

Metro | Agenda

Meeting: Metro Council
Date: Thursday, Dec. 19, 2013
Time: 2 p.m.
Place: Metro, Council Chamber

CALL TO ORDER AND ROLL CALL

1. INTRODUCTIONS

2. CITIZEN COMMUNICATION

3. CONSENT AGENDA

- 3.1 Consideration of the Council Minutes for Dec. 12, 2013
- 3.2 **Resolution No. 13-4485**, For the Purpose of Confirming the Appointment of Members of the Nature in Neighborhoods Capital Grants Review Committee.
- 3.3 **Resolution No. 13-4487**, For the Purpose of Metro Council's Acceptance of the Results of the Independent Audit for Financial Activity During Fiscal Year 2012-13.
- 3.4 **Resolution No. 13-4491**, For the Purpose of Confirming the Council President's Appointment of Carol Gossett, Mychal Tetteh, and Steve White as Citizen Representatives to the Transportation Policy Alternatives Committee (TPAC).

4. RESOLUTIONS

- 4.1 **Resolution No. 13-4486**, For the Purpose of Confirming Eligibility of Projects on Metro Lands for the Nature in Neighborhoods Capital Grants Program.
- 4.2 **Resolution No. 13-4489**, For the Purpose of Endorsing a Regional Position on Federal Transportation Policy.
- 4.3 **Resolution No. 13-4490**, For the Purpose of Adopting the Substitute Transit Transportation Control Measure (TCM) as Part of the State Air Quality Strategy and Regional Air Quality Conformity Determination.
- 4.4 **Resolution No. 13-4492**, For the Purpose of Allowing the Beaverton School District to File an Application for a Major Amendment to the Urban Growth Boundary.

Kathleen Brennan-Hunter, Metro

Carlotta Collette, Metro Council

Tom Kloster, Metro
Grace Cho, Metro

Kathryn Harrington, Metro Council
Craig Dirksen, Metro Council

Continued on back...

5. CHIEF OPERATING OFFICER COMMUNICATION

6. COUNCILOR COMMUNICATION

ADJOURN

Please Note: The Metro Council will be on recess from Dec. 20, 2013 to Jan. 3, 2014.

Television schedule for Dec. 19, 2013 Metro Council meeting

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, Dec. 19	Portland Channel 30 – Portland Community Media <i>Web site:</i> www.pcmtv.org <i>Ph:</i> 503-288-1515 <i>Date:</i> Sunday, Dec. 22, 7:30 p.m. <i>Date:</i> Monday, Dec. 23, 28, 9 a.m.
Gresham Channel 30 - MCTV <i>Web site:</i> www.metroeast.org <i>Ph:</i> 503-491-7636 <i>Date:</i> Monday, Dec. 23, 2 p.m.	Washington County and West Linn Channel 30– TVC TV <i>Web site:</i> www.tvctv.org <i>Ph:</i> 503-629-8534 <i>Date:</i> Saturday, Dec. 21, 11 p.m. <i>Date:</i> Sunday, Dec. 22, 11 p.m. <i>Date:</i> Tuesday, Dec. 24, 6 a.m. <i>Date:</i> Wednesday, Dec. 25, 4 p.m.
Oregon City and 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.	

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.

Agenda Item No. 3.1

Consideration of the Council Minutes for Dec. 12, 2013

Consent Agenda

Metro Council Meeting
Thursday, Dec. 19, 2013
Metro, Council Chamber

Agenda Item No. 3.2

Resolution No. 13-4485, For the Purpose of Confirming the
Appointment of Members of the Nature in Neighborhoods
Capital Grants Review Committee.

Consent Agenda

Metro Council Meeting
Thursday, Dec. 19, 2013
Metro, Council Chamber

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF CONFIRMING) RESOLUTION NO. 13-4485
THE APPOINTMENT OF MEMBERS OF)
THE NATURE IN NEIGHBORHOODS) Introduced by Chief Operating Officer Martha
CAPITAL GRANTS REVIEW) Bennett in concurrence with Council
COMMITTEE) President Tom Hughes

WHEREAS, Metro Code 2.19.230 establishes the Nature in Neighborhoods Grants Review Committee whose members are to be appointed by the Metro Council President subject to confirmation by the Metro Council; and

WHEREAS, the Metro Council confirmed the appointments of the original committee by Metro Council Resolution No. 07-3879 (“Confirming the Appointment of Members to the Nature in Neighborhoods Capital Grants Review Committee”), adopted November 1, 2007; and

WHEREAS, the Metro Council most recently confirmed the reappointment of members to the Nature in Neighborhoods Capital Grants Review Committee and added two additional members to the position of Community Representative by Metro Council Resolution No. 13-4408 (“Confirming the Appointment of Members of the Nature In Neighborhoods Capital Grants Review Committee”), adopted February 14, 2013; and

WHEREAS, three members of the committee have either resigned or reached the end of their ability to serve due to term limits defined in 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 Acquisition and Water Quality Protection;" and

WHEREAS, three new members have been invited to serve on the committee; and

WHEREAS, one current committee member wishes to be reappointed to the committee, and will be appointed to act as Chair of the committee; and

WHEREAS, the Council President desires to appoint three new members, and to reappoint one current member to the committee; now, therefore,

BE IT RESOLVED, that the Metro Council confirms the appointments to the Nature in Neighborhoods Capital Grants Review Committee, as set forth in Exhibit “A” attached hereto.

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

Tom Hughes, Council President

Approved as to Form:

Alison R. Kean, Metro Attorney

Exhibit A to Resolution No. 13-4485

**Nature in Neighborhoods
Capital Grants Review Committee**

Committee Member Confirmations

The following person has served an initial two-year term, and is being appointed for a second two-year term and will serve as Chair of the Capital Grant Review Committee:

- Mike Zilis, Community Representative

The following persons shall serve two-year terms, and be eligible thereafter to serve one additional two-year term:

- David Steward, Fish Biologist
- Julie DiLeone, Water Resource Specialist
- Norman Penner, Community Representative

STAFF REPORT

IN CONSIDERATION OF RESOLUTION NO. 13-4485, FOR THE PURPOSE OF CONFIRMING THE APPOINTMENT OF MEMBERS OF THE NATURE IN NEIGHBORHOODS CAPITAL GRANTS REVIEW COMMITTEE

Date: December 19, 2013

Prepared by: Mary Rose Navarro, 503-797-1781

BACKGROUND

The Natural Areas Bond Measure provides \$15 million for a Nature in Neighborhoods Capital Grants Program to provide local organizations and public entities with additional funds for land acquisition and projects that protect and enhance natural resources in the urban environment.

The Metro Council created the Nature in Neighborhoods Capital Grants Review Committee in November 2007. The Capital Grants Review Committee consists of members appointed by the Council President and confirmed by the Metro Council.

Members of the committee hail from all areas of the region and a variety of technical and professional disciplines, including water quality specialists, community representatives, a fish biologist, and a landscape architect.

The grant review committee reviews grant applications with the support and due diligence of Metro staff and makes recommendations for funding to the Metro Council. The Metro Council awards all grants under this program.

This Resolution confirms the reappointment of one current committee member. It also confirms the appointment of three new members to the committee, including one member who will fill the vacancy for fish biologist, one member who will fill the position of water resource specialist, and one member representing the community.

In addition, Mike Zilis, who has served on the Capital Grant Review Committee since February 2012, will replace Sue Marshall as Chair of the committee.

ANALYSIS/INFORMATION

1. Known Opposition

None.

2. Legal Antecedents

Metro 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 Acquisition and Water Quality Protection," adopted on March 9, 2006.

Metro Code Section 2.19.230, "Nature in Neighborhoods Capital Grants Review Committee," which section establishes the purpose, authority, and member appointment process for the committee.

Metro Resolution No. 07-3879, "Confirming the Appointment of Members to the Nature in Neighborhoods Capital Grants Review Committee," adopted on November 1, 2007.

Metro Resolution No. 07-3874, "Confirming the Appointment of the Chair of the Nature in Neighborhoods Capital Grants Review Committee," adopted on December 6, 2007.

Metro Resolution No. 09-4027, "Confirming the Reappointment of Members to the Nature In Neighborhoods Capital Grants Review Committee, Designating the Chair, and Appointing a New Metro Natural Resources Staff Person," adopted on February 19, 2009.

Metro Resolution No. 09-4096, “Confirming the Reappointment of Members to the Nature In Neighborhoods Capital Grants Review Committee and Appointing a New Person In The Water Quality Specialist Position,” adopted on December 10, 2009.

Metro Resolution No. 12-4318, “Confirming the Appointment of Members of the Nature In Neighborhoods Capital Grants Review Committee,” adopted on January 12, 2012.

Metro Resolution No. 13-4408, “Confirming the Appointment of Members of the Nature In Neighborhoods Capital Grants Review Committee,” adopted on February 14, 2013.

3. Anticipated Effects

By approving Resolution No. 13-4485, the Metro Council will confirm the reappointment of one committee member whose term has expired but who wishes to continue serving as the new chair of the committee and three new members to the committee. The expertise of these committee members helps ensure that the Metro Council awards grant funds to projects that best meet the goals and objectives of the Natural Areas Bond Measure.

4. Budget Impacts

There are no budget impacts.

RECOMMENDED ACTION

Staff recommends adoption of Resolution No. 13-4485.

Agenda Item No. 3.3

Resolution No. 13-4487, For the Purpose of Metro Council's
Acceptance of the Results of the Independent Audit for Financial
Activity During Fiscal Year 2012-13.

Consent Agenda

Metro Council Meeting
Thursday, Dec. 19, 2013
Metro, Council Chamber

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF METRO COUNCIL'S	)	RESOLUTION NO. 13- 4487
ACCEPTANCE OF THE RESULTS OF THE)	
INDEPENDENT AUDIT FOR FINANCIAL	)	Introduced by Chief Operating Officer Martha
ACTIVITY DURING FISCAL YEAR 2012-13	)	Bennett in concurrence with Council
	)	President Tom Hughes

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, 2010-12, and amended to provide auditing services for each of the fiscal years ending June 30, 2013 and June 30, 2014:

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, 2013 has been completed and an unmodified 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, 2013 (Attachment A).

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

Tom Hughes, Council President

Approved as to Form:

Alison R. Kean, Metro Attorney

STAFF REPORT

IN CONSIDERATION OF RESOLUTION NO. 13-4487 FOR THE PURPOSE OF THE METRO COUNCIL'S ACCEPTANCE OF THE RESULTS OF THE INDEPENDENT AUDIT FOR FINANCIAL ACTIVITY DURING FISCAL YEAR ENDING JUNE 30, 2013

Date: November 21, 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, 2015.

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, 2013. 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, 2015.

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**

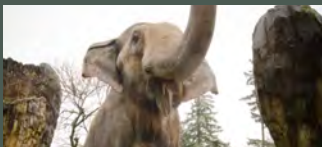
Finance and Regulatory Services management and staff will review and implement the best practices suggestions as appropriate.

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

RECOMMENDED ACTION

The Metro Auditor recommends approval of Resolution No. 13- 4487.

**Excerpt only - entire report may
be downloaded from Metro's
website (186 pages).**



600 NE Grand Ave.
Portland, Oregon
97232-2736

CAFR

**Comprehensive Annual Financial Report
For the fiscal year ended June 30, 2013**



Metro | *Making a great place*

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

A regional approach simply makes sense when it comes to protecting open space, caring for parks, planning for the best use of land, managing garbage disposal and increasing recycling. Metro oversees world-class facilities such as the Oregon Zoo, which contributes to conservation and education, and the Oregon Convention Center, which benefits the region's economy

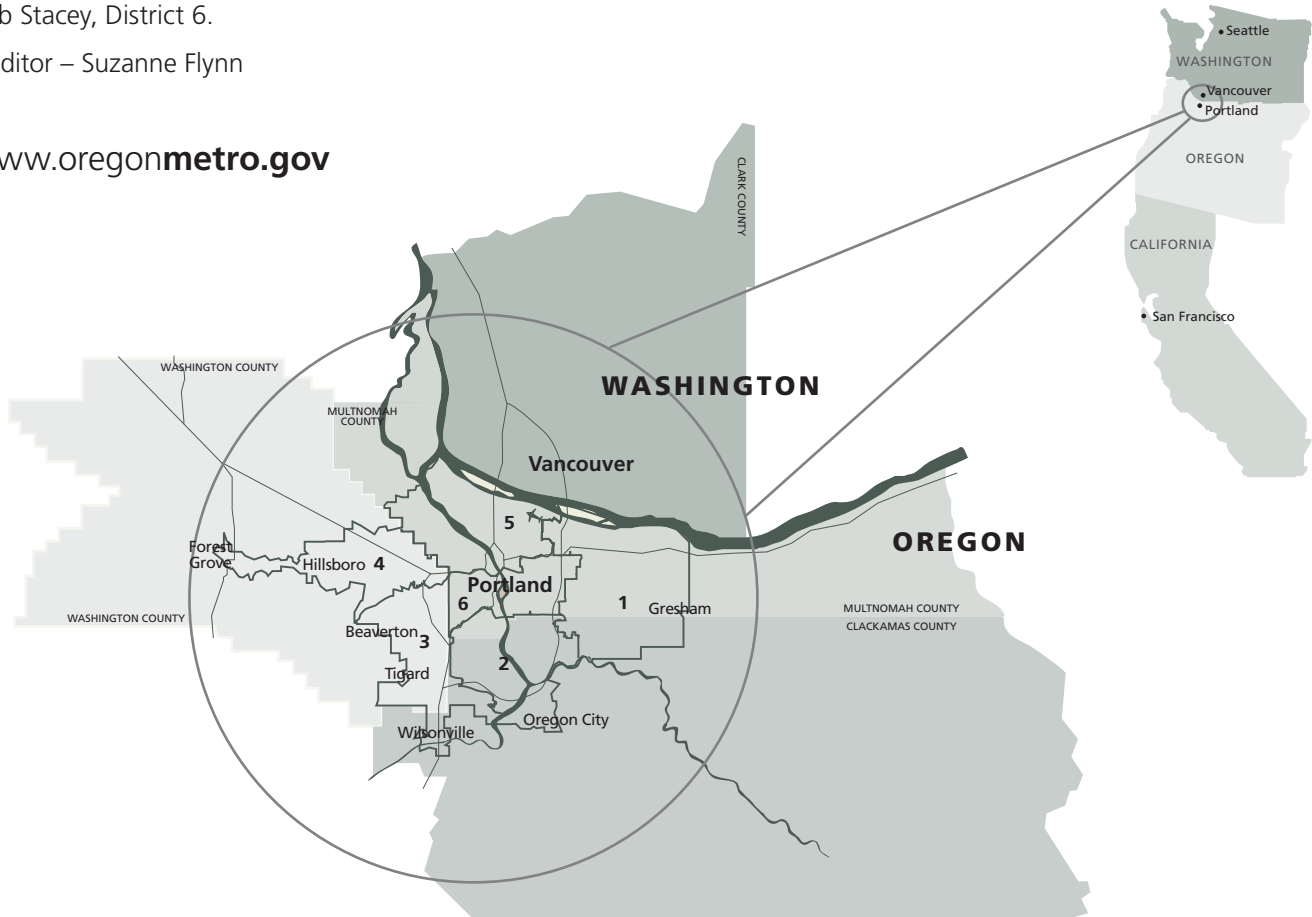
Your Metro representatives for the year ending June 30, 2013

Metro Council President – Tom Hughes

Metro Councilors – Shirley Craddick, District 1;
Carlotta Collette, District 2; Craig Dirksen, District 3;
Kathryn Harrington, District 4; Sam Chase, District 5;
Bob Stacey, District 6.

Auditor – Suzanne Flynn

www.oregonmetro.gov



REPORT OF INDEPENDENT AUDITORS

Metro Council and Metro Auditor
Portland, Oregon

Report on the Financial Statements

We have audited the accompanying financial statements 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 and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Metro's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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% of the assets, net position, 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of The Oregon Zoo Foundation were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design 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. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

MOSS ADAMS_{LLP}

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above 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, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 17 through 33; the schedules of revenues, expenditures and changes in fund balance – budget and actual and related notes (the “budgetary schedules”); and the schedule of funding progress for the other postemployment benefits on pages 83 through 86, 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 the management's discussion and analysis and the schedule of funding progress for the other postemployment 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 the 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 opinions on the financial statements that collectively comprise Metro's basic financial statements. 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 basic 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Metro's basic financial statements. The other supplementary information and other financial schedules, and the schedule of expenditures of federal awards which is required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; each as listed in the table of contents (collectively, the supplementary information), are

MOSS ADAMS_{LLP}

presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Supplementary Information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has 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 basic 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 schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Metro's basic financial statements. The introductory section and statistical information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The introductory section and statistical information have 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 19, 2013, 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 that 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Metro's internal control over financial reporting and compliance.

Report on Other Legal and Regulatory Requirements

In accordance with the Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated November 19, 2013, on our consideration of Metro's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.



For Moss Adams LLP
Eugene, Oregon
November 19, 2013

As management of Metro, Oregon, we provide readers of Metro's financial statements this narrative overview and analysis of the financial activities of Metro for the fiscal year ended June 30, 2013. We encourage readers to consider the information presented here in conjunction with the additional information that we have furnished in our letter of transmittal, which can be found on pages 1 - 8 of this report. This information is based upon currently known facts, decisions or conditions.

FINANCIAL HIGHLIGHTS

- Metro's assets and deferred outflows of resources exceed its liabilities (also defined as net position) by \$537,031,738 at June 30, 2013, which reflects an increase of 5.4 percent or \$27,570,244 over the prior fiscal year. Of this amount, \$36,734,730 represents unrestricted net position, which may be used to meet Metro's ongoing obligations to citizens and creditors
- Metro completed the fiscal year with its governmental funds reporting *combined* fund balances of \$206,354,642. This is down considerably from the prior fiscal year, due mainly to capital spending on Natural Areas and Oregon Zoo Infrastructure and Animal Welfare bond projects. In addition, with the retirement of the Oregon Convention Center 2001 Series and Open Spaces Parks and Streams 2002 series debt, only one issue still has obligations due early in the fiscal year before property taxes are received resulting in a significantly smaller fund balance restricted for debt service at June 30, 2013. Of the total amount of governmental combined fund balance, \$25,530,229 or 12.4 percent, is considered available for spending at Metro's discretion (*unassigned* fund balance).
- At the end of fiscal year 2013, unrestricted fund balance (the total of the *committed*, *assigned* and *unassigned* components of fund balance) in the general fund totaled \$30,957,876 and represents approximately 42.1 percent of total general fund expenditures.
- Metro's total outstanding long-term liabilities decreased \$43,320,666 or 11.6 percent during the current fiscal year as a result of the payment of regularly scheduled maturities of principal on outstanding bonds payable and the refunding of Full Faith and Credit Refunding Bonds, 2003 Series. This refunding defeased the bonds and resulted in a reduction in debt service of \$889,376 over 10 years and a present value savings of \$1,284,311. The amount of outstanding long-term debt is after restating fiscal year 2012 for the amount of the deferred charge on refunding that is now reflected as a deferred outflow of resources on the Statement of Net Position, and for the amount of previously deferred bond issuance costs which were recognized as an expense in accordance with *GASB Statement No. 65, Items Previously Reported as Assets and Liabilities*. Metro implemented this statement in fiscal year 2013 as discussed in detail in note IV to the financial statements.
- Metro acquired ownership of 471 acres of additional natural areas from willing sellers from the proceeds of the Natural Areas general obligation bonds bringing the overall bond acquisition total to 4,586 acres. The total capitalized cost for the property and easements acquired and stabilized in the current fiscal year under this program was \$11,083,544.
- The Oregon Zoo began construction for the Elephant Lands major capital project work under the Oregon Zoo Infrastructure and Animal Welfare Bond program during fiscal year 2013. The Tiger Plaza was demolished and converted into a catering area and picnic space, and the new Wild Life Live building renovation and a new service road were underway as additional projects during the fiscal year. These and other related projects are all funded by bond proceeds with total capitalized costs in fiscal year 2013 of \$8,432,868.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to Metro's basic financial statements, which consist of the following three components: 1) the *government-wide financial statements*, 2) the *fund financial statements*, and 3) the *notes to the financial statements*. The two categories of financial statements are discussed in further detail below. The *notes to the financial statements* provide more detailed information and explain the nature of many of the amounts

contained in the financial statements and are considered integral to the understanding of the financial statements. This report also includes *supplementary information* intended to furnish additional detail to support the basic financial statements.

Government-wide financial statements. Metro's government-wide financial statements are designed to provide readers with a broad overview of Metro's finances using accounting methods similar to those used by private-sector business. Government-wide financial statements provide both short-term *and* long-term information about Metro's overall financial status.

The *statement of net position* includes all of Metro's assets, liabilities, and deferred outflows/inflows of resources, with the net difference between these elements reported as net position. Over time, increases or decreases in Metro's net position may serve as a useful indicator of whether the financial position of Metro is improving or deteriorating. This is only one measure, however, and the reader should consider other indicators such as general economic conditions in the region, changes in property taxes and assessed value, and the age and condition of capital assets used by Metro.

All of the current fiscal year's revenues and expenses are accounted for in the *statement of activities*. The statement presents information showing how Metro's net position changed during the fiscal year. Such changes are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected property taxes and earned but unused vacation leave). Because it separates program revenue (revenue generated by specific programs through charges for services, grants, and contributions) from general revenue (revenue provided by taxes and other sources not tied to a particular program), it shows to what extent each program has to rely on taxes and other general revenues for funding.

Each government-wide financial statement is divided into three categories:

Governmental activities – Activities supported principally by general revenue sources such as taxes and intergovernmental revenues that provide Metro's basic governmental services. These services include the *general government operations* functions of the Council office and various administrative functions, *regional planning and development* which includes regional transportation and land use planning, *culture and recreation* which includes regional parks and natural areas, rehabilitation and enhancement activities near Metro area solid waste facilities, management of Smith and Bybee Lakes and Pioneer Cemeteries, and *zoo* programs that account for operation of the Oregon Zoo.

Business-type activities – Activities supported by charges for services and fees to customers to help cover the costs of certain services. These activities consist of the *Solid Waste* and Metropolitan Exposition Recreation Commission (MERC) operations. Solid waste operations include the operation of two transfer and recycling centers (Metro South and Metro Central), household hazardous waste collection centers, paint recycling center and other solid waste system programs. MERC operations include the Oregon Convention Center (OCC), Portland Center for the Performing Arts (PCPA) and Expo facilities.

Component unit – Metro includes The Oregon Zoo Foundation (OZF) as a discretely presented component unit. OZF is considered a component unit as the sole purpose of this legally separate non-profit organization is to provide support and significant additional funding for Metro's Oregon Zoo.

The government-wide financial statements can be found on pages 35 - 39 of this report.

Fund financial statements. The *fund financial statements* focus on individual parts of Metro and report Metro's operations in more detail, and on a different basis of accounting, than the government-wide statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Metro, like other state and local governments, uses fund accounting to ensure and demonstrate

compliance with finance related legal requirements – including bond covenants and Oregon local budget law requirements. The funds of Metro can be classified into two categories:

- **Governmental funds** are used to account for essentially the same functions as reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, these statements focus on *near-term inflows and outflows of spendable resources*, as well as on balances of spendable resources available at the end of the fiscal year. Thus, the governmental funds statements provide a detailed short-term view that helps the reader determine the comparative level of financial resources that can be spent in the near future to finance Metro's programs.

Because this information does not encompass the additional long-term focus of the government-wide statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, the reader may better understand the long-term impact of Metro's near-term financing decisions. A reconciliation that follows the governmental funds statements explains the differences between the two statements to facilitate this comparison between *governmental funds* and *governmental activities*.

Metro maintains eight individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the four funds considered to be major: General, General Obligation Bond Debt Service, Oregon Zoo Infrastructure and Animal Welfare, and Natural Areas funds. Data from the other four governmental funds (Smith and Bybee Lakes, Rehabilitation and Enhancement, Open Spaces and Cemetery Perpetual Care) are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

Metro adopts an annual appropriated budget for all funds. Budgetary comparison schedules for all appropriated funds are provided following the notes to the financial statements to demonstrate compliance with the adopted budget. Of special note, a portion of one budgetary fund (the General Revenue Bond Fund) and one additional entire budgetary fund (General Asset Management Fund) are allocated to the General Fund and combined with those operating activities for reporting in conformance with generally accepted accounting principles in the governmental fund financial statements. The remaining portion of the budgetary General Revenue Bond Fund is allocated to the MERC Fund for proprietary fund presentation noted below.

The governmental fund financial statements can be found on pages 41 - 46 of this report.

- **Proprietary funds** Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail, including cash flows. Metro includes two different types:

Enterprise funds are used to report the same functions as *business-type activities* in the government-wide financial statements. Metro uses enterprise funds to account for its Solid Waste and MERC operations, both of which are considered major funds.

Internal service funds are an accounting device used to accumulate and allocate costs internally among Metro's various functions. Metro uses an internal service fund to account for management of its retained risks. The revenues and expenses of the internal service fund that are duplicated in other funds through cost allocations are eliminated in the government-wide statements, with the remaining balances included in governmental activities in the government-wide financial statements.

The proprietary fund financial statements can be found on pages 47 - 52 of this report.

Notes to the financial statements. The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 53 - 80 of this report.

Required Supplementary Information (RSI). In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning Metro's General Fund budget-to-actual results and its progress in funding its other post-employment healthcare benefit obligations. RSI can be found on pages 81 - 86.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 87-112.

In presenting the financial statements and disclosures, Metro implemented in fiscal year 2013 the following new GASB statements (GASBS) where applicable:

- GASBS No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*
- GASBS No. 61, *The Financial Reporting Entity: Omnibus; an amendment of GASB Statements No. 14 and No. 34*
- GASBS No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*
- GASBS No. 65, *Items Previously Reported as Assets and Liabilities*

FINANCIAL ANALYSIS OF METRO AS A WHOLE (Government-Wide)

Net position. As noted earlier, net position may serve over time as a useful indicator of a government's financial position. Metro's assets and deferred outflows of resources exceed liabilities (defined as net position) by \$537,031,738 at June 30, 2013. The following table, restating fiscal year 2012 for the implementation of GASB statements No. 63 and 65 noted earlier (see note IV to the financial statements), reflects the condensed Government-wide Statement of Net Position.

Metro's Net Position						
	Governmental Activities		Business-type Activities		Total - Primary Government	
	2013	2012 restated	2013	2012 restated	2013	2012 restated
Current and other assets	\$ 247,541,046	284,875,288	80,503,726	74,865,509	328,044,772	359,740,797
Capital assets	373,377,735	352,662,918	192,949,042	197,513,974	566,326,777	550,176,892
Total assets	620,918,781	637,538,206	273,452,768	272,379,483	894,371,549	909,917,689
Total deferred outflows of resources	1,819,473	2,290,971	491,409	534,452	2,310,882	2,825,423
Long-term liabilities outstanding	305,473,089	346,791,732	23,157,290	25,159,313	328,630,379	371,951,045
Other liabilities	18,953,742	18,663,729	12,066,572	11,300,927	31,020,314	29,964,656
Total liabilities	324,426,831	365,455,461	35,223,862	36,460,240	359,650,693	401,915,701
Net position:						
Net investment in						
capital assets	271,978,616	237,849,839	182,360,721	186,405,139	454,339,337	424,254,978
Restricted	43,460,675	48,436,372	2,496,996	2,001,535	45,957,671	50,437,907
Unrestricted	(17,127,868)	(13,149,913)	53,862,598	47,918,522	36,734,730	34,768,609
Total net position	\$ 298,311,423	273,136,298	238,720,315	236,325,196	537,031,738	509,461,494

**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, 2013 and have issued our report thereon dated November 19, 2013. 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 162-10-000 to 162-10-330, as set forth below, noncompliance with which could have a direct and material effect on the determination of financial statement amounts:

OAR	Section	Instances of Non-Compliance Identified?
162-010-0000	Preface	None Noted
162-010-0010	Definitions	None Noted
162-010-0020	Introduction	None Noted
162-010-0030	General Requirements	None Noted
162-010-0050	Financial Statements	None Noted
162-010-0115	Required Supplementary Information (RSI)	None Noted
162-010-0120	Other Supplementary Information	None Noted
162-010-0130	Schedule of Revenues, Expenditures / Expenses, and Changes in Fund Balances, / Net Position, Budget and Actual (Each Fund)	None Noted
162-010-0140	Schedule of Accountability for Independently Elected Officials	Not applicable
162-010-0150	Schedule of Property Tax Transactions or Acreage Assessments	None Noted
162-010-0160	Schedule of Bonded or Long-Term Debt Transactions	None Noted
162-010-0170	Schedule of Future Requirements for Retirement of Bonded or Long-Term Debt	None Noted
162-010-0190	Other Financial or Statistical Information	None Noted
162-010-0200	Required Disclosures and Independent Auditors Comments	None Noted
162-010-0230	Accounting Records and Internal Control	None Noted
162-010-0240	Public Fund Deposits	None Noted
162-010-0250	Indebtedness	None Noted
162-010-0260	Budget	None Noted
162-010-0270	Insurance and Fidelity Bonds	None Noted
162-010-0280	Programs Funded from Outside Sources	Yes
162-010-0295	Highway Funds	Not applicable
162-010-0300	Investments	None Noted
162-010-0310	Public Contracts and Purchasing	Yes
162-010-0315	State School Fund	Not applicable
162-010-0316	Public Charter Schools	Not applicable
162-010-0320	Other Comments and Disclosures	None Noted
162-010-0330	Extensions of Time to Deliver Audit Reports	Not applicable

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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 test disclosed one instance of noncompliance that is required to be reported under Minimum Standards for Audits of Oregon Municipal Corporations, prescribed by the Secretary of State:

During our testing of contracts, we noted one instance where Metro did not comply with ORS 279C.345. Specifically, Under ORS 279C.345, the specifications for a public improvement may not either expressly or implicitly require any product by brand name or mark, or the product of a particular manufacturer or seller unless the product or class of products is exempted by the Metro Council. This instance of noncompliance has also been documented in Section III of the *Schedule of Findings and Questioned Costs*.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Metro's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Metro's internal control. Accordingly, we do not express an opinion on the effectiveness of Metro's internal control.

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 a 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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2013-001 that we consider to be a significant deficiency.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Minimum Standards for Audits of Oregon Municipal Corporations, prescribed by the Secretary of State, in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



For Moss Adams LLP
Eugene, Oregon
November 19, 2013

**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, in accordance with the 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 governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Metro, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Metro's basic financial statements, and have issued our report thereon dated November 19, 2013. Our report includes a reference to other auditors who audited the financial statements of the Oregon Zoo Foundation, as described in our report on Metro's financial statements. The financial statements of the Oregon Zoo Foundation were not audited in accordance with *Government Auditing Standards* and accordingly this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the Oregon Zoo Foundation.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Metro's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Metro's internal control. Accordingly, we do not express an opinion on the effectiveness of Metro's internal control.

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 a 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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

MOSS ADAMS_{LLP}**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Metro's financial statements are free from 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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Moss Adams, LLP

Eugene, Oregon
November 19, 2013

REPORT OF INDEPENDENT AUDITORS ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Metro Council and Metro Auditor
Portland, Oregon

Report on Compliance for Each Major Federal Program

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, 2013. Metro's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Metro's major federal programs based on our audit of the types of compliance requirements referred to above. 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 on compliance for each major federal program. However, our audit does not provide a legal determination of Metro's compliance.

Opinion on Each Major Federal Program

In our opinion, Metro complied, in all material respects, with the types of 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, 2013.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as item 2013-001. Our opinion on each major federal program is not modified with respect to these matters.

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Metro's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Metro's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of Metro is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Metro's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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.

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 a 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. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2013-001, which we consider to be significant deficiency.

Metro's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Metro's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Moss Adams, LLP

Eugene, Oregon
November 19, 2013

METRO

**Schedule of Expenditures of Federal Awards
For the fiscal year ended June 30, 2013**

<u>Grantor and Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant Number</u>	<u>Federal Expenditures</u>
U.S. DEPARTMENT OF AGRICULTURE			
Natural Resources Conservation Service- Direct Programs: Wetlands Reserve Program-Gotter Prairie	10.072	66-0436-8-035	\$ (335)
Forest Service- Direct Programs: UNO Program	10.XXX	09-CS-11062200-010 Mod #4	12,000
Total U. S. Department of Agriculture			11,665
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 #8	57,000
Total U.S. Department of Defense			57,000
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
U.S. Geological Survey Direct Program: U.S. Geological Survey - Research and Data Collection Digital Ortho-Imagery Grant	15.808	G12AC20115	66,260
Fish and Wildlife Service- Passed through Oregon Department of Fish & Wildlife Sport Fish Restoration Program	15.605	ODFW # 155-12	843,883
Passed through Oregon Department of Parks and Recreation Cooperative Endangered Species Conservation Fund	15.615	E28TW3 OZ	63,255
Passed through Oregon State Marine Board: Clean Vessel Act	15.616	N/A	1,800
Clean Vessel Act	15.616	OSMB # 1463	5,000
Total Clean Vessel Act			6,800
Passed through Ducks Unlimited North American Wetlands Conservation Fund	15.623	US-OR-209-1	46,196
Passed through Washington Department of Fish & Wildlife: State Wildlife Grants	15.634	WDFW #08-1424 Amend #6	4,095
Total U. S. Department of the Interior			1,070,489

METRO

**Schedule of Expenditures of Federal Awards
For the fiscal year ended June 30, 2013**

<u>Grantor and Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant Number</u>	<u>Federal Expenditures</u>
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	53,392
Westside Trail Master Plan	20.205	ODOT # 27275	33,940
2013 Planning Fund	20.205	ODOT # 28624	1,212,581
2011 Planning Fund Carryover funds	20.205	ODOT # 28624	420,483
2013 STP funds	20.205	ODOT # 28624	927,740
2011 STP Carryover funds	20.205	ODOT # 28624	230,055
Loaned Planner Assignment - D.Kaempff	20.205	ODOT # 28383	55,857
TGM Regional Active Transportation Action Plan	20.205	ODOT # 28260	133,195
RCTO - Multimodal Arterial Performance Mgmt	20.205	ODOT # 28088	13,306
Passed through Washington Department of Transportation:			
Columbia River Crossing III Project	20.205	GCA 6667	42,786
<hr/> Subtotal Highway Planning and Construction			<hr/> 3,123,335
Recreational Trails Program			
Passed State of Oregon, Department of Parks and Recreation			
Bi-State Regional Trails Web Site and Map	20.219	RT10-012	(438)
<hr/> Total Highway Planning and Construction Cluster			<hr/> 3,122,897
Federal Transit Administration-			
Metropolitan Transportation Planning Grants-			
Passed through Oregon Department of Transportation :			
2013 Technical Studies (Sec 5303)	20.505	ODOT # 28815	313,518
2012 Technical Studies (Sec 5303)	20.505	ODOT # 27559	166,500
<hr/> Subtotal Metropolitan Transportation Planning Grants			<hr/> 480,018
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	356,515
Regional Travel Options	20.507	OR-95-X037	677,573
Surface Transportation Funds			
Regional Travel Options	20.507	OR-95-X051	194,139
<hr/> Subtotal Regional Travel Options Grants			<hr/> 1,228,227
Capital Investment Grants			
Passed through Tri-County Metropolitan Transportation District of Oregon (TriMet)			
Milwaukie Light Rail Final Design	20.500	GH120250TL	26,458
<hr/> Total Federal Transit - Formula Grants (Federal Transit Cluster)-			<hr/> 1,254,685
Alternative Analysis-			
Direct Programs:			
Streetcar/Eastside/LO-PDX (Sec 5339)	20.522	OR-39-0002	54,526
Southwest Corridor Plan (Sec 5339)	20.522	OR-39-0006	631,303
<hr/> Subtotal Alternatives Analysis Grants			<hr/> 685,829
<hr/> Total U.S. Department of Transportation			<hr/> 5,543,429

METRO

Schedule of Expenditures of Federal Awards
For the fiscal year ended June 30, 2013

<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 Wild Minds	47.076	DRL-0840160	2,850
<u> Total National Science Foundation</u>			<u>2,850</u>
U.S. Environmental Protection Agency			
State Clean Diesel Grant Program-Recovery Act Passed through State of Oregon Department of Environmental Quality	66.040	DS-96077601	74,284
<u> Total U.S. Environmental Protection Agency</u>			<u>74,284</u>
U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES			
U.S. Centers for Disease Control and Prevention Passed through Oregon Health Authority Strengthening the Nation's Public Health System through a National Voluntary Accreditation Program for State, Tribal, Local and Territorial Health Departments Southwest Corridor Health Plan	93.507	140232	49,956
<u> Total U.S. Department of Health & Human Services</u>			<u>49,956</u>
<u> Total Expenditures of Federal Awards</u>			<u>\$ 6,809,673</u>

METRO
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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, 2013. 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 position 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. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

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 (BTA)	20.507	FTA OR95-X010 & X051	\$ 13,750
City of Forest Grove	20.507	FTA OR95-X010 & X051	45,000
City of Portland	20.507	FTA OR95-X010 & X051	10,618
City of Tigard	20.507	FTA OR95-X010 & X051	9,060
City of Wilsonville	20.507	FTA OR95-X010 & X051	44,387
Community Cycling Center	20.507	FTA OR95-X010 & X051	21,630
Gresham Area Chamber of Commerce	20.507	FTA OR95-X010 & X051	39,468
Lloyd District TMA	20.507	FTA OR95-X010 & X051	46,852
Lloyd District TMA	20.507	FTA OR95-X010 & X051	13,830
OPAL Environmental Justice Oregon	20.507	FTA OR95-X010 & X051	63,000
South Waterfront Community Relations	20.507	FTA OR95-X010 & X051	50,133
Swan Island Business Association	20.507	FTA OR95-X010 & X051	53,700
Tri Met	20.507	FTA OR95-X010 & X051	10,000
Tri-Met	20.522	FTA OR-39-0006	22,396
Tualatin Hills Parks & Recreation Dist	20.507	FTA OR95-X010 & X051	48,210
Westside Transportation Alliance Inc	20.507	FTA OR95-X010 & X051	53,501
 Total Subrecipient Federal Expenditures			 <u><u>\$ 545,535</u></u>

**METRO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2013**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None reported
- Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None reported

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?

Yes No

Identification of Major Programs

<i>CFDA Numbers</i>	<i>Name of Federal Program or Cluster</i>	<i>Type of Auditor's Report Issued</i>
15.605	Sport Fish Restoration Program	<i>Unmodified</i>
20.500 20.507	Federal Transit Cluster Federal Transit – Capital Investment Grants Federal Transit – Formula Grants	<i>Unmodified</i>

Dollar threshold used to distinguish between type A and type B programs:

\$300,000

Auditee qualified as low-risk auditee?

Yes No

Section II - Financial Statement Findings

None reported

**METRO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2013**

Section III - Federal Award Findings and Questioned Costs

FINDING 2013-001 – Procurement, Suspension and Debarment - Significant Deficiency in Internal Control and Instances of Noncompliance

<i>CFDA Number</i>	<i>Federal Agency/Pass-through Entity - Program Name</i>	<i>Award Number</i>	<i>Award year</i>
15.605	U.S. Department of the Interior, Fish and Wildlife Service; Passed through Oregon Department of Fish & Wildlife - Sport Fish Restoration Program	ODFW # 155-12	2012-13

Criteria:

Title 2 §215.43 - Competition. All procurement transactions shall be conducted in a manner to provide, to the maximum extent practical, open and free competition. The recipient shall be alert to organizational conflicts of interest as well as noncompetitive practices among contractors that may restrict or eliminate competition or otherwise restrain trade. In order to ensure objective contractor performance and eliminate unfair competitive advantage, contractors that develop or draft specifications, requirements, statements of work, invitations for bids and/or requests for proposals shall be excluded from competing for such procurements. Awards shall be made to the bidder or offeror whose bid or offer is responsive to the solicitation and is most advantageous to the recipient, price, quality and other factors considered. Solicitations shall clearly set forth all requirements that the bidder or offeror shall fulfill in order for the bid or offer to be evaluated by the recipient. Any and all bids or offers may be rejected when it is in the recipient’s interest to do so.

Additionally, per Title 2 CFR, Part 215.48 (e) All contracts, including small purchases, awarded by recipients and their contractors shall contain the procurement provisions of Appendix A to this part, as applicable. Part 8 of Appendix A establishes that certain contract awards shall not be made to parties listed on the government-wide Excluded Parties List System.

When a non-federal entity enters into a covered transaction with an entity at a lower tier, the non-federal entity must verify that the entity and its principals are not suspended or debarred or otherwise excluded from participating in the transaction. This verification may be accomplished by (1) checking the Excluded Parties List System (EPLS) maintained by the General Services Administration (GSA) (available at <https://www.sam.gov/portal/public/SAM/>), (2) collecting a certification from the entity, or (3) adding a clause or condition to the covered transaction with that entity.

Metro’s policies included in Chapter 2.04 – *Metro Contract Policies*. Specifically, Chapter 2.04.062 – *Sole Source Procurements*, which states:

“A contract for good or services may be awarded without competition when the Metro Council, pursuant to ORS 279A.060 as a local Contract Review Board determines in writing by resolution and in accordance with the provision of ORS 279B.075 that the good or services or classes of goods or service are available from only one source.”

**METRO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2013**

Condition:

During our testing of procurement, suspension and debarment, we noted one contract tested in which Metro did not comply with the Criteria discussed above. Specifically, it was noted that the Request for Bid specifically identified the winning bidder's related party's product as the required product for the project. This specific identification limited other vendors from being able to bid and provided an unfair competitive advantage to winning bidder. Additionally, it was noted that other vendors requested substitution consideration. However, there was no evidence that any consideration of these other alternatives was made and no documentation to support the basis for the contractor selected. Further, it was noted that the winning bidder's contract did not include the required federal clauses and certifications and there was no evidence of verification that the vendor was not suspended or debarred.

Questioned Costs:

None to be reported.

Context:

Our finding above related to one contract tested from a total of three contracts subject to the requirements for this program, in which Metro did not comply with the Criteria discussed above for one of the tested contracts. The Request for Bid specifically identified a product that resulted in limiting the competitive bids.

Effect:

Federal funds are being expended under procurement contracts that are missing required certifications and evidence of Metro following required procurement procedures. If policies are not followed, Metro may not be receiving the most advantageous product at the best price. Additionally, without certifications – a contractor may be in direct violation of a federal compliance requirement and ineligible for contracting under federal laws.

Cause:

The cause appears to be due to insufficient controls to ensure that Metro's policies, including that the Contract Review Board determines in writing by resolution and in accordance with the provision of ORS 279B.075 that a good or service or class of goods or service are available from only one source, are being adhered to. Additionally, the evaluation process was only evaluated at the department level thereby circumventing provisions of Metro's contracting policies.

Recommendation:

Moss Adams recommends that Metro enforce their procurement policies and procedures and monitor compliance.

Views of responsible officials and planned corrective actions:

Management acknowledges that this case did not follow Metro's policies. Prior to this finding being revealed Procurement had undertaken a project in which to further clarify and strengthen our policies and procedures, with a projected completion date of May of 2014. We believe that the clarifications and strengthening of our procedures will ensure that this type of event does not happen in the future.

Agenda Item No. 3.4

Resolution No. 13-4491, For the Purpose of Confirming the Council President's Appointment of Carol Gossett, Mychal Tetteh, and Steve White as Citizen Representatives to the Transportation Policy Alternatives Committee (TPAC).

Consent Agenda

Metro Council Meeting
Thursday, Dec. 19, 2013
Metro, Council Chamber

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF CONFIRMING THE	)	RESOLUTION NO. 13-4491
COUNCIL PRESIDENT’S APPOINTMENT OF)	
CAROL GOSSETT, MYCHAL TETTEH, AND	)	Council President Tom Hughes
STEVE WHITE AS CITIZEN)	
REPRESENTATIVES TO THE)	
TRANSPORTATION POLICY ALTERNATIVES)	
COMMITTEE (TPAC))	

WHEREAS, Metro Code Sections 2.19.030(b) and 2.19.180(b)(6), and the Transportation Policy Alternatives Committee (TPAC) bylaws, provide that the Metro Council President shall appoint citizen representatives as members of TPAC, subject to confirmation by the Metro Council; and

WHEREAS, TPAC coordinates and guides the regional transportation planning program in accordance with the policy of the Metro Council; and

WHEREAS, TPAC has three seats for citizen members currently vacant; and

WHEREAS, the Metro Council President has made the following appointments to fill TPAC citizen representative vacancies:

TPAC Name; New Appointment; 2-Year Term:

1. Carol Gossett, Former Business Owner. (Re-appointment; Appoint to complete Two-Year Term – January 2014 through December 2015)
2. Mychal Tetteh, Community Cycling Center. (New appointment; Appoint to complete Two-Year Term – January 2014 through December 2015)
3. Steve White, Oregon Public Health Institute. (New appointment; Appoint to complete Two-Year Term – January 2014 through December 2015)

Now therefore;

BE IT RESOLVED THAT the Metro Council hereby confirms the Metro Council President's appointment of the foregoing individuals to serve as TPAC citizen members, for the terms noted above.

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

Tom Hughes, Council President

Approved as to form:

Alison R. Kean, Metro Attorney

STAFF REPORT

IN CONSIDERATION OF RESOLUTION NO. 13-4491, FOR THE PURPOSE OF CONFIRMING THE COUNCIL PRESIDENT'S APPOINTMENT OF CAROL GOSSETT, MYCHAL TETTEH, AND STEVE WHITE, AS CITIZEN REPRESENTATIVES TO THE TRANSPORTATION POLICY ALTERNATIVES COMMITTEE (TPAC)

Date: December 9, 2012

Prepared by: Jill Schmidt

BACKGROUND

The Transportation Policy Alternatives Committee (TPAC) provides technical advice to the Joint Policy Advisory Committee on Transportation (JPACT) and the Metro Council regarding transportation planning and policy. TPAC has 21 members- 15 technical staff from governments in the region and 6 community members. The community members represent various areas of transportation expertise, parts of the region and community perspectives.

Currently TPAC has three vacant citizen member seats. All three vacant seats are two -year terms beginning in January 2014. All three nominees were interviewed as a part of the public recruitment process during the fall of 2013.

Members nominated are as follows:

1. Carol Gossett, a former business owner in Portland, has served on TPAC as a community representative since 2012 and has experience implementing planning and finance strategies related to large infrastructure projects. Chair on Sullivan's Gulch, co-chair on Northeast Coalition of Neighborhoods, board member on Portland Noise Review Board, member of the American Planning Association and Urban Land Institute.
2. Mychal Tetteh, currently the CEO at Community Cycling Center, has experience working at the intersection of transportation, health, equity, and civic engagement. Former or current member of Environmental Professionals of Color Portland Chapter, North Williams Stakeholder Committee, WVDO Committee, NAO Committee, City Club Bicycle Advocacy Committee, On Board of Oregon Public House.
3. Steve White, currently a Project Manager at Oregon Public Health Institute, has experience adding a health lens to transportation plans, policies, and projects by working with planners and policy makers to understand both the connections between health and transportation and evidence-based strategies and best practices for ensuring that plans, policies, and projects are designed to support community health. Current or former member of American Planning Association, Oregon Public Health Association, Brentwood-Darlington Neighborhood Association, Southeast Uplift Land Use and Transportation Committee, City of Portland Bureau of Development Services Budget Advisory Committee, Transportation Health Equity Network, Oregon Health Impact Assessment Network, and Woodstock Elementary PTA.

ANALYSIS/INFORMATION

1. **Known Opposition:** None

2. **Legal Antecedents:** Metro Code Sections 2.19.030 (a) and (b) and 2.19.180 (b)(6); Metro TPAC Bylaws.

3. **Anticipated Effects:** Approval fills all vacancies for citizen members on TPAC.

4. **Budget Impacts:** None.

RECOMMENDED ACTION

Staff recommends the adoption of Resolution No. 13-4491

Agenda Item No. 4.1

Resolution No. 13-4486, For the Purpose of Confirming
Eligibility of Projects on Metro Lands for the Nature in
Neighborhoods Capital Grants Program.

Resolutions

Metro Council Meeting
Thursday, Dec. 19, 2013
Metro, Council Chamber

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF CONFIRMING) RESOLUTION NO. 13-4486
ELIGIBILITY OF PROJECTS ON METRO)
LANDS FOR THE NATURE IN) Introduced by Chief Operating Officer Martha
NEIGHBORHOODS CAPITAL GRANTS) Bennett in concurrence with Council
PROGRAM) President Tom Hughes

WHEREAS, Metro 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 Acquisition and Water Quality Protection” (the “Bond Resolution”) was approved by the Metro Council on March 9, 2006; and

WHEREAS, at the general election held on November 7, 2006, the voters of the Metro region approved Ballot Measure 26-80, authorizing Metro to issue \$227.4 million of general obligation bonds to fund natural area acquisitions and water quality protection, creating the Natural Areas Program; and

WHEREAS, the Natural Areas Program designated up to \$15 million to fund Nature in Neighborhoods Capital Grants to provide opportunities for the local communities to implement projects to protect fish and wildlife habitat and water quality near where people live and work; and

WHEREAS, the Bond Resolution describes eligible projects as within the Metro area Urban Growth Boundary and/or the Metro jurisdictional boundary, excluding federal land, but does not exclude projects on Metro land; and

WHEREAS, for the prior six grant funding cycles, staff has interpreted the Bond Resolution to exclude projects on land owned by Metro even though the Bond Resolution is silent on this question; and

WHEREAS, potential applicants from both local jurisdictions and community organizations would like to request grant funds for projects on Metro land that are a local priority, but were never intended for the Natural Areas Program to implement; and

WHEREAS, the Metro Council has the authority to refine grant applicant eligibility criteria to provide guidance to the grant selection committee; and

WHEREAS, the Metro Council has determined that projects on Metro-owned land that are a priority to local communities would be consistent with the intent of the Bond Resolution, the Natural Areas Program and the Nature in Neighborhoods Capital Grants Program; now therefore

BE IT RESOLVED that the applicant eligibility criteria set forth in Exhibit C to the Bond Resolution are hereby refined to address projects on Metro-owned land, as follows:

- The eligible applicant is a non-profit, 501(c)(3), education district or higher education organization, city, county, special district or park provider at the time of application to Metro.
- The project must demonstrate the existence of public and private partners who can and will leverage human and financial resources.
- The applicant must verify its ability to carry out the project and maintain the site over the long term.

- If the property is not owned by Metro, the property owner must be a partner on the grant application and the application must include a letter of support from the owner.
- If the property is owned by Metro, it must either (a) be managed at the time of application by another jurisdiction through an Intergovernmental Agreement with Metro; or (b) the project must be initiated by the local community (not Metro) and the local partner must take full responsibility for implementing, constructing and maintaining the project over time. Where the project is managed by another jurisdiction through an Intergovernmental Agreement, the local jurisdiction must be a partner on the grant application and the application must include a letter of support from the local jurisdiction. The project must not conflict with the purposes underlying Metro's original acquisition of the property, or with any management plans that are in place for the property.

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

Tom Hughes, Council President

Approved as to Form:

Alison R. Kean, Metro Attorney

STAFF REPORT

IN CONSIDERATION OF RESOLUTION NO. 13-4486, FOR THE PURPOSE OF CONFIRMING ELIGIBILITY OF PROJECTS ON METRO LANDS FOR THE NATURE IN NEIGHBORHOODS CAPITAL GRANTS PROGRAM

Date: December 19, 2013

Prepared by: Kathleen Brennan-Hunter, 503-797-1948
Heather Nelson Kent, 503-797-1739

BACKGROUND

When the Metro Council approved the Natural Areas bond measure resolution (Metro 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 Acquisition and Water Quality Protection,” referred to in this staff report as the “Bond Resolution”), the Council intended to make \$15 million of the bond funds available for community-driven projects. While the Bond Resolution does not explicitly prohibit projects on Metro-owned land and is silent on this question, staff interpreted it that way over the initial six funding cycles to avoid the appearance that Metro was benefiting from what was intended to be a community grant program.

Staff has begun to receive requests in increasing frequency to allow the use of Nature in Neighborhood grant funds on Metro land for community-driven projects. For example, one local jurisdiction has proposed constructing segments of a regional trail that cross Metro-owned property where an intergovernmental agreement between Metro and this jurisdiction provides that the jurisdiction is wholly responsible for design, construction and operation of the trail. There are also promising community-driven projects proposed on Metro-owned land where the local jurisdiction has full management authority of the property via an intergovernmental agreement with Metro.

The Bond Resolution expressly reserves the Metro Council’s authority to refine the capital grant selection and eligibility criteria over time so that the Metro Council could provide guidance to the grant selection committee on new questions as they arise. The proposed action is to refine the applicant eligibility criteria in Exhibit C to the Bond Resolution to address projects on Metro-owned land as follows (additions in underline and italics):

- The eligible applicant is a non-profit, 501(c)(3), education district or higher education organization, city, county, special district or park provider at the time of application to Metro.
- The project must demonstrate the existence of public and private partners who can and will leverage human and financial resources.
- The applicant must verify its ability to carry out the project and maintain the site over the long term.
- *If the property is not owned by Metro, the property owner must be a partner on the grant application and the application must include a letter of support from the owner.*
- *If the property is owned by Metro, it must either (a) be managed at the time of application by another jurisdiction through an Intergovernmental Agreement with Metro; or (b) the project must be initiated by the local community (not Metro) and the local partner must take full responsibility for implementing, constructing and maintaining the project over time. Where the project is managed by another jurisdiction through an Intergovernmental Agreement, the local jurisdiction must be a partner on the grant application and the application must include a letter of support from the local jurisdiction. The project must not conflict with the purposes underlying Metro’s original acquisition of the property, or with any management plans that are in place for the property.*

These refinements would not change Metro’s approach to supporting and developing projects or how they are reviewed by the Capital Grants Review Committee. The focus remains on empowering the community to develop projects that meet local needs and priorities in accordance with existing selection and eligibility criteria.

If the Metro Council decides to move forward with this clarification, it will increase the number of projects eligible for capital grants. The Bond Resolution gives Metro the authority to award up to \$2.25 million annually. Metro has yet to have a funding cycle where there have been enough eligible requests to award the full allocation.

ANALYSIS/INFORMATION

1. Known Opposition

No known opposition.

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 Acquisition and Water Quality Protection” was adopted March 9, 2006.

Ordinance No. 07-1163, “Amending Metro Code Chapter 2.19 to Establish the Nature in Neighborhoods Capital Grants Review Committee, and Declaring an Emergency” was adopted November 1, 2007.

Metro Code Section 2.19.230, “Nature in Neighborhoods Capital Grants Review Committee,” establishing the committee and prescribing its authority to review capital grants applications and make grant funding recommendations to the Metro Council.

3. Anticipated Effects

Allowing projects on Metro-owned sites to be eligible for the Nature in Neighborhoods Capital Grant Program will result in more funding requests to the program.

4. Budget Impacts

None.

RECOMMENDED ACTION

Staff recommends adoption of Resolution 13-4486.

Agenda Item No. 4.2

Resolution No. 13-4489, For the Purpose of Endorsing a
Regional Position on Federal Transportation Policy.

Resolutions

Metro Council Meeting
Thursday, Dec. 19, 2013
Metro, Council Chamber

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF ENDORSING A) RESOLUTION NO. 13- 4489
REGIONAL POSITION ON FEDERAL)
TRANSPORTATION POLICY) Introduced by Councilor Collette, Chair of the
) Joint Policy Advisory Committee on
) Transportation

WHEREAS, Moving Ahead for Progress in the 21st Century (MAP-21) was adopted by Congress in 2012 for the period encompassing federal fiscal years 2013 and 2014;

WHEREAS, MAP-21 is scheduled to expire at the end of federal fiscal year 2014 (September 30, 2014);

WHEREAS, MAP-21 has a significant policy effect on transportation planning and decision-making and funding in the Portland metropolitan region; and

WHEREAS, the Joint Policy Advisory Committee on Transportation approved the resolution at its December 12, 2013 meeting; now therefore

BE IT RESOLVED that the Metro Council:

1. Supports a significant increase in transportation user fees to support reauthorization of MAP-21 both to eliminate the need for a subsidy of the Highway Trust Fund from the General Fund and to increase the level of federal investment in transportation.
2. Supports a priority federal interest in funding for metropolitan mobility in recognition of the economic significance of metropolitan regions.
3. Endorses the policy position reflected in Exhibit A.

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

Tom Hughes, Council President

Approved as to Form:

Alison R. Kean, Metro Attorney

Federal Transportation Policy Positions

1. **Continue to advocate** for a substantial increase in funding with particular emphasis on funding categories that support metropolitan mobility (STP and CMAQ), active transportation (STP, CMAQ and Transportation Alternatives), transit in general and New Starts in particular, Projects of National and Regional Significance and TIFIA, a dedicated funding source for multi-modal freight projects, restoration of a dedicated bridge program and sufficient resources to meet MPO mandates.
2. **Advocate** for recognition in national transportation policy of the fact that Active Transportation options (including transit which involves walking to and from transit stops) improve health and reduce the long-term need for health care services which are a major driver of budget deficits which the federal government is attempting to rein in.
3. **Continue to advocate** for appropriations to implement the Projects of National and Regional Significance (PNRS) and expand the TIFIA programs and seek funding under these programs for the Columbia River Crossing project and other nationally significant projects.
4. **Advocate** for the recommendation of the House Transportation and Infrastructure Committee to establish a dedicated, sustainable funding source for freight projects of national and regional significance for a competitive grant program. **Investigate** creation of a national Office of Freight.
5. **Continue to advocate** for provisions in the federal authorization bill that support a “Fix-it-First” asset management policy.
6. **Continue to advocate for a stand-alone bridge repair and replacement program.** Support flexibility in allowing local governments to invest in the highest-priority bridge projects on or off the federal-aid system (rather than a 15% minimum set-aside for bridges off the federal aid system).
7. Continue to pursue state mandates for addressing climate change and **advocate for federal adoption** of our demonstrated best practices.
8. Continue to monitor federal legislation to **ensure eligibility for electric vehicle charging stations is maintained for electric charging equipment and extended to CNG equipment.**
9. **Advocate in support of HR 3638** – to establish the “Road User Fee Pilot Program” through the Secretary of the Treasury to fund grants to conduct pilot studies of transportation fees based upon vehicle miles traveled; seek an implementation grant upon adoption.
10. **Advocate for reauthorization** of the Passenger Rail Investment and Improvement Act (PRIIA). Allow federal highway funding flexibility to support passenger rail projects and service.
11. **Advocate in support of appropriations** to operate AMTRAK service rather than shift the financial burden to states.
12. **Continue to advocate for substantially increased transit funding** through increases in the Highway Trust Fund, particularly for the Major Capital Improvement Program (New Starts, Small Starts, Core Capacity).

13. **Continue to advocate for increased funding for Active Transportation** through increased funding in the Transportation Alternatives Program and through expansion of the Safety Program to all modes of travel.
14. **Continue to advocate** for University Transportation Research grants on a competitive basis.
15. **Advocate for inclusion** of disaster preparedness retrofits in funding eligibility for State of Good Repair and advocate for additional funding due to expected increase in frequency of weather-related events.
16. **Advocate for continued funding** through the Department of Homeland Security's "Urban Areas Security Initiative" to improve collaboration on planning, training and operations in high density urban areas based upon degree of risk regardless of size.
17. **Advocate for HR 3494**, the "Bicycle and Pedestrian Safety Act," calling for establishment of separate safety performance measures for motorized and non-motorized modes of transportation.

STAFF REPORT

IN CONSIDERATION OF RESOLUTION NO. 13- 4489, FOR THE PURPOSE OF ENDORING A REGIONAL POSITION ON FEDERAL TRANSPORTATION POLICY

Date: December 2, 2013

Prepared by: Andy Cotugno (xt. 1763)

BACKGROUND

The region annually produces a position paper that outlines the views of the Metro Council and the Joint Policy Advisory Committee on Transportation (JPACT), a regional body that consists of local elected and appointed officials, on issues concerning transportation funding that are likely to be considered by Congress during the coming year. In 2012, after significant delay, Congress enacted a short-term (two year) bill that extended status quo funding levels and no earmarks. In addition, MAP-21 adopted a number of progressive changes including revising the program structure to consolidate multiple programs into a few broad categories with decision-making delegated to state DOTs and MPOs and new emphasis on performance measures and accountability rather than multiple categories of projects tied to specific funding amounts in specific programs.

USDOT is in the process of a significant amount of rulemaking to implement MAP-21 while the short two-year extension expires September 30, 2014. In addition, there continues to be significant attention in Congress to cutting the budget deficit. Reauthorization of the transportation program is intertwined with the budget deficit issues since MAP-21 relied on a subsidy from the general fund for over 30% of its two-year funding level. Further, as fuel economy continues to improve the need for a general fund subsidy into the future is a growing amount. The main source of highway trust fund revenue (federal taxes on motor fuels) keeps falling as drivers log fewer miles and increasingly opt for more fuel-efficient cars and trucks. Ultimately, Congress must raise new or increased fees and taxes just to avoid decreased revenue due to fuel efficiency and reduced vehicle travel. The federal gas and diesel taxes have not been increased since 1993.

As part of this debate, it will be important for the region to articulate the following basic messages:

1. Transportation supports economic prosperity, community livability and environmental quality in the Portland region.
2. Investment in infrastructure = economic prosperity.
3. In the short term, increased transportation user fees contributes towards reduction of the budget deficit by eliminating the need for the general fund to subsidize the Highway Trust Fund.
4. In the long term, increased investment in transportation infrastructure contributes to greater economic prosperity, increased tax collections and long term budget deficit reduction.
5. In the short term, increases in traditional transportation user fees is needed (such as the gas/diesel tax or a barrel tax) and in the long term a more robust source of revenue for transportation is needed (such as a VMT Fee).

The local and regional governments of the Portland metropolitan area and the State of Oregon have worked together for many years to build a prosperous, sustainable and livable region. To accomplish this, they have raised needed transportation revenues and continue to consider further actions. The federal government, as a partner in transportation investment, needs to do the same.

Resolution No. 13-4489 establishes a regional policy position to pursue through the reauthorization of MAP-21. By far, the priority issue is to address the overall funding level. However, as opportunity presents itself, the region should pursue specific policy objectives endorsed in the resolution. Attachment A to this staff report is a full explanation of the policy positions reflected in the Exhibit to the Resolution.

ANALYSIS/INFORMATION

1. **Known Opposition:** Increasing federal transportation funding is controversial and intertwined with the larger federal budget debate.
2. **Legal Antecedents:** Planning and policy conclusions developed through corridor and area plans must be adopted into the Regional Transportation Plan as a prerequisite for implementation. Federal funding to implement specific projects must be included in the Metropolitan Transportation Improvement Program.
3. **Anticipated Effects:** This action establishes a common regional message to the Oregon Congressional Delegation.
4. **Budget Impacts:** Travel expenses to Washington DC are the primary expense. Federal funds cannot be used for lobbying the federal government.

RECOMMENDED ACTION

Recommend adoption of Resolution No. 13-4489

Analysis of the region’s position on the reauthorization of federal transportation legislation

Metro and JPACT adopted Resolution No. 09-4016 as a comprehensive statement on reauthorization of federal transportation legislation in anticipation of Congressional action on a new 6-year bill. However, Congress chose to adopt a 2-year bill for the period encompassing federal fiscal years 2013 and 2014 (expiring September 30, 2014). “Moving Ahead for Progress in the 21st Century” (MAP-21) did some significant reorganization of the federal funding programs, established new policy and requirements and continued the program at roughly a status quo funding level. Under MAP-21, many of the region’s past positions are moot, others merit continued attention and support and new ones are implicated by the changes.

However, the most significant issue is the funding level for MAP-21. By maintaining a status quo funding level, the Congress de facto established a requirement for a general fund subsidy that will increase on an annual basis since dedicated trust fund revenues are insufficient to support the funding level established through MAP-21. Further, there is a strong case for an increased funding level to actually more closely meet the need for transportation investment. As MAP-21 is renewed and extended, there should be significant focus on increasing trust fund revenues to eliminate the need for a general fund subsidy and to increase the overall program level. Increasing trust fund revenues is essential for preserving spending for transportation since continued reliance on a general fund subsidy leads to continued reductions as the competition for general fund dollars intensifies. Further, reducing the level of transportation spending by one-third to the level supported by the trust fund revenues is not an option. This drastic a cut is considered too great an economic impact and at least maintaining current level was settled through MAP-21.

This is the most important element of any federal legislative priority because of the negative consequence of disinvestment on the condition of transportation facilities and the economic impact on freight and metropolitan economies.

Presented below is an analysis of issues previously adopted as regional priority issues by Resolution No. 09-4016 and whether further action under a renewed and extended MAP-21 may be warranted. The purpose is to seek guidance from JPACT on development of a regional position for the upcoming federal action.

Position established by Resolution No. 09-4016	Analysis and recommendation
<p>Funding: Advocate for a substantial increase in funding level</p>	<p>MAP-21 adopted a continuation of status quo funding level with approximately one-third of the funding dependent upon transfers from the General Fund.</p> <p>Recommendation: Continue to advocate for a substantial increase in funding with particular emphasis on funding categories that support</p>

	<p>metropolitan mobility (STP and CMAQ), active transportation (STP, CMAQ and Transportation Alternatives), transit in general and New Starts in particular, Projects of National and Regional Significance and TIFIA, a dedicated funding source for multi-modal freight projects, restoration of a dedicated bridge program and sufficient resources to meet MPO mandates.</p>
<p>Metropolitan Mobility: Pursue funding that supports metropolitan mobility as a significant federal interest in support of the national economic importance of large metro areas</p>	<p>MAP-21 did not establish an important new metropolitan mobility focus. Rather, the key federally significant feature of MAP-21 is that the largest funding category in the highway program is for “National Highway System” (NHS) as the backbone of the national transportation program. This expands upon the Interstate system as the centerpiece of the national interest. Elements of the bill are supportive of metropolitan mobility since the NHS is for facilities to and through metro regions and there is a continuation of important complimentary funding programs that support metropolitan mobility objectives, including the Surface Transportation Program (STP), the Congestion Mitigation/Air Quality Program (CMAQ) and the New Starts program for transit.</p> <p>Recommendation: Adjust advocacy in support of the principle of metropolitan mobility as a national interest and support increased funding for categories that are directed at metropolitan mobility, especially STP, CMAQ, TAP, New Starts and transit.</p>
<p>National Health Care Policy</p>	<p>The Congress and the country are immersed in implementation of the Affordable Care Act which addresses health care services to the public. At the same time, public health officials and transportation agencies are developing a growing understanding of the link between Active Transportation as a means to support safe and healthy communities thereby avoiding health care costs.</p> <p>Recommendation: Advocate for recognition in national transportation policy of the fact that Active Transportation options (including transit which involves walking to and from transit stops) improve health and reduce the long-term need for health care services which are a major driver of budget deficits which the federal government is attempting to rein in.</p>
<p>Mega-Projects: Pursue the creation of a federal discretionary program to fund nationally significant highway projects as a parallel to the Federal Transit program for New Starts</p>	<p>MAP-21 included authorization of \$500 million per year for “Projects of National and Regional Significance” (PNRS) but has not chosen to appropriate funds to implement the program. In addition, MAP-21 increased the funding level for TIFIA credit assistance seven-fold to \$750 million to \$1 billion. As a credit enhancement tool, this amount will leverage financing for about \$17 billion in loans and other forms of credit enhancement.</p>

	<p>Recommendation: Continue to advocate for appropriations to implement the PNRS and expand the TIFIA programs and seek funding under these programs for the Columbia River Crossing project and other nationally significant projects.</p>
<p>Freight: Establish a program to address the movement of freight</p>	<p>MAP-21 did not establish a specific freight funding program but did take some important policy steps in support of freight, including the requirements for a freight advisory committee at the federal and state levels and adoption of state freight plans.</p> <p>Recommendation: Advocate through the requirement for a federal freight strategic plan for a dedicated multi-modal funding program to address freight. Support the recommendation of the House Transportation and Infrastructure Committee to establish a dedicated, sustainable funding source for freight projects of national and regional significance for a competitive grant program. Investigate creation of a national Office of Freight. Work with ODOT to meet the new freight policy requirements.</p>
<p>State of Good Repair: Provide funding to maintain and rehab the transportation system with program requirements tied to the condition of the system</p>	<p>MAP-21 took a significant step toward emphasizing State of Good Repair as a central element of the National Highway Performance Program and creation of a rationalized transit State of Good Repair Program. Decision-making and funding penalties are tied to meeting performance standards on the condition of the system.</p> <p>However, MAP-21 took a major step backward by eliminating the Highway Bridge Repair and Replacement Program while leaving these projects eligible to compete for funding through the NHPP and STP programs. While ODOT has maintained the level of funding dedicated to state and local bridges, elimination of the federal program reduces the federal emphasis.</p> <p>Further, MAP-21 maintained the requirement to spend a certain amount on bridges <u>off</u> the federal-aid system which are the lowest priority bridges for which Oregon has limited needs. In addition, S. 1504 proposes to increase this minimum spending requirement on the lowest priority category of bridges.</p> <p>Recommendation: Continue to advocate for provisions in the federal authorization bill that support a “Fix-it-First” asset management policy.</p> <p>Recommendation: Work with ODOT, TriMet and local governments to establish and implement road and bridge condition measures that link to plans and funding decisions.</p> <p>Recommendation: Continue to advocate for a stand-alone bridge repair and replacement program. Support increased flexibility in allowing local governments to invest in the highest-priority bridge projects on or off the federal-aid system.</p>

<p>Climate Change: Advocate for clear integration with federal climate change policy with requirements for reductions in greenhouse gases tied to the performance of the overall system, not individual projects.</p>	<p>Congress has not adopted climate change policy although they have spent significant amounts on disaster relief for events such as Super Storm Sandy.</p> <p>Recommendation: Continue to pursue state mandates for addressing climate change and advocate for federal adoption of our demonstrated best practices.</p>
<p>Alternative fuels Fleet: Support efforts to accelerate implementation of electric and compressed natural gas vehicles while shifting from a gas tax to a VMT Fee.</p>	<p>STP and CMAQ funds can be used for installation of electric vehicle charging stations. Oregon has experience in this application. CNG equipment eligibility would need to be provided.</p> <p>Recommendation: Continue to monitor to ensure eligibility is maintained for electric charging equipment and extended to CNG equipment. [Also see VMT fee recommendations below]</p>
<p>VMT Fee: Advocate for the federal government to take steps toward implementing a VMT Fee system, including R&D, system design and requirements for installation of devices in new vehicles.</p>	<p>Congress has not taken any further steps toward a VMT Fee although Congressman Blumenauer has introduced a legislative proposal HR 3638 – the Road User Fee Pilot Program - directing the Department of the Treasury (since it is a tax collection issue) to award competitive grants throughout the US for road user fee pilot projects based upon vehicle miles traveled. Meanwhile, Oregon has carried out two pilot projects (the first to test the technology and public reaction and the second to test multiple collection mechanisms). ODOT is currently implementing the nation’s first VMT fee (limited to 5000 participants on a voluntary basis) and building the tax collection system.</p> <p>Recommendation: Advocate in support of Congressman Blumenauer’s proposed HR 3638 – the “Road User Fee Pilot Program;” seek an implementation grant upon adoption.</p>
<p>Intercity Passenger Rail: As one of 10 designated High Speed Rail Corridors (from Eugene to Vancouver, BC), advocate for increased funding for capital costs of high speed rail expansion and operating cost of AMTRAK.</p>	<p>Congress appropriated funds for several years and awarded grants for high speed rail projects including \$800 million for track improvements in the State of Washington, funding to Oregon for an added locomotive and train set and for development of an environmental assessment of the corridor from Eugene to the Columbia River. AMTRAK funding continues to be unstable and has suffered funding cuts.</p> <p>Recommendation: Advocate for reauthorization of the Passenger Rail Investment and Improvement Act (PRIIA). Allow federal highway funding flexibility to support passenger rail projects and service.</p> <p>Recommendation: Advocate in support of appropriations to operate AMTRAK service rather than shift the financial burden to states.</p>

<p>Transit and Greenhouse Gases: Based upon the National Commission on Transportation Funding, the region endorsed increasing federal transit funding by more than doubling current levels and shifting the program to be fully funded through the Highway Trust Fund. It specifically supported this significant increase targeted at New Starts, service for aging and disabled citizens, State of Good Repair and in support of metropolitan economies and to assist with meeting energy and climate change requirements. The region also supported consolidating a number of small, miscellaneous programs.</p>	<p>MAP-21 increased the overall level of transit funding to Oregon by about 20%, revised and consolidated the program structure of the funding and converted a discretionary program (for Good Repair) into a more favorable formula program. New Starts remains a significant discretionary program and there are significant new requirements to address safety of the transit system (with projects to be funded through the already established funding categories).</p> <p>Recommendation: Continue to advocate for substantially increased transit funding through increases in the Highway Trust Fund.</p> <p>Recommendation: Work with TriMet to participate in the FTA rulemaking process to implement new requirements.</p>
<p>New Starts/Small Starts/ Core Capacity: continued the New Starts program with some advantageous changes in details such as a more rational cost-effectiveness measure, but also added more competition for the same funds with the addition of the Core Capacity program.</p>	<p>New Starts continues to be an important program for this region. 5 of the 6 light rail projects, WES, and the latest Streetcar project all were funded by New Starts or its predecessor program. BRT projects would also be eligible for this program.</p> <p>Recommendation: Continue to advocate for significantly higher funding levels for the Major Capital Improvement Program (New Starts, Small Starts, Core Capacity).</p>
<p>Walking and Cycling: Advocate in support of the Rails-to-Trails proposal to double funding for Active Transportation through a program that would fund a \$50 million program in 40 major metropolitan areas.</p>	<p>MAP-21 <u>did not</u> implement the Rails-to-Trails proposal. In fact, it consolidated the previous Transportation Enhancement, Safe Routes to Schools and Recreational Trails programs in a new Transportation Alternatives program at a funding level reduced for Oregon by 38%.</p> <p>Recommendation: Continue to advocate for increased funding for Active Transportation through increased funding in the Transportation Alternatives Program and through expansion of the Safety Program to all modes of travel.</p>
<p>University Transportation Research Centers: Advocate in support of continued research grants for University</p>	<p>The Oregon Transportation Research and Education Consortium (OTREC) was successful at securing an earmarked research grant from SAFETEA-LU providing it with the capacity to carry out research projects requiring a 50% match. Subsequently, it has transitioned to the</p>

<p>Transportation Centers.</p>	<p>National Institute for Transportation and Communities and secured two additional grants on a competitive basis. This has resulted in completion of significant research projects in cooperation with ODOT and agencies throughout the Metro region. The research center is housed and managed out of Portland State University but is a cooperative effort with University of Oregon, Oregon State university, Oregon Institute of Technology, University of Utah and University of South Florida.</p> <p>Recommendation: Continue to advocate for University Transportation Research grants on a competitive basis.</p>
<p>New Issues from MAP-21:</p>	
<p>Strategic Highway Safety Plans:</p>	<p>MAP-21 consolidated and expanded several safety funding programs with new requirements for a Highway Safety Improvement Program that is tied to performance measures and is more project specific than the current safety plan. In addition, the newly expanded program is intended to address safety issues throughout the road and street system, not just on the state highway system. It is ODOT’s intent to expand their safety program to cover local government concerns and all modes of travel.</p> <p>Recommendation: Monitor USDOT rulemaking and work with ODOT to implement the new requirements.</p>
<p>Disaster Preparedness:</p>	<p>There is a growing awareness of the need to retrofit the existing transportation system to be more resistant to disasters, including earthquake, tsunami, terrorism and the impacts on more frequent flood and fire due to climate change.</p> <p>Recommendation: Advocate for inclusion of disaster preparedness retrofits in funding eligibility for State of Good Repair and advocate need for additional funding due to expected increase in frequency of weather-related events.</p> <p>Recommendation: Advocate for continued funding through the Department of Homeland Security’s “Urban Areas Security Initiative” to improve regional collaboration on planning, training and operations for responding to disasters in high density urban areas based upon degree of risk regardless of size.</p>

<p>Performance Measures:</p>	<p>MAP-21 created a significant and complex system of required performance measures tied to federal funding categories and federal requirements linking the measures to long range plans and program funding decisions. National goals are established in the following areas:</p> <ul style="list-style-type: none"> • Safety • Infrastructure condition • Congestion • Reliability • Freight movement • Environmental Sustainability • Reduced project delivery delays <p>In certain of these areas, MAP-21 defined specific measures. In other areas, it required USDOT, state DOTs and MPOs to establish measures and targets to be achieved. Further, it built certain minimum spending requirements into the federal programs with penalties for not meeting targets. Finally, it required disclosure as part of the long range planning process and transportation improvement programming process on the status of achieving these measures and the expected impact on these measures from the plan and project funding decisions.</p> <p>Recommendation: Advocate in support of HR 3494 - the “Bicycle and Pedestrian Safety Act” - introduced by Congressman Blumenauer, to require establishment of highway safety performance measures for both motorized and non-motorized transportation.</p> <p>Recommendation: Advocate through the USDOT rulemaking process for establishment of performance measures that are multi-modal in nature and are linked to broader land use and economic outcomes being pursued in the region. The Regional Transportation Plan includes such a comprehensive performance measures framework.</p> <p>Recommendation: Advocate through the USDOT rulemaking process for safety performance measures by mode of travel to better highlight bike/walk injuries and fatalities.</p> <p>Recommendation: Advocate for adequate resources to meet these new federal mandates.</p>
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Agenda Item No. 4.3

Resolution No. 13-4490, For the Purpose of Adopting the Substitute Transit Transportation Control Measure (TCM) as Part of the State Air Quality Strategy and Regional Air Quality Conformity Determination.

Resolutions

Metro Council Meeting
Thursday, Dec. 19, 2013
Metro, Council Chamber

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF ADOPTING THE	)	RESOLUTION NO. 13-4490
SUBSTITUTE TRANSIT TRANSPORTATION)	
CONTROL MEASURE (TCM) AS PART OF THE	)	Introduced by Chief Operating Officer Martha
STATE AIR QUALITY STRATEGY AND	)	Bennett in concurrence with Council
REGIONAL AIR QUALITY CONFORMITY	)	President Tom Hughes
DETERMINATION)	

WHEREAS, clean air contributes to the health of Metro residents and their quality of life; and

WHEREAS, the federal Clean Air Act and other federal laws, including Code of Federal Regulations (CFR) 93.100 through CFR 93.128 contain air quality standards designed to ensure that federally supported activities meet air quality standards, and these federal standards apply to on-road transportation plans, programs and activities in the Metro area; and

WHEREAS, Chapter 340, Division 252, Transportation Conformity, of Oregon Administrative Rules was adopted to implement section 176(c) of the federal Clean Air Act, as amended, and these rules also apply to Metro area on-road transportation plans, programs and activities; and

WHEREAS, these federal and state regulations require an air quality conformity determination in order for metropolitan planning organizations (MPOs) to conduct its transportation planning and programming activities; and

WHEREAS, the federal Clean Air Act Section 176(c)(8) allows regions to replace adopted transportation control measures (TCMs) when the MPO, state air quality agency, and the U.S. Environmental Protection Agency find it necessary; and

WHEREAS, the second Portland Area Carbon Monoxide Maintenance Plan, as part of the State's air quality strategy, also provides a mechanism to substitute an existing TCM with a new proposed TCM when the MPO, the state air quality agency, and the U.S. Environmental Protection Agency agree to conduct a substitution; and

WHEREAS, Metro, the MPO for the Portland region, the Oregon State Department of Environmental Quality (DEQ), and EPA Region 10 agreed to initiate a TCM substitution process at the end of 2012 due to the potential of not meeting one of the existing TCMs; and

WHEREAS, Metro worked in coordination with DEQ, the Tri-County Metropolitan Transportation District (Tri-Met), the Oregon State Department of Transportation (ODOT), the U.S. Environmental Protection Agency, and local jurisdictions to develop the preferred TCM substitution through a collaborative process; and

WHEREAS, Metro and DEQ reviewed federal and state requirements and have determined all criteria have been met with the preferred substitute transit TCM being presented to replace the existing transit TCM; and

WHEREAS, the Transportation Policy Alternatives Committee (TPAC) took action May 31, 2013 approving the proposed TCM substitution and permitting Metro and DEQ to continue to move forward with the TCM substitution process; and

WHEREAS, DEQ undertook a 30-day public comment period and public hearing to provide community members the opportunity to provide feedback regarding the preferred substitute transit TCM; and

WHEREAS, the Environmental Quality Commission (EQC) reviewed the preferred TCM substitute and approved the substitute TCM on December 11, 2013; and

WHEREAS, Joint Policy Advisory Committee on Transportation approved the legislation at the December 12, 2013 meeting; now therefore

BE IT RESOLVED that the Metro Council hereby adopts the substitute transit TCM as part of the state air quality strategy and regional air quality conformity determination.

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

Tom Hughes, Council President

Approved as to Form:

Allison R. Kean, Metro Attorney

STAFF REPORT

IN CONSIDERATION OF RESOLUTION NO. 13-4490, FOR THE PURPOSE OF ADOPTING THE SUBSTITUTE TRANSIT TRANSPORTATION CONTROL MEASURE (TCM) AS PART OF THE STATE AIR QUALITY STRATEGY AND FOR REGIONAL AIR QUALITY CONFORMITY DETERMINATION

Date: December 5, 2013

Prepared by: Grace Cho

BACKGROUND

In previous decades the Portland region failed to meet national air quality standards for carbon monoxide pollution and was designated a non-attainment area. As a result, the region is required to develop and implement strategies to reduce carbon monoxide emissions in order to conform to the federal Clean Air Act. To ensure compliance, federal regulations require the Joint Policy Advisory Committee on Transportation (JPACT), the metropolitan planning organization (MPO) board, to adopt an air quality plan with each Regional Transportation Plan (RTP) and Metropolitan Transportation Improvement Program (MTIP). The air quality plan includes a budget of transportation-related emissions and a series of ongoing “transportation control measures” (TCMs), which serve as strategies to reduce carbon monoxide emissions. For the Portland region, the TCMs are: 1) Increasing transit service; 2) Expanding the bicycle network; and 3) Building pedestrian connections. Until 2017, the region is expected to implement TCMs and demonstrate each MTIP and RTP conform to the provisions of the air quality plan to be eligible to receive federal funds for transportation projects within the region.

Recent transit service cuts due to the economic recession have endangered the region’s ability to meet the performance standard set forth by the transit service TCM. Under the existing method for evaluating the transit service increase TCM the region is projected to fall short of the performance standard. Failure to meet a TCM performance standard can result in an air quality conformity lapse, which jeopardizes the region’s ability to program federal transportation funds.

SUBSTITUTION OF TRANSPORTATION CONTROL MEASURES (TCMs)

Two provision, Section 176(c)(8) of the Clean Air Act and Appendix D9-2 of the second Portland Area Carbon Monoxide Maintenance Plan allows regions to employ a “substitution” when air quality conformity cannot be met with the TCMs identified in the statewide and regional air quality plans. A TCM substitution allows an existing TCM to be replaced with a proposed TCM that provides equal or greater pollution reduction. In accordance with federal and state rules, a TCM substitution may be initiated by the MPO, the relevant state air quality agency and U.S. Environmental Protection Agency (EPA).¹ In November 2012, the three agencies (Metro, Oregon Department of Environmental Quality, and EPA) elected to initiate a TCM substitution for the transit service TCM to prevent a conformity lapse.

TRANSPORTATION CONTROL MEASURE (TCM) SUBSTITUTION PROCESS

To initiate and develop a preferred TCM substitution, Metro and DEQ consulted the Transportation Policy Alternatives Committee (TPAC), whose membership represents local jurisdictions, regional and state partners, and community members. At the January 4, 2013 TPAC meeting, DEQ and Metro raised the issue of the region potentially not meeting the performance standard of the transit TCM identified in the adopted regional air quality plan.² Both agencies underscored the importance of implementing the TCMs with each MTIP and RTP; otherwise the region will risk repercussions of violating federal mandates, which affect all local agencies and projects that receive federal transportation dollars.

¹ The Oregon Department of Environmental Quality (DEQ) in conjunction with Metro, developed a TCM substitution mechanism that was codified with the adoption of the Portland Area Carbon Monoxide Maintenance Plan in the State Implementation Plan (SIP). The TCM substitution mechanism was adopted prior to the federal TCM substitution provision, therefore the Portland Metropolitan area is subject to federal and state TCM substitution regulations.

² Metro. “TPAC Meeting Summary.” January 4, 2013. <http://www.oregonmetro.gov/index.cfm/go/by.web/id=31965>

Subsequently at the January 25, 2013 TPAC meeting, members recommended Metro undertake a TCM substitution process to resolve the possibility of not meeting the transit service TCM and outlined several different TCM substitution options.³ The following TCM substitutions were considered:

- Combine the three TCMs into a single TCM. This substitution would combine the projected emissions reductions associated with each separate TCM performance standard together into a single emissions-related performance standard, and assess the collective result of the region’s progress in meeting each TCM.
- Change the Calculation Method for the Transit Service Increase TCM. This substitution would change the calculation method for the performance standard of the Transit Service Increase TCM. As stated in the existing transit service TCM, a 5-year rolling average of actual transit service hours is used.
- Rewrite the Performance Standard of the TCMs. This substitution would modify the existing performance standards for the three TCMs.
- An alternative as proposed by TPAC. This substitution would explore a proposal identified by TPAC.

At the January 25, 2013 meeting, members of TPAC selected a preferred TCM substitution, but EPA recommended to Metro, DEQ, and TriMet to pursue a different TCM substitution option during consultation of the preferred TCM. After further discussions, Metro, DEQ, and TriMet returned to TPAC at the April 26, 2013 meeting and recommended changing the calculation method for the transit TCM as the proposed substitution.⁴ The main reason provided was that the change in the calculation method would provide a better reflection of the region’s long-term commitment to transit. At the April 26, 2013 meeting, TPAC members agreed to move forward with the proposal to change the calculation method and directed staff to conduct the required analysis of the preferred TCM substitution.

Table 1. Existing Transit TCM and Preferred Substitute Transit TCM

	Existing Transit Service Increase TCM	Preferred Substitute Transit Service Increase TCM
	“Regional transit service revenue hours (weighted by capacity) shall be increased 1.0% per year. The increase shall be assessed on the basis of a 5 year rolling average of actual hours for assessment conducted between 2006-2017. Assessments made for the period through 2008 shall include the 2004 opening of Interstate MAX.”	“Regional transit service revenue hours (weighted by capacity) shall be increased 1.0% per year. The increase shall be assessed on the basis of cumulative average of actual hours for assessment conducted for the entire second ten-year Portland Area Carbon Monoxide Maintenance Plan (2007 – 2017). Transit service increase will be assessed on the basis of fiscal year (July 1- June 30) beginning with FY 2008.”
Geography TCM is Applicable	Portland Metropolitan Region	
Implementing Agency	TriMet	

At the May 31, 2013 TPAC meeting, Metro staff presented an analysis demonstrating the proposed TCM substitution met the following EPA and DEQ criteria for implementing a TCM substitution:

- The substitute TCM(s) must achieve equal or greater emissions reductions;

³ Metro. “TPAC Meeting Summary.” January 25, 2013. <http://www.oregonmetro.gov/index.cfm/go/by.web/id=31965>

⁴ Metro. “TPAC Meeting Summary.” April 26, 2013. <http://www.oregonmetro.gov/index.cfm/go/by.web/id=31965>

- The substitute TCM(s) must be implemented on a schedule that is consistent with the schedule for the TCM(s) being removed from the SIP;
- The substitute TCM(s) must be accompanied by evidence of adequate personnel, and funding and authority under state or local law to implement, monitor and enforce the TCM(s);
- The substitute TCM(s) must be developed through a collaborative process that includes participation by all affected jurisdictions (state and local air pollution control agencies and state and local transportation agencies such as the MPO, state DOT, and transit providers); consultation with EPA; and reasonable notice and opportunity for public comment; and
- The equivalency of the substitute TCM(s) must be concurred on by the state air pollution control agency, the MPO and EPA. That is, EPA, the state air agency, and the MPO must all agree that on the estimated emissions reductions from the substitute TCM(s) and agree that the estimated emissions reductions equal or surpass those that would have resulted from the original TCM(s) in the approved SIP.⁵

The preferred TCM substitution analysis and presentation demonstrated the following results:

Table 2. Preferred TCM Substitution Demonstration of Criteria Being Met

Transportation Control Measure (TCM)	Calculation of TCM Emissions Reduction Benefit	Implementation Schedule	Funding, Personnel, Authority	Collaboration on Substitution Development	Public Comment
Increase transit service (Existing TCM) Regional transit service revenue hours (weighted by capacity) shall be increased 1.0% per year. The increase shall be assessed on the basis of a 5-year rolling average of actual hours for assessments conducted between 2006 and 2017.	406.7 pounds per day	2006-2017	TriMet	TPAC meetings January – May 2013	Public comment opportunities at all TPAC meetings; formal DEQ public comment period; public hearing on August 15, 2013. ⁶
Increase transit service (Proposed TCM Substitution) Regional transit service revenue hours (weighted by capacity) shall be increased 1.0% per year. The increase shall be assessed on the basis of cumulative average of actual hours for assessment conducted for the entire Second Portland Area Carbon Monoxide Maintenance Plan (2007 – 2017). Transit service increase will be assessed on the basis of fiscal year (July 1- June 30) beginning with FY 2008.		2007-2017			

⁵ US Environmental Protection Agency. Guidance for Implementing the Clean Air Act Section 176(c)(8) Transportation Control Measure Substitution and Addition Provision. January 2009, page 5.

⁶ Following TPAC action on May 31, 2013, DEQ lead a separate process to accept public comment on the preferred TCM substitution. The process ran from July 2013-August 2013.

Greater detail regarding the preferred transit TCM substitution analysis and the documentation for meeting the TCM substitution criteria can be found in **Attachment 1**. Documentation of methodology and assumptions to conduct the TCM substitution emissions reductions equivalency analysis can be found in **Attachment 2**.

At the May 31, 2013 meeting TPAC determined all the criteria were met for the preferred transit TCM substitution and approved the process continue to move forward for public comment and adoption by Metro, DEQ, and EPA.⁷

TRANSPORTATION CONTROL MEASURE (TCM) SUBSTITUTION – DEQ PROCESS

After approval by TPAC, the process moved forward with DEQ taking on the next steps to have the substitute transit TCM adopted by the Environmental Quality Commission (EQC). DEQ announced a formal public comment period from July 15, 2013 – August 19, 2013 and scheduled a public hearing on August 15, 2013. All public comments and staff recommendations in light of public comments were placed into a report to be sent to the EQC for consideration at the December 11, 2013 meeting. At the December 11, 2013 meeting, the EQC will decide whether the preferred transit TCM substitution.

FINAL ACTIONS

Upon EQC approval and adoption, the existing transit TCM will be rescinded. The preferred TCM substitution will return to JPACT and Metro Council for a concurrence action. Following JPACT, and Metro Council actions, DEQ and Metro will submit documentation to EPA for concurrence.

ANALYSIS/INFORMATION

1. **Known Opposition:** The proposed TCM substitution has received some opposing comments during the DEQ public comment period. See DEQ authored public comment report for full record of comments received.

Legal Antecedents:

Federal regulations include:

- Clean Air Act, as amended [42 U.S. C. 7401 and 23 U.S.C. 109(j)], as amended].
- US EPA transportation conformity rules (40 CFR, parts 51 and 93)
- US EPA Guidance for Implementing the Clean Air Act Section 176(c)(8) Transportation Control Measure Substitution and Addition Provision.

State regulations include:

- Oregon Administrative Rules for Transportation Conformity, (OAR Chapter 340, Division 252).
- 2006 State Implementation Plan (SIP).
- 2006 Portland Area Carbon Monoxide Maintenance Plan and 2007 Portland Area Ozone Maintenance Plan.

2. **Anticipated Effects:** Adoption of this resolution allows for the substitute transit TCM to go into replace the existing transit TCM and go into effect immediately for implementing the region's air quality plan and conformity purposes. The funding of proposed transportation projects in the 2015-2018 MTIP and the update of the 2014 Regional Transportation Plan update will be able to continue as scheduled.

⁷ Metro. "TPAC Meeting Summary." May 31, 2013. <http://www.oregonmetro.gov/index.cfm/go/by.web/id=31965>

3. **Budget Impacts:** None directly by this action. Upon approval of this action, projects included in the 2015-2018 Metropolitan Transportation Improvement Program and the 2014 RTP update will be able to move forward with implementation.

RECOMMENDED ACTION

Metro staff recommends the approval of Resolution No. 13-4490.



Metro | Memo

Date: May 31, 2013
To: TPAC and Interested Parties
From: Tom Kloster, Transportation Planning Manager
Grace Cho, Assistant Transportation Planner
Subject: Air Quality Conformity - Transportation Control Measures (TCMs) Substitution – Analysis Results Summary

Introduction

As an EPA designated maintenance area for carbon monoxide (CO), the Portland Metropolitan region is required to develop and implement strategies to reduce the amount of criteria pollutants released from transportation sources. The Portland Area Carbon Monoxide Maintenance Plan has three strategies which are designated as transportation control measures (TCMs). Those measures entail: 1) Increasing transit service; 2) Expanding the bicycle network; and 3) Building pedestrian connections.¹

Recent transit service cuts have endangered the region's ability to meet the performance standard of Transit Service Increase TCM. Under the existing method for evaluating the Transit Service Increase TCM the region is projected to fall short. Failure to meet a TCM performance standard can result in an air quality conformity lapse, which jeopardizes the region's ability to program federal transportation funds.

An EPA policy allows regions to substitute an equivalent or greater pollution reduction TCM to replace an existing TCM implemented by a region when a Metropolitan Planning Organization, relevant air quality agency and EPA determine that a change is appropriate.² The Oregon Department of Environmental Quality (DEQ), in conjunction with Metro, developed a TCM substitution process that was codified with the adoption of the Portland Area Carbon Monoxide Maintenance Plan.³ In accordance with the DEQ and EPA rules for a TCM substitution, consultation was conducted with the Transportation Policy Advisory Committee (TPAC). Through consultation the region elected to undergo a TCM substitution for the Transit Service Increase TCM to prevent a conformity lapse.

¹ Oregon Department of Environmental Quality, "Portland Area Carbon Monoxide Maintenance Plan ." State Implementation Plan. Volume 2 Section 4.58 Appendix D9-3.

² U.S. Environmental Protection Agency, "Guidance for Implementing the Clean Air Act Section 176(c)(8) Transportation Control Measure Substitution and Addition Provision." Page 1.

³ Oregon Department of Environmental Quality, "Portland Area Carbon Monoxide Maintenance Plan ." State Implementation Plan. Volume 2 Section 4.58 Appendix D9-2.

Per EPA and DEQ policy, Metro must demonstrate the proposed TCM substitution:

- Demonstrates a collaborative process that includes participation by all affected jurisdictions (state and local air pollution and state and local transportation agencies such as the MPO, state DOT, and transit providers); consultation with EPA; and reasonable notice and opportunity for public comment;
- Can be implemented on a schedule that is consistent with the schedule for the existing TCM being removed;
- Presents evidence of adequate personnel, funding and authority under state or local law to implement, monitor and enforce the TCM;
- Provides equal or greater carbon monoxide emissions reductions; and
- Is concurred by DEQ, Metro, and EPA. ⁴

The following memorandum summarizes the analysis which demonstrates the proposed substitute TCM meets DEQ and EPA requirements.

Preferred TCM Substitution Demonstration

Process of Developing the Preferred Substitute TCM and Concurrence by Metro, DEQ, and EPA

Metro and DEQ identified the Transportation Policy Advisory Committee (TPAC) as the consultation body for TCM substitution process as the membership represents jurisdictions, regional and state partners, and community members affected by a conformity lapse. At the January 4, 2013 TPAC, DEQ and Metro staff raised the issue of the region potentially not meeting the performance standard for one of the transportation control measures (TCM) identified in the adopted regional air quality plan.⁵ Under federal requirements, the region is expected to implement TCMs and demonstrate each MTIP and RTP conform to the provisions of the air quality plan or risk repercussions of violating federal mandates, which affect all local agencies and projects that receive federal transportation dollars.

Subsequently at the January 25, 2013 TPAC, members recommended Metro staff and DEQ undertake a TCM substitution process to resolve the potential issue of the region not meeting the Transit Service Increase TCM.⁶ In giving approval to move forward, DEQ and Metro staff presented several different TCM substitution options at the February and April TPAC meetings. The following TCM substitutions were considered:

- Combining the three TCMs into a single TCM. This substitution would combine the projected emissions reductions associated with each separate TCM threshold together into a single threshold, and assess the collective result of the region's progress in meeting each TCM.
- Change the Calculation Method for the Transit Service Increase TCM. This substitution would change the calculation method for the performance standard of the Transit Service Increase TCM. As stated in the existing transit service TCM, a 5-year rolling average of actual transit service hours is used.

⁴ U.S. Environmental Protection Agency, "Guidance for Implementing the Clean Air Act Section 176(c)(8) Transportation Control Measure Substitution and Addition Provision." Page 1. & Oregon Department of Environmental Quality, "Portland Area Carbon Monoxide Maintenance Plan." State Implementation Plan. Volume 2 Section 4.58 Appendix D9-2.

⁵ Metro. "TPAC Meeting Summary." January 4, 2013.
<http://www.oregonmetro.gov/index.cfm/go/by.web/id=31965>

⁶ Metro. "TPAC Meeting Summary." January 25, 2013.
<http://www.oregonmetro.gov/index.cfm/go/by.web/id=31965>

- Rewriting the Performance Metrics of the TCM. This substitution would modify the existing performance standards for the three TCMs.
- An alternative as proposed by TPAC. This substitution would explore a proposal identified by TPAC.

At the January 25, 2013 meeting, members of TPAC selected combining the three TCMs into a single TCM substitution. However, consultation with EPA recommended Metro, DEQ and TriMet pursue a different TCM substitution option. After several discussions, Metro, DEQ, and TriMet returned to TPAC at the April 26, 2013 meeting outlining the circumstances and recommended readjusting the calculation method for the Transit Service Increase TCM as the proposed substitution.⁷ At the April 26, 2013 meeting, TPAC members agreed to move forward readjustment method and allowed staff to develop the preferred TCM substitution method identified below.

Table 1. Existing TCM and Preferred Substitute TCM

	Existing Transit Service Increase TCM	Preferred Substitute Transit Service Increase TCM
	“Regional transit service revenue hours (weighted by capacity) shall be increased 1.0% per year. The increase shall be assessed on the basis of a 5 year rolling average of actual hours for assessment conducted between 2006-2017. Assessments made for the period through 2008 shall include the 2004 opening of Interstate MAX.”	“Regional transit service revenue hours (weighted by capacity) shall be increased 1.0% per year. The increase shall be assessed on the basis of cumulative average of actual hours for assessment conducted for the entire second ten-year Portland Area Carbon Monoxide Maintenance Plan (2007 – 2017). Transit service increase will be assessed on the basis of fiscal year (July 1- June 30) beginning with FY 2008.”
Geography TCM is Applicable	Portland Metropolitan Region	Portland Metropolitan Region
Implementing Agency	TriMet	TriMet

With approval from TPAC, staff has undertaken an analysis to demonstrate the proposed TCM substitution will meet EPA and DEQ requirements. Upon approval by TPAC that the TCM substitution analysis satisfactorily meets the DEQ and EPA requirements, the TCM substitution process will move forward with DEQ taking on the process to have the substitute TCM adopted by the Environmental Quality Commission (EQC). Upon EQC adoption, the existing TCM will be rescinded. The adoption process entails public comment, which would occur through summer 2013. In fall 2013, the TCM substitution will return to Metro for TPAC, JPACT and Metro Council action. Following TPAC, JPACT, and Metro Council actions, the EQC will take action to adopt the substitute TCM. DEQ and Metro will submit documentation to EPA for concurrence. For more information, see **Attachment A** for the TCM substitution timeline.

Implementation Schedule

Under the existing Transit Service Increase TCM, the language identifies an annual implementation schedule from 2006-2017. The beginning year, 2006, of the annual implementation schedule is one year prior to the approved second ten-year Portland Area Carbon Monoxide Maintenance Plan. The

⁷ Metro. “TPAC Meeting Summary.” April 26, 2013. <http://www.oregonmetro.gov/index.cfm/go/by.web/id=31965>

preferred TCM substitution identifies an annual implementation schedule for the entire second ten-year Portland Area Carbon Monoxide Maintenance Plan. The second ten-year Portland Area Carbon Monoxide Maintenance Plan is in effect from November 2007 – October 2017. Since the time frame for existing and proposed substitute TCM overlap the same ten-year period, the implementation schedule of the proposed substitute TCM is consistent with the existing TCM.

Evidence of Financial Ability and Authority to Implement the Preferred TCM Substitution

TriMet is a municipal corporation of the State of Oregon. Through enabling legislation ORS 267, TriMet has broad powers to provide mass transportation on behalf of the district.⁸ Therefore, TriMet, as a transit service provider, has the authority to implement the proposed TCM substitution.

TriMet staff has confirmed expansions to date, budget forecast, and financial projections from now through 2017 to determine the following year-to-year service changes.⁹ Though TriMet expects to reduce structural costs and identify additional resources to increase service well beyond these levels in the long-term, the projections TriMet has used for these calculations are the more conservative financial plan projections underlying its approved FY2014 budget.¹⁰ The following table showing the year-to-year change in transit service illustrates that under the proposed TCM substitution the Transit Service Increase TCM performance standard has been met in previous years and that the projected future years annual transit service increase is expected to meet the proposed TCM substitution performance standard.

**Projected Cumulative Transit Increase (The uppermost figures in columns C - L show the cumulative average annual service increase).
Portland Area Carbon Monoxide Maintenance Plan Period is from November 1, 2007 - October 2, 2017**

Percent Change year-to-year	Fiscal Year											
22.0%	1999											
5.3%	2000											
1.6%	2001											
4.8%	2002											
2.3%	2003											
0.9%	2004											
5.4%	2005											
-1.6%	2006											
1.4%	2007											
3.3%	2008	3.34%										
3.4%	2009	3.35%	3.35%									
3.3%	2010	3.32%	3.32%	3.32%								
-5.0%	2011	1.24%	1.24%	1.24%	1.24%							
1.0%	2012	1.20%	1.20%	1.20%	1.20%	1.20%						
1.0%	2013 PROJ	1.16%	1.16%	1.16%	1.16%	1.16%	1.16%					
1.0%	2014 PROJ	1.13%	1.13%	1.13%	1.13%	1.13%	1.13%	1.13%				
1.4%	2015 PROJ	1.17%	1.17%	1.17%	1.17%	1.17%	1.17%	1.17%	1.17%			
4.9%	2016 PROJ	1.58%	1.58%	1.58%	1.58%	1.58%	1.58%	1.58%	1.58%	1.58%		
1.0%	2017 PROJ	1.52%	1.52%	1.52%	1.52%	1.52%	1.52%	1.52%	1.52%	1.52%	1.52%	

⁸ State of Oregon. Oregon Statute Chapter 267 – Mass Transit.

⁹ TriMet. Annual Budget and Financial Forecast, 2013.

¹⁰ Ibid.

Additionally, see **Attachment B**, a letter of commitment from TriMet in support of the TCM substitution and the substitution process.

Demonstration of Equivalent Carbon Monoxide Emissions Reduction Benefit for Preferred TCM Substitution

To demonstrate the preferred substitute TCM provides equal or greater carbon monoxide emissions reduction benefit, the same methodology was applied in calculating the emissions reduction benefit for the existing TCM to the preferred substitute TCM. The inputs to calculate the existing and proposed substitute TCM reflect the latest planning assumptions and the new MOVES2010 carbon monoxide emissions rate. More details regarding TCM substitutions technical analysis methodology and assumptions can be found in **Attachment C**.

Table 2. Preferred TCM Substitution Demonstration of Equivalent or Greater Carbon Monoxide Emissions Reduction Benefits

Transportation Control Measure (TCM)	Performance Standard	Calculation of TCM Emissions Reduction Benefit	Original TCM Emissions Reduction Benefit
Increase transit service (Existing TCM)	Regional transit service revenue hours (weighted by capacity) shall be increased 1.0% per year. The increase shall be assessed on the basis of a 5-year rolling average of actual hours for assessments conducted between 2006 and 2017.	Additional Trips Generated Per Day: 3,221 Average Transit Trip Length: 6 miles 3,221 trips x 6 miles = 19,326 miles 19,326 miles x 9.546 grams per mile = 184,486 total grams 184,486 total grams/453.592 grams per pound = 406.7 pounds per day	406.7lb/day
Increase transit service (Proposed TCM Substitution)	Regional transit service revenue hours (weighted by capacity) shall be increased 1.0% per year. The increase shall be assessed on the basis of cumulative average of actual hours for assessment conducted for the entire Second Portland Area Carbon Monoxide Maintenance Plan (2007 – 2017). Transit service increase will be assessed on the basis of fiscal year (July 1- June 30) beginning with FY 2008.	Additional Trips Generated Per Day: 3,221 Average Transit Trip Length: 6 miles 3,221 trips x 6 miles = 19,326 miles 19,326 miles x 9.546 grams per mile = 184,486 total grams 184,486 total grams/453.592 grams per pound = 406.7 pounds per day	406.7 lb/day

Based on the results of the carbon monoxide emissions reduction benefit analysis, the proposed TCM substitution will provide equal carbon monoxide reduction benefit as the existing TCM.

Since the proposed TCM substitution is a minor adjustment to the method of calculating the annual transit service increase (from a rolling average to a cumulative average) to determine if the performance standard has been achieved no change is observed between the existing TCM and the proposed substitute TCM in carbon monoxide emissions reduction benefits. This is because the original methodology assumed a constant ratio between a 1.0 percent annual transit service increase and the resulting amount of vehicle trips diverted. If a 1.0 percent annual transit service increase occurred then the TCM and emissions reduction benefits has been achieved. Since the proposed TCM substitution does not change the performance standard of 1.0 percent annual transit service increase, but only the method of calculating the service increase, the number of vehicle trips diverted do not change. This does not end up changing the inputs in calculating the emissions reduction benefits.

More details regarding TCM substitutions technical analysis methodology can be found in **Attachment C**.

While the carbon monoxide emissions reduction benefit analysis complies with EPA's and DEQ's requirements for the analysis methods, the requirements applied to the methodology limits the region's ability to show the true nature of emissions reduction benefits gained since the implementation of the TCM in 2007. The recent economic downturn forced a significant cut to transit service after several years of high transit service growth. Nonetheless, ridership and therefore ultimately diverted trips have increased even during the recession. This demonstrates while transit service may fluctuate, air quality benefits are still gained. The cumulative average method more accurately reflects the lasting positive benefits and long-term investments the region has made towards transit, including a reduction of carbon monoxide emissions and overall improved air quality.

Request

Metro, DEQ, and TriMet recommend TPAC approve the proposed TCM substitution analysis satisfactorily meets all DEQ and EPA requirements and approve the TCM substitution process to move forward towards EQC adoption.

Next Steps

Metro, DEQ, and TriMet staff will provide an update on the status of the TCM substitution process at the June JPACT meeting. Following, DEQ will prepare the necessary documentation and undergo a public comment process to prepare for the EQC adoption. See **Attachment A** for the TCM substitution timeline.

Attachment B – Technical Analysis of Proposed Transit Service Increase TCM Substitution for the Portland Metropolitan Region

Background

Clean Air Act section 176(c)(8) allows regions to employ a “substitution,” when air quality and transportation planning agencies find it appropriate to modify or replace the original transportation control measures (TCMs) in an air quality plan.¹ The Oregon Department of Environmental Quality (DEQ), in conjunction with Metro, developed a substitution policy and process that was codified with the adoption of the Portland Area Carbon Monoxide Maintenance Plan.² A TCM substitution allows an existing TCM to be replaced with another TCM of equal or greater emissions reduction. To undergo a TCM substitution, the process entails consultation with regional stakeholders, conducting technical analysis demonstrating equivalent or greater emissions reduction, public comment, and concurrence from Metro, Oregon State Department of Environmental Quality (DEQ), and the U.S. Environmental Protection Agency (EPA).³

The Portland Metropolitan region proposed undergoing a TCM substitution due to a potential shortfall in meeting the Transit Service Increase TCM. The following outlines the process undertaken to demonstrate the proposed substitute TCM will provide an equal or greater carbon monoxide emissions reduction benefit.

Portland Metropolitan Region’s Transportation Control Measures

As an EPA designated maintenance area for carbon monoxide, the Portland Metropolitan region is required to develop and implement strategies to reduce the amount of criteria pollutants released from transportation sources.⁴ The region identified and committed to three transportation control measures (TCMs) to help mitigate impacts of criteria pollutants from transportation sources.⁵ Metro and regional partners are responsible for implementing all of its TCMs to meet federal and state requirements. The three TCMs are found in Table 1.

Table 1. Transportation Control Measures and Performance Standards

Transportation Control Measure (TCM)	Performance Standard	Emissions Reduction Benefit
Increase transit service	Regional transit service revenue hours (weighted by capacity) shall be increased 1.0% per year. The increase shall be assessed on the basis of a 5-year rolling average of actual hours for assessments conducted between 2006 and 2017.	246.3 lb/day
Program and construct bikeways and trails	Jurisdictions and government agencies shall program a minimum total of 28 miles of bikeways or trails within the Portland metropolitan area between the years 2006 through 2017. A cumulative average of 5 miles of	170.1 lb/day

¹ U.S. Environmental Protection Agency, “Guidance for Implementing the Clean Air Act Section 176(c)(8) Transportation Control Measure Substitution and Addition Provision.” Page 1.

² Oregon Department of Environmental Quality, “Portland Area Carbon Monoxide Maintenance Plan .” State Implementation Plan. Volume 2 Section 4.58 Appendix D9-2.

³ Ibid.

⁴ Oregon Department of Environmental Quality, “Portland Area Carbon Monoxide Maintenance Plan .” State Implementation Plan. Volume 2 Section 4.58 Page 21.

⁵ Ibid.

	bikeways or trails per biennium must be funded from all sources from each MTIP.	
Program and construct pedestrian paths	Jurisdictions and government agencies shall program at least nine miles of pedestrian paths in mixed-use centers between the years 2006 through 2017, including the funding of a cumulative average of 1 and 1/2 miles in each biennium from all sources in each MTIP.	.9 lb/day

Proposed TCM Substitutions

In anticipation the region may not meet the performance standard for the Transit Service Increase TCM, TPAC recommended Metro, DEQ and TriMet to undergo EPA’s TCM substitution process. Through a collaborative process and in consultation with EPA, the following TCM substitution is proposed:

Existing Transit Service Increase TCM Language	Proposed Substitute Transit Service Increase TCM Language
“Regional transit service revenue hours (weighted by capacity) shall be increased 1.0% per year. The increase shall be assessed on the basis of a 5 year rolling average of actual hours for assessment conducted between 2006-2017. Assessments made for the period through 2008 shall include the 2004 opening of Interstate MAX.”	“Regional transit service revenue hours (weighted by capacity) shall be increased 1.0% per year. The increase shall be assessed on the basis of cumulative average of actual hours for assessment conducted for the entire second ten-year Portland Area Carbon Monoxide Maintenance Plan (2007 – 2017). Transit service increase will be assessed on the basis of fiscal year (July 1- June 30) beginning with FY 2008.”

The proposed substitute TCM uses a cumulative average to-date to determine whether a 1.0 percent annual transit service increase has been achieved. This is similar as the existing TCM, which requires a 1.0 percent annual transit service increase, but the existing TCM is based on a rolling five year average of past transit service. Using the new methodology of a cumulative average accounts for all years-to-date when calculating the whether 1.0 percent service increase has been achieved. The cumulative average method for the Transit Service Increase TCM provides a longitudinal look at whether the TCM is being met throughout the life of the maintenance plan rather than a five-year snapshot.

Methodology, Emissions Model Update, and Latest Planning Assumptions Update for Calculating the Carbon Monoxide Emissions Reductions Benefit

To employ a TCM substitution, EPA and DEQ requires the new TCM meet or exceed the emission reduction benefit of the replaced TCM. However, the process requires the demonstration of equivalent carbon monoxide emissions reductions to use updated planning assumptions.⁶

Methodology

Each TCM in the regional air quality plan was assigned a performance standard as a means of measuring and monitoring the region’s commitment to reducing carbon monoxide emissions. The State Implementation Plan (SIP) which serves as the statewide air quality plan established the

⁶ U.S. Environmental Protection Agency, “Guidance for Implementing the Clean Air Act Section 176(c)(8) Transportation Control Measure Substitution and Addition Provision.” Page 6.

methodology to calculate the emission reduction benefits of TCMs.⁷ Since of premise of the proposed TCM substitution is a modification to how the TCM annual transit service increase is calculated, the emissions reduction benefit methodology was not modified. The same emissions reduction methodology outlined in the SIP was used to calculate the carbon monoxide emissions reduction benefit for the updated existing TCM and proposed TCM substitution.

For the Transit Service Increase TCM, the methodology entails:

- 1) Estimating the number of vehicle trips which are diverted to transit by meeting the performance standard of the TCM; and
- 2) Identifying the average length of transit trip.⁸

Using the estimated number of diverted vehicle trips, the average transit trip length, and a carbon monoxide emissions reduction rate, the carbon monoxide emissions reduction benefit is calculated as follows:

- 1) X number of diverted vehicle trips from meeting transit performance standard (per day) x average length of transit trip (in miles) = X number miles diverted per day
- 2) X number miles diverted x CO rate (in grams per mile) = total CO grams per day
- 3) X total CO grams per day/453.592 grams per pound = X total CO pounds per day⁹

Assumptions

Per EPA and DEQ rules, the latest planning assumptions must be used to when conducting a TCM substitution analysis.¹⁰ In the methodology of calculating the carbon monoxide emissions reduction benefit for the existing and the proposed substitute TCM, there are two areas where the latest planning assumptions can be reflected: the number of diverted vehicle trips and the average transit trip length.

In 2011, Metro conducted an update to the Oregon Household Activity Survey (OHAS). The OHAS provides information regarding the region's travel behavior and habits. The 2011 OHAS indicate the average transit trip length increased from 5.9 miles to 6 miles.¹¹ The updated average trip length was incorporated in the analysis of the carbon emissions reduction benefit for the proposed substitute TCM and the existing TCM.

The existing Transit Service Increase TCM used 2003 reported revenue hours to determine the diverted vehicle trips diverted by meeting the Transit Service Increase TCM performance standard of 1.0% annual service increase. The 2003 revenue hours were not weighted by capacity. TriMet provided 2012 revenue hours which were used to update and determine the number of vehicle trips.¹² The 2012 revenues were not weighted by capacity. Table 2 identifies the assumptions in the diverted vehicle trips and average length used in the analysis.

⁷ Oregon Department of Environmental Quality, "Portland Area Carbon Monoxide Maintenance Plan ." State Implementation Plan. Volume 2 Section 4.58 Appendix D9-3.

⁸ Ibid.

⁹ Ibid.

¹⁰ U.S. Environmental Protection Agency, "Guidance for Implementing the Clean Air Act Section 176(c)(8) Transportation Control Measure Substitution and Addition Provision." Page 6.

¹¹ Metro. Oregon Household Activity Survey, 2011.

Metro. Oregon Household Activity and Travel Survey, 1994.

¹² TriMet. Annual Budget and Financial Forecast, 2012.

Table 2. Transit Service Increase TCM Assumptions

Assumption	Existing Transit Service Increase TCM	Existing Transit Service Increase TCM (updated with latest planning assumptions) and Proposed Substitute Transit Service Increase TCM
Diverted Trips	TriMet reported 2003 total revenue hours was 1,677,156 resulted 88,863,600 boardings/trips. Assuming ratio of revenue hours to ridership is constant, one percent change in 2003 reported revenue hours results in an annual ridership of 89,751,153. Subtracting the difference results in an estimate of a one year increase of yearly ridership 888,553, which on a daily basis would be an increase of 2,843 riders. Assuming each rider equates to one diverted vehicle trip, the daily diverted trip for meeting the performance standard is 2,843.	TriMet reported 2012 total revenue hours was 1,600,132 resulted 101,210,444 boardings/trips. Assuming ratio of revenue hours to ridership is constant, one percent change in 2012 reported revenue hours results in an annual ridership of 102,2018,644. Subtracting the difference results in an estimate of a one year increase of yearly ridership 1,008,200, which on a daily basis would be an increase of 3,221 riders. Assuming each rider equates to one diverted vehicle trip, the daily diverted trip for meeting the performance standard is 3,221.
Average Trip Length	5.9 miles – 1994 Oregon Household Activity Survey	6.0 miles – 2011 Oregon Household Activity Survey

Model Assumptions

To ensure consistency between the carbon monoxide emissions reduction benefit established with MOBILE6.2, the MOVES2010 conversion incorporated the same base year assumptions used in MOBILE6.2. MOVES2010b was run in the emission rates mode at the county scale for the 24-hour January weekday in 2005 and was configured to produce CO rates for passenger cars and passenger trucks on urban roads. The County Data Manager was populated with inputs from Metro's most recent conformity-related MOBILE6.2 run, converted to the formats required by MOVES in accordance with EPA technical guidance. MOVES was run for three custom counties representing the various inspection and maintenance regimes that are represented by vehicles traveling in the Portland metro area: Oregon-inspected, Washington-inspected, and non-inspected. The rates produced by MOVES were stratified by hour, roadway type (restricted versus non-restricted access), average speed bin, and I/M area. Using VMT produced by the most recent conformity-related run of Metro's regional transportation model for 2005, weighted averages were applied to each of the above strata to arrive at a single CO rate (9.546 grams/mile).

Translating Performance Metrics into Emission Reduction Benefits

Prior to performing the analysis to compare the carbon monoxide emissions reduction benefit of the existing TCM and the proposed substitute TCM, Metro staff needed to update the emissions

reduction benefits of the existing TCM to reflect the latest approved EPA emissions model.¹³ In March 2010, EPA implemented new rules requiring the use of the MOVES2010 emissions model for all regional air quality conformity and state implementation plan analyses.¹⁴ The carbon monoxide emissions reduction benefits were derived from the previous carbon monoxide rate which came from the MOBILE 6.2 emissions model. Using the same methodology established in the SIP to calculate the emissions reduction benefit for the Transit Service Increase TCM, staff employed the MOVES2010 carbon monoxide rate to convert the carbon monoxide emissions reduction benefit for the existing Transit Service Increase TCM. Additionally, the emissions reduction benefit also employed the latest planning assumptions. Tables 3 - 5 illustrate the results of the conversion.

Table 3. Original Carbon Monoxide Emission Reduction Benefit Calculation – MOBILE6.2

Transportation Control Measure (TCM)	MOBILE6.2 Carbon Monoxide (CO) Emission Rate	Calculation of TCM Emissions Reduction Benefit	MOBILE6.2 Emissions Reduction Benefit
Increase transit service	6.66 CO grams per mile	Diverted Trips Per Day: 2,843 Average Transit Trip Length: 5.9 miles 2,843 trips x 5.9 miles = 16,773.7 miles 16,773.7 miles x 6.66 grams per mile = 11,712.842 total grams 11,712.842 total grams/453.592 grams per pound = 246.3 lb/day	246.3 lb/day

Table 4. Carbon Monoxide Emission Reduction Benefit Calculation – MOVES2010 Conversion without Updated Planning Assumptions

Transportation Control Measure (TCM)	MOVES2010 Carbon Monoxide (CO) Emission Rate	Calculation of TCM Emissions Reduction Benefit (unadjusted)	MOVES2010 Emissions Reduction Benefit
Increase transit service	9.546 CO grams per mile	Diverted Trips Per Day: 2,843 Average Transit Trip Length: 5.9 miles 2,843 trips x 5.9 miles = 16,773.7 miles 16,773.7 miles x 9.546 grams per mile = 160,121.740 total grams 160,121.740 total grams/453.592 grams per pound = 353.0 lb/day	353.0 lb/day

¹³ U.S. Environmental Protection Agency, “Guidance for Implementing the Clean Air Act Section 176(c)(8) Transportation Control Measure Substitution and Addition Provision.” Page 6.

¹⁴ U.S. Environmental Protection Agency, Policy Guidance on the Use of MOVES2010 and Subsequent Minor Revisions for State Implementation Plan Development, Transportation Conformity, and Other Purposes.”

Table 5. Carbon Monoxide Emission Reduction Benefit Calculation – MOVES2010 Conversion with Updated Planning Assumptions

Transportation Control Measure (TCM)	MOVES2010 Carbon Monoxide (CO) Emission Rate	Calculation of TCM Emissions Reduction Benefit (adjusted for updated planning assumptions)	MOVES2010 Emissions Reduction Benefit
Increase transit service	9.546 CO grams per mile	Diverted Trips Per Day: 3,221 Average Transit Trip Length: 6 miles 3,221 trips x 6 miles = 19,326 miles 19,326 miles x 9.546 grams per mile = 184,486 total grams 184,486 total grams/453.592 grams per pound = 406.7 lb/day	406.7 lb/day

TCM Substitution Demonstration of Equivalent Carbon Monoxide Emissions Reduction Benefit

Demonstration of Carbon Monoxide Emissions Reduction Benefits for Proposed TCM Substitution

Table 5 illustrates the results of the carbon monoxide emission reduction benefit analysis and compares the emissions reduction benefit for the existing TCM (with updated planning assumptions) and proposed substitute TCM.

Table 6. TCM Substitution Demonstration of Equivalent Carbon Monoxide Emissions Reduction Benefit

Transportation Control Measure (TCM)	Performance Standard	Calculation of TCM Emissions Reduction Benefit	TCM Emissions Reduction Benefit
Increase transit service (Existing TCM adjusted for MOVES and latest planning assumptions)	Regional transit service revenue hours (weighted by capacity) shall be increased 1.0% per year. The increase shall be assessed on the basis of a 5-year rolling average of actual hours for assessments conducted between 2006 and 2017.	Additional Trips Generated Per Day: 3,221 Average Transit Trip Length: 6 miles 3,221 trips x 6 miles = 19,326 miles 19,326 miles x 9.546 grams per mile = 184,486 total grams 184,486 total grams/453.592 grams per pound = 406.7 pounds per day	406.7 lb/day

<p>Increase transit service (Proposed TCM Substitution)</p>	<p>Regional transit service revenue hours (weighted by capacity) shall be increased 1.0% per year. The increase shall be assessed on the basis of cumulative average of actual hours for assessment conducted for the entire Second Portland Area Carbon Monoxide Maintenance Plan (2007 – 2017). Transit service increase will be assessed on the basis of fiscal year (July 1- June 30) beginning with FY 2008.</p>	<p>Additional Trips Generated Per Day: 3,221 Average Transit Trip Length: 6 miles 3,221 trips x 6 miles = 19,326 miles 19,326 miles x 9.546 grams per mile = 184,486 total grams 184,486 total grams/453.592 grams per pound = 406.7 pounds per day</p>	<p>406.7 lb/day</p>
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Based on the results of the carbon monoxide emissions reduction benefit analysis, the proposed TCM substitution will provide equal carbon monoxide reduction benefit as the existing TCM.

Since the proposed TCM substitution is a minor adjustment to the method of calculating the annual transit service increase (from a rolling average to a cumulative average) to determine if the performance standard has been achieved no change is observed between the existing TCM and the proposed substitute TCM in carbon monoxide emissions reduction benefits. This is because in the original methodology assumed a constant ratio that if 1.0 percent annual transit service increase occurred, the result is a set amount of vehicle trips diverted. Since the proposed TCM substitution does not change the performance standard of 1.0 percent annual transit service increase, but only the method of calculating the service increase, then the vehicle trips diverted do not change. This does not end up changing the inputs in calculating the emissions reduction benefits. However, the cumulative average method more accurately reflects the lasting positive benefits and long-term investments the region has made towards transit. Subsequently this has led to a reduction of carbon monoxide emissions and overall improved air quality. The cumulative average method provides a more accurate reflection of the region’s commitment to transit over the entire carbon monoxide maintenance plan.

Agenda Item No. 4.4

Resolution No. 13-4492, For the Purpose of Allowing the Beaverton School District to File an Application for a Major Amendment to the Urban Growth Boundary.

Resolutions

Metro Council Meeting
Thursday, Dec. 19, 2013
Metro, Council Chamber

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF ALLOWING THE	)	RESOLUTION NO. 13-4492
BEAVERTON SCHOOL DISTRICT TO FILE)	
AN APPLICATION FOR A MAJOR	)	Introduced by Councilor Kathryn
AMENDMENT TO THE URBAN GROWTH	)	Harrington and Councilor Craig Dirksen
BOUNDARY)	

WHEREAS, section 3.07.1430 of the Metro Code allows local governments and special districts to request “major amendments” to the urban growth boundary (“UGB”) to add land for non-residential purposes; and

WHEREAS, section 3.07.1430.A of the code provides that Metro may not accept applications for major amendments to the UGB during the calendar year in which Metro is required by state law to analyze the region’s buildable land supply and determine the capacity of the UGB unless the Metro council waives this restriction upon a finding of good cause and an affirmative vote of five members of the Metro Council; and

WHEREAS, calendar year 2014 is a year in which Metro must complete its analysis of the buildable land supply; and

WHEREAS, the Beaverton School District has requested a waiver in order to submit an application by February 1, 2014 for a major amendment to add land to the UGB for a new high school site in the South Cooper Mountain area, an area which was previously added to the UGB in 2011 and is currently part of litigation regarding the reserves and UGB; and

WHEREAS, the Metro Council considered the school district’s request at a public meeting on December 19, 2013 and determined that the district has demonstrated good cause for submitting an application due to the fact that the district is unable to obtain a clean opinion from bond counsel, jeopardizing its ability to stay on schedule and other factors as set forth in testimony from the meeting; now, therefore,

The Metro Council resolves that:

1. The Beaverton School District has demonstrated good cause for submitting an application for a major amendment to the UGB by February 1, 2014.
2. The request by the Beaverton School District to submit an application for a major amendment to the UGB under Metro Code section 3.07.1430.A is granted, and the Chief Operating Officer is directed to allow the school district’s application and commence a

quasi-judicial process to determine whether or not to grant the application for the UGB amendment at issue.

ADOPTED by the Metro Council this 19th day of December, 2013.

Tom Hughes, Council President

Approved as to form:

Alison R. Kean, Metro Attorney

STAFF REPORT

IN CONSIDERATION OF RESOLUTION 13-4492 FOR THE PURPOSE OF ALLOWING THE BEAVERTON SCHOOL DISTRICT TO FILE AN APPLICATION FOR A MAJOR AMENDMENT TO THE URBAN GROWTH BOUNDARY

Date: December 10, 2013 Prepared by: Ramona Perrault and Beth Cohen

BACKGROUND

Metro is responsible for managing the Portland metropolitan region's Urban Growth Boundary (UGB). State law requires Metro to analyze the capacity of the UGB every five years and to ensure that it includes sufficient capacity for the next 20 years' worth of growth. In addition, Metro accepts applications for major amendments to the UGB between February 1 and March 15 of each calendar year except that calendar year in the which the Council is completing its analysis of buildable land supply (Urban Growth Report) under ORS 197.299. Metro will complete its analysis of buildable land supply in 2014. Based on the major amendment procedures in Metro Code Section 3.07.1430, Metro will not accept applications for Major Amendments to the UGB during the February 1 to March 15, 2014 application window.

Metro Code does allow the Metro Council to accept a major amendment application at other times by a vote of five members of the Council, upon a request by a Metro Councilor and a finding of good cause. Land may be added to the UGB under the major amendment process for public facilities and services, public schools, natural areas and other non-housing needs.

The Beaverton School District is seeking to submit a major amendment application in 2014 to meet an enrollment capacity deficit in 2017. The property in question was brought into the UGB in 2011 and is part of the city of Beaverton's on-going South Cooper Mountain planning process, partially funded through Metro's Community Planning and Development Grant program (CET funds). However, pending a decision by the Court of Appeals on both urban and rural reserves and the 2011 UGB expansion areas, the district is unable to obtain a clean opinion from bond counsel, jeopardizing its ability to stay on schedule. The district must have additional capacity for 2,200 students by September 2017.

This resolution will direct the Chief Operating Officer to receive the Beaverton School District's major amendment application and initiate a quasi-judicial process in which a hearings officer will issue a recommendation for the Metro Council to consider.

ANALYSIS/INFORMATION

1. Known Opposition

It is possible that parties to the 2011 UGB expansion appeal may be opposed to this incremental expansion.

2. Legal Antecedents

Section 3.07.1430 provides for a major amendment to the UGB to add land for public school purposes, and section 3.07.1430(A) provides that the Metro Council may accept a major amendment application outside of the February 1 to March 15 application window by a vote of five members of the Council.

Anticipated Effects: Adoption of Resolution 4492 will allow the Beaverton School District to submit an application for a major amendment to the urban growth boundary outside of the normal application time window.

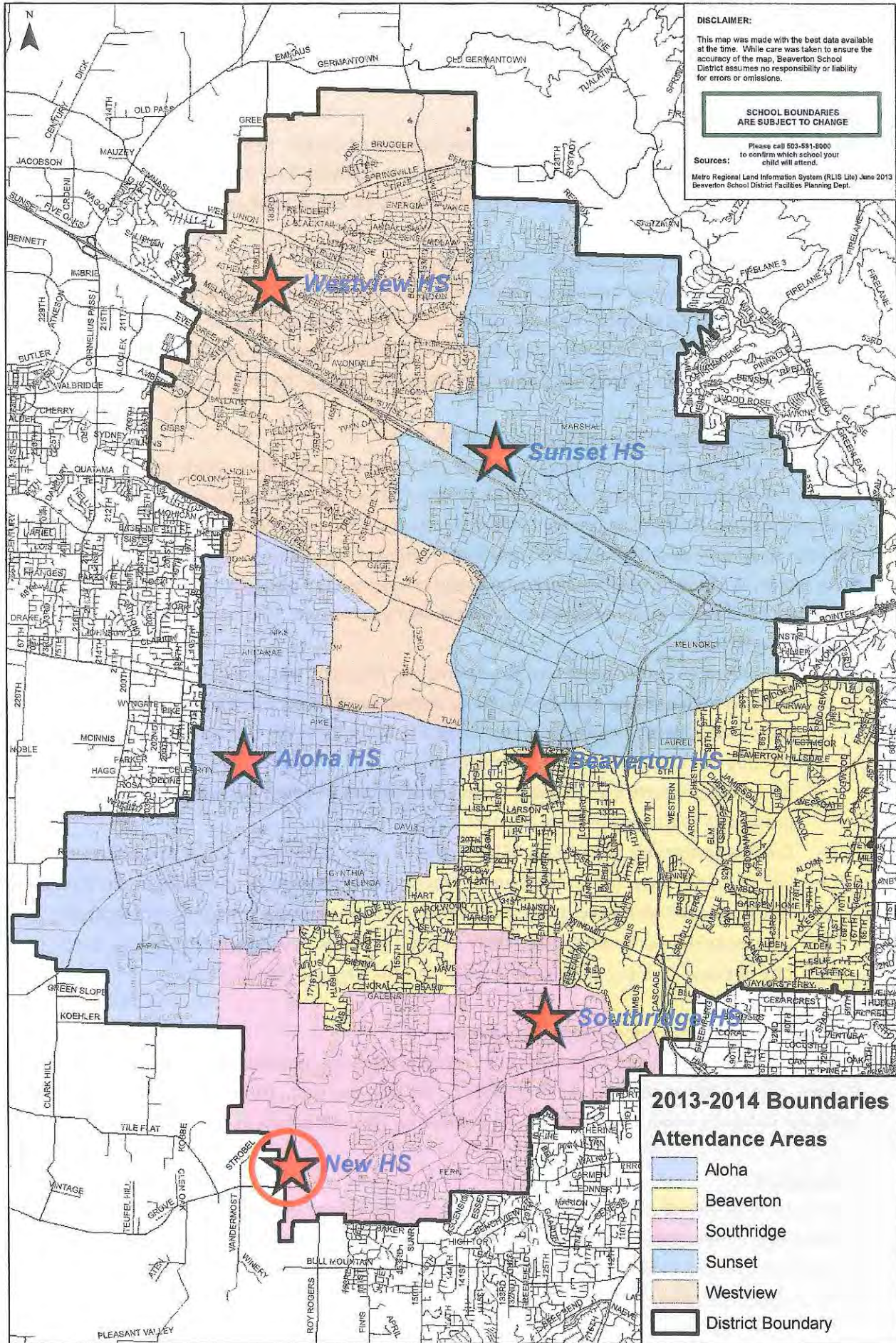
Budget Impacts: There is no budget impact. An applicant for a major amendment is required to file an application fee to cover all costs of processing the amendment request.

RECOMMENDED ACTION

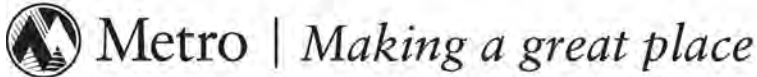
Staff recommends adoption of Resolution No. 13-4492

Beaverton School District

2013-2014 High School Attendance Boundaries



Materials following this page were distributed at the meeting.



METRO COUNCIL MEETING

Meeting Summary

Dec. 12, 2013

Metro, Council Chamber

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

Councilors Excused: None

Council President Tom Hughes called the regular council meeting to order at 2:03 p.m.

1. INTRODUCTIONS

There were none.

2. CITIZEN COMMUNICATIONS

Art Lewellan, Portland: Mr. Lewellan distributed drawings on the Columbia River Crossing project, high speed rail from Eugene to Portland, Oregon, and general transit service in Seattle, Washington. He proposed Concept #1 for the CRC project, which offers an alternative route to the currently planned Hayden Island Interchange. In addition, he addressed safety concerns with Seattle's proposed tunnel. (Written handouts included as part of the meeting record.)

Councilor Bob Stacey stated that he has forwarded Mr. Lewellan's previous comments regarding the Seattle tunnel to Washington State's Secretary of Transportation for their review. In addition, he stated that he has been intrigued with Mr. Lewellan's proposals regarding a downtown Portland area subway, and stated that while it is not a Metro project, it was useful to be informed of good ideas moving forward.

Ellen Ino, Portland: Ms. Ino addressed the Council on parking at the Oregon Zoo. Parking will no longer be free in Washington Park starting in January 2014. Ms. Ino emphasized the potential financial impact to seasonal and temporary employees. She stated that \$7 per day can be a significant burden for some households. She encouraged the Council to continue to evaluate the possibility of ticket exchanges and other possible solutions to ease the burden this change may cause.

3. RECOGNITION OF BILL DORAN, METRO PARK RANGER, FOR 36 YEARS OF SERVICE AT OXBOW

The Metro Council recognized and thanked Mr. Bill Doran for his service at Metro. Mr. Doran will retire December 2013 after 36 years of service at Oxbow Park. Councilors thanked Mr. Doran for his years of dedicated service, and stated that he has served as an ambassador for the park ensuring that patrons have a wonderful experience.

4. FY 12-13 EXTERNAL FINANCIAL AUDIT RESULTS

Mr. Tim Collier of Metro introduced Ms. Kathryn McLaughlin, chair of the Audit Committee, to share a few words. Ms. McLaughlin thanked Metro Auditor Suzanne Flynn and staff for their high degree of diligence and care producing the FY 2012-13 Comprehensive Annual Financial Report, and external auditor Moss Adams, LLP for their clear communication.

Mr. Collier welcomed and introduced Mr. Jim Lanzarotta, Mr. Bradley Smith, and Annemarie McNiel of Moss Adams, LLP for the FY 12-13 external audit results. Their 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 12-13 audit results;
- Status of prior year and current year observations and recommendations; and
- Anticipated changes in accounting standards in 2014 and 2015, including changes to Oregon PERS commitments.

Presenters stated that one Procurement contract, related to fish restoration, was found incompliant in three areas: Oregon minimum standards for compliance, federal compliance for major programs, and schedule of findings and question costs. Presenters stated that the contract did not follow the appropriate Metro procedures or policies, and therefore was found incompliant.

That said, overall, presenters stated that the audit found a clean opinion and that Metro's financial statements are accurate and meet the requirements of accounting standards. Presenters emphasized the agency's diverse portfolio and commended Metro staff for their exemplary work in drafting the CAFR. (Presentation included as part of the meeting record.)

Mr. Collier provided management's response. 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 transmittal letter and summary, the independent auditor's report, management's discussion and analysis, notes to the financial statement, and audit comments and disclosure. In addition, Mr. Collier stated that at the recommendation of Councilor Harrington staff has produced its first Popular Annual Financial Report (PAFR) which provides a brief overview of Metro's expenditures and revenues for the past fiscal year.

Council discussion

Councilors thanked staff for their work producing the annual financial report. Councilors stated that the development of the PAFR brochure provides greater transparency to the public and helps to illustrate that Metro is a good steward of the public's money.

Councilors asked clarifying questions about anticipated changes in accounting standards in 2014 and 2015; specifically changes that may impact Metro's PERS commitments. Metro staff stated that more information on the topic would be provided to Council closer to when the accounting changes were to be implemented. Councilors also requested work session time to discuss PERs and the upcoming legislative session. Staff confirmed that the Council will have time in early January to discuss its full legislative agenda.

Additional discussion addressed the CAFR's complexity, and how to navigate the document.

5. CONSENT AGENDA

Motion:	<p>Councilor Shirley Craddick moved to approve Dec. 12 consent agenda, which consisted of:</p> <ul style="list-style-type: none"> • Consideration of the Council minutes for Dec. 5, 2013; and • Resolution No. 13-4474, For the Purpose of Authorizing the Chief Operating Officer to Issue a Renewed Non-System License Jointly to Willamette Resources, Inc. and Republic Services of Clackamas and Washington Counties for Delivery of Source-Separated Food Waste to the Pacific Region Compost Facility Located Near Corvallis, Oregon. • Resolution No. 13-4475, For the Purpose of Authorizing the Chief Operating Officer to Issue a Renewed Non-System License to New Earth Farm for Delivery of Source-Separated Food Waste to its Processing Facility Located in Washington County, Oregon. • Resolution No. 13-4477, For the Purpose of Confirming the Council President’s Reappointment of Cynthia J. Haruyama to the Metropolitan Exposition Recreation Commission. • Resolution No. 13-4478, For the Purpose of Confirming the Council President’s Reappointment of Karis J.A. Stoudamire-Phillips to the Metropolitan Exposition Recreation Commission. • Resolution No. 13-4479, For the Purpose of Confirming the Council President’s Reappointment of Terry Goldman to the Metropolitan Exposition Recreation Commission. • Resolution No. 13-4480, For the Purpose of Confirming the Council President’s Reappointment of Judie Hammerstad to the Metropolitan Exposition Recreation Commission. • Resolution No. 13-4488, For the Purpose of Confirming the Appointments to the Public Engagement Review Committee.
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Vote:	<p>Council President Hughes, and Councilors Craddick, Harrington, Chase, Dirksen, Collette and Stacey voted in support of the motion. The vote was 7 ayes, the motion <u>passed</u>.</p>
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6. ORDINANCES – SECOND READING

6.1 **Ordinance No. 13-1313**, For the Purpose of Adopting the Metro Geographic Information System Map of Metro’s District and Jurisdictional Boundaries and Making Technical Corrections.

Motion:	Councilor Kathryn Harrington moved to approve Ordinance No. 13-1313.
Second:	Councilor Carlotta Collette seconded the motion.

Mr. Tim O'Brien of Metro provided staff's report on Ordinance No. 13-1313, which if approved would:

- Adopt the Geographic Information System (GIS) layer of the Metro Jurisdictional Boundary and the Metro District Boundaries as the official Metro Jurisdictional Boundary and the Metro District Boundaries; and
- Make a small set of technical corrections discovered during the analysis of the boundary layer.

In 2011, the Council completed a process to adopt new Metro Council district boundaries in response to the 2010 U.S. Census. Accordingly, the district lines were redrawn to ensure that each district is within five percent of the average district population. The new Council districts took effect January 2013. Staff stated that adoption of the GIS layer as the official jurisdictional boundary would allow Metro staff to update and maintain the GIS jurisdictional boundary and Metro district boundaries in an efficient manner.

Additionally, staff noted that while researching the needed changes to the district boundary, staff identified a number of places where the original legal description was not accurate and discovered discrepancies between city and county records of boundary lines and the Metro boundary. Staff stated that in most cases, the discrepancies were from the 1980s and occurred through Boundary Commission actions where the land was annexed to the Metro Boundary but is not listed on the Metro Boundary map. The places, 25 parcels, total just less than 16 acres and some associated right-of-way.

Council President Hughes gaveled and opened a public hearing on Ordinance No. 13-1313. Seeing no members of the public who wished to testify, the public hearing was closed.

Council discussion

Councilors inquired if approval of the ordinance would impact property owners' tax status or ability to vote for Metro Council President or their respective Metro Councilor. Staff clarified that approval of Ordinance No. 13-1313 would not change the effected property owners' tax status and confirmed that the property owners have already been paying taxes and have had the ability to vote in council elections. Approval of the ordinance, would simply correct the mapping errors.

Additional clarifications addressed the process for bringing properties into the district boundary. Staff clarified that properties added to the UGB after 2011 are automatically brought into the Metro district boundary. However, properties added to the UGB prior to 2011 require a petition by the property owner to add the territory to the district boundary.

Vote:

Council President Hughes, and Councilors Craddick, Harrington, Chase, Dirksen, Collette and Stacey voted in support of the motion. The vote was 7 ayes, the motion <u>passed</u> .
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7. CHIEF OPERATING OFFICER COMMUNICATION

Ms. Martha Bennett provided updates on the following items:

- She thanked Metro South Transfer Station employees for inviting her to their annual breakfast and awards ceremony, and emphasized the event's fun family atmosphere. She encouraged councilors to attend in the future if possible.
- Multnomah County Board of Commissioners held a public hearing and first read of an ordinance in support of the Oregon Convention Center hotel project intergovernmental agreement. The Commission is scheduled to consider and vote on the ordinance on Thursday, Dec. 19. The Metro Council approved the IGA in September 2013.

8. COUNCILOR COMMUNICATION

Councilors provided updates on the following meetings or events: Metro Policy Advisory Committee meeting, Joint Policy Advisory Committee on Transportation meeting, Westside Economic Alliance breakfast, Hrenko Light Rail Station groundbreaking, ADX facility tour, Clackamas County Business Alliance meeting, and Oregon Business Plan leadership summit.

9. ADJOURN

There being no further business, Council President Hughes adjourned the regular meeting at 3:51 p.m. The Metro Council will convene the next regular council meeting on Thursday, Dec. 19 at 2 p.m. at Metro's Council Chamber.

Respectfully submitted,



Kelsey Newell, Regional Engagement & Legislative Coordinator

ATTACHMENTS TO THE PUBLIC RECORD FOR THE MEETING OF DEC. 12, 2013

Item	Topic	Doc. Date	Document Description	Doc. Number
2.0	Testimony	N/A	Written comments and renderings submitted by A. Lewellan	121213c-01
3.0	Brochure	N/A	Popular Annual Financial Report	121213c-02
3.0	PowerPoint	12/12/13	External audit for June 30, 2013	121213c-03
5.1	Minutes	12/5/13	Council minutes for Dec. 5, 2013	121213c-04

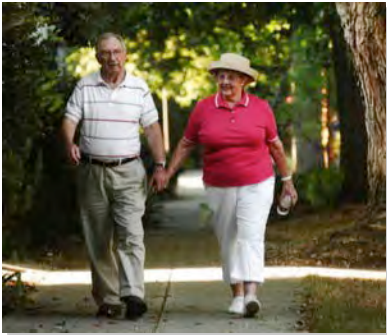
MAKING A
GREAT
PLACE



Proposed change to the Transit TCM



Better reflecting the region's
commitment to improve air quality
through transit investment



Tom Kloster AICP, Transportation Planning Manager
Grace Cho, Regional Transportation Planner

Today's Recommended Action

Adopt a substitute method for tracking our commitment to expanding transit as part of the regional clean air strategy



Portland in the 1970s: *Six months of air quality violations*

What are TCMs?



Transportation Control Measures (TCMs) adopted in our regional air quality plan require the following:



- *Cumulative average of 5 miles of new bikeways every two years*
- *Cumulative average of 1.5 miles of new sidewalks every two years*
- *1% increase in transit service annually*

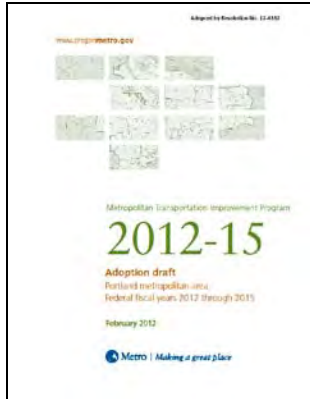


Why is a change needed?



- The current transit TCM is measured using a *rolling 5-year average* of service
- This measure fails to capture our history of investment in transit by focusing on cutbacks in the recent Great Recession
- While TriMet has been restoring service since the recession year, *the increases are not enough to meet the 5-year average*

Why does it matter?



- The transit TCM must be met as part of demonstrating conformity with the federal Clean Air Act
- The proposed TCM is needed to demonstrate conformity for upcoming adoption of the **2014-17 MTIP** and the **2014 Regional Transportation Plan (RTP)**
- Failing to substitute the transit TCM could risk a conformity lapse, disrupting federal funding

Proposed Action



- The proposed “substitute” Transit TCM would measure our transit investment *over the life of our air quality maintenance plan*
- This proposed change was developed in consultation with the EPA and Oregon DEQ and meets the regulatory test of “like results”
- Under the proposed measure, the region would continue to meet the 1% annual increase requirement

A Year in the Making



- JPACT and the Council initiated this proposed change in early 2013
- After a formal review and public comment period, the Oregon Environmental Quality Commission took action to approve the proposed change on December 11
- JPACT recommended approval of the proposed change on December 12

Today's Recommended Action

Approval of Resolution No. 13-4490

Adopting the substitute transit transportation control measure (TCM)



Portland today: 16 years without an air quality violation



Questions?

*Tom Kloster AICP, Transportation Planning Manager
Grace Cho, Regional Transportation Planner*