region's natural areas and increase the role of natural areas as places of learning, exploration and engagement for people of all ages and backgrounds.

There are two main components to the levy's conservation education programs. The first is enhancement of interpretive opportunities in Metro's parks and natural areas. The second is conservation education for youth, including the potential for skill-building programs focused on underserved communities.

Interpretive opportunities for all visitors

Visitors to Metro's parks and natural areas should have the opportunity to learn about the site's natural and cultural history, natural resources, restoration activities and regional significance. Levy proceeds will increase the diversity and amount of public programming, as well as interpretive signage.

Education and skill-building for youth

Community stakeholders identified college/career development pipelines for youth as a high priority. In response, conservation education's youth programming will focus on developing partnerships and programs that provide conservation-related mentorship and skill-building opportunities. Working with these stakeholders and others in the community, Metro will establish partnerships to create paid, multi-year opportunities for teens to develop high-level, diverse skills that prepare them for conservation-related college study and professional careers. One key goal is improvement in academic, social and career outcomes. Success can be seen in the longer term through program graduates returning as paid staff, either at Metro or in other similar organizations.

Criteria for priority setting

Conservation education programs and projects to be funded are assessed according to the following criteria. Although they reflect a general priority order, all criteria will not apply to every project.

- Develop conservation-related knowledge, skills and motivation in youth.
- Use Metro's parks and natural areas as places for learning, exploration and engagement.
- Involve both conservation education and conservation action – the service learning model.
- Emphasize the role of mentors and expose participants to professionals in natural resources, science, conservation education and community development.
- Engage diverse and underserved communities.
- Partner with community organizations to provide personal and professional skills development.
- Engage participants over several years – a pipeline to college- and career-readiness.

Program refinement

Metro's volunteer and conservation education programs can build on past experiences with partnerships that contain elements of the education and skill-building for youth programming outlined above. In addition, there are valuable models for youth conservation corps to draw upon locally and nationally, including the Oregon Zoo's own award-winning Zoo Animal Presenters (ZAP) program. Conservation education staff will engage internal and external stakeholders in a discussion to determine the most effective programming to achieve desired outcomes.

Volunteer and conservation education program planning will be integrated into planning for restoration, park maintenance and natural area investments, considering current and anticipated visitor traffic, site attributes, geographic location and equity outcomes. Evaluation is a challenging, yet critical component of this type of conservation education work and will be considered as programs are refined.

Nature in Neighborhoods community grants

Program development

The advisory panel and stakeholders recommended that Metro continue providing opportunities to connect people with nature by funding Nature in Neighborhoods restoration and enhancement grants. These grants have been a critical source of funding to support community partnerships that achieve regional goals of improving water quality and fish and wildlife habitat. The grant program also supports Metro’s commitment to addressing barriers that prevent underserved communities from using and enjoying the benefits of Metro’s natural areas.

See Attachment 4 for Nature in Neighborhoods community grants funding objectives, eligibility, application review and selection details.

LEVY PROGRAM MANAGEMENT

The Natural Areas Local Option Levy performance will be measured over the life of the levy. To ensure accountability for the funds, program staff will produce an annual work plan to be approved by the Chief Operating Officer. At the end of each fiscal year, a report to the Metro Council will detail program expenditures by area as well as major accomplishments. The work plan and annual report will be presented at a Metro Council meeting, made available on the Metro website and featured in other public outreach channels.

The following outcomes will be addressed each year, as well as a list of projects completed and total expenditures to date:

- | |
|---|
| <ol style="list-style-type: none">1. Restoring natural areas for wildlife, fish and water quality.<ul style="list-style-type: none">• Increase management and invasive species control for improved water quality and for wildlife habitat values on 10,000 to 12,000 acres.• Complete targeted major restoration projects on 2,000 acres.• Continue strong utilization of MWESB contractors that meets or exceeds performance standards identified in Metro’s Diversity Action Plan.
2. Site improvements and community engagement programs that expand opportunities for all people to enjoy Metro’s parks and natural areas, learn about and connect with nature.<ul style="list-style-type: none">• Improve quality and service for more than 1.3 million people visiting Metro’s developed parks through identified improved or replaced park amenities.• Increase opportunities to experience nature at priority locations.• Increase community engagement at Metro’s parks and natural areas through expanded education and volunteer programs, community partnerships and a community-based grant program.• Increase opportunities for communities of color and children from low income families to experience the region’s parks and natural areas.• Continue strong utilization of MWESB contractors that meets or exceeds performance standards identified in Metro’s Diversity Action Plan. |
|---|

Eligible expenses

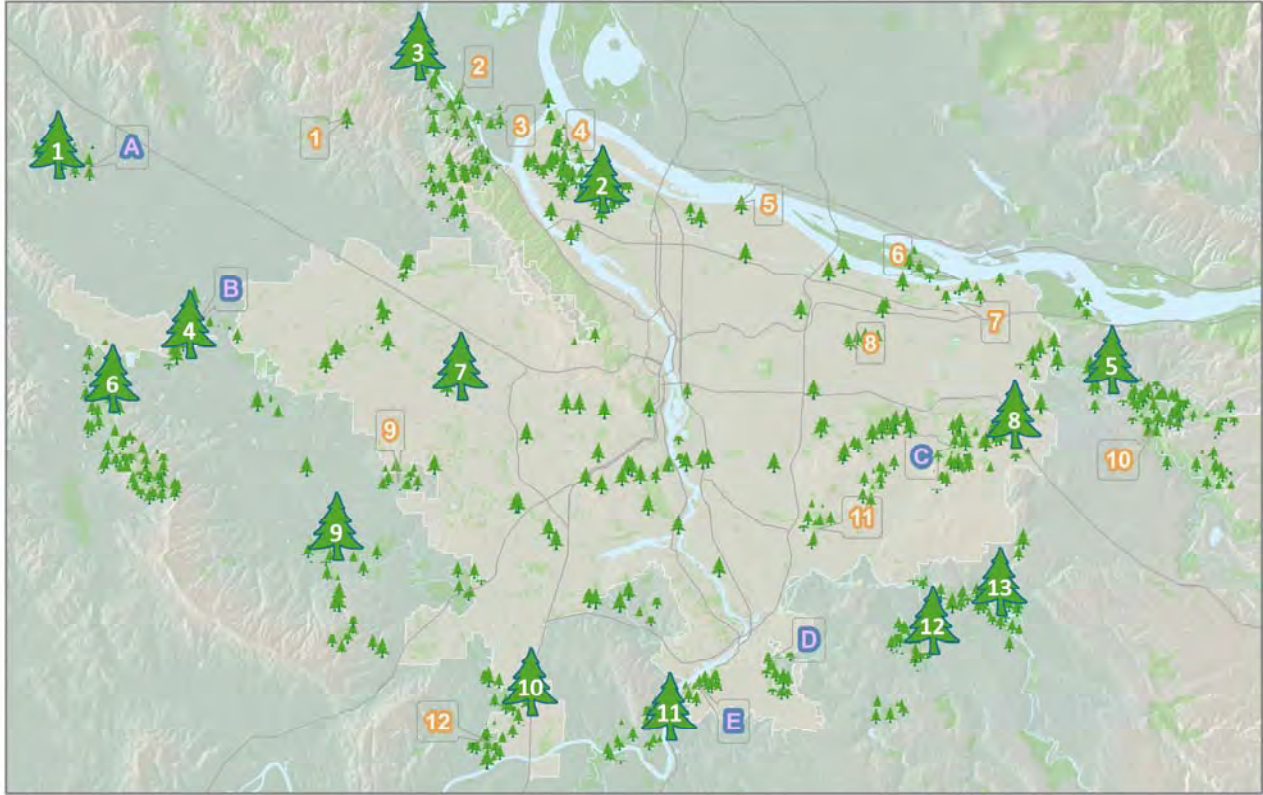
Revenues from the levy will fund program administration, restoration and maintenance of natural areas and parks, capital improvements in parks, and engagement of the community through grant, volunteer and educational programs.

Eligible locations

Natural areas restoration and maintenance, park facility improvements and natural area improvements for people projects may be funded only for the following sites:

- Properties owned and managed by Metro.
- Properties managed by Metro, regardless of ownership.
- Properties for which Metro holds a conservation easement or another agreement when failure to take action would adversely impact Metro property.
- Properties owned by Metro, but managed by a partner through contract or Intergovernmental Agreement.
- Properties where Nature in Neighborhood community grants are awarded.

DISTRIBUTION OF LEVY PROJECTS MAP



The unnumbered small trees identify Metro-owned properties that will receive weed control and other small-scale restoration as warranted. Each tree represents a specific property, with clusters of trees indicating larger properties, in 40-acre increments (for example, an 80-acre site has two trees; a 200-acre site has five).



The numbered larger trees indicate the sites of large-scale, intensive restoration projects. See Attachment 1 for the initial project list.



The numbers indicate locations for regional park projects. See Attachment 2 for detailed project descriptions.



The letters show a handful of the locations where people's experience with nature will be improved. NOTE: This is an initial list. It will expand to include additional sites as they are determined. See Attachment 3 for the initial project list.

This map shows the projects that can be mapped. Conservation education, volunteer engagement and Nature in Neighborhoods community grants will occur at an abundance of sites throughout the region, Metro-owned and not. Exact locations are undetermined at this time.

Attachment 1

RESTORING NATURAL AREAS INITIAL PROJECT LIST

The projects and sites below are indicative of major restoration projects on Metro’s natural areas.

Target area/site	Acres	Focal habitat(s)/species	Key project elements
Clackamas River/North Logan Natural Area	40	Forest	Control invasive species, replant failed forest planting for habitat and reduced maintenance.
Clear Creek/Clear Creek Canyon middle bench	20	Prairie, wetland	Restore natural water flow, improve water quality by closing ditches; treat invasives.
Dairy/McKay creeks – Dairy/McKay confluence	100	Floodplain prairie, wetland	Enhance floodplain connectivity; restore prairie and wetlands for habitat and water quality.
Gales Creek/ Penstemon Prairie	120	Prairie, wetland, horned lark	Continue restoration of floodplain prairie and wetland habitats .
Johnson Creek (various)	50	Riverine, riparian/ salmon	Improve floodplain connectivity, restore native vegetation for fish and water quality.
Killin Wetlands	250	Wetland, riparian	Control invasive species; wetland and riparian planting to improve habitat and water quality.
Sandy River (various)	N/A	Riverine/salmon	Construct two side channels to enhance fish habitat and water quality.
Tonquin Geologic Area/ Coffee Lake Creek	120	Wetland	Replace invasive monoculture with native shrubs for habitat and water quality.
Tualatin River/Gotter Prairie	350	Prairie, oak, floodplain	Continue habitat improvement and restoration of newly acquired property.
Westside Trail corridor	30	Pollinator	Demonstration project as part of Westside Trail and habitat corridor.
Willamette Narrows (multiple sites)	500	Prairie, oak	Treat invasives and plant native wildflowers to solidify habitat gains made from oak release.
Willamette River Greenway/ Multnomah Channel	100	Wetland, floodplain, salmon	Improve connection of floodplain to river to improve water quality and salmon habitat.

Attachment 2

REGIONAL PARKS PROJECT LIST

The projects and sites below are indicative of improvements to upgrade Metro's regional parks.

Mason Hill Park

Projects include site furnishings, restroom building, parking improvements, ADA improvements and signage.

Blue Lake Regional Park

Projects at Blue Lake Park include property fencing, entry drive/booth renovation, park communications system, boat concession renovation, native landscaping upgrades, sports and pathway renovations, traffic and parking improvements, utility and drainage improvements, playground, swim beach and restroom renovations, office and maintenance building renovation and addition of permanent shelters.

Oxbow Regional Park

Projects include maintenance area reconfiguration, office/residence renovation, restroom construction, septic improvements, communication upgrades, fire road repairs, site furnishings, ADA improvements, specialized trail equipment, cabins and additional group camp construction, play area renovations, equestrian area improvements and utility renovations.

Chinook Landing Marine Park

At this boat ramp the projects include pathway replacement, ADA improvements, bank stabilization, native landscaping upgrades, playground and picnic area improvements, signage replacement, boat ramp area dredging, parking improvements, boat wash station and fish cleaning station development.

Howell Territorial Park

The projects at Howell Territorial Park include a master plan update, signage, shelter construction, parking and access renovation and utility replacement.

M. James Gleason Memorial Boat Ramp

Beach, entrance booth/gate and ramp improvements are the projects for the Gleason Boat Ramp.

Sauvie Island Boat Ramp

The Sauvie Island Boat Ramp dock will be replaced, banks stabilized and the restrooms renovated. A new security gate will be installed.

Cooper Mountain Nature Park

Overflow parking will be developed.

Graham Oaks Nature Park

Recycling and garbage collection improvements will be made.

Smith and Bybee Wetlands Natural Area

Signage and security improvements will be made along with ramp and pathway renovations.

Mount Talbert Nature Park

Pathway renovations will be made at Mount Talbert Nature Park.

Glendoveer Fitness Trail

Project includes drainage, surfacing and other needed improvements to the soft surface trail surrounding the Glendoveer Golf Course.

Attachment 3

IMPROVING NATURAL AREAS FOR PEOPLE INITIAL PROJECT LIST

The projects and sites described below represent the initial list of improvements for the benefit of people visiting Metro's natural areas.

Canemah Bluff North

Projects include construction of a viewpoint wall for safety at a bluff cliff, signage and trail improvements. Projects address current use of the site, closing trails for habitat preservation and opening new segments for a good walking experience.

Abernethy and Newell Creeks

This project addresses both safety and preservation issues, replacing transient camps with positive use. Project anticipates a trailhead, parking and trail work. The site has been regularly accessed for many years by local residents who enjoy walking through the natural area. However, there are issues with transient individuals using the site for camping and other unpermitted uses.

Chehalem Ridge Natural Area

Although the natural area is currently closed to the public, this project would take advantage of the opportunities at Chehalem Ridge for low-cost, low-maintenance access. In discussion with partners, early access projects would be identified and put in place potentially including signage and trails.

Agency Creek/McCarthy Creek

Various parcels near to but outside of Forest Park are currently or could be used by walkers or cyclists to access nature close to Portland. Access to the site is challenging and there may be opportunities to enhance use. Over the past decade the demand for single track mountain biking trails has increased. This project would explore the potential to provide quality cycling and hiking experiences for formal single track cycling and walking trails, and as appropriate, construct the facilities.

Council Creek

This property provides habitat to amphibians, turtles and other wildlife. It is also an area where youth and adults create demand trails to access nature and the creek, and build tree houses, forts and rope swings. An analysis of the potential that this property may or may not have for formalized access and what uses the property can sustain while protecting the natural resources is necessary. The desired outcome of the plan would be a sustainable, formal trail with orientation and directional signage that would direct access to parts of the property that can sustain it and discourage access in sensitive habitats.

East Buttes

A network of informal trails currently exist on Gabbert Hill and Towle Butte in the City of Gresham, north of Butler Road. These trails are used by residents in a number of adjacent neighborhoods. A trailhead or multiple trailheads with orientation and directional signage that lead to a formalized soft surface trail system through Gabbert Hill and Towle Butte will be developed to allow for maintainable and safe access to nature while protecting sensitive habitat in these natural areas.

Attachment 4

NATURE IN NEIGHBORHOODS COMMUNITY GRANTS PROGRAM

Grant program purpose

The Nature in Neighborhoods grant program supports and creates partnerships in local communities that improve water quality, fish and wildlife habitat and connect people with nature.

Grant program goals (grant proposals can address only one or many of these to be successful)

- Connect people to their watershed and/or teach people about watershed health.
- Preserve and restore fish and wildlife habitat in local communities.
- Support larger conservation initiatives such as the Regional Conservation Strategy or climate change adaptation.
- Support nature education and programs for school-aged children.
- Improve the ability of underserved communities – particularly low-income and communities of color – to learn about, help restore, experience and connect with nature and the region’s natural areas.
- Implement the Regional Trails Plan.

Requirements and eligibility information

Individuals, citizen groups, businesses, neighborhoods, nonprofits, schools and school groups, government agencies, faith groups and service groups with nonprofit or other tax-exempt status may apply. Metro is not eligible to apply for grant funds.

Grants must serve Metro-area residents. Projects must occur on publicly-owned or permanently protected lands within the metropolitan-area urban growth boundary or Metro’s jurisdictional boundary, unless the project is on Metro-owned property or demonstrates a significant public benefit through increased community stewardship of sensitive habitats of regional importance and/or provides significant public benefit through a regional approach to increasing habitat in urban areas. Projects cannot take the place of required mitigation or penalty payments or result in direct profit or proprietary resources. Grants may be awarded to projects on Metro-owned property only if Metro is not receiving grant funding.

All grant proposals require a minimum of three partners and a 1:1 dollar match of outside funding for every dollar awarded by Metro. The match should come from other funds and/or in-kind contribution(s) of materials, services or volunteer assistance. Match must be secured at time of final application. Funding from other grants managed through Metro cannot be applied towards match. Overhead costs are reimbursable up to 10 percent of the total grant award and as match up to 10 percent of total project cost. Overhead costs must be detailed and justified.

Grant evaluation criteria

- Applicants may address only one or many of the grant program goals to be successful.
- Proposals must meet all program requirements: e.g. three partnerships, 1:1 match, location.
- Proposal scope and timeline is detailed; partner roles and responsibilities are clear.
- Proposals have clear deliverables and measurable outcomes.

Grant application review and awards

The Metro Council will make all grant awards. A team of Metro staff and other professionals with backgrounds in restoration, conservation education, grant management, finance, volunteer coordination, project planning and community partnerships will review applications and make funding recommendations. Proposals will be evaluated based on the information submitted, responsiveness to program goals, stated criteria, and the review committee’s professional and collective judgment.

BALLOT TITLE

Caption

Local option levy: improve natural areas, water quality for fish

Question

Shall Metro improve natural areas, water quality for fish: five-year operating levy, \$.096 per \$1,000 assessed value, beginning 2013?

This measure may cause property taxes to increase more than three percent.

Summary

Twice in two decades, Metro voters approved measures to acquire thousands of acres of natural areas throughout the tri-county region. Past measures could not include money for maintenance and restoration.

This levy creates a dedicated fund to improve water quality for salmon and native fish, remove invasive weeds that threaten the health of these natural areas, restore wetlands and provide opportunities for people from around the region to experience nature close to home.

Cost

The estimated cost for the typical household is \$20 per year for five years.

Result of a “yes” vote

- Improve water quality in local rivers and streams for salmon and other native fish including the Clackamas, Sandy, Tualatin rivers; Fanno, Johnson creeks.
- Restore wildlife habitat and remove weeds that choke plants wildlife need for food and shelter.
- Restore wetlands and floodplains to control flooding, provide habitat for birds and amphibians.
- Construct or replace capital projects in parks, such as restrooms, picnic shelters, playgrounds.
- Provide nature education programs in natural areas to visitors and school-aged children.

The proposed rate (at \$.096/\$1,000) will raise approximately \$10.2 million in 2013-14, \$10.4 million in 2014-15, \$10.6 million in 2015-16, \$ 10.9 million in 2016-17 and \$11.2 million in 2017-18. The estimated tax cost for this measure is an ESTIMATE ONLY based on the best information available from the county assessors at the time of estimate.

STAFF REPORT

IN CONSIDERATION OF RESOLUTION NO. 12-4398 FOR THE PURPOSE OF REFERRING TO THE VOTERS OF THE METRO AREA A LOCAL OPTION LEVY FOR THE PURPOSE OF PRESERVING WATER QUALITY, FISH AND WILDLIFE HABITAT AND MAINTAINING METRO'S PARKS AND NATURAL AREAS FOR THE PUBLIC

December 18, 2012

Prepared by: Jim Desmond (503-797-1914)
Heather Nelson Kent (503-797-1739)

BACKGROUND

This region is admired across the nation for its innovative approach to planning for the future. Our enviable quality of life can be attributed in no small measure to our stubborn belief in the importance of thinking ahead. One example of this foresight was the Metro Council's adoption of the 2040 Growth Concept, a long-range plan designed with the participation of thousands of Oregonians in the 1990s. This innovative blueprint for the future, intended to guide growth and development over 50 years, is based on a set of shared values that continue to resonate throughout the region: thriving neighborhoods and communities, abundant economic opportunity, clean air and water, protecting streams and rivers, preserving farms and forestland, access to nature, and a sense of place. These are the reasons people love to live here. At the heart of the 2040 Growth Concept was the vision, laid out in the Metropolitan Greenspaces Master Plan, of an interconnected system of parks, trails and natural areas for fish, wildlife and people.

Current status and challenge

The Portland metropolitan area is well on its way toward realizing this vision of preserving water quality, protecting the region's most important natural resources and allowing people to explore them. Over the course of two voter-approved bond measures, Metro has strategically acquired more than 12,000 acres, adding to the 4,000+ acres of regional parks Metro has been asked to manage by local governments. Metro has committed the resources necessary to care for these lands and begun the work of restoring habitats, improving water quality and enhancing people's opportunities to enjoy and explore nature. Given that Metro's portfolio of land continues to grow, while the general fund resources needed to support it are decreasing, the existing financial model is not sustainable. The region has no stable, near- or long-term funding source to restore, maintain and invite people to enjoy the places that voters and local governments have protected for the public.

Without active stewardship, wildlife habitat in our natural areas will decline. A recent City Club report identifies invasive weeds as a primary threat to the health of Forest Park. In Metro's natural areas, similar threats from invasive weeds threaten the health of native species and water quality. Left unattended, this trend will mean a more daunting task and higher costs in the future. Similarly, park facilities that provide people with walking, boating, picnicking and other opportunities to enjoy nature require sufficient funding and reinvestment. Additional, dedicated funding is needed to protect our region's assets in both the near and long term, maximize their value to the public and enhance the ecological benefits of the public's park and natural area investments.

It was clear from the time the Metro Council referred the first bond measure in 1995 that acquisition was the imperative. It was noted then that funding for long-term maintenance must be identified and planned

for, but the Metro Council and the region's voters prioritized land acquisition. With the first bond measure, Metro exceeded promises to voters, acquiring more than 8,000 acres of natural areas. Already Metro has achieved its goal of protecting about 4,000 acres through the 2006 bond measure. Metro's success in acquiring these natural areas brings urgency to the discussion of their long-term care.

For several years the Metro Council has discussed a regional solution to long-term funding needs with local park providers, elected officials and partners in the Intertwine Alliance. In 2010 the Metro Council directed staff to produce a report on Metro's portfolio of parks and natural areas. The Council used the portfolio report to better understand the scope of Metro's responsibilities as well as the challenges and opportunities they present today and in the future.

During the past year, Metro has examined a wide range of funding sources that potentially could provide either a long-term or short-term solution to the ongoing management of Metro's regional parks and natural areas. Consideration was given to a service district, solid waste excise tax, a niche tax, utility fee and local option levy. Of these alternatives, a five-year local option levy emerged as the most feasible to pursue in the near-term. In February 2012 the Metro Council directed staff to test voter interest in such a measure.

Public engagement and process

The effort to determine whether the Metro Council should move forward with seeking voter approval of a local option levy has included extensive public and stakeholder engagement. This began with public opinion research conducted by Davis, Hibbitts & Midghall, Inc. (DHM Research) in March 2012 and continued with the use of Metro's online engagement tool, Opt In, in May 2012. A total of 3,492 people participated in the Opt In survey, and their opinions were consistent with the results of the statistically valid research. The input gathered from Opt In members provided additional information about the relative importance of Metro's natural area restoration efforts and programs to residents throughout the region, confirming priorities and the benefits of additional funding.

Outreach to key stakeholders also began early in 2012. Metro Council members, the Metro Council President and Metro staff shared the idea of a local option levy with elected officials, park directors, the Intertwine Alliance members and others. Early engagement gave the project team insight into the concerns a funding proposal might raise.

With public support and voter interest established, Metro Chief Operating Officer Martha Bennett convened an independent advisory panel made up of 15 representatives from the public and private sectors in July 2012. The Natural Areas Advisory Panel provided an opportunity to test support for a funding proposal with an independent group of community leaders representing different personal and professional perspectives and expertise.

Natural Areas Advisory Panel

The advisory panel included business, conservation and community leaders Josh Alpert, Marcelo Bonta, Tom Brian, Craig Dirksen, Stacey Dycus, Donita Fry, John Griffiths, Lori Luchak, Fred Miller (chair), Mike Miller, Wilda Parks, David Pollock, Jazzmin Reece, Stephanie Routh and Pam Wiley. The panel met in June and July 2012 and addressed these key questions:

1. What are the key results related to preservation and maintenance of parks and natural areas and access to nature that Metro should fund?
2. What level of funding is necessary to meet these objectives?

3. Is now the right time for a funding measure?
4. What is the long-term funding solution for natural areas?

The advisory panel’s recommendations form the core of the proposed measure as described in this resolution, and an excerpted summary is below.

...The panel met three times and discussed the work to date in acquiring and restoring land and providing regional parks. We looked at the funding challenges facing Metro. We reviewed the spring 2012 voter opinion survey, which gauged public support for protection of natural areas in general as well as a specific scenario for a five-year levy.

Based on these meetings, we have reached consensus that a long-term solution is needed to ensure ongoing maintenance and operations of these regional assets. Given the challenges in finding a long-term solution, we recommend that the Metro Council refer a five-year levy to voters to restore natural areas, maintain and operate parks, engage the community and improve access so people can safely use more of Metro’s properties.

...As you further define the projects to be funded, be as specific as possible and use geographic equity as a guiding principle.

Further, we support using the following criteria to evaluate potential investments:

Resource protection

Funding protects natural resources, helping ensure a healthy future for people, fish, and wildlife. Ensuring water quality in regional streams, restoring and protecting wildlife habitat, and removing weeds that threaten the health of natural areas are high priorities with voters. Restoration work needs to continue on properties that have been acquired and improved, and extend to as much of the portfolio as possible. Funding should focus on habitat restoration work that protects resources and reduces future funding needs.

Taking care of assets

The investment supports regional parks and takes care of these assets as a legacy for future generations. As indicated in the opinion survey, seven in 10 voters rated preserving the quality of the region’s natural areas as a high or medium priority. In the related Opt-In survey in May 2012, the top priority for investment went to general maintenance to keep parks safe and enjoyable for visitors. Taking care of what we have needs to be a high priority.

Equity

Levy funding is an opportunity for underserved communities to benefit. Be intentional in designing the levy projects to address barriers that affect historically disadvantaged communities in the use and benefits of Metro’s natural areas.

- *Provide access to natural areas that are near underserved communities. Access relates to physical facilities as well as consideration of cultural barriers and barriers that prevent people from enjoying the resources.*
- *Be inclusive by way of contracting and jobs, environmental education and stewardship opportunities, partnerships and collaboration in public decisions.*

Access and public safety

The opinion survey highlighted the importance of public use. Access to parks and natural areas close to home and across the region are both important, supporting the interconnected network of The Intertwine. With a five-year levy, capital-intensive projects with significant, new ongoing costs should be minimized. However, investments that improve access and remove safety hazards should be a higher priority.

The panel went on to recommend limiting levy expenditures to natural areas, parks and trail purposes in order to keep faith with the voters.

The Metro Council directed staff to conduct broader and more formal public engagement activities starting in September 2012, including one-on-one meetings and presentations to targeted groups and general outreach to the public. More than 100 elected officials, local governments, nonprofits, community-based organizations, business leaders and individuals were contacted and provided opportunities to offer advice and input. Organizations were urged to alert their members to weigh in on the levy proposal through an online survey on Metro’s website or by communicating directly with the Metro Council. The levy proposal was highlighted and promoted through Metro’s websites, online advertising, direct mail, social media tools and more. Online advertising generated more than 3 million impressions. Metro’s website launched a page about the project (www.oregonmetro.gov/nature) Sept. 12, 2012, offering details of the levy funding proposal, decision-making process and timeline.

Starting Sept. 12 and ending Nov. 19, 2012, Metro hosted an online survey via Opt In about the local option levy proposal. More than 5,000 people completed the survey, including more than 1,500 people from outside the regular panel. Overall, the online survey results showed 68 percent support for the levy. Successful engagement about the purpose and need for a Metro levy is evidenced by strong participation in the survey, by the diversity of people and organizations contacted that provided input and advice to Metro.

Davis, Hibbitts & Midghall, Inc. (DHM Research) conducted a second telephone survey of likely voters in the Metro service territory in November 2012 to re-assess support for a five-year local option operating levy for Metro’s natural areas. This research again confirmed support for the measure once the amount and purpose of the levy was described.

ANALYSIS/INFORMATION

1. Known Opposition

The Metro Council has received several comments online from citizens opposing any type of tax increase at this time.

Nineteen of the region’s mayors have submitted a letter to the Metro Council expressing concern that Metro’s five-year local option levy will contribute to compression in cities within Washington, Clackamas and Multnomah counties. The mayors’ letter explained that some Metro area cities are more impacted by compression than others and, as a result, the financial burden for the levy would not fall evenly on households and communities across the region. Some cities have concerns that this will reduce their future ability to raise local revenue for other important local services.

2. Legal Antecedents

State law:

Oregon Revised Statutes Chapter 250 (“Initiative and Referendum”) and ORS Chapter 280, (“Financing of Local Public Projects and Improvements”); ORS 250.035 (“Form of ballot titles for state and local measures”); ORS 250.038 (“Form of ballot title for measure authorizing imposition or renewal of local option taxes or establishing permanent rate limitation”); ORS 280.060 (“Levy of local option taxes outside constitutional limitation; duration of levy; approval of levy as approval of bonds”); ORS 280.064 (“Period for use of revenues raised by local option tax”); ORS 280.070 (“Manner of holding elections for local option tax or permanent rate limit; additional statement in ballot title”); ORS 280.075 (“Ballot statements for local option tax measures”); and ORS 280.080 (“Contents of order, resolution or ordinance calling election”).

Metro Council Legislative History:

Metro Council Resolution No. 92-1637, “For the Purpose of Considering the Adoption of the Metropolitan Greenspaces Master Plan,” adopted July 23, 1992.

Metro Council Resolution No. 94-2049B, “For the Purpose of Modifying the Submission to the Voters of a General Obligation Bond Indebtedness to Proceed with the Acquisition of Land for a Regional System of Greenspaces.”

Metro Council Resolution No. 04-3506A, “For the Purpose of Revising Metro’s Preliminary Goal 5 Allow, Limit, or Prohibit Decision; and Directing the Chief Operating Officer to Develop a Fish and Wildlife Habitat Protection and Restoration Program That Relies on a Balanced Regulatory and Incentive Based Approach,” adopted December 9, 2004.

Metro Council Resolution No. 05-3574A, “For the Purpose of Establishing a Regional Habitat Protection, Restoration and Greenspaces Initiative Called Nature In Neighborhoods,” adopted May 12, 2005.

Metro Council Resolution No. 05-3612, “For the Purpose of Stating An Intent to Submit to the Voters the Question of the Establishment of a Funding Measure to Support Natural Area Protection and Establishing a Blue Ribbon Committee; and Setting Forth the Official Intent of Metro to Reimburse Certain Expenditures Out of the Proceeds of Obligations to be Issued in Connection with the Regional Parks and Greenspaces Program,” adopted September 29, 2005.

3. Anticipated Effects

The effect of this resolution would be the referral to voters of a local option levy measure in the May 21, 2013 General Election.

4. Budget Impacts

The referral of this measure to the voters will require Metro to pay for election expenses, estimated at approximately \$167,000. This amount can change based on the number of issues on the ballot, and the number of region-wide items on the ballot. The FY 2012-13 Adopted Budget includes \$75,000 for election expenses; however, additional appropriation will likely be needed to fully fund the election expenses.

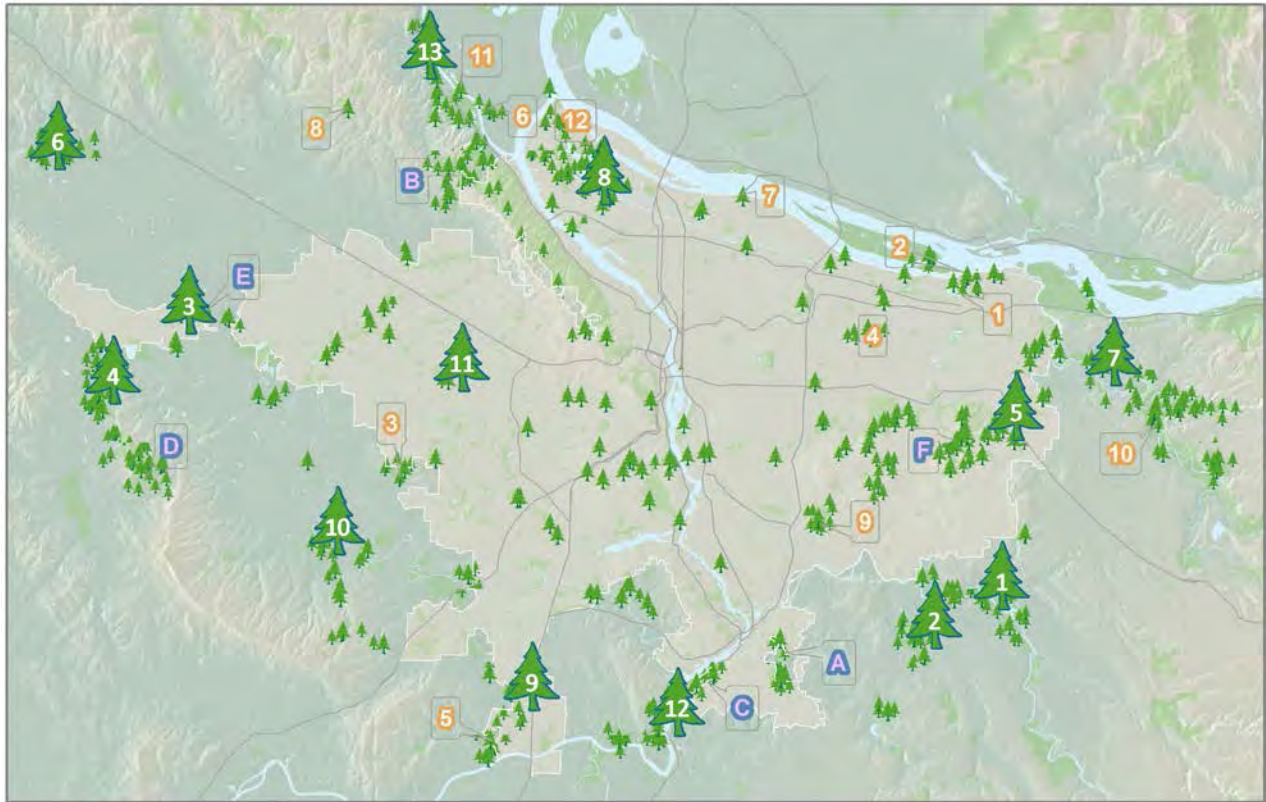
Due to the timing of the May election and the Metro budget process, budget authority for program expenses prior to voter approval of the measure may be included in the FY 13-14 adopted budget. The

Metro Council will have the legal authority to establish appropriation authority related to the successful passage of the measure, once the election has been certified. It is anticipated that, upon passage of the measure, staff will work with the Metro Council on the development of the levy program and the necessary budgetary appropriation to be approved by Ordinance at a later date.

RECOMMENDED ACTION

Staff recommends adoption of Resolution No. 12-4398.

DISTRIBUTION OF LEVY PROJECTS MAP



The unnumbered small trees identify Metro-owned properties that will receive weed control and other small-scale restoration as warranted. Each tree represents a specific property, with clusters of trees indicating larger properties, in 40-acre increments (for example, an 80-acre site has two trees; a 200-acre site has five).



The numbered larger trees indicate the sites of large-scale, intensive restoration projects. See Attachment 1 for the initial project list.



The numbers indicate locations for regional park projects. See Attachment 2 for detailed project descriptions.




The letters show a handful of the locations where people's experience with nature will be improved. NOTE: This is an initial list. It will expand to include additional sites as they are determined. See Attachment 3 for the initial project list.

This map shows the projects that can be mapped. Conservation education, volunteer engagement and Nature in Neighborhoods community grants will occur at an abundance of sites throughout the region, Metro-owned and not. Exact locations are undetermined at this time.

Attachment 1


RESTORING NATURAL AREAS INITIAL PROJECT LIST

The projects and sites below are indicative of major restoration projects on Metro's natural areas (see  on map, page 11).

Map	Target area/site	Acres	Focal habitat(s)/species	Key project elements
1	Clackamas River/ North Logan Natural Area	40	Forest	Control invasive species, replant failed forest planting for habitat and reduced maintenance.
2	Clear Creek/Clear Creek Canyon middle bench	20	Prairie, wetland	Restore natural water flow, improve water quality by closing ditches; treat invasives.
3	Dairy/McKay creeks – Dairy/McKay confluence	100	Floodplain, prairie, wetland	Enhance floodplain connectivity; restore prairie and wetlands for habitat and water quality.
4	Gales Creek/Penstemon Prairie	120	Prairie, wetland, horned lark	Continue restoration of floodplain prairie and wetland habitats .
5	Johnson Creek (various)	50	Riverine, riparian/ salmon	Improve floodplain connectivity, restore native vegetation for fish and water quality.
6	Killin Wetlands	250	Wetland, riparian	Control invasive species; wetland and riparian planting to improve habitat and water quality.
7	Sandy River (various)	N/A	Riverine/salmon	Construct two side channels to enhance fish habitat and water quality.
8	Smith and Bybee Wetlands Natural Area	100	Floodplain, prairie, wetland	Restore prairie and wetland habitat, increase floodplain forest cover, control invasive species.
9	Tonquin Geologic Area/ Coffee Lake Creek	120	Wetland	Replace invasive monoculture with native shrubs for habitat and water quality.
10	Tualatin River/Gotter Prairie	350	Prairie, oak, floodplain	Continue habitat improvement and restoration of newly acquired property.
11	Westside Trail corridor	30	Pollinator	Demonstration project as part of Westside Trail and habitat corridor.
12	Willamette Narrows (multiple sites)	500	Prairie, oak	Treat invasives and plant native wildflowers to solidify habitat gains made from oak release.
13	Willamette River Greenway/ Multnomah Channel	100	Wetland, floodplain, salmon	Improve connection of floodplain to river to improve water quality and salmon habitat.

Attachment 2

REGIONAL PARKS PROJECT LIST

The projects and sites below are indicative of improvements to upgrade Metro's regional parks (see  on map, page 11).

Blue Lake Regional Park | Map location 1

Projects at Blue Lake Park include property fencing, entry drive/booth renovation, park communications system, boat concession renovation, native landscaping upgrades, sports and pathway renovations, traffic and parking improvements, utility and drainage improvements, playground, swim beach and restroom renovations, office and maintenance building renovation and addition of permanent shelters.

Chinook Landing Marine Park | Map location 2

At this boat ramp the projects include pathway replacement, ADA improvements, bank stabilization, native landscaping upgrades, playground and picnic area improvements, signage replacement, boat ramp area dredging, parking improvements, boat wash station and fish cleaning station development.

Cooper Mountain Nature Park | Map location 3

Overflow parking will be developed.

Glendoveer Fitness Trail | Map location 4

Project includes drainage, surfacing and other needed improvements to the soft surface trail surrounding the Glendoveer Golf Course.

Graham Oaks Nature Park | Map location 5

Recycling and garbage collection improvements will be made.

Howell Territorial Park | Map location 6

The projects at Howell Territorial Park include a master plan update, signage, shelter construction, parking and access renovation and utility replacement.

M. James Gleason Memorial Boat Ramp | Map location 7

Beach, entrance booth/gate and ramp improvements are the projects for the Gleason Boat Ramp.

Mason Hill Park | Map location 8

Projects include site furnishings, restroom building, parking improvements, ADA improvements and signage.

Mount Talbert Nature Park | Map location 9

Pathway renovations will be made at Mount Talbert Nature Park.

Oxbow Regional Park | Map location 10

Projects include maintenance area reconfiguration, office/residence renovation, restroom construction, septic improvements, communication upgrades, fire road repairs, site furnishings, ADA improvements, specialized trail equipment, cabins and additional group camp construction, play area renovations, equestrian area improvements and utility renovations.

Sauvie Island Boat Ramp | Map location 11


The Sauvie Island Boat Ramp dock will be replaced, banks stabilized and the restrooms renovated. A new security gate will be installed.

Smith and Bybee Wetlands Natural Area | Map location 12

Signage and security improvements will be made along with ramp and pathway renovations.

Attachment 3

IMPROVING NATURAL AREAS FOR PEOPLE INITIAL PROJECT LIST

The projects and sites described below represent the initial list of improvements for the benefit of people visiting Metro's natural areas (see  on map, page 11).



Abernethy and Newell Creeks | Map location A

This project addresses both safety and preservation issues, replacing transient camps with positive use. Project anticipates a trailhead, parking and trail work. The site has been regularly accessed for many years by local residents who enjoy walking through the natural area. However, there are issues with transient individuals using the site for camping and other unpermitted uses.

Agency Creek/McCarthy Creek | Map location B

Various parcels near to but outside of Forest Park are currently or could be used by walkers or cyclists to access nature close to Portland. Access to the site is challenging and there may be opportunities to enhance use. Over the past decade the demand for single track mountain biking trails has increased. This project would explore the potential to provide quality cycling and hiking experiences for formal single track cycling and walking trails, and as appropriate, construct the facilities.

Canemah Bluff North | Map location C

Projects include construction of a viewpoint wall for safety at a bluff cliff, signage and trail improvements. Projects address current use of the site, closing trails for habitat preservation and opening new segments for a good walking experience.

Chehalem Ridge Natural Area | Map location D

Although the natural area is currently closed to the public, this project would take advantage of the opportunities at Chehalem Ridge for low-cost, low-maintenance access. In discussion with partners, early access projects would be identified and put in place potentially including signage and trails.

Council Creek | Map location E

This property provides habitat to amphibians, turtles and other wildlife. It is also an area where youth and adults create demand trails to access nature and the creek, and build tree houses, forts and rope swings. An analysis of the potential that this property may or may not have for formalized access and what uses the property can sustain while protecting the natural resources is necessary. The desired outcome of the plan would be a sustainable, formal trail with orientation and directional signage that would direct access to parts of the property that can sustain it and discourage access in sensitive habitats.

East Buttes | Map location F

A network of informal trails currently exist on Gabbert Hill and Towle Butte in the City of Gresham, north of Butler Road. These trails are used by residents in a number of adjacent neighborhoods. A trailhead or multiple trailheads with orientation and directional signage that lead to a formalized soft surface trail system through Gabbert Hill and Towle Butte will be developed to allow for maintainable and safe access to nature while protecting sensitive habitat in these natural areas.

STAFF REPORT

IN CONSIDERATION OF RESOLUTION NO. 13-4411 FOR THE PURPOSE OF AMENDING EXHIBIT A TO RESOLUTION NO. 12-4398, REFERRING TO THE VOTERS OF THE METRO AREA A LOCAL OPTION LEVY FOR THE PURPOSE OF PRESERVING WATER QUALITY, FISH AND WILDLIFE HABITAT AND MAINTAINING METRO'S PARKS AND NATURAL AREAS FOR THE PUBLIC

January 24, 2013

Prepared by: Jim Desmond (503-797-1914)

BACKGROUND

On December 18, 2012 the Metro Council referred a five-year local option measure to the voters of the Metro region for the purpose of preserving water quality, fish and wildlife habitat and maintaining Metro's parks and natural areas for the public. Subsequent to that referral it was discovered that the map contained in Exhibit A to the Resolution inadvertently did not correlate to the corresponding project lists in Attachments 1-3 to the Exhibit. Revisions have been made to correct several minor discrepancies between the map on page 11 of Exhibit A and Attachments 1-3 to the Exhibit, as follows:

- Two properties which were previously listed in the Attachment 1 project list but inadvertently omitted from the map – Chehalem Ridge Natural Area and Agency Creek/McCarthy Creek – were added to the map.
- The numbers and letters on the map that correspond to the project lists in Attachments 1-3 were rearranged to better correspond to the lists.
- One location, which was previously included on the map but inadvertently omitted from the Attachment 1 project list – Smith and Bybee Wetlands Natural Area – was added to Attachment 1.
- All three Attachments were alphabetized and appropriate numbering/lettering was added to correctly correlate the project lists with the map.

ANALYSIS/INFORMATION

1. Known Opposition

None.

2. Legal Antecedents

Resolution No. 12-4398, "Referring to the Voters of the Metro Area a Local Option Levy for the Purpose of Preserving Water Quality, Fish and Wildlife Habitat and Maintaining Metro's Parks and Natural Areas for the Public," adopted by the Metro Council on December 18, 2012.

3. Anticipated Effects

The effect of this resolution would be to correct several minor discrepancies in Exhibit A to Resolution No. 12-4398 and replace those revised pages into Exhibit A to Resolution No. 12-4398.

4. Budget Impacts

None.

RECOMMENDED ACTION

Staff recommends adoption of Resolution No. 13-4411.