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

Metro | Agenda

Meeting:	**Metro Council Work Session**
Date:	Tuesday, April 29, 2014
Time:	2 p.m.
Place:	Council Chamber

CALL TO ORDER AND ROLL CALL

2 PM	**1.**	**ADMINISTRATIVE/ COUNCIL AGENDA FOR MAY 1, 2014/ CHIEF OPERATING OFFICER COMMUNICATION**	
2:10 PM	**2.**	**TRANSPORTATION POLICY, COMMUNICATION AND COORDINATION ASSESSMENT REPORT – ACTION: DISCUSSION**	**Councilor Collette, Metro**
2:30 PM	**3.**	**FY 2014-15 BUDGET DISCUSSION – ACTION: INFORMATIONAL / DISCUSSION**	**Kathy Rutkowski, Metro Tim Collier, Metro**
3 PM	**4.**	**BREAK**	
3: 05 PM	**5.**	**POSSIBLE EXTENSION OF CONSTRUCTION EXCISE TAX FOR COMMUNITY PLANNING AND DEVELOPMENT GRANTS – ACTION: RECOMMENDATION TO ADOPT ORDINACNE NO. 14-1328 ON JUNE 19, 2014**	**Martha Bennett, Metro Gerry Uba, Metro**
3: 50 PM	**6.**	**COUNCIL BRIEFINGS/COMMUNICATION**	

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Agenda Item No. 2.0

TRANSPORTATION POLICY, COMMUNICATION AND COORDINATION ASSESSMENT REPORT

Metro Council Work Session
Tuesday, Apr. 29, 2014
Metro, Council Chamber

METRO COUNCIL

Work Session Worksheet

PRESENTATION DATE: April 29, 2014 **TIME:** 3:05pm **LENGTH: 45 minutes**

PRESENTATION TITLE: Transportation Policy, Communication and Coordination Assessment Report

DEPARTMENT: Office of COO

PRESENTER(S): Steve Bryant, Oregon Consensus Center

WORK SESSION PURPOSE & DESIRED OUTCOMES

- Purpose: To provide the Metro Council with the recommendations of an assessment of transportation decision-making within the ODOT Region 1 area (provided by Steve Bryant, the principle investigator and author at the April 15 Council Work Session).
- Outcome: Provide direction on Metro interests and involvement in next steps.

TOPIC BACKGROUND & FRAMING THE WORK SESSION DISCUSSION

On June 18, 2003 the Oregon Transportation Commission a policy on formation and operation of Area Commissions on Transportation (ACTs). The intent of the policy is to expand stakeholder involvement in ODOT decision-making, especially as it relates to recommendations to the Oregon Transportation Commission on project funding in the State Transportation Improvement Program(STIP). This role was significantly upgraded this past year as ODOT modified their project selection process to be multi-modal, based upon a jurisdictional application process with the ACTs being the focus of where project prioritization occurs. Lacking an ACT for ODOT Region 1, ODOT staff formed an interim project selection committee with public and private sector members appointed by the Multnomah County, Clackamas County, Washington County and Hood River County Commissions. The Chair of JPACT was also included on the Committee.

Since 2003, ODOT has established a series of ACTs throughout the state with the exception of Region 1. After adoption of the OTC policy, there were numerous discussions between ODOT, OTC members and Metro Council and JPACT members. However, no agreement was reached with the disagreement around the question of JPACT membership to include business and other stakeholders and concern about the geography of Region 1 beyond Metro's boundary.

Subsequent to the discussions between Metro/JPACT and ODOT/OTC, ODOT Region 1 staff worked with stakeholders in Hood River County and rural Clackamas County in pursuit of an ACT for this area of Region 1 outside Metro. However, no agreement was reached as a result of that process since the two areas did not see a common area of interest to merit formation of an ACT.

In 2013, Representative Kennemer introduced legislation to form a rural Clackamas County ACT. ODOT objected to the legislation because of the narrow geography. Representative Kennemer agreed to remove his legislative proposal based upon the agreement of ODOT, Metro and Clackamas County to contract with the Oregon Consensus Center (as a neutral party) to carry out an evaluation of current transportation decision-making in the Region 1 area.

The Oregon Consensus Center interviewed over 70 individuals, evaluated the requirements of the OTC Policy on the Formation of ACTs and the USDOT requirements for metropolitan planning organizations. This report is the conclusion of that interview and evaluation process.

QUESTIONS FOR COUNCIL CONSIDERATION

- The report recommends formation of a Task Force appointed by ODOT and convened by the Governor's office to evaluate and recommend formation of an ACT to include a proposed charter, geography, membership and responsibilities. The Charter would be subject to approval by the OTC.

  Does the Metro Council have any input on charge or membership of the Task Force?
  Does the Metro Council have any input on the process to be undertaken by the Task Force?
  Does the Metro Council have any preference for the preferred outcome from the process?

- The report also recommends that Metro/JPACT initiate a process to evaluate the membership of JPACT and to consider changes to JPACT's membership consistent with options considered for establishment of an ACT.

  Does the Metro Council have any input on the issue of JPACT membership and its relationship with the ACT process?

PACKET MATERIALS

- Would legislation be required for Council action ☐ Yes X No
- If yes, is draft legislation attached? ☐ Yes X No
- What other materials are you presenting today?
  Final Report: Transportation Policy, Communication and Coordination Assessment Report (January 29, 2014)
  Task Force membership

Transportation Policy, Communication, and Coordination Assessment Report

January 29, 2014

Background

Stakeholders in the non-Metro areas of ODOT Region 1 have increasingly expressed concerns regarding their desire to have more input into decisions related to priorities for transportation funding. The primary tool that the Oregon Transportation Commission and ODOT relies upon for public engagement for the State Transportation Improvement Plan (STIP) and other statewide transportation policy planning processes is through Area Commissions on Transportation (ACTs). ODOT Region 1 is the one area in the State where there is not an ACT. The urban portion of Region 1, the areas that falls within the Metro boundary, is represented by JPACT, where there is inter-jurisdictional coordination for transportation project funding recommendations and public engagement. The areas outside of the Metro boundary, which mostly fall in Clackamas County and Hood River County, do not have the same opportunity for project coordination and public engagement.

Over the past several years, some rural Clackamas County stakeholders have been exploring the creation of a rural ACT. This led to the introduction of House Bill 2945 in the 2013 legislative session, which if enacted would have created such an ACT. In response to this situation and interest in whether these or related concerns might be shared by other rural areas, ODOT, Metro and Clackamas County jointly sought the assistance of Oregon Consensus[1] to conduct a broad assessment of the issues related to current transportation decision making. Specifically, the sponsors sought a neutral assessment of issues related to representation in the decision-making process regarding transportation policies, program mechanics and project prioritization and whether and how a collaborative, agreement seeking process could be used to address these issues.

During the period of September through November of 2013, Oregon Consensus staff members conducted interviews with over 60 stakeholders representing many interests including rural communities, urban areas, statewide policy makers, planners, local and regional governments, ports, and others. This report captures the themes that emerged from those interviews and provides recommendations of potential collaborative process options to enhance transportation decision making. The list of individuals interviewed and the questions asked are available at the back of this document.

[1] Oregon Consensus (OC) is part of the Oregon Solutions Network and serves as Oregon's official program established to promote effective, collaborative approaches for public decision-making in the state. OC provides assessment, facilitation, mediation and other alternative dispute resolution services to public entities and their stakeholders throughout Oregon. OC is a university based program located in Portland State University's Hatfield School of Government. OC offers state agencies, local governments and the public a neutral forum and neutral services in support of collaborative governance. An assessment conducted by a neutral third party is often critical to assuring that information gained is given freely and analyzed without bias.

Key Themes

- Clackamas County stakeholders are the most vocal and united in desiring more input on transportation decisions impacting their area. They have pursued efforts in the past to form a rural ACT and repeatedly suggested that prior efforts should be built upon rather than discarded. However, they perceive that ODOT does not support the creation of a rural ACT without reasonable explanation or exploration of realistic alternatives. In addition, these stakeholders had the impression that ODOT made a commitment to meet with them on a regular basis to discuss transportation issues, but this has not happened, to their knowledge. Nevertheless, they do seem to welcome the idea of expanding the ACT to include other areas of interest including Hood River County, east Multnomah County, and perhaps northern Marion County communities in the French Prairie area. However, other stakeholders representing these areas expressed some concerns about joining with Clackamas County in a larger ACT, noting political, geographical, logistical, and other issue differences.

- Metro councilors and staff, together with Portland, Beaverton, Lake Oswego, and Multnomah County seem most satisfied with the current approach, including JPACT's representation and functions. Metro Councilors and staff are invested in their current functions and responsibilities, although they are not necessarily opposed to the formation of ACTs that do not usurp their authority. These stakeholders also point out the required MPO functions that operate in accordance with long established agreements between Metro, ODOT, the Governor's Office, and the federal government (primarily FHWA).

- Other cities and counties within the MPO are less satisfied with their representation on JPACT and feel underrepresented. Numerous parties were interested in discussing JPACT membership and, in particular, reducing the number of Metro Councilors and adding at least one city representative for each county. The issue that interviewees described as "overrepresentation" of Metro on JPACT (three Metro Councilors including the chair), often came up in the context of the requirement that the Metro Council must also approve JPACT's recommendations. (Interestingly, a 2010 Portland City Club report, *"Moving Forward, a Better Way to Govern Regional Transportation"* also addressed this issue among other relevant issues discussed in this assessment. We did not find that any of the report's recommendations were enacted, though it may serve as a useful resource moving forward.) Others were less critical of Metro representation, noting that the councilors are elected from periodically adjusted districts within the metro area based on population size. Even so, Metro critics perceive Metro Councilors as having an "urban and multimodal bias" at the expense of highway modernization projects that would otherwise benefit the transportation needs of the growing outer metropolitan ring.

- The ODOT guidance on the formation of ACTs calls for diverse public and private membership. Views are mixed on the desirability of adding private sector interests to JPACT although a number of stakeholders mentioned the trucking industry and high tech industries as key stakeholders in the region whose interests should be represented on JPACT. A number of interviewees asked to learn more about how private sector interests have influenced the actions of other ACTs.

- Hood River County is also somewhat satisfied with the current approach since they have successfully received highway project funding as a result of their participation on the Region 1 STIP Committee and their other advocacy efforts (the Bridge of the Gods project was frequently mentioned). However, they expressed more interest in joining an ACT that has a focus on transportation connections along the Gorge, across the river in Washington, and to the Mt. Hood area. Their primary concern is with their limited capacity to participate in regional meetings and a concern about their voices being drowned out by the bigger players in Region 1. Columbia River Gorge Commission staff also voiced strong interests in playing a larger role in transportation planning for the region. The geographic area that they represent includes stakeholders from both states that have been identified as logical parties for undertaking regional transportation planning work, perhaps in an ACT-like structure.

- There is a widely held perception by those both within and outside of the Metro area that there is a lack of informative dialogue between the urban and rural areas. Rural stakeholders consistently complained of the lack of appreciation for the importance of highway improvements to support the transportation of goods and services that originate in rural areas (such as farm to market roads) and to support the tourism and recreation travel needs of urban residents. Conversely, some Metro stakeholders pointed out the lack of understanding in suburban and rural areas about their requirements to achieve clean air standards through the prioritization of multimodal projects.

- Many interviewees cited the Region 1 STIP selection committee, chaired by Bill Wyatt, as a good example of a region-wide collaborative effort that also included private sector interests. They also commended ODOT staff for their helpful role in this process. For these interviewees, this process provided an example of well-balanced representation. Others, particularly Metro representatives, were somewhat less satisfied with the STIP process because it resulted in disproportionate recommendations for funding projects outside of the MPO area.

- A number of people expressed that it would be difficult to change the status quo without some directive from the OTC and Governor's Office since JPACT and Metro's composition and authority as the MPO comes from agreement between the Governor's Office and the federal government in accordance with FHWA/FTA guidelines.

- Many interviewees discussed the possibility of forming several ACTs or a larger ACT-like entity with subcommittees structured around "communities of interest" or transportation corridors. Often cited examples included the Mt. Hood triangle of Highways 84, 26 and 35, the Columbia Gorge Scenic Area, and the Clackamas and Marion County areas around Highways 211, 213, 214 and 99E.

- There are significant differences between each of the five counties (including Marion County) which would present challenges to any collaborative effort among them. These differences include political orientation, geographic dissimilarities, financial capacity—both capital and human, rural vs. urban, and multimodal-oriented vs. highway-oriented.

- Many perceive Metro's policy planning as "top down" and prefer a more traditional ACT where transportation policies and priorities emerge from the discussions of the various stakeholder interests. Even many JPACT members expressed a desire to re-examine how transportation planning policy issues are initiated and prioritized.

- There is near-universal agreement that the most significant transportation-related challenge facing all stakeholders is the lack of available funding to meet growing transportation maintenance and enhancement needs throughout the region.

Process Recommendations

The assessment interviews indicated that there is broad support to move forward with a consensus-seeking process to form one or more Area Commissions on Transportation (ACTs) or ACT-like structures representing ODOT Region 1. While it is not yet clear how one or more ACTs or ACT-like structures would overlap or otherwise impact Metro and JPACT's MPO responsibilities for transportation planning, many interviewees welcomed a facilitated discussion on that specific topic, as well as how the non-metro areas of Region 1 could be better organized and more effective. The Oregon Consensus assessment process was intended to determine whether there was potential for a collaborative process to be helpful and, if so, to recommend suggested processes to advance this conversation.

Based on the interview process, we believe that a collaborative effort may be beneficial provided that: A) Each of the co-sponsors indicate a willingness to consider new alternative models for transportation planning and project selection in the region, B) a broad-based group of stakeholders is engaged to fairly represent the many diverse regions and interests throughout the region, and C) clear objectives and a limited time frame are agreed upon by the participants.

With these provisions in mind, we recommend the following processes as potential next steps:

1. That the Governor's Office convene an ODOT Region 1 task force comprised of representatives of diverse interests in the region facilitated by a neutral entity, and charged with the following tasks:
    a. Review the summary and recommendations of the Oregon Consensus Assessment Report and seek additional comments and ideas from task force members.
    b. Reach consensus on task force objectives and develop an agreed upon timeframe for completing the tasks below.
    c. Examine the history and experiences of other Oregon ACTs and urban/rural areas in other states that include or are adjacent to MPOs.
    d. Develop one or more alternatives for the creation of one or more ACTs representing transportation interests within ODOT Region 1. These alternatives would include working assumptions about any overlap in responsibilities and coordination with the MPO/JPACT/Metro and would consider needs for addressing the community of interest with

the Columbia River Gorge Scenic Area, including appropriate Washington stakeholders as an ACT or ACT-like structure.

e. Plan a region-wide transportation summit for participation by all the region's transportation stakeholders. The summit would be designed by the task force and could include the following elements:
    i. Summit opening remarks by the OTC Chair or ODOT Director and/or Governor's Office representative to indicate their willingness to consider a consensus-based proposal.
    ii. Presentation of the Oregon Consensus assessment process and findings
    iii. Overview of existing transportation funding structure and resulting regional funding allocations and methodology
    iv. Overview of the history and experience of Oregon ACTs and MPOs
    v. Presentation of two or more alternatives for creation of ODOT District 1 ACTs or ACT-like structures
    vi. Breakout discussions to evaluate and comment on the alternatives
    vii. Reporting back to the larger group
    viii. Closing remarks including delivery of the assignments and expectations for the task force moving forward.
f. Review the results of the summit and select one or more alternative models for further study and stakeholder review.
g. Receive public and stakeholder comments on the selected alternative(s).
h. Seek collaborative agreement on a new structure and/or modified structures for transportation planning and project selection in the region.
i. If one or more ACTs or ACT-like structures are recommended, develop a proposed charter(s) for submission to the OTC. Alternatively, recommend other steps for improving transportation planning coordination within the region.

2. That the Metro Council give advance consideration to the issue of JPACT membership composition (as raised in the third theme on page 2) and whether it might be advantageous to initiate this conversation with JPACT members and other interested parties as a facilitated discussion independent from the broader discussion of creating new ACTs or ACT-like structures in Region 1. Alternatively, this issue should be dealt with as part of the discussion of how JPACT might look different within one or more of the structures that the task force examines.

Individuals Interviewed

Paul Koch (Port of Cascade Locks)
Bob Reeves (Village at Mt. Hood)
Mike Wagner (Mulino Hamlet)
Margaret Middleton (City of Beaverton)
Bill Wyatt (Port of Portland)
Rob Sadowsky (Bicycle Transportation Alliance)
Commissioner Janet Carlson and Don Russo (Marion County)
Nancy Boyer and Richard Schmidt (Mid Willamette Valley COG)
Donna Jordan (Lake Oswego City Council)
Brian Hodson (Mayor of Canby)
Michael McElwee (Port of Hood River)
Jason Tell (ODOT)
Diane McKeel (Multnomah County Commission)
Joanna Valencia and Sean Files (Multnomah County)
John Ludlow (Clackamas County Commission)
Roy Rogers (Washington County Commission)
Andy Cotugno and Ted Leybold (Metro)
Kathyrn Harrington (Metro Council)
Shirley Craddick (Metro Council)
Darren Nichols, Jennifer Kaden and Jeff Litwak (Columbia River Gorge Commission staff)
Shane Bemis (Mayor of Gresham; written answers)
Josh Alpert (Portland Mayor's office)
Steve Bates (Boring CPO)
Paul Savas (Clackamas County Commission)
David Meriwether (Hood River County) and Karen Joplin (Hood River County Commission)
Pat Egan (Oregon Transportation Commission)
Deborah Rogge (Mayor of Molalla)
Representative Bill Kennemer (Oregon State Legislature)
Jerry Wiley (Mayor of Hillsboro)
Don Odermott and Rob Dixon (City of Hillsboro)
Carlotta Collette (Metro Council)

Groups Interviewed

Clackamas County C4 Metro Advisory Committee:

Paul Savas (Clackamas County Commission)
Tim Knapp (Mayor of Wilsonville)
William Wild (Oak Lodge Sanitary District)
Jody Carson (West Linn City Council)
Betty Mumm (Oregon City Commissioner)
Wilda Parks (citizen member, MPAC)
Stephen Lashbrook (SMART)
Nancy Kraushaar (Wilsonville)
Dan Chandler (Clackamas County)
Doug Neely (Mayor of Oregon City)
Jeff Gudman (Lake Oswego City Councilor)
Carlotta Collette (Metro Council)
John Ludlow (Clackamas County Commission)
Mayor Lori DeRemer (Happy Valley)
Martha Schrader (Clackamas County Commission)
Karen Buehrig (Clackamas County)

Clackamas County REACT Committee:

Marge Stewart (Firwood CPO)
Bill Merchant (Beavercreek Hamlet)
Warren Jones (Mulino Hamlet)
Bob Reeves (Villages at Mt. Hood)
Pat Sharp (Villages at Mt. Hood)
Charlene DeBruin (Eagle Creek-Barton)
Windy Ingle (Stafford Hamlet)
Mike Wagner (Mulino citizen)
Laurie Freeman Swanson (Molalla CPO)
Glenn Koehrsen (TSP Committee)

French Prairie Forum Group:

Greg Leo (lobbyist)
Don Russo (Marion County)
Mayor Catherine Fidley (Woodburn)
Bill Graupp (Mayor of Aurora)
Mark Ottenad (Wilsonville)
Nancy Kraushaar (Wilsonville)
Bryan Brown (Canby)

Interview Questions

1. Please tell us about your background, affiliation, involvement and interests with respect to transportation policy and or programs.
2. What do you see as the major issues that need to be addressed related to transportation policy and coordination among ODOT, Metro, and the city and county governments within Clackamas, Hood River, Marion, Multnomah and Washington counties?
3. What are the challenges or barriers to addressing these issues? Do you have any suggestions for how they might be overcome?
4. What approach or process would be helpful for addressing the above topics and why?
5. What do you see as the appropriate scope and scale of a potential collaborative effort?
6. What do you think will happen if the "status quo" continues?
7. Are there lessons learned from past efforts to resolve these issue that you think should be applied to future effort?
8. Do you think there are information/data gaps and if so, what are the sources of data and resources do you think should be utilized and considered?
9. Is there anyone else you think we should be interviewing?
10. What should we have asked that we did not?
11. Do you have any questions for us?

ODOT Region 1 ACT Task Force

1. Bill Wyatt, Port of Portland
2. Charlie Hales, Mayor of Portland
3. Roy Rogers, Washington Co. Chair
4. Denny Doyle, Beaverton Mayor
5. Paul Savas, Clackamas Co. Commissioner
6. Diane McKeel, Multnomah County Commissioner
7. Carlotta Collette, Metro
8. Bruce Warner, TriMet Board Chair
9. Deb Dunn, Oregon Trucking Association
10. Martin Daum, Daimler Trucks North America
11. Travis Stovall, East Metro Economic Alliance Executive Director
12. Mary Kyle McCurdy, 1000 Friends of Oregon
13. Steve Wheeler, Hood River City Manager
14. Brian Hodson, Mayor of Canby
15. Julie Stephens, Transit Manager, Sandy Transit
16. Bill Avison, President, Avison Lumber, Mollala
17. Warren Jones, citizen, Mulino Hamlet board member
18. Karen Joplin, Hood River County
19. Bobby Lee, Regional Solutions
20. Jason Tell, ODOT Region 1

Initial Convening by Karmen Fore, Governor's Transportation Advisor

ACT Technical Advisory Committee

1. Josh Alpert, Portland Mayor' office policy director
2. Andy Cotugno, Metro policy advisor
3. Chris Deffebach, Washington County policy analyst
4. Susie Lahsene, Transportation and Land Use Manager
5. Karen Schilling, Transportation and Land use Planning Director
6. Karen Buehrig, Transportation Planning Director
7. Rian Windsheimer, Policy and Development Manager

Oregon Consensus Center staff

1. Laurel Singer, Director
2. Steve Bryant, Project Manager
3. Peter Harkema, Project Manager
4. Julia Babcock, Project Coordinator

Agenda Item No. 3.0

FY 2014-15 BUDGET DISCUSSION

Metro Council Work Session
Tuesday, Apr. 29, 2014
Metro, Council Chamber

METRO COUNCIL

Work Session Worksheet

PRESENTATION DATE: April 29, 2014 **TIME:** 2:30 p.m. **LENGTH:** 30 minutes

PRESENTATION TITLE: FY 2014-15 Budget Discussion

DEPARTMENT: Finance and Regulatory Services

PRESENTER(S): Tim Collier, 503-797-1913, tim.collier@oregonmetro.gov
Kathy Rutkowski, 503-797-1630, kathy.rutkowski@oregonmetro.gov

WORK SESSION PURPOSE & DESIRED OUTCOMES

- Purpose: To review process and schedule including timing of possible amendments; and to allow Council to discuss, request additional information from staff and deliberate on the FY 2014-15 budget.
- Outcome: Discussion and additional direction to staff for the FY 2014-15 budget.

TOPIC BACKGROUND & FRAMING THE WORK SESSION DISCUSSION

Background

The FY 2014-15 Proposed budget was formally presented to the Council sitting as the Metro Budget Committee at the April 24, 2014 meeting of the Metro Council. The budget is on the May 8, 2014 Council Meeting for approval.

This work session is the opportunity for staff to review the process and schedule and for the Metro Council to ask questions of staff, discuss the budget, deliberate, propose possible amendments or budget notes, and give direction to the Chief Operating Officer and staff prior to final adoption of the budget in June. There will be an additional work session in June to further discuss the budget prior to formal adoption, which is currently scheduled for June 19, 2014.

QUESTIONS FOR COUNCIL CONSIDERATION

- Is there any additional information that Council needs prior to formal adoption of the budget in June?
- Are there any changes or other items that the Council would like to see prior to formal adoption in June?

PACKET MATERIALS

- Would legislation be required for Council action ☐ Yes ☐ No
- If yes, is draft legislation attached? ☐ Yes ☐ No
- What other materials are you presenting today?
    - FY 2014-15 Council Budget Review, Key Dates and Deadlines
    - FY 2014-15 Councilor Proposal Amendment Form
    - Changes to FY 2014-15 Budget Document Detail

FY 2014-15 Council Budget Review
Key Dates and Deadlines
(as of April 10, 2014)

Thursday November, 14. 2013 2:00 p.m.	**Council Retreat:** Policy and planning discussion
Thursday February 6, 2014 2:00 p.m.	**Council Retreat –** Presentation of schedule, 5 year forecast and other financial data
Thursday April 10, 2014	Release Proposed Budget to Council for individual review (no deliberation of proposal allowed until April 24th)
Thursday April 24, 2014 2:00 p.m.	**COUNCIL MEETING *(Public Hearing)*: *Resolution No. 14-4515 – carried forward*** Chief Operating Officer acting as Budget Officer presents Proposed Budget and Budget Message to the Metro Council acting as Budget Committee
Tuesday April 29, 2014 2:00 p.m.	**BUDGET WORK SESSION:** Discussion of budget. Review process and calendar, Councilor questions, Councilor discussion Council work session
Thursday May 8, 2014 2:00 p.m.	**COUNCIL MEETING *(Public Hearing)* : *Resolution No. 14-4516 – final action taken*** Council approves budget for transmittal to the TSCC *(assumes minimal changes between Proposed and Approved)*
Thursday, May 15, 2014	Deadline to file budget with the TSCC
May 15 – June 4, 2014	TSCC public comment period (minimum 20 days)
Tuesday May 27, 2014 by 10:00 a.m.	Deadline for submittal of Councilor amendments to the budget *Amendments after approval are subject to limitations of Oregon Budget Law*
Tuesday May 27, 2014 By COB	Deadline for submittal of final department substantive amendments *Amendments after approval are subject to limitations of Oregon Budget Law*
Thursday May 29, 2014 By COB	Deadline for submittal of final department technical amendments *Amendments after approval are subject to limitations of Oregon Budget Law*
Thursday, June 5, 2014 12:30 p.m.	**TSCC public hearing** on Approved Budget Metro Regional Center Council Annex
Friday June 6, 2014	Release packet of final department technical amendments and Councilor amendments
Tuesday June 10, 2014 2:00 p.m.	**BUDGET WORK SESSION:** Discussion of Councilor amendments; Review of final technical amendments
Thursday, June 12, 2014 2:00 p.m.	**COUNCIL MEETING *(Public Hearing)*: *Resolution No. 14-4515 – carried forward*** Council considers and votes on amendments to budget
Tuesday June 17, 2014 2:00 p.m.	**BUDGET WORK SESSION *(if needed):*** Additional discussion of Councilor amendments
Thursday, June 19, 2014 2:00 p.m.	**COUNCIL MEETING *(Public Hearing)*: *Resolution No. 14-4515 – final action taken*** Council adopts budget
July 1, 2014	Budget Effective
July 15, 2014	Deadline to file tax levy information with TSCC & Counties (July 15th is Sunday) (Request extension on certain document requirements)

FY 2014-15 Council Proposals
For Budget Amendment Discussion

Councilor	#

Enter in the information under appropriate area. If you don't use all the space in an area, snug up unused lines. You can delete the descriptions under each header to save space.

Short Title

Concise Description

Please describe the proposal, sufficient in scope that the cost and/or level of effort can be evaluated.

Objective

Clear statement of what this proposal is intended to accomplish.
What is the desired outcome? How will you tell if the proposal reaches the desired outcome?

Duration (put an 'x' in the appropriate line, for specific length write in the length)

______ One time Specific length: ________________ _____On-going

Cost Estimate

How much are you willing to spend to achieve your desired outcome? What is the estimated cost or effort to implement this proposal? Give as much information about the cost as you can. Categories of expense (staffing, number of positions, outside services, necessary equipment) are helpful; line item detail is not required. Does this proposal generate revenue now? In some later period?

Funding Options

How will you fund this proposal? Sources might include:

a. Redeployment or elimination of existing effort by reassigning staff or eliminating an equivalent dollar amount from the proposed operating budget (be specific);
   This option is cost neutral in FY 2014-15; depending on selection, it may or may not be 100 percent cost neutral in subsequent years.
b. Use of one-time money from Opportunity Fund ($500,000 total available);
   The five-year plan anticipates that the Opportunity Fund will be funded each year. Committing the fund now may limit ability to respond to new opportunities that occur during the year.
c. Use of one-time money from a specified reserve.
   This option follows the financial policies of using one-time money to fund one-time (not permanent) expenses. Funding for multi-year proposals would all come from this year's reserves. Depending on the chosen reserve, this may require replenishing the reserve next year under the "pay yourself first" principal for maintaining specified reserves.

Relationship to other programs

How does this proposal relate to, enhance or complement existing programs or projects?

Stakeholders

Who will be affected, positively or negatively, by this proposal? What known groups or coalitions will have interest in this?

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Portland, OR 97232-2736
503-797-1700
503-797-1804 TDD
503-797-1797 fax
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Metro | Memo

Date: April 9, 2014

To: Tom Hughes, Council President
Sam Chase, Councilor
Carlotta Collette, Councilor
Shirley Craddick, Councilor
Craig Dirksen, Councilor
Kathryn Harrington, Councilor
Bob Stacey, Councilor

From: Kathy Rutkowski, Budget Coordinator

Cc: Martha Bennett, Chief Operating Officer
Scott Robinson, Deputy Chief Operating Officer
Senior Leadership Team
Finance Team
Council Policy Coordinators

Re: **FY 2014-15 Proposed Budget Document Changes**

The FY 2014-15 Proposed Budget is the first document prepared using Metro's new budgeting software – TeamBudget. You should see no changes in the Summary volume of the budget document. However, there will be some noticeable changes in the line item information in the Detail volume of the budget document most notably in the position and FTE data formerly provided with each department's budget. Where possible we have attempted to provide this data in an alternative format. As the database matures with more years of actual use, we will investigate other reporting options for this data for inclusion in the budget document.

While we were successful in converting both budget and actual dollar amounts by line item for the current year and several historical years, it was not possible to convert the salary, wage or FTE data by position classification that was formerly included in the budget document. We have attempted to manually produce as much of this data as possible. The appendices in the Detail volume of the budget document include a variety of supplemental tables on Personnel Services. These include:

- A list of limited duration positions included in the budget organized by type of action taken during the preparation of the budget (i.e. – position eliminated, duration extended, new position, etc.)
- A table of position changes listed first by the type of action (i.e. – eliminated positions, new positions, misc. actions) then organized by department
- Four year history of positions and FTE listed by Fund and Department. A manual compilation of all authorized positions and FTE for the four years shown in the budget document.

In addition, the interfund transfer line items will no longer identify the originating or receiving fund. This information can be found in the appendices of the Detail volume. Please see the table called "FY 2014-15 Budget Transfers."

Also, debt service payments are no longer listed by issue (i.e. – Natural Areas Bonds, Oregon Zoo Infrastructure bonds, etc) in the line item detail. However, in the narrative of each of the debt funds we are now including a table of debt service payments by issue. This information is also available in either the Debt Summary section included in the Summary volume or in the Debt Schedules section included in the detail volume.

Finally, you may be used to seeing detail regarding the purposes of the beginning and ending balances particularly in the General Fund. During the conversion, we reviewed each of the items included in the fund balance reserves. We created specific account line items for those items which are ongoing in nature such as the reserve for TOD, reserves for CET, reserve for future one-time expenditures, etc. These balances will continue to be shown individually. However, those items that are project in nature and limited in duration such as the reserve for Active Transportation, reserve for Metro Export Initiative, etc., were all grouped into one reserve account. We are still internally tracking these individual project reserves. If necessary, the information can be produced upon request.

As indicated earlier, as the system matures we will not only investigate additional reporting options we will also refine the reports that have already been developed. If you have suggestions for improvement please feel free to forward them along to me. Our goal is to provide you with the information necessary to make informed decisions.

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Agenda Item No. 5.0

POSSIBLE EXTENSION OF CONSTRUCTION EXCISE TAX FOR COMMUNITY PLANNING AND DEVELOPMENT GRANTS

Metro Council Work Session
Tuesday, Apr. 29, 2014
Metro, Council Chamber

METRO COUNCIL

Work Session Worksheet

PRESENTATION DATE: April 29, 2014 **TIME:** 3:05 P.M. **LENGTH:** 45 minutes

PRESENTATION TITLE: Possible Extension of Construction Excise Tax for Community Planning and Development Grants

DEPARTMENT: Planning and Development

PRESENTER(s):
-Martha Bennett, Metro COO, 503-797-1541
-Susan Anderson, City of Portland, Bureau of Planning and Sustainability, 503-823-6041
-Dwight Unti, Tokola Properties, 503-489-0685

WORK SESSION PURPOSE & DESIRED OUTCOMES

- Purpose: Provide with background on the recommendations of the Chief Operating Officer and those of the stakeholder advisory group to extend the existing construction excise tax for Community Planning and Development Grants.

- Outcome: Consider adoption of Ordinance No. 14 –1328 for the purpose of extending the Metro construction excise tax for funding Community Planning and Development Grants. Provide direction on how to engage the Metro Policy Advisory Committee in the consideration of extending the construction excise tax for the grants which support local governments' effort resulting in on-the-ground development.

TOPIC BACKGROUND & FRAMING THE WORK SESSION DISCUSSION

In a work session held on November 26, 2013, the Council and staff discussed the need for a review of the Community Planning and Development Grants (CPDG) program and consideration of a possible extension of the construction excise tax which funds these grants and is set to expire in September 2014. The Council directed the Chief Operating Officer (COO) to convene stakeholders to review the CPDG program and provide recommendations on extension of the construction excise tax.

In January 2014, the COO convened a stakeholders advisory group to review the grants program, recommend improvements , and provide advice on whether the tax should be extended. Staff also contracted with ECONorthwest consulting firm to conduct performance assessment of Cycles 1 and 2 grant projects. The result of the performance assessment informed recommendations of the Advisory Group and COO.

There was also an expectation that the performance assessment will help the Council and the region gain an understanding of the types of projects Metro should be promoting to create opportunities for private and public investments, and of how to refine proposal evaluation and selection. It was expected that the assessment will inform the Council and stakeholders on whether to extend the construction excise tax before it expires.

Key findings and recommendations of the performance assessment are:

1) There is a lack of quantitative evidence of on-the-ground development can be attributed to:
    a) Impact of the recession
    b) Delayed start of grant projects
    c) Too soon to measure progress of grant projects

2) The benefits of the grant program (based on qualitative research/interviews) are:
    a) Planning could not have occurred without the grant
    b) Planning happened sooner in some places because of the availability of funds
    c) Partnerships were established and external resources leveraged
    d) Innovative approaches and increased planning sophistication occurred

3) The recommendations focus on improvements that will enhance future program evaluation:
    a) Some of those interviewed expressed uncertainty about what the program can accomplish, due to shifts in evaluation criteria. This can be resolved by providing clearer definition of the criteria to be consistent with program objectives
    b) Prior to a new grant cycle (if the tax is extended), Metro should develop an intentional evaluation framework linking program goals with project activities and ultimate outcomes, using tools like a logic model.
    c) Metro should reevaluate the 50/50 split of Cycle 3 grant funds between projects inside UGB and in urban reserves and new urban areas
    d) Metro should consider requiring grantees to evaluate their own success and failures during the grant period
    e) Report interim and final evaluation findings, showing how projects compare on program goals, activities and ultimate outcomes.

Stakeholder Advisory Committee recommendations

The stakeholder Advisory Group met three times between January and March 2014 and recommended:

1) Extension of the construction excise tax to December 2020 and maintaining the existing tax structure, including tax rate and exemptions
2) Maintaining purpose of grant funds in Ordinance No. 09-1220
3) Distributing funds collected between October 2014 and December 2020 in at least two grant cycles
4) Setting some percentage of projected revenue for mandated planning required in Metro's Urban Growth Management Functional Plan Title 11, and the rest for various types of planning in other areas
5) Identifying local and regional needs for Community Planning and Development Grants and adjust the distribution of revenue accordingly
6) Refinement of evaluation criteria to encourage strong projects that demonstrate an understanding of market intervention to overcome development barriers
7) Establishing clear outcome goals of the CPDG program for each planning focus area and identify specific performance measures for evaluating the program.

COO recommendations

The following is summary of the COO recommendations:

1) Extend the construction excise tax to December 2020

2) Modify the Community Planning and Development Grant program based on the findings of the performance assessment of the program, and on recommendations of the Advisory Group
3) Refine criteria currently in the administrative rules, if the construction excise tax is extended
4) Increase Metro's administrative reimbursement from two-and-a-half percent (2.5%) to five percent (5%) of the revenues collected. Since creation of the construction excise tax in 2006, Metro retains 2.5% ($50,000), which goes into the general fund for administration of the tax and grant program. Over the years, the increase in number of awards and planning projects has required additional staff time and resources of the Planning and Development Department and Office of Metro Attorney to administer the program. Staff hours in the last nine months, since award of Cycle 3 grants in August 2013 was 1,780 hours ($150,000). An increase of Metro's administrative reimbursement from 2.5% to 5% would provide an estimated $100,000 [annually?] to cover administrative costs. Local governments collecting the tax retain five percent (5%) of the paid receipts as an administrative fee.

QUESTIONS FOR COUNCIL CONSIDERATION

1) Does Council have questions on the recommendations of the Chief Operating Officer?
2) Does Council have questions on the recommendations of the stakeholder Advisory Group?
3) What kind of feedback is the Council expecting at the upcoming MPAC review of the recommendations?
4) If there is no desire to extend the CET, how should staff wind down the program and spend any leftover collections?

PACKET MATERIALS

- Would legislation be required for Council action √ Yes ☐ No
- If yes, is draft legislation attached? √ Yes ☐ No
- What other materials are you presenting today? Ordinance and Staff Report

ATTACHMENTS

- Recommendation of the Chief Operating Officer
- Recommendations of the Stakeholder Advisory Group
- Legislation schedule for possible extension of construction excise tax

Draft

BEFORE THE METRO COUNCIL

AN ORDINANCE EXTENDING THE METRO CONSTRUCTION EXCISE TAX FOR COMMUNITY PLANNING AND DEVELOPMENT GRANTS	)))))	ORDINANCE NO. 14-1328 Introduced by Chief Operating Officer Martha Bennett, with the concurrence of Council President Tom Hughes

WHEREAS, in March of 2006 the Metro Council adopted Ordinance No. 06-1115, titled "An Ordinance Creating a New Metro Code Chapter 7.04 Establishing a Construction Excise Tax," ("2006 CET Ordinance"); and

WHEREAS, the construction excise tax rate established in the 2006 CET Ordinance was 0.12% of the value of new construction as defined in the CET Ordinance; and

WHEREAS, the 2006 CET Ordinance and Code chapter contained a sunset provision based on a maximum amount collected of $6.3 million, which amount was reached in 2009; and

WHEREAS, in 2007 the Oregon state legislature adopted Senate Bill 1036, which authorizes school districts to levy construction excise taxes to pay for school facility construction, and prohibits the establishment of new construction excise taxes by other local governments, but the law provides that the prohibition does not apply to a tax that is in effect as of May 1, 2007, or to the extension or continuation of such a tax, provided that the rate of tax does not increase from the rate in effect as of May 1, 2007; and

WHEREAS, on recommendation of an Advisory Group and the Metro Chief Operating Officer (COO) regarding the continuing need for funding regional and local planning, on June 11, 2009 the Metro Council adopted Ordinance No. 09-1220, extending the Metro CET for an additional five-year period ("2009 CET Ordinance"); and

WHEREAS, under the 2009 CET Ordinance Metro awarded a total of approximately $3.7 million in grants to local governments for community planning and development inside the UGB and in new urban areas and urban reserves; and

WHEREAS, the 2009 CET Ordinance established an expiration date for the Metro CET of September 30, 2014; and

WHEREAS, the CET program has succeeded in raising revenues in accordance with the expected timeframes to pay for planning work that could not have been funded otherwise; and

WHEREAS, in January of 2014 the Metro COO convened an Advisory Group consisting of a broad-based stakeholder group to advise the Metro COO regarding the community planning and development grants program and regarding the potential extension of Metro's CET for another cycle of collections and distribution of planning and development grants; and

WHEREAS, after a series of meetings the Advisory Group recommended to the Metro COO that the CET should be extended from October 2014 to December 2020; and

WHEREAS, the Advisory Group's studies and recommendations were presented to the Metro Policy Advisory Group ("MPAC") on May 14, 2014 and MPAC voted to ______________________ ____; and

WHEREAS, the Metro Council finds that it is in the best interests of the region to continue the funding source provided by the CET, and Metro is willing to assist local governments to fund their planning that is required to make land ready for development by continuing to implement a region-wide CET; and

WHEREAS, as required by Senate Bill 1036, the rate of Metro's CET will not increase from the rate in effect as of May 1, 2007, which is 0.12%; and

WHEREAS, Metro will continue to exempt from the CET all new construction valued at less than $100,000 and also the construction of low-income housing; and

WHEREAS, the Metro CET will maintain the same stated "policy and purpose," which is "to provide funding for regional and local planning that is required to make land ready for development after its inclusion in the Urban Growth Boundary;" and

WHEREAS, the Metro CET will maintain the same stated dedication of revenue, such that "funds derived from the imposition of this tax after deduction of necessary costs of collection shall be dedicated to fund for regional and local planning that is required to make land ready for development after its inclusion in the Urban Growth Boundary;" and

WHEREAS, the allocation of CET funds shall be determined by the Metro Council after receiving recommendations from the Metro Chief Operating Officer, who shall have convened and received recommendations from a grant screening committee that shall review requested grants submitted by local jurisdictions setting forth the expected completion of certain milestones associated with Metro Code Chapter 3.07, the Urban Growth Management Functional Plan; and

WHEREAS, the Construction Excise Tax shall sunset on December 31, 2020; and

WHEREAS, Metro has incurred not insignificant costs in implementing the CET program and is willing to continue to incur implementation costs but finds that a 2.5% administration fee is appropriate to partially reimburse Metro for its administrative costs; and

WHEREAS, the Metro Council hereby directs the Metro COO to extend the Intergovernmental Agreements with local jurisdictions for collection of the CET and remittance of such funds to Metro consistent with this Ordinance, and also hereby directs the Metro COO to prepare yearly reports to the Metro Council, advising the Metro Council of the amounts collected from the CET and the status of the grant requests by the local jurisdictions;

NOW, THEREFORE, THE METRO COUNCIL ORDAINS AS FOLLOWS:

Section 1. Extension of Metro Construction Excise Tax. Effective ninety (90) days after the passage of this Ordinance, the Metro Construction Excise Tax established pursuant to Metro Code Chapter 7.04 shall be extended to provide that the Construction Excise Tax shall not be imposed on and no person shall be liable to pay any tax for any construction activity that is commenced pursuant to a building permit issued on or after the last day of the month _____ years after the Effective Date of this Ordinance, *i.e.*, ________, 2019.

Section 2. Administrative Rules. The Metro Council hereby directs the Metro Chief Operating Officer to promulgate additional rules and regulations necessary for the administration and enforcement of the CET Code Chapter consistent with this Ordinance, and to return to the Metropolitan Policy Advisory Committee and to the Metro Council for consultation prior to adopting the Administrative Rules.

ADOPTED by the Metro Council this _________ day of June, 2014.

____
Tom Hughes, Council President

Attest:

____
Recording Secretary

Approved as to Form:

____
Alison R. Kean, Metro Attorney

Effective Date: _______________, 2014.

Draft

STAFF REPORT

IN CONSIDERATION OF ORDINANCE NO. 14-1328, FOR THE PURPOSE OF EXTENDING THE CONSTRUCTION EXCISE TAX FOR COMMUNITY PLANNING AND DEVELOPMENT GRANTS

Date: April 18, 2014 Prepared by: Gerry Uba
503-797-1737
gerry.uba@oregonmetro.gov

BACKGROUND

In November 2013, staff informed Metro Council that the construction excise tax which funds Community Planning and Development Grants will expire in September 2014. Staff also informed the Council that if it desired to maintain the construction excise tax for planning purposes, the tax must be extended not later than June 2014, because tax actions require a 90-day period prior to sunset date to be reauthorized. Council deliberations resulted in directing the Chief Operating Officer to convene stakeholders to review the Community Planning and Development Grants program and provide advice on extension of the tax.

2005 EXPANDED AREA PLANNING FUND COMMITTEE AND CYCLE 1 GRANT AWARD
As early as 2004, the region realized that many local governments do not have sufficient funding to complete the planning requirements in Title 11 of the Urban Growth Management Functional Plan for over 6,000 acres brought into the Urban Growth Boundary (UGB) in [list year or period of years]. In early 2006, a stakeholder advisory group convened by then- Chief Operating Officer Michael Jordan recommended creation of a construction excise tax to collect a total of $6.3 million to fund planning in areas brought into the UGB from 2002 through 2005. In March 2006, Metro Council established the tax (Ordinance No. 06-1115), which took effect the following July 1. The tax is assessed at 0.12 percent of the total value of construction for which a permit is sought. Permits valued below $100,000 and those issued to non-profit organizations for affordable housing are exempt from the tax. Permits valued more than $10 million are assessed a flat fee of $12,000.

Cycle 1 (2006) non-competitive grants to local governments committed the $6.3 million for 26 concept planning projects in those areas brought into the UGB between 2002 and 2005. The concept plans established the planning framework for long-term sustainable urbanization and annexation for these new urban areas.

2009 CET ADVISORY GROUP AND CYCLES 2 AND 3 GRANT AWARDS
Due to the need for predevelopment and redevelopment planning for areas inside the UGB, an advisory group convened in 2009 and recommended extension of the CET. The Group recommended extending the sunset for additional five years, to September 2014. The Committee also recommended maintaining the existing tax structure, including the tax rate, exemptions and retention for administration of the tax.

The Metro Council extended the tax in 2009 (Ordinance 09-1220) for a five-year period. The scope of eligible projects was expanded to include existing urban area planning, new urban area planning, and urban reserve area planning. Grant allocations in two new Cycles (Cycle 2 and Cycle 3) were implemented in 2010 and in 2013.

Cycle 2 (2010) competitive grants to local governments committed $3.7 million for 17 planning projects in areas inside the UGB (Resolution No. 10-4151). Cycle 3 (2013) competitive grants to local governments committed $4.2 million for 19 planning projects (Resolution No. 13-4450) both inside and outside the UGB. Approximately 32 percent of the fund was allocated to planning projects in new urban areas and urban reserves, while 68 percent of available revenues was allocated to planning projects located inside the UGB. The outcomes of Cycle 2 and Cycle 3 projects fall into the following categories:

- Concept plans for establishing long-term sustainable urbanization and annexation for land added to the UGB
- Concept plans or comprehensive plans for establishing long-term sustainable urbanization and annexation for urban reserves, including how to secure financial and governance commitment
- Master plans for shovel-ready eco-industrial development
- Master plans for old industrial and employment areas
- Implementation strategies with a focus on redevelopment and potential transit stations
- Development strategies with a focus on infrastructure financing
- Zoning regulation updates to implement comprehensive plans and spur redevelopment
- Alternative transportation system performance measures for multi-modal mixed-use areas.

2014 PERFORMANCE ASSESSMENT OF THE COMMUNITY PLANNING AND DEVELOPMENT GRANTS PROGRAM

Metro contracted with a consulting firm, ECONorthwest, to conduct a performance assessment of the Community Planning and Development Grants program. Key findings and recommendations of the performance assessment are:

1) There is a lack of quantitative evidence of on-the-ground development can be attributed to:
    a) Impact of the recession
    b) Delayed start of grant projects
    c) Too soon to measure progress of grant projects

2) The benefits of the grant program (based on qualitative research/interviews) are:
    a) Planning could not have occurred without the grant
    b) Planning happened sooner in some places because of the availability of funds
    c) Partnerships were established and external resources leveraged
    d) Innovative approaches and increased planning sophistication occurred

3) The recommendations focus on improvements that will enhance future program evaluation:
    a) Some of those interviewed expressed uncertainty about what the program can accomplish, due to shifts in evaluation criteria. This can be resolved by providing clearer definition of the criteria to be consistent with program objectives
    b) Prior to a new grant cycle (if the tax is extended), Metro should develop an intentional evaluation framework linking program goals with project activities and ultimate outcomes, using tools like a logic model.
    c) Metro should reevaluate the 50/50 split of Cycle 3 grant funds between projects inside UGB and in urban reserves and new urban areas
    d) Metro should consider requiring grantees to evaluate their own success and failures during the grant period
    e) Report interim and final evaluation findings, showing how projects compare on program goals, activities and ultimate outcomes.

2014 ADVISORY GROUP FOR POTENTIAL CONSTRUCTION EXCISE TAX EXTENSION AND COMMUNITY PLANNING AND DEVELOPMENT GRANTS PROGRAM REVIEW

In January 2014, the Chief Operating Officer convened an advisory group after consultation with the Metro Council. The charter of the advisory group was to review the grants program and recommend potential improvements to the program and provide advice on whether the tax should be extended or not. The advisory group recommendations were informed by the findings in the performance assessment report.

The advisory group met three times between January and March 2014 and its final recommendations were sent to the Chief Operating Officer in April 2014. The following is the summary list of the recommendations of the advisory group. Attachment A to this staff report provides a summary of the Advisory Group recommendations.

- Extend the construction excise tax from October 2014 to December 2020 and maintain the existing tax structure, including the tax rate and exemptions
- Maintain the same purpose of grant funds set forth in Ordinance No. 09-1220
- Distribute the October 2014 to December 2020 tax receipts in at least two grant cycles
- Set some percentage of projected revenue for mandated planning required in Metro's Urban Growth Management Functional Plan Title 11, and the rest of the funds for various types of planning in other areas
- Identify local and regional needs for Community Planning and Development Grants and adjust the distribution of revenue accordingly
- Refine existing evaluation criteria to encourage strong projects that demonstrate an understanding of market interventions to achieve development
- Outcome of the Community Planning and Development Grants program should include clear outcome goals for each planning focus area and specific performance measures to evaluate the program.

MPAC RECOMMENDATIONS

The Metro Policy Advisory Committee (MPAC) reviewed and considered the recommendation of the Advisory Group and findings and recommendations in the performance assessment report on May ____, 2014 and June _____, 2014. On June _____, 2014 MPAC __________ (unanimously passed) a motion recommending to Metro Council to __________ (extend) the tax for ___________ (Attachment _____).

ANALYSIS/INFORMATION

1. **Known Opposition**

   There is no known opposition to the proposed legislation. As stated earlier, the Chief Operating Officer convened an advisory group which reviewed the grant program and reached consensus on their recommendations to her.

2. **Legal Antecedents**

   After establishment of the construction excise tax in 2006, the Oregon Legislature changed the local taxing authority law in 2007, enacting Senate Bill 1036 which authorized school districts to levy construction excise taxes on new residential, commercial and industrial construction to pay for school facility construction. The bill also prohibited local governments from establishment of new construction excise tax. However the law "grandfathered" in existing construction excise taxes, such as Metro's, established before May 1, 2007. The state preemption expires on January 2, 2018.

Oregon law allows an existing construction excise tax to be extended, provided the structure of the tax does not change. Because this ordinance would extend the existing construction excise tax, Metro is not required to establish a Tax Study Committee. The 2014 advisory group was aware of the provisions in state law before reaching agreement to recommend extension of the tax to December 2020. As stated earlier, the tax must be extended 90 days before an expiration date (September 30, 2014), because tax actions require a 90-day period prior to sunset date to be reauthorized. Metro Council must adopt this ordinance by June 30, 2014, for the tax to be effective by the expiration of the current tax.

3. **Anticipated Effects**

If the construction excise tax is extended, funding will be available for creating catalytic action plans that would remove barriers to development and result in on-the-ground development. The new fund would facilitate creation of strategic plans to enable planning and development projects, such as urban renewal planning, projected growth areas planning, pre-corridor planning, and infrastructure finance planning. The extension would also enable implementation of mandated concept planning in additional urban reserve areas.

If the construction excise tax is extended, the Advisory Group will be reconvened in fall 2014 to assist Metro complete refinement of existing and proposed evaluation criteria. Prior to solicitation of grant applications, local and regional planning needs will be identified so as to balance needs with grant resources. Upon refining the criteria, the Chie Operating Officer will present draft of the revised Administrative Rules for governing the Community Planning and Development Grants program to the Metro Council and MPAC for comments prior to adoption.

The grants program will be evaluated periodically, if the tax is extended, and outcome goals for each area of planning focus will be developed. Specific performance measures for each outcome will also be identified and used in the program evaluation.

4. **Budget Impacts**

Currently, Metro's administrative reimbursement is 2.5 percent of the revenues collected (about $50,000 per year). Local governments collecting the tax receive 5 percent administrative reimbursement prior to submission of receipts to Metro. Grant awards require Metro to negotiate intergovernmental agreements with grantees and work closely with grantees to monitor progress of their projects. Over the years, the increase in the number of awards and planning projects has required additional staff time and resources of the Planning and Development Department and Office of Metro Attorney to administer the program. Staff hours in the last nine months, since the award of Cycle 3 grants were awarded in August 2013, was ____ hours ($_______). An increase of Metro's administrative reimbursement from 2.5 percent (about $50,000 per year) to 5 percent (about $100,000 per year) will help cover those expenses.

5. **Attachments**

- Attachment A: Advisory Group Membership

- Attachment B: COO recommendations to Council President and Metro Council (the recommendations of the Advisory Group was attached to the COO recommendations)

RECOMMENDED ACTION

The Chief Operating Officer recommends extension of existing construction excise tax and implementation of modifications to the Community Planning and Development Grants program by adoption of this ordinance (see Attachment C).

Draft

ATTACHMENT A

Advisory Group Membership
1/23/14

Name	Organization
Staff	
Andrew Singelakis	Washington County
Dan Chandler	Clackamas County
Ron Papsdorf	City of Gresham
Brant Williams	City of Lake Oswego
Susan Anderson	City of Portland
Colin Cooper	City of Hillsboro
Alice cannon	City of Tualatin
Tony Konkol	City of Oregon City
Jillian Detweiler	TriMet staff
Advocacy Organizations	
Dave Nielsen	Homebuilders Association of Metro Portland
Tim Breedlove	Homebuilders Association of Metro Portland, Board Member
Betty Dominguez	Non-profit Housing Developers
Jane Leo	Portland Metro Association of Realtors
Willy Myers	Columbia Pacific Building Trades Council
Bernie Bottomly	Portland Business Alliance
Kelly Ross	NAIOP
Jason Miner	1000 Friends of Oregon
Dwight Unti	Urban development
Victor Merced	Social equity
Consultants	
Tim Smith	SERA
Jerry Johnson	Johnson Economics
John Spencer	Spencer Consultants

Metro | *Memo*

Date: April 18, 2014

To: Council President Hughes and Metro Council

From: Martha Bennett, Chief Operating Officer

Subject: Recommendation on Construction Excise Tax (CET) extension and Community Planning and Development Grant Program

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I am pleased to present my recommendations for extending Metro's construction excise tax and modifying the community planning and development. The construction excise tax funds a valuable grant program for the region and its communities, and I recommend you adopt Ordinance 14-1328, which extends the tax for six more years. Additionally, I recommend the Council direct me to implement the attached recommendations to improve the quality of grant applications and increase the likelihood of achieving the purpose of the grant program.

In January 2014, I appointed a 22-member Stakeholder Advisory Group representing varied interests in the private and public sectors to review the grant program and advise me on whether the tax should be extended and on refinements to the program. This group had productive discussions, and I appreciate their time and effort.

My recommendations are based on their work. I endorse the Advisory Group's recommendations which they will share with you at the April 29, 2014 Council work session
Highlights of the recommendations from the Stakeholder Advisory Group include:

- Extension of Metro's construction excise tax from September 30, 2014 to December 31, 2020;
- Modification of the Community Planning and Development Grant program to ensure Metro supports grants that assist communities in three areas: Meeting the requirements of Title 11 for concept planning, strategic planning projects designed to help areas develop or redevelop; and catalytic planning efforts that remove barriers currently preventing development or redevelopment in the short term;
- Refinement of criteria currently in the Administrative Rules next fall; and

The proposed refinement of the community planning and development program will encourage stronger grant applications for getting more areas in the region ready for development and redevelopment. My recommendations as well as those of the Advisory Group were informed by a performance assessment of the community planning and development grants program by an independent contractor (ECONorthwest), which you will also hear about on April 29.

In addition to the Advisory Group's recommendation, I also recommend that Council increase Metro's administrative reimbursement from two-and-a-half- percent (2.5%) to five percent (5%). Since creation of the construction excise tax in 2006, local governments collecting the tax have retained five percent (5%) of the paid receipts as administrative fee. Metro has retained 2.5%), which goes into the general fund for administration of the. In reviewing the program since 2006, I have learned that the direct costs for administering this grant program have greatly exceeded this amount. Increasing the reimbursement will not cover all of Metro's direct costs, but it will reduce the impact of this program on other general fund services.. .

Please let me or the project manager, Gerry Uba, know if you have any questions.

Attachment to COO Recommendations

RECOMMENDATIONS OF THE METRO STAKEHOLDER ADVISORY GROUP FOR POTENTIAL CONSTRUCTION EXCISE TAX EXTENSION AND COMMUNITY PLANNING AND DEVELOPMENT GRANTS PROGRAM REVIEW SUBMITTED TO METRO CHIEF OPERATING OFFICER
FINAL -- April 18, 2014

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1. **Decision on Construction Excise Tax (CET) expiration:**

   The Stakeholder Advisory Group recommends the Metro Council extend the CET at the current tax rate from September 30, 2014 to December 31, 2020 for the purpose of funding the Community Planning and Development Grant Program.

2. **Modifications to the Community Planning and Development Grant (CPDG) Program**

   A. Purpose of the grant funds

   The Advisory Group recommends keeping the purpose of the program as stated in Ordinance No. 09-1220:

   ".....the purpose of funding grants for planning areas inside the UGB, future expansion areas, and urban reserves, with an emphasis on planning projects that advance the 2040 Regional Framework Plan and result in on-the-ground development......

   "...and Metro is willing to assist local governments to fund their planning ......"

   B. Distribution of tax revenue

   The Advisory Group recommends Metro undertake at least two grant cycles to distribute fund collected from the CET extension to 2020. The Advisory Group also recommends setting some percentage of projected revenue for mandated concept planning and comprehensive planning for urban reserves and new urban areas required in Metro's Urban Growth Management Functional Plan Title 11[1]. The approximate percentage is shown in the chart below. If the amount of qualified grant requests for urban reserves and new urban areas fall below the approximate percentage for this distribution area, the remainder of funds will be allocated to grant requests for planning in other areas. Similarly, if the qualified grant requests exceed the approximate percentage, Metro will consider increasing the allocation to this category for the upcoming grant cycle. The Advisory Group also recommends Metro conduct an assessment prior to each grant cycle to determine which jurisdictions want to undertake

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[1] Title 11 of Metro's Urban Growth Management Functional Plan requires concept planning for areas in urban reserves before consideration of urban growth boundary expansion into these areas, or comprehensive planning of areas added to the UGB.

concept planning and/or comprehensive planning for urban reserve areas and new urban areas.

The remaining revenue should be used for various types of planning within the existing Urban Growth Boundary. The approximate percentage is shown in the chart below.

The following chart identifies types of planning that should be eligible for funding, and a sample of goals and desired outcomes to be achieved within the stated timeline.

Focus of Planning	**Planning Goals**	**Timeline** (for building permits issued)	**Outcome**	**Approximate Target of Projected Grant Funds**
Mandated concept plan and comprehensive plan	• Meet Title 11 requirement • Vision for planning area • Strong local match / support	10 years or more	• Concept Plan • Comprehensive plan • Likely addition to UGB with 10 yrs • Annexation • Identify additional planning needed	25% - 30%
Strategic plan for development and redevelopment investments	• Urban renewal planning • Pre-corridor planning projects • Infrastructure and financial feasibility planning • Projected growth areas planning	5 to 10 years	• Adopted redevelopment plan and implementation schedule • Adopted Funding strategy and implementation schedule	70% to 75%
Catalytic action plan	• Barriers to development removed • Market evaluation/reality	Less than 5 years	• Incentives created • Code creation, updating and maintenance • Recruit developer • Development agreements • Use of tools for improvement of development process	

C. Understanding local and regional needs

The Advisory Group recommends Metro improve its understanding of the demand for grant support through a survey of local governments, or through solicitation of grants letters of intent, and adjust its distribution of resources accordingly.

3. Guidelines for refining criteria to be included in the Administrative Rules for evaluating grant applications

The Advisory Group recommends Metro work with stakeholders to refine existing evaluation criteria for the Administrative Rules, if the construction excise tax is extended. The refinement will encourage grant applicants to propose strong projects which demonstrate understanding of the market context and clearly stated outcomes. The Advisory Group recognizes proposed projects in urban reserve areas must address mandated Title 11 requirements, and recommends the stakeholders refine other criteria for evaluating projects in these areas.

The Advisory Group also recommends stakeholders assist to prioritize or weight the criteria to be used in future grant cycles, if the construction excise tax is extended. Following are recommended new criteria and a proposed approach for refinement of existing criteria.

A. *The likelihood of implementation*: This criterion will evaluate the "will" to implement projects funded by the grant program. The Advisory Group discussed several dimensions that should be considered: support from governing body, public support and institutional support. The Advisory Group recommends that Metro require:
    i. Grant applications demonstrate that the appropriate governing body has approved the proposed project and grant application
    ii. A certain percentage of match funds from the applicant
    iii. A description of how the project will build or expand public support so that completed plans are likely to be implemented
    iv. Where applicable, how voter-approved annexation and transit improvements will be addressed so that the outcome of proposed planning projects can be realized.

B. *Equity criteria*: In Cycles 2 and 3 grant allocations, there were two equity-related criteria: – a prerequisite "social equity" criterion stated in the six Desired Outcomes adopted by the region to guide future planning ("...the benefits and burdens of growth and change are distributed equitably"), and a stand alone "revenue redistribution" criterion titled "equity" ("discuss whether and how the proposed planning grant will further the equitable distribution of funds, based on collections of revenues, past funding, and planning resource needs.")

The Advisory Group recommends the stakeholders discuss and recommend to Metro how the prerequisite "social equity" criterion can be used to address concerns of historically disadvantaged communities. The Advisory Group also recommends the stakeholders use the findings and recommendations of the Metro Equity Strategy Advisory Committee to refine this prerequisite criterion.

The Advisory Group recommends replacement of the stand alone "revenue redistribution" criterion with "growth absorption" criteria. The stakeholders should consider how this criterion should be used to ensure jurisdictions can absorb employment and population growth forecast by Metro for each jurisdiction, and recognize the needs of high growth areas.

C. *Capacity of applicant criteria*: Applicants should describe the qualifications of staff and proposed consulting teams to carry out the planning projects.

D. *Best practices criteria*: Grantees should be required to share lessons learned from the planning effort.

4. Program outcomes

A. Outcome and performance measures
The Advisory Group recommends Metro develop clear outcome goals for each grant area and a specific performance measure for each outcome.

B. Future evaluations
The Advisory Group recommends Metro periodically evaluate the Community Planning and Development Grants program using adopted performance measures.

Materials following this page were distributed at the meeting.

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

Metro | Agenda

Meeting: Metro Council
Date: Thursday, May 1, 2014
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 April 24, 2014

3.2 **Resolution No. 14-4514,** For the Purpose of Adopting the Fiscal Year 2013-15 Unified Planning Work Program and Certifying that the Portland Metropolitan Area is in Compliance with the Federal Transportation Planning Requirements.

3.3 **Resolution No. 14-4521**, For the Purpose of Amending the Natural Areas Acquisition Refinement Plans for the Forest Park Connections, Abernethy and Newell Creeks, Clear Creek, East Buttes, Gresham-Fairview Trail, Sandy River Gorge, and Tryon Creek Linkages Target Areas.

4. **CONTRACT REVIEW BOARD**

4.1 **Resolution No. 14-4517,** For the Purpose of Approving a Contract Specific Special Procurement of Payroll Services for Stagehands Working at Portland'5 Centers for the Arts. — **Tim Collier, Metro**

5. **ORDINANCES – FIRST READ**

5.1 **Ordinance No. 14-1329**, For the Purpose of Amending Title 4 of the Urban Growth Management Functional Plan Regarding the Establishment of Trails and Associated Facilities in Regionally Significant Industrial Areas.

6. **CHIEF OPERATING OFFICER COMMUNICATION**
7. **COUNCILOR COMMUNICATION**

ADJOURN

Television schedule for May1, 2014 Metro Council meeting

Clackamas, Multnomah and Washington counties, and Vancouver, WA Channel 30 – Community Access Network *Web site*: www.tvctv.org *Ph*: 503-629-8534 *Date*: Thursday, May 1	**Portland** Channel 30 – Portland Community Media *Web site*: www.pcmtv.org *Ph*: 503-288-1515 *Date:* Sunday, May 4, 7:30 p.m. *Date*: Monday, May 5, 9 a.m.
Gresham Channel 30 - MCTV *Web site*: www.metroeast.org *Ph*: 503-491-7636 *Date*: Monday, May 5, 2 p.m.	**Washington County and West Linn** Channel 30– TVC TV *Web site*: www.tvctv.org *Ph*: 503-629-8534 *Date*: Saturday, May 3, 11 p.m. *Date*: Sunday, May 4, 11 p.m. *Date*: Tuesday, May 6, 6 a.m. *Date*: Wednesday, May 7, 4 p.m.
Oregon City and Gladstone Channel 28 – Willamette Falls Television *Web site*: http://www.wftvmedia.org/ *Ph*: 503-650-0275 Call or visit web site for program times.	

PLEASE NOTE: Show times are tentative and in some cases the entire meeting may not be shown due to length. Call or check your community access station web site to confirm program times. Agenda items may not be considered in the exact order. For questions about the agenda, call the Metro Council Office at 503-797-1540. Public hearings are held on all ordinances second read. Documents for the record must be submitted to the Regional Engagement and Legislative Coordinator to be included in the meeting record. Documents can be submitted by e-mail, fax or mail or in person to the Regional Engagement and Legislative Coordinator. For additional information about testifying before the Metro Council please go to the Metro web site www.oregonmetro.gov and click on public comment opportunities.

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600 NE Grand Ave.
Portland, OR 97232-2736

Metro | *Agenda*

Meeting: **Metro Council Work Session**
Date: Thursday, May 1, 2014
Time: **3 p.m. or immediately following the Regular Council Meeting**
Place: Council Chamber

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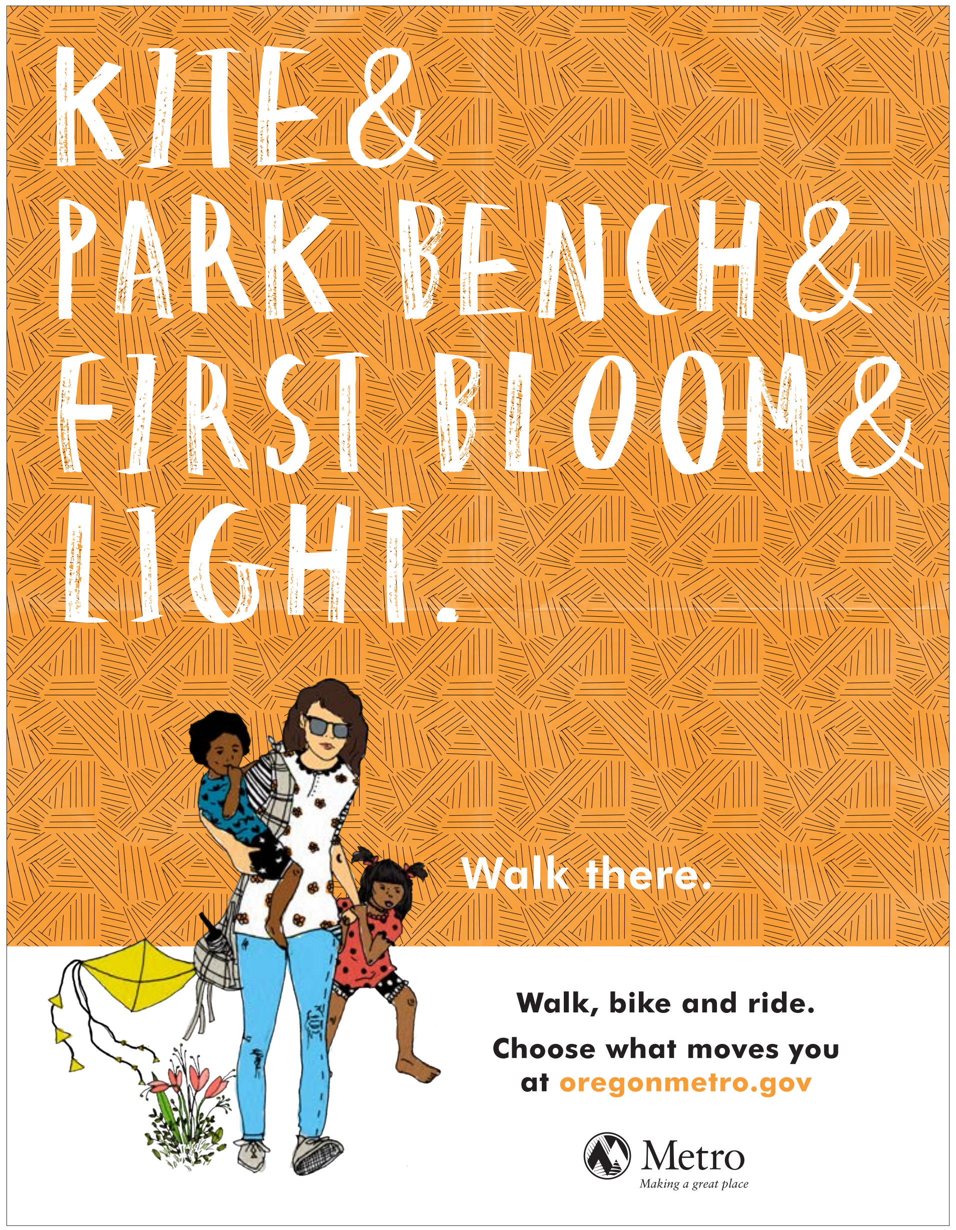
3 PM	**1.**	**TRANSPORTATION POLICY, COMMUNICATION AND COORDINATION ASSESSMENT REPORT – ACTION: DISCUSSION**	**Councilor Collette, Metro**

ADJOURN

DRAFT



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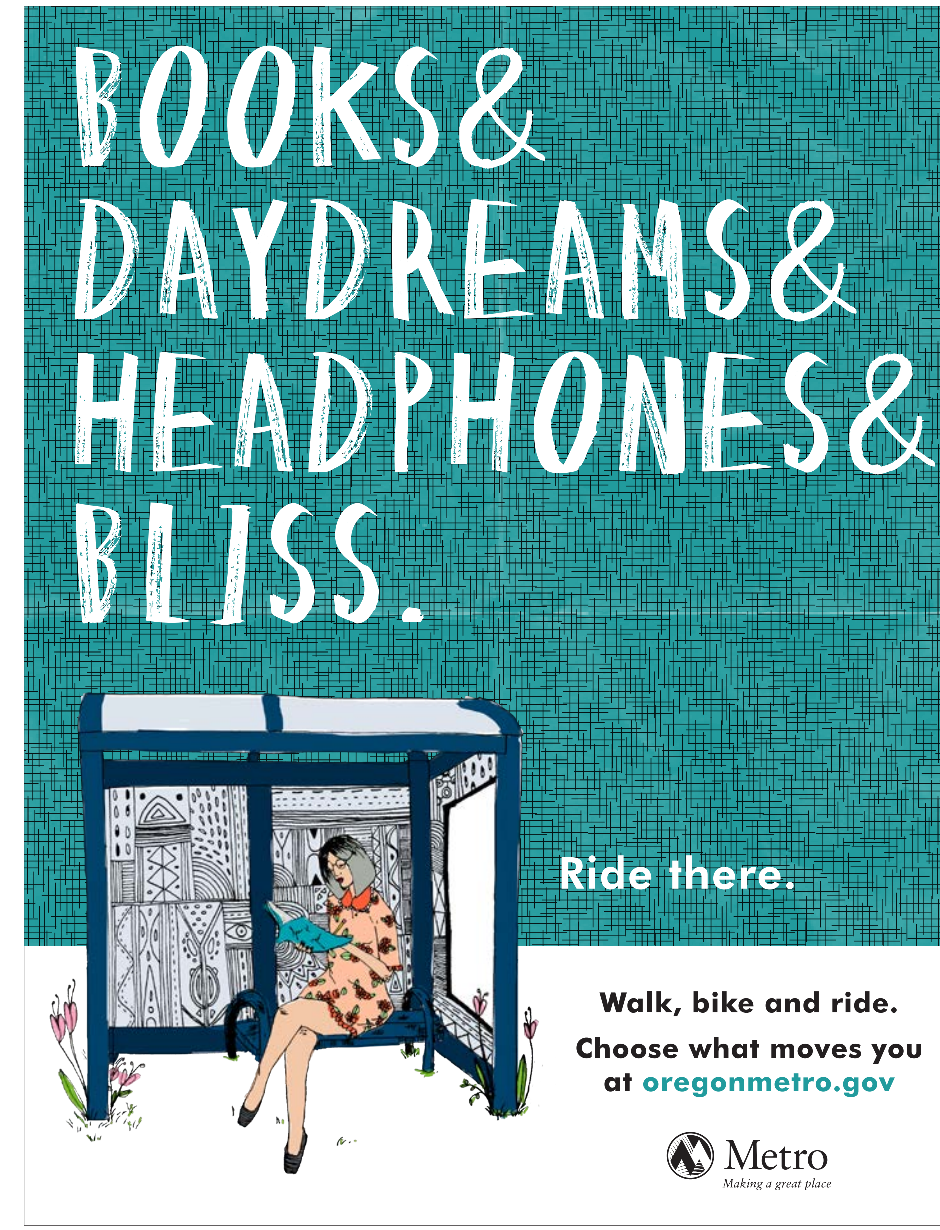

Recommendations on Community Planning and Development Grants improvements and Construction Excise Tax extension

Chief Operating Officer, Martha Bennett
April 29, 2014

Community Planning and Development Grant Program Evaluation

Lorelei Juntunen
Senior Planner / Managing Director

April 29, 2014

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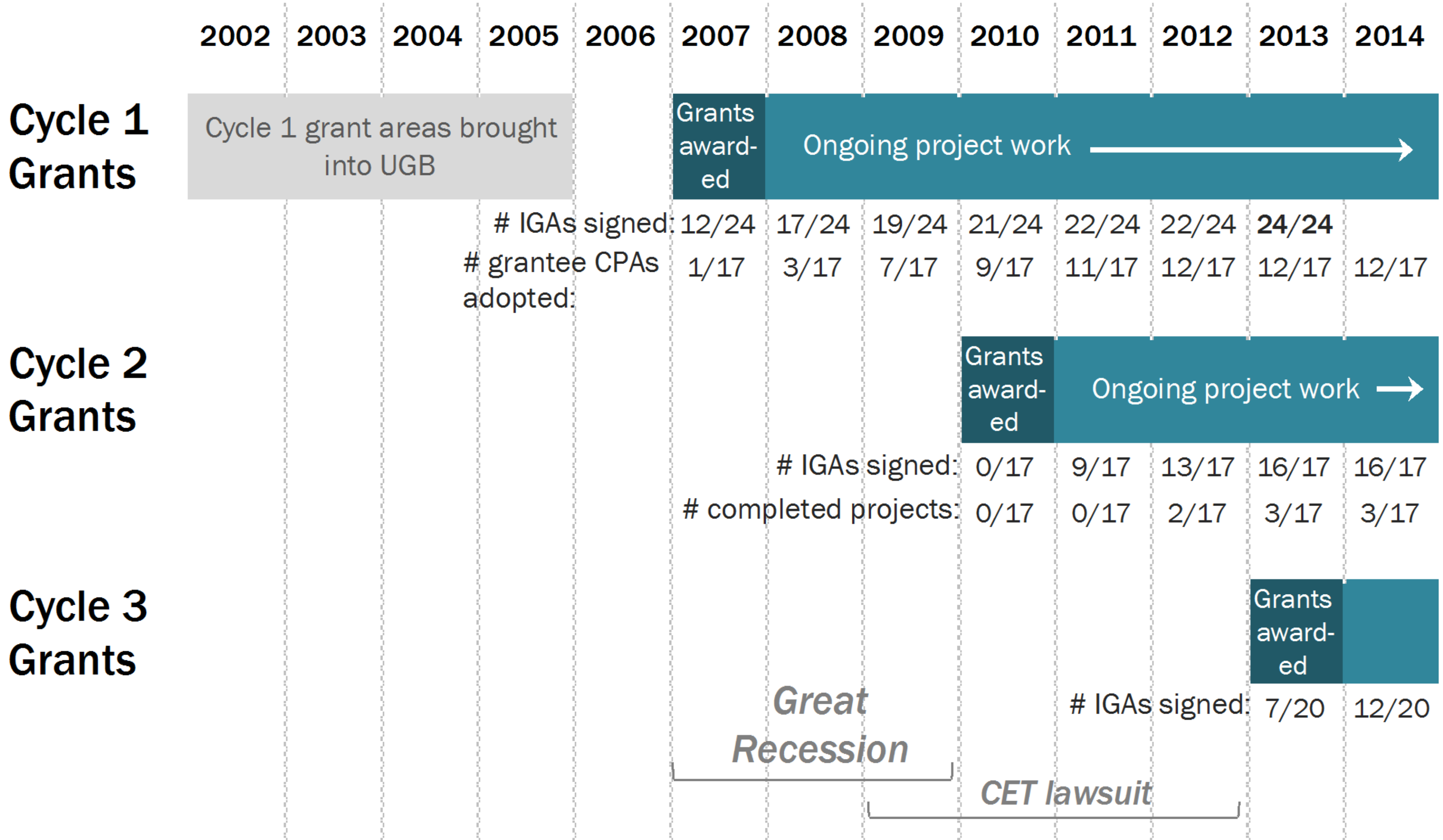
CPDG purpose:

Fund planning projects that lead to new development that aligns with the 2040 Plan

Research questions:

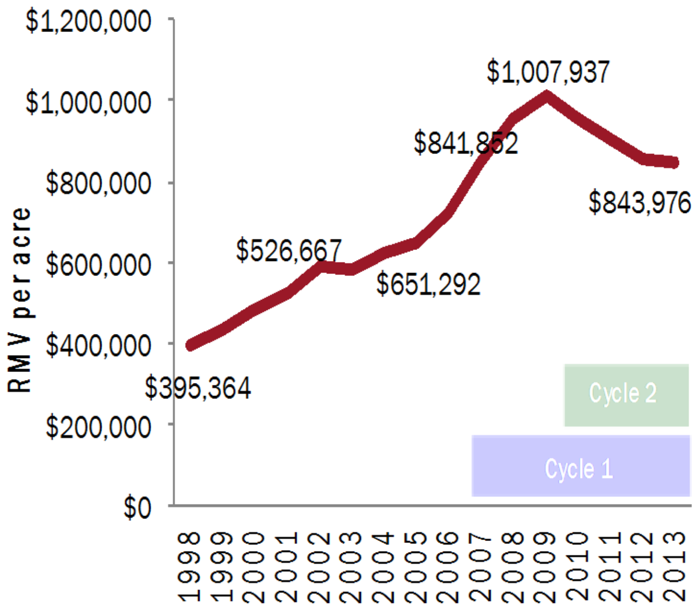
- Did program create value for participants and for the region in Cycles 1 and 2?
- Does planning work?

Context: limitations

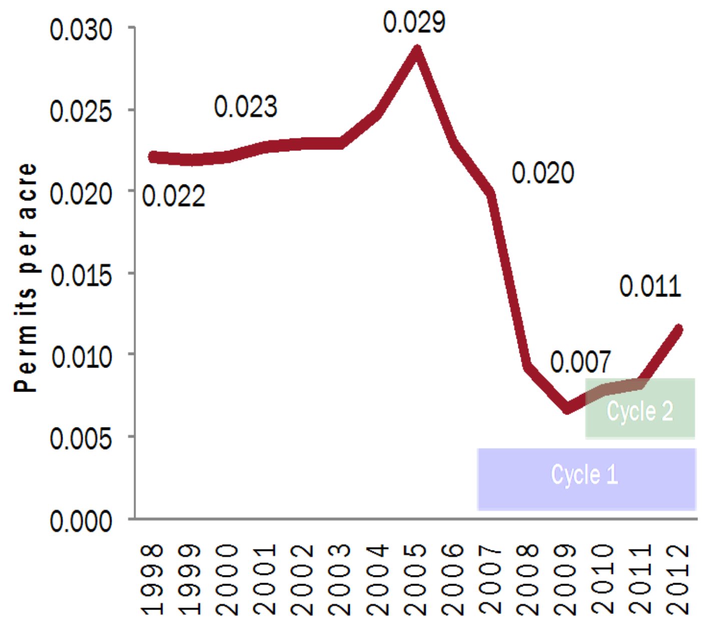


Context: limitations

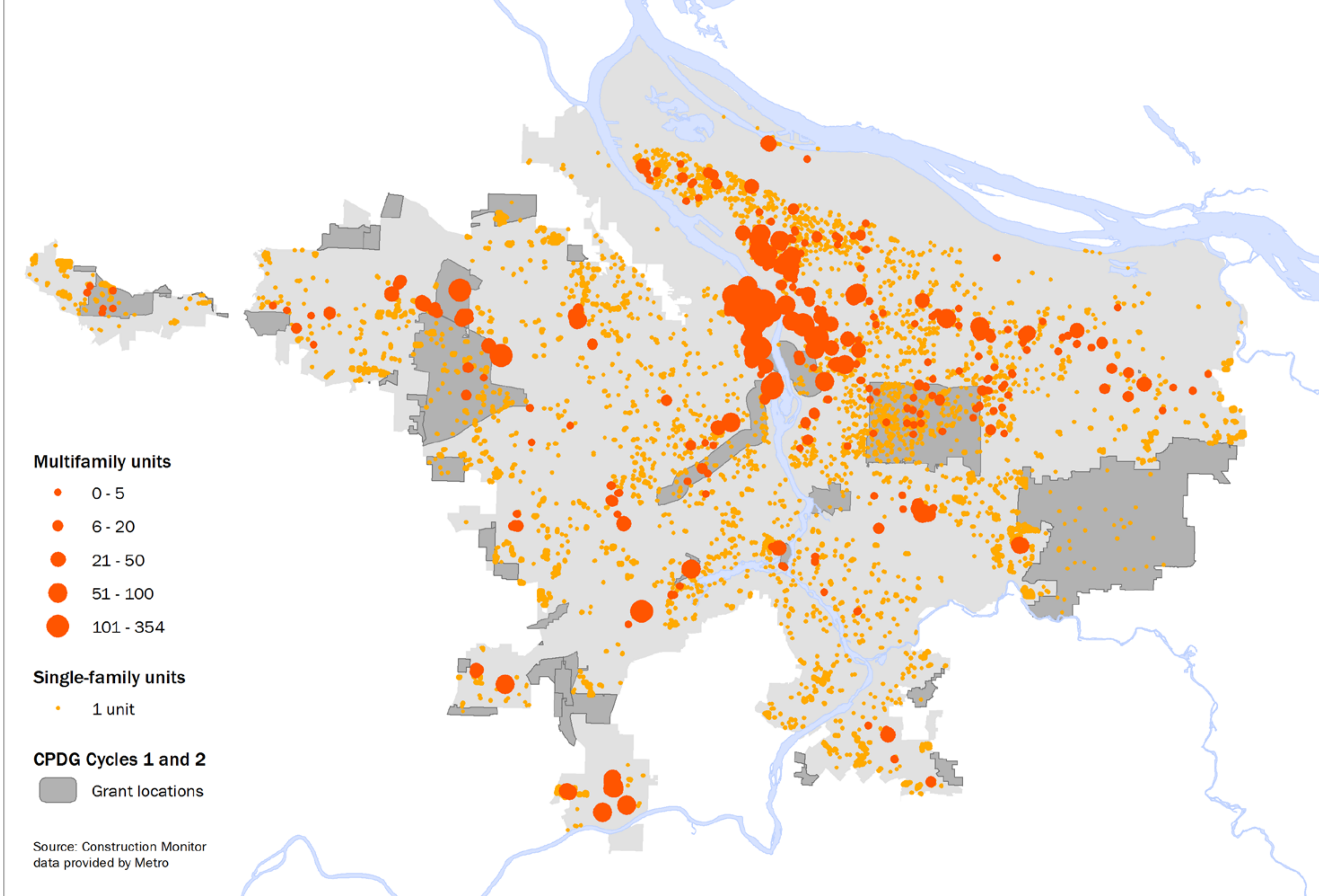
RMV per acre, 2013 UGB



Building permits per acre, 2013 UGB



Map 1. New residential units built 2007-2012



Findings

- Grants have value, even if not evident in data
  - Planning occurred at all, or happened sooner
  - Stakeholder outreach process
  - Ability to leverage resources
  - Learning and increased sophistication
  - Plans align with 2040
  - Criteria generally met

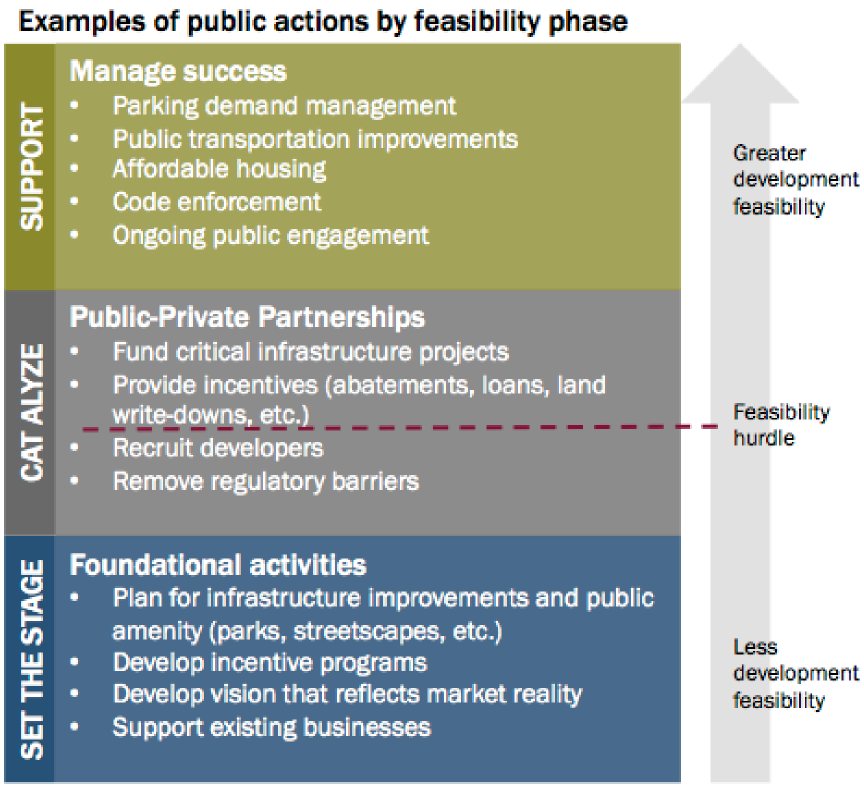
Findings

- Timeline and comparator areas for measurement
  - 2 & 5 year horizons
- Definitional issues
  - Regionally significant
  - Equitable
- Criteria vs. metrics

Recommendations

Crystalize program objectives and selection criteria:

- Evaluation framework?
- Type of project?
- Criteria?
- Outcome measures?
- Geography?



Recommendations

- Build evaluation plan tied to logic model
- Select best feasible method of evaluation and commit to evaluation over time
- Involve grantees in evaluation
- Report back

--over to next presentation

Stakeholder Advisory Group Construction Excise Tax and Community Planning and Development Grants Recommendations

- Susan Anderson, Director, Bureau of Planning and Sustainability, City of Portland
- Dwight Unti, President, Tokola Properties

Focus of Planning	Planning Goals	Timeline (for building permits issued)	Outcome	Approximate Target of Projected Grant Funds
Mandated concept plan and comprehensive plan	• Meet Title 11 requirement • Vision for planning area • Strong local match / support	10 years or more	• Concept Plan • Comprehensive plan • Likely addition to UGB within 10 yrs • Annexation • Identify add'l planning need	25% - 30%
Strategic plan for development and redevelopment investments	• Urban renewal planning • Pre-corridor planning projects • Infrastructure and financial feasibility planning • Projected growth areas planning	5 to 10 years	• Adopted redevelopment plan and implementation schedule • Adopted Funding strategy and implementation schedule	70% to 75%
Catalytic action plan	• Barriers to development removed • Market evaluation/reality	Less than 5 years	• Incentives created • Code creation, updating and maintenance • Recruit developer • Development agreements • Use of tools for improvement of development process	

--over to next presentation

COO's Recommendations on Community Planning and Development Grants improvements and Construction Excise Tax extension

Martha Bennett

SCHEDULE	
TASK	**DEADLINE**
Metro Council work session: ECONorthwest Performance Assessment Report and discussion of COO and Advisory Group recommendations	April 29
MPAC first review and discussion of ECONorthwest Performance Assessment Report, and COO and Advisory Group recommendations	May 14
Metro Council work session: (if needed)	May 20
MPAC recommendations to Metro Council	June 11
Metro Council first reading of Ordinance No. 14-1328	June 12
Metro Council second reading of Ordinance No. 14-1328	June 19
If CET is extended: -Stakeholder Advisory Group – refine criteria for Cycle 4 grants -Amend CET Administrative Rules	Fall 2014

Community Planning and Development Grant Program Assessment

April 5, 2014

Prepared for:

Metro

ECONorthwest
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Contact Information

Lorelei Juntunen, Andrew Dyke, Kate Macfarlane, and Philip Taylor prepared this report. ECONorthwest is solely responsible for its content.

ECONorthwest specializes in economics, planning, and finance. Established in 1974, ECONorthwest has over three decades of experience helping clients make sound decisions based on rigorous economic, planning and financial analysis.

For more information about ECONorthwest, visit our website at www.econw.com. For more information about this report, please contact:

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Acknowledgements

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Disclaimer

ECONorthwest completed this project under a contract with Metro. Under contracts with jurisdictions that received CPDG grants, ECONorthwest worked on projects funded by all three cycles of CPDG grants. Some of ECONorthwest's work on CPDG-funded projects is currently ongoing. ECONorthwest was not involved in prior evaluations of the CET and CPDG, the development of CPDG criteria, or the award of CPDG grants.

Table of Contents

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Executive Summary

The Metro Council is considering whether to extend the construction excise tax (CET), which is levied on regional construction permits and is scheduled to sunset in September of 2014. To inform discussions about extending the construction excise tax, Metro asked ECONorthwest (ECO) to provide an external evaluation of the program that the CET funds: the Community Planning and Development Grant (CPDG) program. This report provides that evaluation, seeking and documenting evidence that grant-funded activities resulted in better outcomes than would likely have occurred in the absence of the grants, identifying shortcomings of the program relative to its stated objectives, and providing recommendations for improvements to the program should it continue.

At the highest level, the purpose of the grant program is to fund planning projects that lead to new development on the ground. The program was developed and has been implemented since its inception in close consultation with jurisdictional and development stakeholders, to respond to a need to fund planning that identifies and coordinates action to remove development barriers.[1] This evaluation weighs evidence that the grants achieved that program goal, documenting findings regarding program outcomes in funded projects. Metro has awarded three cycles of grants, with differing goals for each (see sidebar). This report does not evaluate the most recent round of grants (Cycle 3) because the grants were awarded too recently to expect results (in 2013).

Overview of CPDG Distribution Cycles:

Cycle 1 (2007). Non-competitive grants paid for concept planning in areas that were brought into the Urban Growth Boundary (UGB) between 2002 and 2005.

Cycle 2 (2010). Competitively-awarded grants that funded planning and development projects in town and regional centers, transportation corridors, and employment areas.

Cycle 3 (2013). Competitively-awarded grants that funded community enhancement projects in new urban growth areas, urban reserves, and existing urban areas. ***This report does not evaluate Cycle 3 grants.***

The methodology has two components. The first is a quantitative evaluation of changes in building permits and market values in areas that received the grants, compared to similar areas that did not. For both Cycles 1 and 2, the data were inconclusive, for the following reasons:

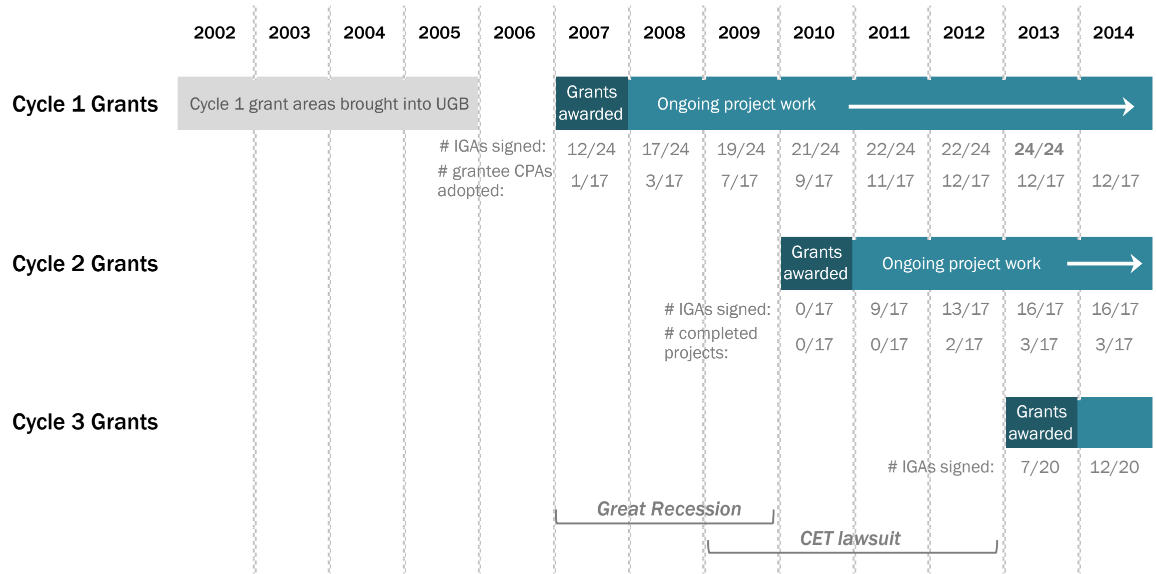
- **The effects of the recession dampened development activity in all parts of the region during the grant implementation period**.
- **Many grant-funded planning processes were slow to get started, and experienced delays during implementation.** As of March 2014, 18 of 24 Cycle 1 grants had lead to adopted concept plans, and 3 of 17 Cycle 2 grants were fully completed.[2] Because many of the projects still have not achieved their final milestones, it is not possible to attribute

[1] Adopting ordinances for the program clearly describe the role of stakeholders in shaping and supporting the program.

[2] More were effectively complete, but had not yet achieved a final milestone, which, in most cases, is the adoption process that commits the jurisdiction to implementation.

development results to grant implementation. Figure 1 shows a timeline of CPDG grant cycles.

Figure 1. Timeline of CPDG grant cycles



Source: ECONorthwest, data from Metro

Notes: (1) Cycle 1 grants included reimbursements for completed plans as well as grants for new planning. Reimbursed and new grants totaled 24, and all 24 required signed IGAs for disbursement of funds. This table tracks adoption of a new concept plan for only those grants distributed for new planning (17 of the total 24). (2) IGA = Intergovernmental agreement; CPA = Concept Plan for development in expansion areas.

Even for the grants that are complete, insufficient time has passed to measure them against the time-specific criteria introduced in Cycle 2. Criteria state that development permits should be evident in two years or five years. The first Cycle 2 grants were completed in 2012; data are not available for the entire two-year period post project completion. If the analysis of building permit and market value data were to be replicated in four or five years, it might be possible to measure the completed projects against the time-specific criteria in Cycle 2.

The second methodological component supplemented the quantitative analysis with a series of case studies and interviews that weighed program outcomes against the criteria that guided project selection and implementation.

Cycle 1 had a very specific goal of completing concept plans and adopting zoning to support development in the expansion areas that received grants. Overall, 75 percent of Cycle 1 grantees have adopted concept plans, but just five have zoning in place for new development to occur. Issues of governance and infrastructure finance were the largest barriers to success.

Cycle 2 used a different set of criteria. Table 1 below provides a high-level overview of the criteria and outcomes found in this analysis.

Table 1. Overview of outcomes relative to Cycle 2 criteria[3]

Grant criteria / Goals	Outcomes in brief
Expected Development Outcomes: community readiness and ability to achieve development permits 2 and 5 years after project completion	**Criteria achieved? Maybe; more time needed.** Evidence of increased development activity is limited at this time, but several examples of increased "readiness" were identified: development of agreed-upon visions for development, discussion of funding for needed infrastructure investments, evaluations of code or other regulatory barriers, etc.
Regionally Significant: ability to benefit the region through the achievement of the desired outcomes of the 2040 Growth Concept: a) People live and work in vibrant communities where they can choose to walk for pleasure and to meet their everyday needs. b) Current and future residents benefit from the region's sustained economic competitiveness and prosperity. c) People have safe and reliable transportation choices that enhance their quality of life. d) The region is a leader in minimizing contributions to global warming. e) Current and future generations enjoy clean air, clean water, and healthy ecosystems. f) The benefits and burdens of growth and change are distributed equitably	**Criteria achieved? Yes, debatably.** These criteria are particularly difficult to operationalize and measure, but in practice, all well-conceived planning exercises will consider these fundamental principles. Every project evaluated here focused on some aspect of these desired outcomes. At the same time, some stakeholders disagreed that the projects that were selected were "regionally significant", even though they addressed at least some of these desired outcomes. The definition of "regionally significant" and how it is evaluated and weighted at the grant application stage is an important consideration for Metro if it continues with the CPDG program.
Location: facilitation of development or redevelopment in centers, corridors/main streets, station areas, and/or employment and industrial areas	**Criteria achieved? Yes.** All of the selected projects were in these priority areas.
Best Practices Model: provision of innovative tools that can be easily replicated in other locations in the region	**Criteria achieved? Yes, but outcomes were not well-tracked to identify and share best practices externally.** Several "best practices" were described in interviews, especially in outreach to underrepresented groups and collaboration across stakeholders (see details in case studies and below).
Equity: equitable distribution of CET funds based on revenue collection, past funding, and planning resource needs	**Criteria achieved? Significant controversy among stakeholders regarding this criterion.** In Cycle 2, many stakeholders felt that there was a lack of equity in distribution of funds, because they were dedicated entirely to areas internal to the region (rather than expansion areas) and because there was no explicit attempt to fund grants located in the areas that generated higher CET tax amounts. In Cycle 3, Metro attempted to rectify these concerns, but more work is needed to resolve these issues.

[3] One final criterion was "Project description and background: importance to jurisdiction and region, expected outcomes, and timeliness." We understand this criterion to be about how well the jurisdictions told the story of their own need for the project in their grant application. Metro selected grants accordingly. Revisiting those decisions would not be helpful to this analysis of outcomes. The criterion is useful for selecting projects in the initial application process, but can't be used to measure program outcomes.

Case study research and interviews strongly indicate that planning outcomes were improved in both cycles as a result of the grants and the intergovernmental agreements (IGAs) that guided their implementation. Interviewees, including developers that interacted with the grant recipients, described the following benefits of the grant program:

- **Planning occurred at all.** Nearly all Cycle 2 grant recipients said they would not have completed the planning without the grant.
- **Planning happened sooner**. For the expansion areas that received Cycle 1 grants this is particularly true. Planning in expansion areas is a requirement, but the grants allowed jurisdictions to prioritize it sooner. As a result, some areas are beginning to permit new development in the current market upswing, which may otherwise have been missed.
- **Planning integrated diverse stakeholders and led to better and more informed decision-making**. The program criteria, guiding IGAs, and external funding source all brought increased attention to grant funded projects and helped to focus the attention of key partners in implementation. Several grantees described specific examples of improvements to plans as a result, such as a coordinated stormwater and open space facilities, and more data-driven decision-making regarding funding and implementation.
- **Planning leveraged external resources.** Several of the case study interviewees mentioned that the grants helped them to pursue and / or coordinate additional funding sources for implementation of community plans, including successful application for federal grants and voter-approved bonds for major public facilities.
- **Replicability and innovation in outreach ("Best Practices").** A few interviewees noted that the grant allowed them to take more time to test out innovative approaches to reaching and engaging the public. The lessons learned through this process will be applicable to future projects as well.
- **Learning and increased sophistication**. The grants allowed jurisdictional staff to focus more attention on grant implementation and planning. Both jurisdictional staff and the developers that were interviewed for this evaluation stated that learning occurred among staff that transferred to improved processes and increased planning sophistication outside of grant areas. A few also mentioned that stakeholders and the public were educated about planning issues as a result of the grants.

Recommendations focus on improving the alignment between program criteria and stated goals of the program. The research and interviews found that time-specific criteria (new development permits issued within two and five years of the completion of the planning project) should be extended. Given the market and other challenges faced in areas receiving grants, it is not reasonable to expect significant changes in development patterns on that development timeline.

It also found that other clarifications to criteria are necessary to improve the transparency of program implementation. While the criteria have evolved between each cycle in direct response to stakeholder comments and input, these changes have nonetheless created opportunities for confusion and uncertainty (and lawsuits) in the communities that receive the grants. The most significant concerns with the program were related to the application of criteria in project selection. Continued uncertainty is likely to lead to continued controversy in future grant cycles. Specifically, the areas of tension that remain unresolved despite ongoing stakeholder involvement, based on interviews conducted for this research, include:

1. **Definition and role of "equitable" criterion in distribution of grant**. Cycles 2 and 3 each had "equity" as a criterion for grant distribution, defined as "equitable distribution of CET funds based on revenue collection, past funding, and planning resource needs." This definition leaves room for interpretation, and different stakeholders continue to have different ideas about what distribution pattern is fair.
2. **Geography**. In each Cycle, stakeholder engagement has led to changes in the targeted geography. Cycle 1 targeted expansion areas, and Cycle 2 targeted areas internal to the UGB, in Metro's identified town centers and corridors, and in industrial areas. Cycle 3 attempted to split the distribution of funds (50 percent to expansion areas, and 50 percent to interior areas). If there is a Cycle 4, this criterion should be reconsidered.
3. **Definition of "regionally significant".** The application criteria define "regionally significant" by referencing Metro's six desired outcomes (included as a sidebar here for reference). These outcomes are difficult to operationalize in the context of project selection. The potential ambiguity can lead to an impression that decisions are made subjectively and based on the preferences of the review committee. Stakeholders suggested that weighting of the criteria may help, and some felt that this criterion, more fully defined, could be the most important of all criteria used for grant selection.

Metro's Six Desired Outcomes

a) People live and work in vibrant communities where they can choose to walk for pleasure and to meet their everyday needs.

b) Current and future residents benefit from the region's sustained economic competitiveness and prosperity.

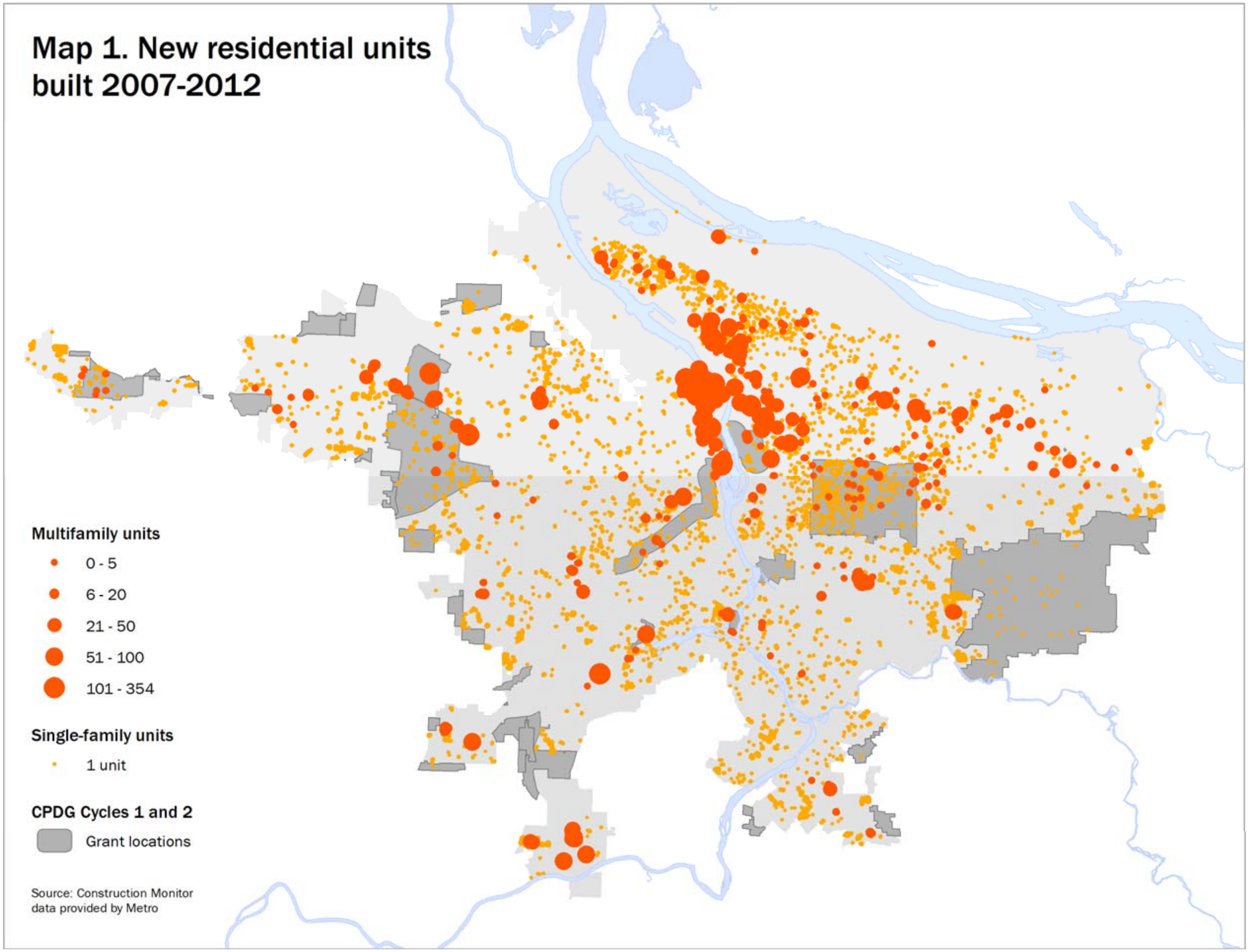
c) People have safe and reliable transportation choices that enhance their quality of life.

d) The region is a leader in minimizing contributions to global warming.

e) Current and future generations enjoy clean air, clean water, and healthy ecosystems.

f) The benefits and burdens of growth and change are distributed equitably.

To address these issues and improve the program going forward, the report recommends continued stakeholder engagement and greater focus on clarifying program criteria (especially those highlighted above) for future project selection. Further, it recommends the development of a set of agreed upon metrics and timelines that align with program goals to support improved program evaluation and program improvement efforts.


Map 1. New residential units built 2007-2012
Multifamily units
0 - 5
6 - 20
21 - 50
51 - 100
101 - 354
Single-family units
1 unit
CPDG Cycles 1 and 2
Grant locations
Source: Construction Monitor data provided by Metro

1 Introduction

The Metro Council is preparing to consider whether to extend the construction excise tax (CET), which is levied on regional construction permits and is scheduled to sunset in September of 2014. The purpose of the CET is "to provide funding for regional and local planning that is required to make land ready for development after its inclusion in the Urban Growth Boundary."[4] To inform discussions about extending the CET, Metro asked ECONorthwest (ECO) to provide an external evaluation of the program that the CET funds: the Community Planning and Development Grant (CPDG) program. This report provides that evaluation, seeking and documenting evidence that grant-funded activities resulted in better outcomes than would likely have occurred in the absence of the grants, identifying shortcomings of the program relative to its stated objectives, and providing recommendations for improvements to the program should it continue.

Key terms and acronyms

Construction Excise Tax (CET): tax levied on building permits within the Metro service district boundary. The CET funds the CPDG program.

Community Planning and Development Grant (CPDG) program: a program funded by CET and administered by Metro that provides funding for planning that is required to make land ready for development after its inclusion in the UGB

Urban Growth Boundary (UGB): state-required boundary that limits where development can occur. The Portland Metro UGB contains more than 250,000 acres. More than 23,000 acres have been added to the UGB since 1998.

1.1 Details: CET purpose and CPDG grants evaluated

In 2006, Metro convened an advisory group called the Expansion Area Planning Fund Committee to evaluate the need for additional planning funds in expansion areas. The Committee's final report recommended actions to the Metro Council, stating that "a regional need exists for funding concept and comprehensive planning associated with the 2002 and 2004 Urban Growth Boundary expansions, and that a construction excise tax is the best available means for creating such a fund."[5] As a result of this recommendation, Metro initiated the construction excise tax, and directed the funds toward the recommended planning activities. The CET is assessed at 0.12 percent of the total assessed value of building permits issued within Metro's service district boundary.[6] The CET was first levied in 2006, was extended in 2009 upon the recommendation of a stakeholder advisory group, and will end in 2014 unless Metro takes action to extend it.

[4] Metro Council Ordinance No. 09-1220, An Ordinance Extending the Metro Construction Excise Tax and Amending Metro Code Chapter 7.04

[5] Metro Council Ordinance No. 06-1115, An Ordinance Creating a New Metro Code Chapter 7.04 Establishing a Construction Excise Tax

[6] For a building permit with an assessed value of $250,000, the CET will be $300. Permits under $100,000 are exempt from the CET, as are permits for affordable housing and permits issued to 501(c)(3) non-profits. For permits assessed at more than $10 million, the CET is a flat fee of $12,000. Source: Metro. 2009. *Construction Excise Tax (CET) Performance Review*.

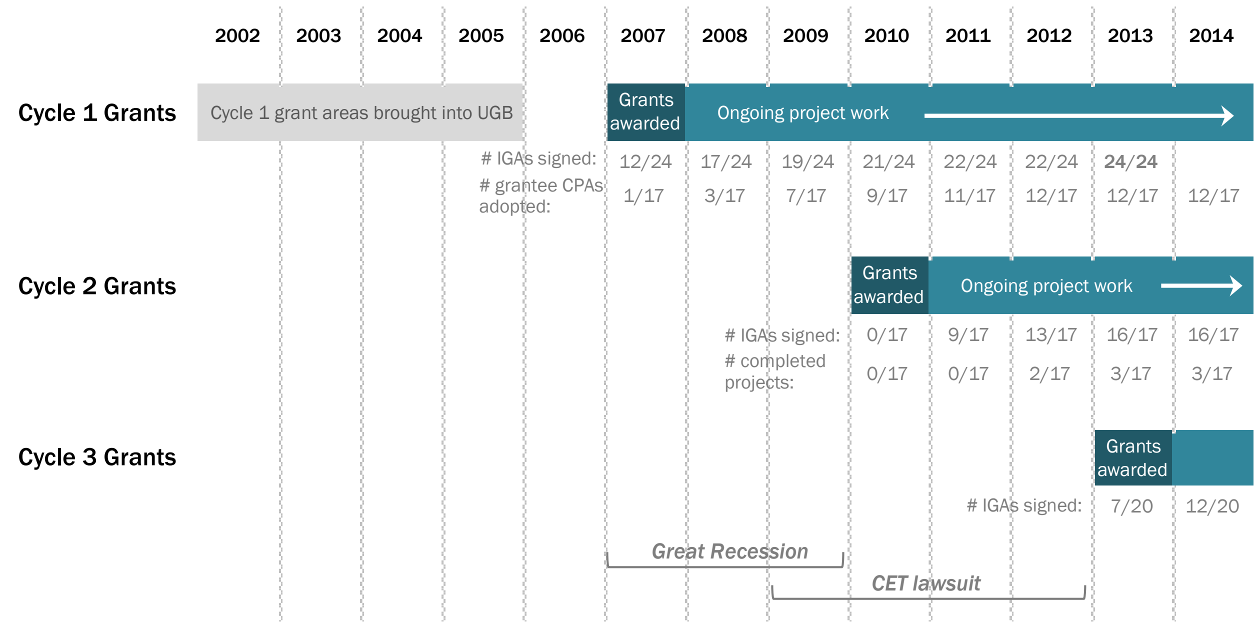
Since it was adopted in 2006, the CET has raised more than $10 million. Metro uses CET funds to pay for Community Planning and Development (CPDG) Grants, which fund land use planning that helps make land ready for development and supports the implementation of the 2040 Growth Concept. Metro has awarded three cycles of grants, with differing goals for each:

- **Cycle 1** (2007). These grants were non-competitive and paid for concept planning in areas that were brought into the Urban Growth Boundary (UGB) between 2002 and 2005.
- **Cycle 2** (2010). These grants were awarded through a competitive process and funded planning and development projects in town and regional centers, transportation corridors, and employment areas. The transition to a focus on these geographies resulted from the recommendations of an Advisory Group convened by Metro in 2009 to evaluate the continued regional needs for CET-funded regional and local planning. The Advisory Group consisted of a broad-based group of stakeholders, including representatives of local jurisdictions affected by the CET.[7]
- **Cycle 3** (2013). These grants were awarded through competitive process and funded community enhancement projects in new urban growth areas, urban reserves, and existing urban areas. ***This report does not evaluate Cycle 3 grants.***

This section provides background information on each cycle of CPDG grants. Figure 2 provides an overview of the timelines of the three CPDG grant cycles.

[7] Details of the advisory group's recommendations were directly referenced in the ordinance authorizing the use of CET funds for Cycle 2: Ordinance 09-1220 in 2010.

Figure 2. Timeline of CPDG grant cycles



Source: ECONorthwest, data from Metro
Notes: (1) Cycle 1 grants included reimbursements for completed plans as well as grants for new planning. Reimbursed and new grants totaled 24, and all 24 required signed IGAs for disbursement of funds. This table tracks adoption of a new concept plan for only those grants distributed for new planning (17 of the total 24). (2) IGA = Intergovernmental agreement; CPA = Concept Plan for development in expansion areas.

1.1.1 Cycle 1 Grants

Cycle 1 of CPDG, awarded in 2007, "paid for concept planning only in areas brought into the region's UGB between 2002 and 2005."[8] The jurisdictions that contain the UGB expansion areas were required to complete concept planning to remain in compliance with Metro Title 11, and some jurisdictions moved forward with planning processes. However, some areas were slow to initiate concept planning. Conversations regarding reasons for the delay, initiated by Metro staff, found that the main reason was a lack of funding to support the planning process. In 2006, Metro convened an advisory group called the Expansion Area Planning Fund Committee to evaluate the need for additional planning funds in expansion areas. The Committee's final report recommended that Metro adopt a construction excise tax in order to fund these planning efforts, and the CET was adopted in 2006. In 2007, Metro noncompetitively awarded 24 Cycle 1 grants. Cycle 1 grants fell into two categories: (1) grants to support new planning that had not yet occurred; (2) reimbursement

Cycle 1 Grant Criteria:
The only criteria for Cycle 1 grants was whether a location was brought into the UGB between 2002 and 2005.

- 17 areas received grants to pay for concept planning
- 7 areas received grants to partially reimburse jurisdictions for concept planning that was completed or in progress.

[8] Metro. "Planning and Development Grants brochure," September 2012. http://library.oregonmetro.gov/files//planning_grants_brochure_september_2012.pdf

grants to partially compensate jurisdictions for planning that had already occurred.[9] Of the 24 grants, seven were reimbursements.

As of March 2014, Comprehensive Plan Amendments for concept plans have been adopted for 18 of the 24 grant projects. Of the 17 grant projects that were not reimbursed, 12 have adopted concept plans. Zoning, the next step following adoption of a concept plan, has been adopted in 5 of the 24 grant areas.

Appendix A provides the full list of Cycle 1 grants and the status of each.

[9] These reimbursements were done so as to not penalize jurisdictions for accomplishing planning activity.

1.1.2 Cycle 2 Grants

The CET Ordinance enacted by Metro in 2006 contained a sunset provision that the tax would expire after $6.3 million had been raised (expected to occur in the fall of 2009).[10] In the spring of 2009, Metro conducted a performance review and convened an Advisory Group of stakeholders to advise Metro about whether or not to extend the CET. Based on the recommendations of the Advisory Group, in June 2009 Metro Council voted to extend the CET for five more years to fund planning that enhanced development readiness and advanced 2040 Growth Concept goals in recent UGB expansion areas, urban reserve areas, and specific areas inside the UGB (centers, corridors and main streets, station areas, and employment and industrial areas). The purpose of the CET, "to provide funding for regional and local planning that is required to make land ready for development after its inclusion in the Urban Growth Boundary," remained unchanged.

The second round of CPDG grants was awarded in 2010 following a competitive grant process. Unlike Cycle 1 grants, which went exclusively to recent UGB expansion areas, Cycle 2 grants were awarded to projects in town and regional centers, transportation corridors, and employment areas. (See the sidebar for more information about Cycle 2 grant criteria). The changes to grant criteria and project geography between Cycle 1 and Cycle 2 resulted from the recommendations of the 2009 stakeholder Advisory Committee. Metro awarded 17 Cycle 2 grants, out of a total of 23 grant applications. As of March 2014, IGAs have been executed for 16 out of the 17 grants, and three grant projects have completed their final milestones.

Appendix A provides the full list of Cycle 2 grants and the status of each.

Cycle 2 Grant Criteria:
Cycle 2 grants were awarded through a competitive process. The criteria were:

- **Expected Development Outcomes:** community readiness and ability to achieve development permits 2 and 5 years after project completion
- **Regionally Significant:** ability to benefit the region through the achievement of the desired outcomes of the 2040 Growth Concept:
    - a) People live and work in vibrant communities where they can choose to walk for pleasure and to meet their everyday needs.
    - b) Current and future residents benefit from the region's sustained economic competitiveness and prosperity.
    - c) People have safe and reliable transportation choices that enhance their quality of life.
    - d) The region is a leader in minimizing contributions to global warming.
    - e) Current and future generations enjoy clean air, clean water, and healthy ecosystems.
    - f) The benefits and burdens of growth and change are distributed equitably.
- **Location:** facilitation of development or redevelopment in centers, corridors/main streets, station areas, and/or employment and industrial areas
- **Best Practices Model:** provision of innovative tools that can be easily replicated in other locations in the region
- **Leveraging/Matching Potential**: ability to leverage outcomes across jurisdictions or service providers, or create opportunities for additional public/private investments
- **Equity:** equitable distribution of CET funds based on revenue collection, past funding, and planning resource needs
- **Project description and background**: importance to jurisdiction and region, expected outcomes, and timeliness

[10] Metro Council Ordinance No. 09-1220, An Ordinance Extending the Metro Construction Excise Tax and Amending Metro Code Chapter 7.04

1.1.3 Cycle 3 Grants

The third cycle of grants was also a competitive grant process, and grants were awarded in August 2013.[11] These grants funded a mix of concept planning projects for urban reserve areas and areas recently added to the UGB as well as continuing to fund projects to support development in targeted areas within the UGB, with a revised set of criteria that were specific to each geography (see sidebar). Following the recommendations of the 2009 Advisory Committee, Metro's Administrative Rules called for 50 percent of the funds for the third cycle to be used to plan for areas added to the UGB since 2009 and Urban Reserves.[12]

As of March 2014, IGAs have been signed for 12 of the 20 grants, and work has begun on some projects. Because these grants were so recently awarded and no projects have been completed, the third cycle is not evaluated in this report.

Cycle 3 Grant Criteria:
Cycle 3 grants were awarded through a competitive process. There were different criteria depending on where the project was located.

For projects within the UGB prior to 2009*:

- Expected Development Outcomes (issuance of development permits in two or five years)
- Regionally Significant
- Location
- Best Practices Model
- Leveraging
- Equity
- Public Involvement

For projects within areas added to the UGB after to 2009 or designated as Urban Reserves:

- Addresses Title 11 requirements for concept plan or comprehensive plan
- Address local needs and solutions to regional need
- Jurisdictional and service provider commitment
- Development readiness
- Best Practices Model*
- Leveraging *
- Equity*
- Public Involvement*

*See Cycle 2 description for details; changes were minor

1.2 Approach and methods

This evaluation is not an audit of program administration. Rather, ECONorthwest's analysis seeks to determine whether activities funded through the first two CPDG grant cycles resulted in better outcomes than would likely have occurred in the absence of the grants. Specifically, for Cycle 1 and Cycle 2, we consider the following research questions:

A) How successful were the grants in achieving explicit program goals?
B) What might have happened without the grant?
C) What factors explain development within the project areas?
D) How well did patterns of grant funding by geography and purpose align with program goals?
E) To what extent have grants led to improved development on the ground, and which program characteristics significantly helped or hindered progress in grant award areas?
F) What type and level of development do incentives provided by grants foster?

[11] Note that in Metro's Administrative rules, this cycle was referred to as "second new grant allocation cycle."

[12] Administrative Rules: Metro Code Chapter 7.04. Revised December 2012.

G) Are there other program improvements to consider in program goals, priorities, criteria, and processes in order to best meet anticipated local and regional challenges in the future? Are these issues different in new urban areas vs. existing urban areas?

A program evaluation typically evaluates program impacts by measuring changes in agreed upon criteria associated with desired program outcomes and compares those changes to changes in the same outcome measures for a control group that did not receive program services (e.g., funding, technical assistance, etc.). In most cases, post hoc evaluation of programs implemented without a specific evaluation framework that articulates program goals, a reasonable control group, and specific outcome measures presents numerous challenges. Our evaluation of CPDG Cycles 1 and 2 had to address many of these directly:

- **Time period.** Many Cycle 1 and Cycle 2 CPDG projects are still underway, and the program intervention is not yet complete. It is not reasonable to expect results with an incomplete intervention.
- **No agreed-upon data sets or metrics to measure outcomes**, beyond permit data. Many project selection criteria are subjective and have changed considerably across grant cycles, and quantitative data to evaluate project selection and outcomes are limited. (As noted above, the changes in grant criteria were due to recommendations from stakeholders.)
- **Each intervention is unique.** The 41 projects each occur in different jurisdictions and have different purposes, design type, scales, and expected outcomes. This situation makes comprehensively addressing Metro's evaluative questions—i.e., addressing the questions for each project—impractical. Each project is so unique and development so complicated that developing a reasonable Metro-area control group is extremely challenging, if not impossible.
- **Inability to control for confounding variables.** A number of factors may be confounding the analysis. This makes drawing definitive conclusions difficult. These variables include the Great Recession which affected all development patterns across the entire nation, the lawsuit brought against Metro for its use of CET funds during the implementation of the grants, and other grant-area specific variables such as political shifts and fiscal constraints.

Given these methodological challenges, we supplement the limited feasible quantitative analysis of development outcomes with a series of case study interviews conducted with a range of grant recipients, developers, and other stakeholders involved in the grant process.

ECONorthwest selected case studies to allow, as much as possible, generalizations about program outcomes. To inform this selection, ECONorthwest researched each CPDG project and communicated with Metro staff to learn more about the projects and program. ECONorthwest used the following guidelines to inform its selection case study interviewees:

- **Excluded Cycle 1 projects that received reimbursements.** These projects happened without the CPDG, and therefore offer less insight into the role of the grants in planning and development.

- **Selected projects to demonstrate a breadth of acreages and funding amounts.** Acreages and funding amounts vary across projects, and the analysis should address the roles these variables play in implementation success.
- **Selected projects to maximize jurisdictional and geographic breadth.** Neglecting or focusing on particular jurisdictions or districts would limit generalizability to as a whole.[13]
- **Selected projects to demonstrate a breadth of 2040 design types (e.g., Town Center, Corridor, Industrial, etc.) and scale**. Examining a variety of types and scales will help inform Metro and ECONorthwest on how CPDG performed in different areas.
- **Selected projects to demonstrate a breadth of valuation scores**. Metro's CPDG Screening Committee[14] evaluated Cycle 2 applications according to several criteria,[15] ranked applications according to their cumulative scores, and awarded funding according to this ranking. ECONorthwest selected projects receiving a range of scores in total and within specific to illustrate the performance of both high- and lower-scoring applications.

ECONorthwest selected the final case studies independently, informed by input from Metro staff.

For each case study, ECONorthwest reviewed all CPDG application and screening committee review materials and conducted research to clarify the current status of the project's implementation. ECONorthwest interviewed project staff members, asking questions about the CPDG program characteristics that were most and least helpful, project implementation timeline, current project status and development activity in the area, likely outcomes in the area absent the planning activity funded by the grant, and lessons learned and obstacles overcome in the process.

To supplement these interviews with additional stakeholder perspective, ECONorthwest conducted interviews with representatives of the Home Builders Association, representatives of the development community that are active in town centers and expansion areas around the region, Metro staff responsible for interacting with jurisdictional project managers, and other relevant public officials. While all conversations were kept confidential, we provide a list of interviewees in Appendix B.

[13] ECONorthwest's ability to heed this is somewhat limited, because some jurisdictions chose not to submit applications or failed to receive funding.

[14] A committee made up of made up of members with expertise ranging from economic development to real estate and infrastructure finance.

[15] Project description and background, achieving development permits two years after project completion, achieving development permits five years after project completion, benefits the region in achieving the desired six outcomes of the 2040 Growth Concept, facilitating development and redevelopment in 2040 Growth Concept design areas, providing replicable and innovating tools, and leveraging outcomes for additional private or public investment.

1.3 Planning as a market intervention

The purpose of the CPDG grants, in all three grant distribution cycles, is to support planning efforts that "increase the ability to achieve on-the-ground development / redevelopment outcomes."[16] In other words, this evaluation seeks evidence that planning has served as an effective market intervention to encourage private investments in priority areas. Evaluating the relationship between planning activities and development outcomes requires an understanding of the role planning and other public actions play in encouraging private investment. This section describes a framework for public action that is foundational to this evaluation.

Like other markets, land development is driven by supply and demand. Broadly, land availability, development costs, and the price of competing development types drive the supply of development. Developers further consider expected demand (a projection of likely user preferences and willingness to pay for the proposed uses) in assessing the feasibility of a specific development. Developers take on the risk of a new development when expected demand equals or exceeds supply at a price point that provides an acceptable rate of return. In general, development will not occur where willingness of potential users to pay falls below this level. When considering development options, developers evaluate a range of market conditions, including rent levels at comparable developments, land values, vacancy rates, availability of financing, competing supply, development and permitting costs, and other variables that determine price point. Site-specific variables, such as the availability of infrastructure, neighboring uses, certainty around the community's required or desired development form, access, and visibility also affect the feasibility equation because they inform the allowed development form and affect construction costs. When market conditions and site variables do not align with the community's vision for development, the result is a feasibility gap.

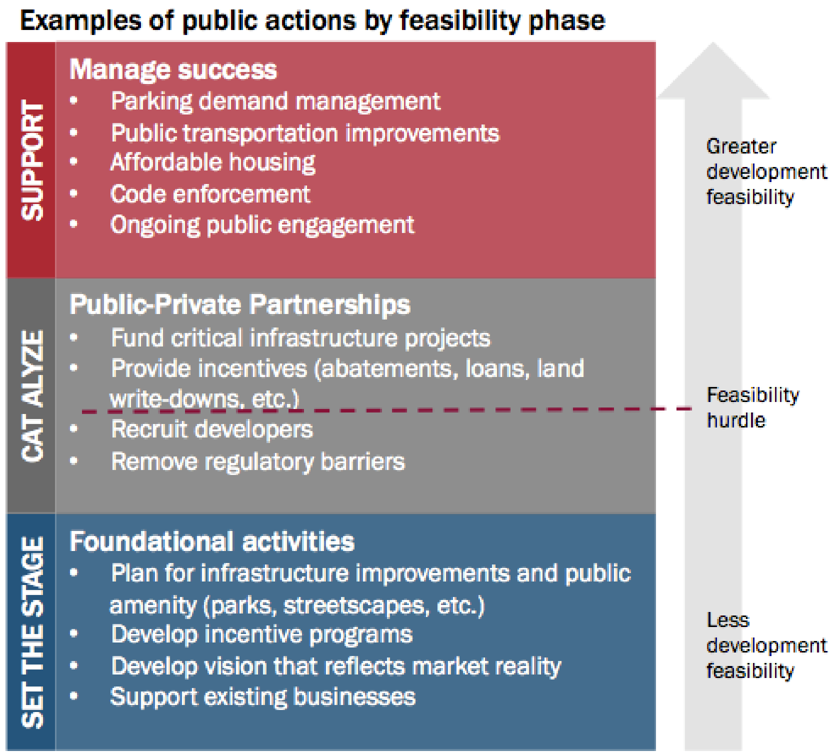
When a feasibility gap exists, developers are not likely to invest without some market intervention. Cities and redevelopment agencies can and do influence real estate markets and redevelopment potential by managing and phasing public sector actions, providing development incentives, and coordinating the many stakeholders involved in development. A partial list of these actions includes: strategic provision of infrastructure and open space amenities, direct partnerships with private entities, subsidy of development, clarifications or efficiency improvements to development regulations, zoning, coordination and outreach with stakeholders (neighbors, utilities and other local governments that provide services, parking districts, etc.), and provision of parking.

Figure 3 shows the role of the public sector in trying to encourage development in areas at different stages of market readiness. It shows a conceptual "feasibility hurdle," which might be quantified most simply as the point at which a development project's development costs are at least equal to the revenue that project might generate. Above this line, a project in this area is

[16] Metro Administrative rules, Metro Code Chapter 7.04

likely to attract private interest without market intervention; below it, the project would likely require public intervention to succeed. Procedural barriers can also create a feasibility hurdle. For example, zoning restrictions can restrict otherwise viable development, although the cost of overcoming these hurdles may not appear directly in a developer's feasibility assessment.

Figure 3. Planning as a Market Intervention



Setting the Stage

At the bottom of the spectrum, feasibility for most development types is low because achievable rents are insufficient to support construction costs. Here, the public sector can play a foundational role in encouraging development: it sets the stage so that as market conditions improve, development faces fewer impediments to feasibility. Activities include working with stakeholders to determine a vision for development or redevelopment, prioritizing and planning to fund infrastructure improvements and appropriate public institutions, ensuring that appropriate development regulations and incentives are in place, and providing programs to support the success and growth of existing businesses.

Because feasibility gaps are so large, direct subsidy of visionary development projects is usually not advisable in this phase. Large amounts of capital are required to overcome the gap, and pioneering projects risk sitting vacant for long periods of time or may require ongoing subsidy to underwrite rents. It may take multiple development cycles, even after all of the "development readiness" actions are complete, before market fundamentals align with the community's vision. In these cases, the better intervention may be a realignment of vision to reflect market realities or an evaluation of phasing options for implementation.

Catalyze

The public sector has the greatest ability to affect short-term development outcomes in the middle portion of the spectrum ("Catalyze" in Figure 3). When development projects are close to the feasibility hurdle, projects need smaller dollar amounts to fill gaps, and incentives therefore have greater value. Here, there are two situations that could call for public action: (1) The area can support new private development, but it does not align with the public vision for development in the area. For example, the development is at a lower density or of a lower quality than desired; or (2) New development is not occurring.

Public sector actions include public-private partnership approaches to incent development, such as tax credits, low-interest loans, studies to understand and remove regulatory barriers, alignment of capital improvement programs to provide needed infrastructure, recruitment of developers, and other actions.

Support

Public action may still be required to encourage financially feasible projects, but its purpose is primarily to deal with the challenges of success. It may include parking demand management strategies, improved public transit to support density, or support for affordable housing or anti-gentrification actions. CPDG grants have not targeted geographies that are above the feasibility hurdle.

In short: planning activities like those funded through the CPDG are important in all phases of the feasibility spectrum, but ultimately, the relationship between the vision for redevelopment and market fundamentals will influence the development outcomes that cities can reasonably expect. Metrics for success should be based on a realistic understanding of the development market and with well-defined desired outcomes in mind.

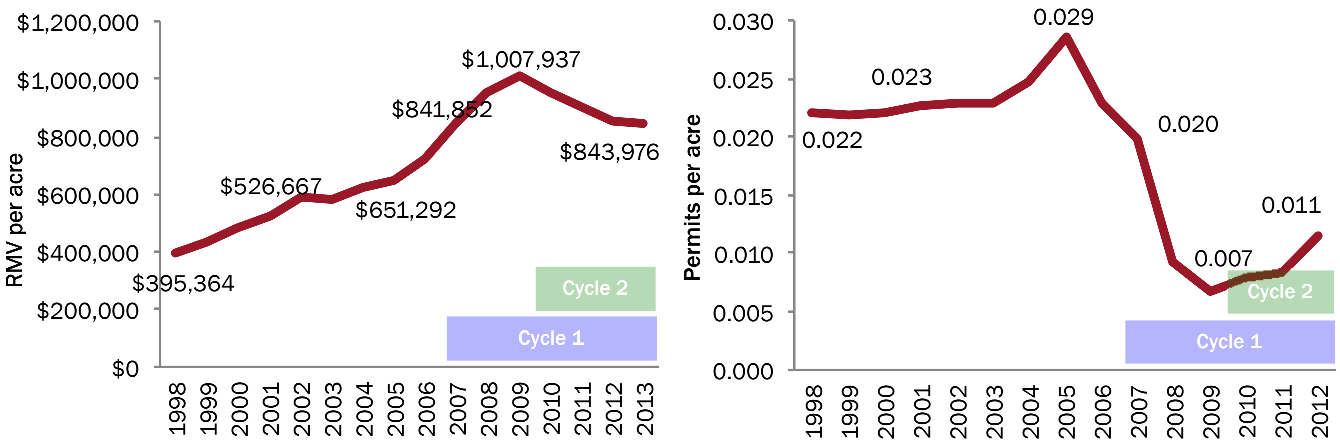
The criteria for the CPDG grant (in particular, criteria regarding the probability that development permits will be issued within two or five years) suggest that the CPDG grants are targeting communities that are in the middle phase ("catalyze" in Figure 3) of the spectrum. However, it is unclear that development markets in many of the communities that received grants were close enough to the feasibility market to produce such a quick return.

1.4 Economic Context: the Great Recession

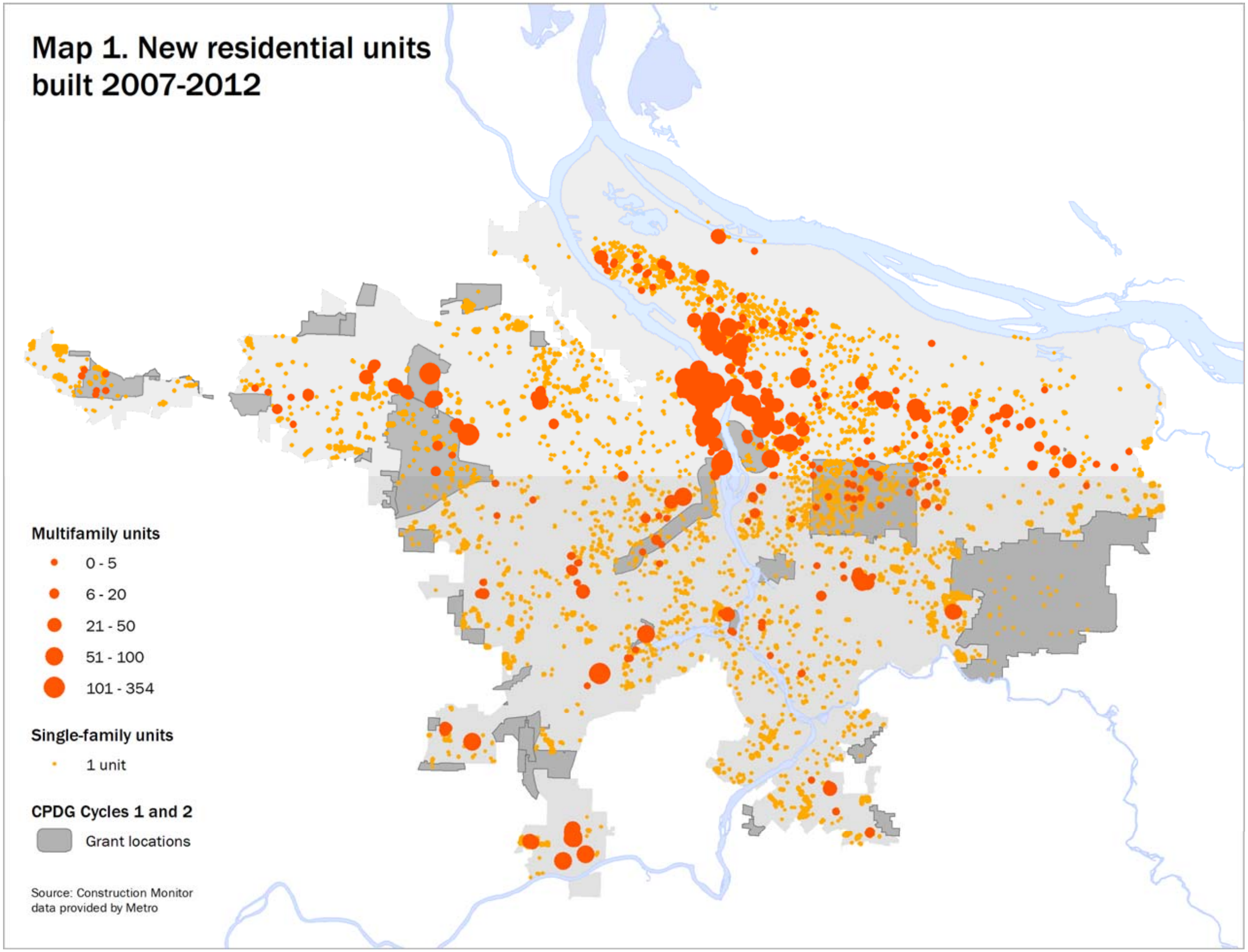
Leading up to the mid-2000s, the Portland metropolitan's real estate sector had a long period of growth. From year to year, real market values increased, and permits stayed constant or increased (see Figure 4). In the late 2000s, however, the "Great Recession" began. Real estate was among the most hard hit sectors of the economy. Real market values and permits dropped. From its peak in 2009 to 2013, real market values dropped by nearly 20 percent. While permits have increased slightly over the same time period, permits are still 60 percent lower than in 2005, the peak year, and 48 percent lower than they were in 1998. Map 1 shows the locations of CPDG grants and new residential units built 2007-2012.

The implications for this study are important: the grants were implemented in a time when very little development of any sort was occurring, whether in an area that received CPDG funding or not. This factor alone significantly limits the utility of quantitative evaluations of development outcomes.

Figure 4. 2013 UGB Real Market Value per Acre and Permits per Acre, 1998-2013



Source: ECONorthwest, based on RLIS parcel RMV assessment data and Construction Monitor permits



Map 1. New residential units built 2007-2012
Multifamily units
0 - 5
6 - 20
21 - 50
51 - 100
101 - 354
Single-family units
1 unit
CPDG Cycles 1 and 2
Grant locations
Source: Construction Monitor data provided by Metro

2 Analysis: Cycle 1

This section presents findings from the evaluation of Cycle 1. Because the methods of grant administration, expected outcomes, and timelines for grant implementation differ from Cycle 1 to Cycle 2 grant administration, the cycles are evaluated separately.

For this cycle, we present three sets of information:

1. An overview of the grants administered in each cycle, including identification of major trends and patterns in grant distribution and project execution.
2. Quantitative findings that explore changes in permit activity and real market values in grant areas compared to other relevant areas. These are the most reliable time-series data sets available to operationalize the fundamental outcome described for the CPDG grants: to encourage development. Cycle 1's comparator is the area of all UGB expansions that occurred between 1998-2011.[17]
3. Qualitative findings from case study interviews conducted with the project managers from jurisdictions that received grants, with Metro staff that administered the grants, and from developers that have interacted with the program.[18]

2.1 Overview

Cycle 1 grants were administered non-competitively and were used to fund concept planning in areas brought into the region's urban growth boundary between 2002 and 2005. As discussed in Section 1.1, Cycle 1 grants fell into two categories: (1) grants to support new planning that had not yet occurred; (2) reimbursement grants to retro-actively fund planning that had already occurred. The key outcome expected from the grants was an *adopted* concept plan that defines the zoning for new development. Note that some areas required annexation or other governance decisions before development can occur; in those areas adoption of the concept plan is effectively an intermediary step to achieving development.

Figure 5 shows the locations of the Cycle 1 projects, distinguishing between reimbursements and grantees. It also shows the comparison areas (all UGB expansion areas between 1998 to 2011).

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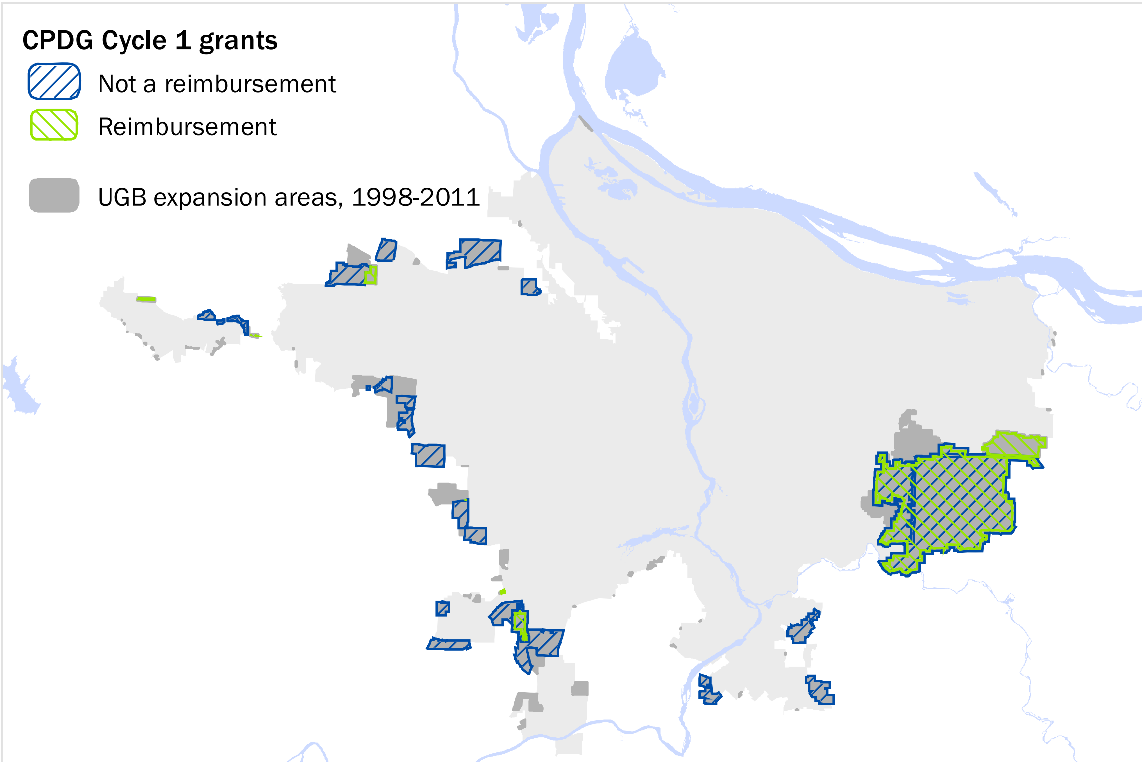
[17] Quality data on permits and assessment values are not available prior to 1998.

[18] While we did attempt to identify quantitative findings at the project level (for each study area), we do not present those findings because results were inconclusive.

Figure 5. Map of Cycle 1 Grant Areas, Reimbursements and Grantees



Source: ECONorthwest. Data from Metro.

The majority—75 percent—of Cycle 1 projects' plans have been adopted, but less than a quarter—21 percent—have been zoned and are ready for development. (Half of Cycle 1 projects are awaiting zoning based upon annexations). As would be expected, reimbursed projects outperform other grantees[19]; 86 percent of reimbursed projects have been adopted and 57 percent have been zoned. Of the other grantees, 71 percent have been adopted and 6 percent (North Bethany) has been zoned. Appendix A provides the status of each Cycle 1 grant.

Table 2. CPDG Cycle 1 Adoption, Zoning, and Expenditure Summary

	Number of projects	CPA adopted	Share	Zoned	Share	Grant amount	Amount expended	Share
Total	24	18	75%	5	21%	$6,295,377	$5,370,496	85%
Reimbursed	7	6	86%	4	57%	$1,281,674	$1,281,674	100%
Grantees	17	12	71%	1	6%	$5,013,703	$4,088,822	82%

Source: ECONorthwest. Data from Metro.

[19] The one reimbursement project that does not yet have an adopted concept plan is in the City of Damascus, where significant issues around governance (including battles around incorporation) have held up planning efforts.

Some interpretation of these findings, based on interviews and other research:

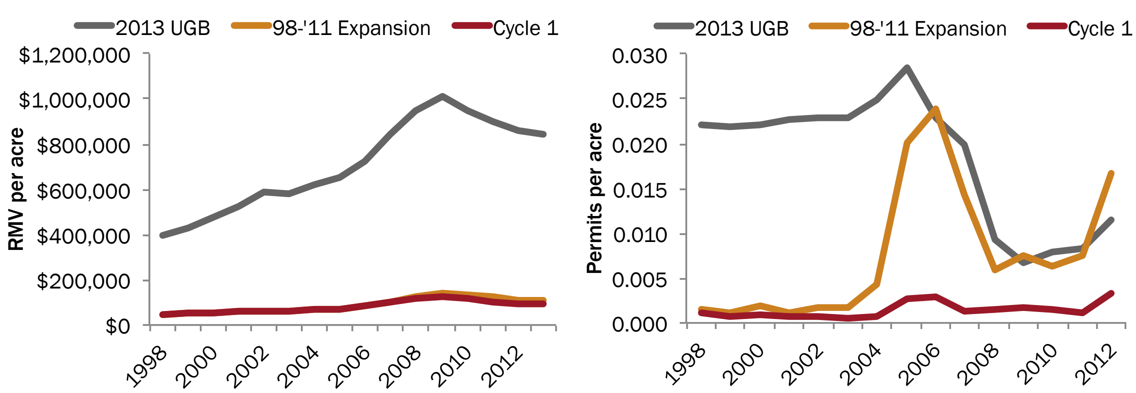
1. Several of the reimbursement projects (Hillsboro Shute Road, Gresham Springwater) were in industrial areas. These jurisdictions may have been more motivated to move forward with concept planning in these areas to position for job growth and economic development.
2. Among those projects that have not yet completed concept planning or adopted zoning (Cooper Mountain, West Bull Mountain, Bonny Slope, Basalt Creek, Damascus and Oregon City South End Road), a key issue is governance. Most of the expansion areas are in unincorporated areas, and questions about which jurisdiction funds and provides services are fundamental to implementation. When these questions are unresolved, adoption of concept planning and associated zoning is significantly complicated.

2.2 Observed development trends

Cycle 1 grants were primarily focused on plan adoption to allow development in expansion areas, but development itself is clearly the ultimate goal.

Cycle 1 areas have historically performed similar to other recent expansion areas in terms of real market value and building permits. Figure 6 shows real market value and permit count per acre for Cycle 1 grant areas and comparators.[20] Real market value per acre in Cycle 1 and in an aggregate of all other 1998-2011 Expansion Areas have trended together, but Cycle 1 sites have historically demonstrated much lower per acre values. As would be expected, Cycle 1 has lower permits per acre than the 1998-2011 expansion areas and the 2013 UGB.

Figure 6. Real Market Value Per Acre and Permit Count Per Acre, Cycle 1 & Comparators, 1998-2012

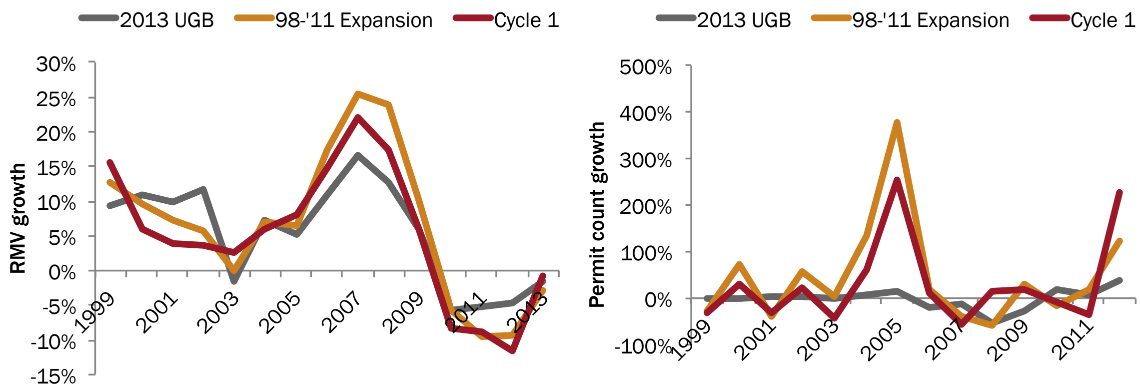


Source: ECONorthwest. RMV data from Metro RLIS. Permit data from Construction Monitor.

[20] It is important to use per acre measures to normalize for the areas' differing sizes.

Figure 7 shows per acre growth in real market value and permit counts for 1999-2013, making clear that real market value in expansion areas followed a very similar growth trend to the UGB as a whole. Even in expansion areas, the effects of the recession were very strong, and difficult for even successful planning interventions unlikely to overcome. Though Cycle 1 has fewer permits per acre, the growth rates of its permits trends with those of the 1998-2011 expansion areas, as seen in Figure 7 below.

Figure 7. Real Market Value Growth and Permit Count Growth, Cycle 1 & Comparators, 1999-2013



ECONorthwest. RMV data from Metro RLIS. Permit data from Construction Monitor.

Figure 8 applies these findings to a hypothetical growth scenario; it compares how Cycle 1 actually performed (the red line) relative to how it would have performed if it followed the growth rate trend for all other expansion areas (the yellow line) and how it would have performed if it followed the trend for the entire UGB (the grey line). [21] This figure addresses the question of how real market value and permit activity of Cycle 1 sites would have changed over time if growth rates had matched those for the 1998-2011 expansion areas or the 2013 UGB.

For real market value per acre, the Cycle 1 areas underperformed other expansion areas, and trended roughly in line with the UGB as a whole. Cycle 1 ultimately “underperforms” relative to these scenarios, but not by a substantial margin. Cycle 1 areas were also more recently brought into the UGB, so one should also expect them to take some time to reach the growth levels of more established areas.

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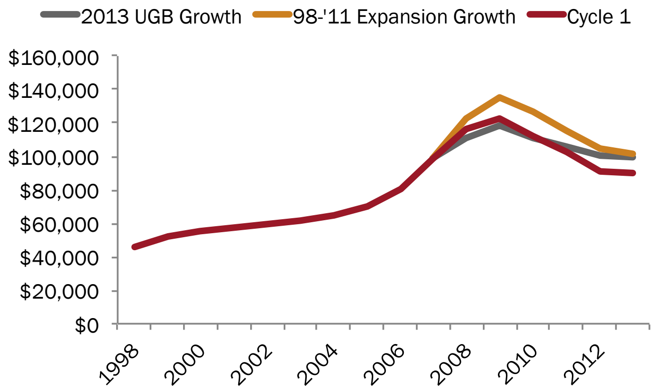
[21] To examine such a growth scenario requires making an assumption of a uniform start date. For Cycle 1 this was difficult. IGAs were signed over several years, and many projects took additional time to be completed. To take 2007 as the scenario state date is a strong assumption. It essentially assumes that the mere fact of signing the IGA could meaningfully impact development outcomes. This strong assumption is deliberate. Examining the cycle in the harshest light makes eventual lack of any strong findings quite telling.

Figure 8. Cycle 1 Real Market Value and Permit count, Hypothetical Scenarios



Source: ECONorthwest. RMV data from Metro RLIS.

Ultimately, data limitations and short post-implementation follow-up period prevent us from drawing strong conclusions about the benefits or costs caused of the CPDG program. The expansion areas as a whole appear to perform consistently with the UGB, suggesting that the performance of economy as a whole has the most substantial effect on development outcomes for expansion areas. Without concept plans and zoning in place, clearly, expansion areas cannot achieve any development, regardless of how the larger economy is performing. At the same time, the data and analysis here provide reasonable baseline information for future evaluations, and similar analyses conducted in the future might shed more light on how CPDG influences development for sites receiving a grants.

2.3 Cycle 1 case study interview details

City of Happy Valley – East Happy Valley Comp Plan area

Value of grant:
Cause planning to occur sooner

Key obstacles:
Public sentiment

Current status:
Development of public infrastructure has moved forward, but significant private investment has not occurred

The 2002 UGB expansion brought 2,400 acres into the City of Happy Valley. The City of Happy Valley's Cycle 1 grant, in conjunction with a TGM grant and matching funds, supported the development of an integrated land use and transportation plan for these acres. The planning project was a multi-year process that involved the adoption of four land use ordinances. The IGA with Metro for the grant was signed in 2007. In May 2009, the City of Happy Valley adopted a concept plan map that called for a mix of employment, campus industrial, commercial, single family and higher-density residential, and mixed-use development. The project's manager stated that without the grant, the project would have taken one or two years longer to complete, but the planning itself would have been the same.

A minor obstacle for this project involved handling negative public sentiment toward Title 11. In response, the planning team held meetings to hear the public's concerns and explain the regulations. Overall, the project was successful in achieving the intended outcomes of the Cycle 1 grants.

Washington County – North Bethany

Value of grant:
Caused an integrated approach and more strategic planning to occur sooner, allowing North Bethany to catch the current market upswing.

Key obstacles:
Governance; infrastructure funding

Current status:
Development is beginning, in alignment with the adopted concept plan

North Bethany was the one Cycle 1 grantee that successfully completed concept planning and adopted zoning and related funding mechanisms, leading to development outcomes. The North Bethany project was a multi-year process that involved the adoption of multiple ordinances. Two ordinances adopted the North Bethany Concept Plan and implementing regulations; four subsequent ordinances adopted refinements to the concept plan and implementing regulations. The IGA with Metro was signed in 2007, and the most recent ordinance was adopted in 2013.[22] Through the planning process funded by the grant, the County determined development densities and locations, assessed needed infrastructure—including its location and capacity—and developed an initial funding strategy. Implementing the funding strategy involved the creation of a County Service District to fund the development of roads, in addition to a supplemental System Development Charge (SDC) to fund roads.

The project manager at the County stated that the grant allowed Washington County to prioritize the project and invest time and effort it otherwise would not have been able to do. The project manager stated that, without the grant, the planning would have occurred, but would have been completed later and without as much detail and integration. The grant helped facilitate inter-agency collaboration. An example provided was a collaboration between Tualatin Hills Parks and Recreation District and Clean Water Services, where the two agencies co-located parks and stormwater facilities and leveraged the resources of both organizations. Other project details of note are THPRD's "innovative" park design, Clean Water Services' novel regional stormwater approach, and Washington County's knowledge and experience gained about urban redevelopment—which it will apply to the planning of Area 93. Without the grant, the project would have been delayed by several years, and may have missed a development cycle.

Planning took more time than anticipated, for several reasons. Governance was a key issue to resolve, as the City of Beaverton was assumed to be the jurisdiction that would conduct the North Bethany concept planning when the area was brought into the Urban Growth Boundary in 2002. Furthermore, Washington County had not previously conducted detailed urban-level

[22] Details described here (accessed in March, 2014): http://www.co.washington.or.us/LUT/PlanningProjects/Bethany/#AnchorNorthBethanyOrds

design and planning of urban unincorporated areas, outside of Station Areas and one Town Center. In addition, Washington County had not previously created a specific funding strategy for construction of proposed roads in a small geographic area. The County has historically relied upon incremental development and a property tax levy to fund road construction. As a result, the county did not have funding mechanisms or decision-making frameworks in place to support full construction of the proposed road infrastructure. The County evaluated and rejected the possibility of using urban renewal to fund development in North Bethany, and instead formed a new taxing district, a County Service District, to fund the construction of several road segments serving North Bethany. The County also developed a supplemental SDC.

There was substantial negotiation with developers regarding the use of systems development charges to fund infrastructure, which required resolution through the use of a mediator. Land planning itself also led to some conflict. Requirements regarding the provision of buffers for adjacent agricultural activities outside of North Bethany resulted in a reduction in the total amount of developable acres, which caused concern from developers because of the potential to affect bottom line outcomes. Though the process was slower than anticipated, a concept plan and associated implementing ordinances were successfully adopted. Development activity began a year to a year and a half ago, and is anticipated to accelerate as job growth and the development market in general continue to improve in Washington County.

3 Analysis: Cycle 2

This section presents findings from the evaluation of Cycle 2. Because the methods of grant administration, expected outcomes, and timelines for grant implementation differ from Cycle 1 to Cycle 2 grant administration, the cycles are evaluated separately.

For this cycle, we present three sets of information:

1. An overview of the grants administered in each cycle, including identification of major trends and patterns and grant distribution and project execution.
2. Quantitative findings that explore changes in permit activity and market values in grant areas compared to other relevant areas. These are the most reliable time-series data sets available to operationalize the fundamental outcome described for the CPDG grants: to encourage development. Cycle 2's comparator is area of centers and corridors, as designated by Metro, and excluding Portland Central City (which has very different development types from most other areas receiving grants and does not present a reasonable comparator).[23]
3. Qualitative findings from case study interviews conducted with the project managers from jurisdictions that received grants, with Metro staff that administered the grants, and from developers that have interacted with the program.[24]

3.1 Overview

Cycle 2 of CPDG had different criteria than Cycle 1, involving ability to achieve development permits two and five years after project completion, the project description and background, achievement of the 2040 Growth Concept's desired six outcomes, facilitation of development and redevelopment in 2040 Growth Concept design areas, demonstration of replicable best practices, and leverage of additional private or public investment. IGAs were executed for 16 projects. Appendix A provides information about the status of each Cycle 2 project.

Cycle 2 Summary

17 grants
- 16 IGAs executed to date
- 3 projects completed

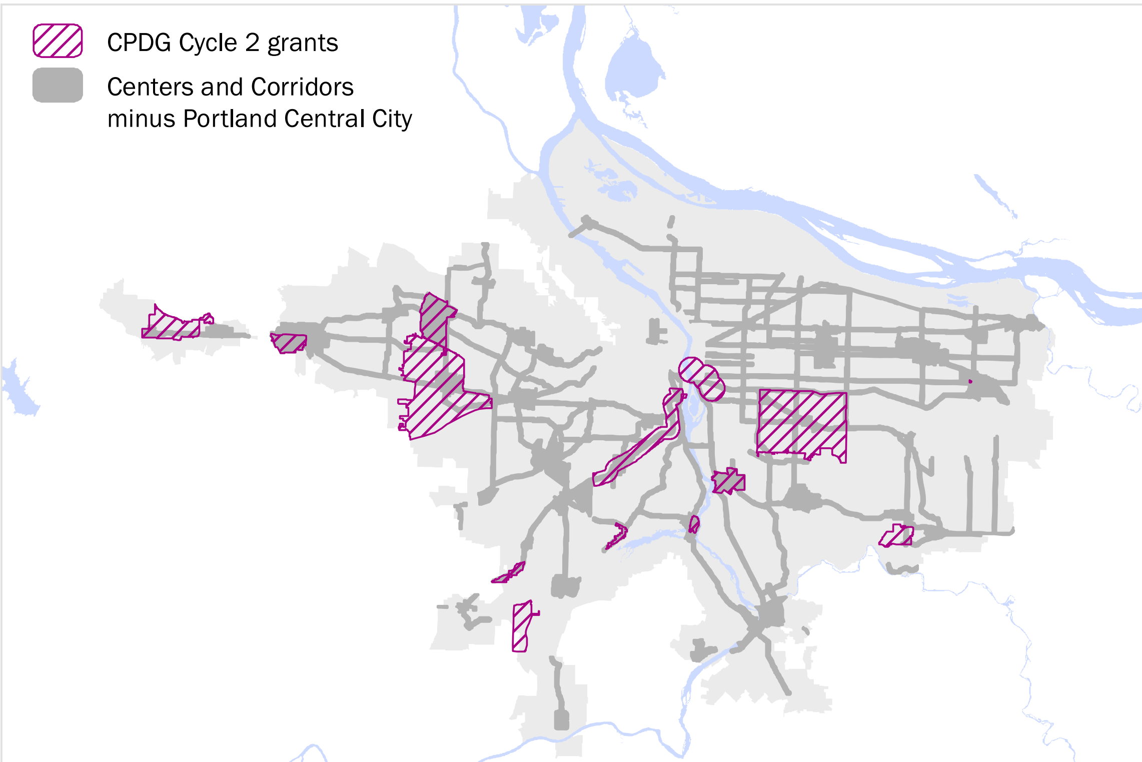
$3.7 million awarded
- $2.2 million paid to date

[23] In a randomized controlled evaluation, one could attribute the difference between subject and comparator to the treatment, in this case the CPDG program. Because CPDG was neither randomized nor controlled, however, one cannot make such conclusions. As a result, comparisons to other geographies are best used to identify trends that appear consistent with the program's goals or inconsistent with the programs goals.

[24] While we did analyze data at the project level for each of the individual grant areas, we do not present quantitative findings at the project level because results were inconclusive.

Cycle 2 funds were used to plan for a wide range of development types. For example, some projects targeted industrial areas relatively far from the UGB's center, whereas others targeted town centers in areas well established in the UGB. Figure 9 shows the locations of the Cycle 2 projects. It also shows the comparison areas (Metro centers and corridors, expect for Portland Central City).

Figure 9. Location of Cycle 2 grants and comparison areas



Source: ECONorthwest. Data from Metro.

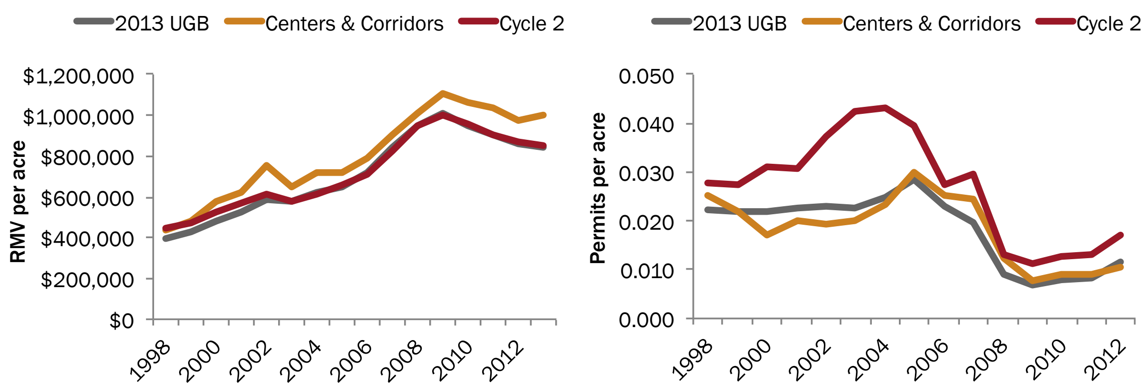
3.2 Observed development trends

The figures below present findings about the development outcomes—real market values and permit activity—of Cycle 2 and its comparators. Permit activity within two to five years of project completion serves as the most readily measurable of Cycle 2 criteria, although even this measure serves as a poor measure of CPDG performance at this point because so few Cycle 2 projects are complete. In addition to permit activity, this section also provides real market value data as in our quantitative analysis of Cycle 2 projects. Metro focused Cycle 2 grants on areas designated as centers or corridors, and we use centers and corridors as the comparator group.[25]

[25] Note, however, that we exclude Portland's Central Business District as it would distort the analysis.

Figure 10 presents real market value and permit count per acre for Cycle 2 and the comparator group. Cycle 2 has historically fared similar to centers and corridors and to the 2013 UGB in real market value, although funded sites have average value per acre that falls below that for other centers and corridors. On the other hand, Cycle 2 sites tended to greater permit activity until just before the Great Recession.

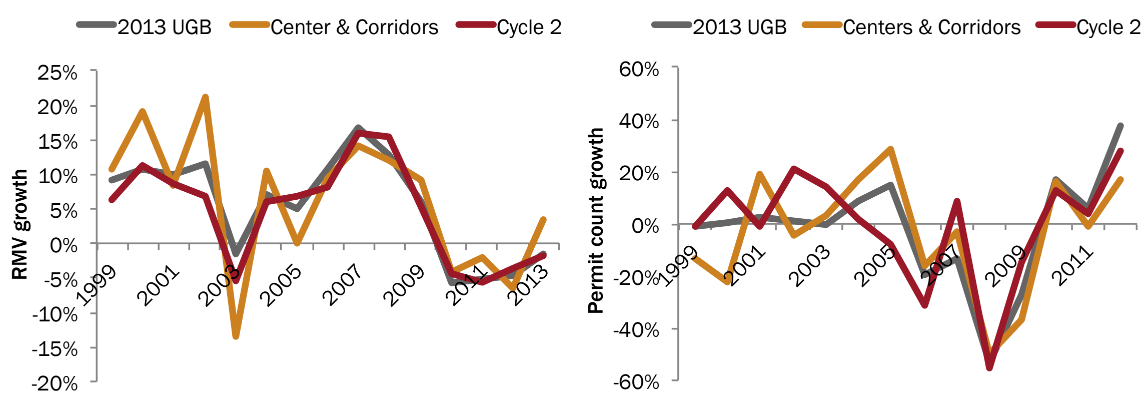
Figure 10. Real Market Value and Permit Count Per Acre, Cycle 2 & Comparators, 1998-2013



Source: ECONorthwest. RMV data from Metro RLIS. Permit data from Construction Monitor.

Furthermore, as seen in Figure 11, all three groups follow similar growth patterns in real market value and permit activity, though centers and corridors appear to be more volatile (i.e., often growing faster, and often contracting faster). All areas follow similar patterns of permitting as well, with apparent convergence leading up to, through, and following the recent recession.

Figure 11. Real Market Value Growth and Permit Count Growth, Cycle 2 & Comparators, 1999-2013



Source: ECONorthwest. RMV data from Metro RLIS. Permit data from Construction Monitor.

Starting with the year the first Cycle 2 IGAs were signed, 2011,[26] we applied the growth rates of centers and corridors and the 2013 UGB to Cycle 2's real market value and permit counts.

[26] As discussed previously, this is in many ways a harsh—even unfair—assumption. The harshness of it makes the lack of definitive findings more telling, however.

Essentially, these hypothetical growth scenarios show how Cycle 2 areas would have performed had they grown as centers and corridors of the 2013 UGB. Our hypothetical growth scenarios showed that Cycle 2 would look very much like it does currently. It is therefore difficult to draw any definitive conclusions about the outcomes of Cycle 2.

In general, we find little evidence regarding the impact of Cycle 2 grants, either as a group or individually. This does not mean that the grants have had or will have no impact. Rather, we simply cannot draw firm conclusions for the following reasons outlined elsewhere in this report:

- Very little development occurred in any area, meaning that the total number of permits and change in permit counts were too small to support meaningful conclusions regarding CPDG impact on development outcomes.
- The timing of completion of the grant differed in each area, and in many areas, is not yet complete, limiting our ability to establish a link between grant funding and subsequent development outcomes.
- Even in those areas that have completed the planning process, the data do not yet allow comprehensive evaluation of development activity at the two or five year points identified as desired outcome measures.

3.3 Cycle 2 case study interview details

This Cycle 2 project provided planning to support the creation of an urban renewal area in Forest Grove's town center and commercial corridor. The urban renewal area would allow the City to access tax increment financing to fund the following categories of projects in its downtown and along the corridor: property acquisition from willing sellers for redevelopment, redevelopment project assistance, exterior building improvements, and funds to match grant opportunities, such as street and sidewalk improvements and transit improvements. The vision for redevelopment in Forest Grove's town center is for higher density mixed-use development types consistent with main street character and improved integration with Pacific University.

Forest Grove: Overview

Purpose: Create an Urban Renewal Area

Funded amount: $85,000

Applicant match: $20,000

Scale: 1,115 acres

Design Type / project location: Town Center and Corridor

Proposed project timeline: 12 months

Actual project timeline: Final grant milestone not yet complete

Outcome: An Urban Renewal Plan was completed, but is not yet adopted.

Major obstacles: public and elected leadership understanding of urban renewal, its role in redevelopment, and its impacts to the City and other stakeholders.

The initial feasibility analysis showed that an urban renewal district was viable, and a plan and report were developed. Though the project took longer than expected,[27] it's moving forward to adoption with recent (late February 2014) Council conversations generally supporting urban renewal area formation. However, the final milestone in the IGA that guided grant implementation, Council acceptance of the final urban renewal report and adoption of the urban renewal plan (scheduled for March of 2012 according to this IGA), is not yet complete.

The biggest stated obstacle in the project was helping council members understand urban renewal, its role in redevelopment, and its impacts to the City and other stakeholders. Council members were worried that adoption could negatively impact Forest Grove's general fund and the amount of property tax paid by property owners, so project team members took the time to understand and address their concerns. Project members also helped community members understand the project by holding an open house for property owners and communicating with a committee of citizens formed to support the process.

City staff interviewed for this evaluation stated that development outlook could be strong, but development will take patience. The City had purchased a strategic redevelopment site known as Times-Litho. The City hopes to leverage this project and other signs of development in its downtown, and encourage redevelopment of the Times-Litho site. Without the grant, the project team stated that the project would not have occurred, which would have decreased the

[27] In part, because of a local option levy that was taking up political and public attention at the same time. Project members didn't want to overwhelm stakeholders.

synergistic opportunities of Forest Grove's other development opportunities, and left the City without the option of urban renewal for funding its downtown development. The grant also provided an opportunity for City Council, Planning Commission, other city departments, and the general public to engage in a discussion that would not have otherwise occurred about the benefits and costs of urban renewal.

In response to Forest Grove's application, the steering committee charged with reviewing applications supported the project because the project "encourages good planning in peripheral communities, could be an opportunity to see how high-density mixed-use development works in a suburban / rural setting, and offers opportunities to partner with Pacific University." Concerns from the committee included: "questions of whether outcomes are likely to happen in the near future, project isn't very innovative, and the project goal of creating an urban renewal district may not be the best way to leverage dollars and spend funds." The grant was awarded with no conditions for funding recommended from the review committee. [28]

Regarding the project's relationship to criteria:

- **Expected development outcomes**: The project is not yet complete and as such, development outcomes associated with its activities cannot be evaluated. Based on the interview findings regarding development activity in the downtown and market analysis in the urban renewal feasibility study, Forest Grove's town center is probably in the lowest phase of redevelopment feasibility, with feasibility for the preferred development type (mixed-use, higher density forms) still several development cycles out. Programs such as urban renewal could help to catalyze this type of development and attract private investment sooner. For these reasons, there is a direct nexus between the project and improved redevelopment opportunities (once the plan is adopted), but even with support from a new financing source, patience is likely to be needed.
- **Regionally significant:** The project focused on several of the desired outcomes included in the definition of the criteria, including creation of vibrant mixed-use and walkable communities and sustained economic competitiveness.
- **Location:** It meets the criteria for facilitating redevelopment in a center and corridor.
- **Best Practices model:** The project included an emphasis on engagement with property owners, elected and appointed officials, and others regarding possible boundaries, funded projects, and other variables. This approach is consistent with best practices for urban renewal planning in Oregon.
- **Leveraging / matching potential:** An urban renewal area would, technically, leverage funding from other taxing districts to fund revitalization in the district. Urban renewal funds would also leverage private dollars through direct investment and higher property tax revenue.

[28] Steering Committee Recommendation Summary, FY 2009-2010 Cycle, CPDG Program.

Key lessons to be drawn from this case study include: (1) The need for careful coordination with public elected officials and stakeholders when discussing implementation funding sources (especially controversial or new ones); and (2) The need for patience in encouraging development outcomes, especially when market variables create challenges for market feasibility.

City of Lake Oswego – Funding Strategy to Implement the Lake Grove Village Center Plan

Lake Oswego Lake Grove Village Center: Overview

Purpose: Create a funding strategy to implement the Village Center Plan

Funded amount: $50,000

Applicant match: $20,000

Scale: 105 acres

Design Type / project location: Town Center

Proposed project timeline: 10 months

Actual project timeline: 14 months

Outcomes: An adopted funding strategy, an adopted urban renewal plan, and a G.O. bond passed with city-wide public vote to fund major capital projects. An application for funds from the Statewide Transportation Improvement Plan is pending.

Major obstacles: public opposition to urban renewal

The CPDG grant for a funding strategy to implement the projects in the Lake Grove Village Center built on the significant public and Council support for the Lake Grove Village Center Plan, adopted in 2008. The Plan called for improvements to Boones Ferry Road, a major arterial that creates the spine of the Village Center, to improve safety for pedestrians and better support multi-modal transportation options. It also called for urban plazas, streetscape enhancements along Boones Ferry Road, and redevelopment of key properties in a more urban, mixed-use format.

The funding strategy identified and prioritized specific implementation activities, provided financial options, and made recommendations for funding the plan.[29] The project analyzed funding alternatives available to the City. It found that formation of a new urban renewal area was a feasible alternative, but that up-front funding sources would be needed to support the financial plan. The funding strategy recommended a general obligation (GO) bond of $5 million and the formation of a new urban renewal area to pay for significant improvements to Boones Ferry Road and other key plan elements. The funding strategy also integrated other local funding sources to support plan implementation, including transportation systems development charges.

Following the funding strategy, the Council adopted an urban renewal plan, and a city-wide vote on a $5 million GO bond was passed. Design work on improvements to Boones Ferry Road is underway, and the City has applied to the Oregon Department of Transportation for a $4 million Statewide Transportation Improvement Plan (STIP) grant to supplement GO Bond, urban renewal and other local sources.

[29] The Lake Grove Urban Renewal Plan has since been approved http://www.ci.oswego.or.us/lora/lake-grove-urban-renewal-plan.

In response to Lake Oswego's application, the steering committee charged with reviewing applications supported the project because the project "seemed to help push projects into implementation and kick-start development, built on a lot of planning work done to set up the implementation, had support from community and property owners, and that the request was small and would have a good return on investment." Concerns from the committee included comments that the City could pay for the project on its own, and uncertainty regarding the development potential along Boones Ferry Road.[30] The steering committee provided one condition for funding, stating that the support of property owners would be important to the process.

Without the grant and the financial analysis and public process that it supported, the project team doubted the City would have fully understood its options, and may therefore not have pursued the GO bond or the urban renewal area. The team speculated that public and government perception of the planning and development processes would have suffered. Timing for formation of an urban renewal area was critical, because improvements on a property inside the proposed boundary were underway, and capturing the associated increment as initial revenue for an urban renewal area was necessary to achieve the funding horizons suggested in the implementation strategy. The grant allowed the conversation to move more quickly and efficiently.

As with other projects, public perception was an obstacle. Staff addressed this group of citizens' concerns and helped educate them about the project and process. City Council support for implementation of the Lake Grove Village Center, together with other stakeholder and public support, was the major variable in overcoming this obstacle, and may be the main reason that this implementation strategy was more successful than some others that are also evaluated in this report.

Regarding the project's relationship to criteria:

- **Expected development outcomes**: Based on the interview findings regarding development activity in the Lake Grove Village Center area and other recent market analysis (including that associated with the urban renewal plan and report), the Lake Grove Village Center is approaching feasibility for the preferred development type (mixed-use, higher density forms). Programs such as urban renewal could help to catalyze this type of development and attract private investment sooner, and improvements to Boones Ferry Road help to create certainty for investors that the City is committed to the vision outlined in the Lake Grove Village Center Plan. For these reasons, there is a direct nexus between the project and improved development outcomes.
- **Regionally significant:** The project focused on several of the desired outcomes included in the definition of the criteria, including creation of vibrant mixed-use and walkable communities, sustained economic competitiveness, and improved connectivity.

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[30] Steering Committee Recommendation Summary, FY 2009-2010 Cycle, CPDG Program.

- **Location:** It meets the criteria for facilitating redevelopment in a town center.
- **Best Practices model:** The project produced several deliverables regarding funding opportunities that have been useful to project staff in other areas.
- **Leveraging / matching potential:** The project resulted in a GO bond and other resources to support implementation. An urban renewal area will, technically, leverage funding from other taxing districts to fund revitalization in the district.

Key lessons to be learned from this case study include: (1) The support of elected leadership for implementation is critical to its success; (2) Focused financial analysis supported by good public process can support more efficient implementation; (3) Dedication and time from staff and stakeholders is needed to leverage local funding sources with external sources.

City of Portland – Barbur Corridor Concept Plan

This Cycle 2 grant provided funding for the Barbur Corridor Concept Plan. The Barbur Corridor Concept Plan laid out a long-term vision for the 6.5-mile Barbur Boulevard corridor between downtown Portland and Portland city limits. The Barbur Corridor Concept Plan occurred within the context of other transportation planning efforts in the corridor, most notably the I-5/Barbur Corridor Refinement Plan and the Southwest Corridor High Capacity Transit Alternatives Analysis. The CPDG-funded Concept Plan helped inform those planning efforts by providing a framework for land use and transportation investments in the corridor. Project staff view the Concept Plan as a valuable tool that successfully engaged the community, helped people envision how Barbur could change, and laid a foundation for other planning efforts.

Portland – Barbur Boulevard Concept Plan: Overview

Purpose: Develop a concept plan for the Barbur Boulevard Corridor

Funded amount: $700,000

Applicant match: $330,516

Scale: 6.5 miles of corridor

Design Type / project location: Corridor (Station Community)

Proposed project timeline: 24 months

Actual project timeline: Final milestone not yet complete

Outcomes: An adopted concept plan.

Major obstacles: Complex planning context (SW Corridor) with numerous stakeholders,

The Barbur Boulevard Concept Plan incorporated an 18-month public outreach effort to explore alternative land use concepts. A Community Working Group helped guide the process. According to project staff, the community involvement effort funded by the grant was successful and was less contentious than some previous outreach efforts in southwest Portland had been.

The Barbur Corridor Concept Plan was adopted by Portland City Council in April 2013. Although all substantive work on the project is complete, the City of Portland requested that official completion of the project be delayed because of ongoing work on the SW Corridor Plan. The IGA was amended to add additional milestones, and the revised end date is March 31, 2014.

In response to the Barbur Corridor Concept Plan application, the steering committee charged with reviewing applications liked that the project focused on transit in the southwest corridor, had apparent support from SW neighbors, and could help the region attract federal funding. Steering Committee members thought that the project approach—studying development opportunities to inform transit alignment rather than choosing the alignment first "could be used as a model for land-use planning before engineering." Concerns from the committee included: low development potential within 2-5 years, inconsistency between the City's application and Metro's alignment studies, and whether or not the full grant amount was necessary. The Steering Committee recommended that the application be partially funded ($475,000 of the $700,000 that the City of Portland requested), and proposed as conditions for funding that the City refine proposed project, scope of work, deliverables, and milestones.[31] Ultimately, the City of Portland was awarded $700,000 for the Barbur Boulevard Concept Plan.

Without the grant, the project team doubted the City would have undertaken concept planning for the Barbur Boulevard corridor at that time. Because transportation planning for the SW corridor is still underway and it remains to be seen how and to what extent the vision outlined in the Concept Plan will be implemented, project staff were hesitant to speculate about how the overall SW corridor project would be different without the grant. However, the grant allowed concept planning to occur early enough in the process for the results to be available for the Southwest Corridor High Capacity Transit Alternatives Analysis, which Metro is conducting.

Regarding the project's relationship to criteria:

- **Expected development outcomes**: From the outset of the project, project staff never anticipated that the Barbur Corridor Concept Plan would result in short-term development outcomes. The City's CPDG grant application stated that development within two years was "unlikely" due to the "economic climate and the time it takes to implement a major high capacity transit project."

  Based on the interview findings regarding development activity in the Barbur Boulevard area and other recent market analysis (including that associated with the project), the area is in the "catalyze" phase of redevelopment. Project staff emphasized that shorter-term development potential varies along the 6.5-mile corridor. The Kelly Area, the northern terminus of the corridor, has more short-term development potential than other areas due to its proximity to downtown, OHSU, South Waterfront, and PSU. According to project staff, development along the corridor is contingent on market conditions and high-capacity transit milestones like breaking ground on construction. Significant development could be 10 or more years away. There is a direct nexus between the project and improved development outcomes, although it is difficult to separate the impact of the CPDG-funded Concept Plan from that of other high-capacity transit studies along the same corridor.
- **Regionally significant:** The project focused on several of the desired outcomes included in the definition of the criteria, including creation of safe and reliable transportation choices, vibrant mixed-use and walkable communities, and sustained economic competitiveness.

[31] Steering Committee Recommendation Summary, FY 2009-2010 Cycle, CPDG Program.

- **Location:** It meets the criteria for facilitating redevelopment in transportation corridor and station communities.
- **Best Practices model:** The project had several components that may be useful to project staff in other areas. The concept plan provided community outreach, visioning, and land-use planning that could inform transit planning and selection of high-capacity transit alignment. According to project staff, community engagement was largely successful and could be a model for other complex, multifaceted projects.
- **Leveraging / matching potential:** According to project staff, the completion of the Concept Plan may increase the corridor's competitiveness for federal funding for transit improvements. Project staff said that the CPDG grant "helped us get our ducks in a row so that we're first at the door to apply for federal funding."

Key lessons to be learned from this case study include: (1) Patience is needed in measuring development outcomes, especially when projects are tied to slower-moving regional transportation projects, (2) It can be difficult to gauge project success when project outcomes are tied to subsequent efforts managed by other stakeholders, and (3) A successful community engagement effort has benefits beyond the project life; it sets the stage for subsequent planning efforts in the same geography.

City of Portland – Foster Lents Integration Partnership (FLIP)

Foster Lents is an area with multiple challenges to the creation of a high-quality urban development form. Incomes in the area are low relative to the region, transportation investments are needed to improve the flow of traffic and improve streetscapes, flooding creates challenges in some parts of the study area, and feasibility for high-quality urban form development is low. Multiple previous planning efforts, including the planning and adoption of an urban renewal area in a portion of the study area, transportation systems plans, flood reduction plans, and others, were developed independently and did not result in a coordinated and strategic approach to planning to overcome these multiple barriers to redevelopment.[32]

The Foster-Lents project initiated an innovative approach to integrating multiple stakeholders

Portland – FLIP: Overview

Purpose: Develop strategic framework for green infrastructure investments, economic development, redevelopment, and transportation / transit improvements in Foster Lents

Funded amount: $250,000

Applicant match: $135,792 (including staff time and a match from Portland's Bureau of Environmental Services)

Scale: 2846 acres

Design Type / project location: Town Center, Corridor, Residential

Proposed project timeline: 18 months

Actual project timeline: Final milestone (adoption by PDC Board) not yet complete

Outcomes: Strong public involvement across groups typically difficult to reach; replicable innovation in approach to outreach; new partners brought in: Portland Housing Bureau and Foster Green, potentially catalytic Portland Mercado project is moving forward

Major obstacles: Some anti-government sentiment; Planning with many stakeholders, each with vested interests; Transitions in elected leadership

[32] Foster Lents Integration Partnership (FLIP) CPDG grant application, January 2010.

(including public agencies, community groups, non-profit partners, and others) and their desired outcomes into a planning process to address these challenges. The strategy aims to create a coordinated, prioritized, and implementable set of actions for the Foster Corridor. As described in its application for CPDG funding, the purpose of the planning process and vision for the area's redevelopment is ambitious: to "develop a strategic framework for green infrastructure investments in the Foster Corridor to realize a thriving, transit-oriented, sustainable, 20 minute neighborhood. The strategy will address green infrastructure, economic development, environmental stewardship, transit services, transportation infrastructure, and strategic redevelopment to catalyse private investments in the target areas. This strategy will identify constrains, opportunity sites, and realistic financial partners for redevelopment."[33]

The application was the highest ranked among all Cycle 2 applicants in Metro staff review[34] and was awarded $250,000. PDC matched the project with $50,000, and the Bureau of Environmental Services, a FLIP partner, provided an additional $50,000.[35] The screening committee recommendations noted, in its review of the application, that the area now has light-rail and other PDC investment, and "may now be at a critical point where an infusion of funds could produce visible results and stimulate development." It also noted that the project had some innovative elements. At the same time, the committee noted "concern that Lents has not produced a lot of results for the amount of money put into this area," leading to questions about how the grant funding will be different and get visible results.[36]

As of this evaluation, however, the final milestone in the IGA governing the FLIP process – adoption of a strategic plan by the PDC board and the City Council – has not yet been achieved. The reasons for delays are numerous, but most fundamentally relate to two challenges:

1. Planning across multiple stakeholders, each of whom have vested interests and different desired outcome. New stakeholders came to the table as planning continued, and given the stated purpose of coordinating actions across stakeholders, the project team incorporated them into the process. Some anti-government sentiment also created challenges.
2. Transitions in elected leadership and associated goals. As the project continued, its focus narrowed to an action plan centered on West Foster between 61st and 72nd. Analysis and outreach pointed to this as the area with the greatest potential to catalyze redevelopment.

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33 Foster Lents Integration Partnership (FLIP) CPDG grant application, January 2010.

34 Note that jurisdictions that submitted more than one grant application were asked to rank their projects at submission, and the City of Portland ranked FLIP 3rd among its seven submissions.

35 PDC website: http://www.pdc.us/our-work/urban-renewal-areas/lents/current-projects/flip.aspx, accessed March 2014. Note that the screening committee summary statement and the grant application itself note a total in-kind match of $135,792. This includes in-kind support in the form of staff time.

36 Screening Committee Recommendations Summary, FY 2009-2010 Cycle, Community Planning and Development Grants program.

New leadership at the City suggested that a broader focus was more appropriate to changing policy goals, and additional planning work was required.

Despite these challenges, the project achieved several notable successes. The FLIP team integrated new partners into the process, including the Portland Housing Bureau and Foster Green. Innovative public involvement techniques were tested including participatory budgeting processes and approaches to outreach that successfully integrated under-represented groups. And some projects, including the Portland Mercado, are moving forward.

The Action Plan is pending, with adoption expected in April of 2014. Without the grant, the project would not have occurred at all. Staff believed that this would have meant a missed opportunity to leverage previous planning work for the area. [37]

Regarding the project's relationship to criteria:

- **Expected development outcomes**: Based on the interview findings regarding development activity in the Foster-Lents area and other recent market analysis (including that associated with the FLIP project), the Foster Lents area is in the lowest phase of redevelopment feasibility, with feasibility for the preferred development type (mixed-use, higher density forms) still several development cycles out. Coordinated strategic planning processes such as that undertaken in the FLIP project are completely appropriate and necessary as a first step toward the area's revitalization. For these reasons, there is a direct nexus between the project's stated purpose and improvements to development readiness. However, the likelihood that this type of planning will directly lead to development permits in the near-term is limited.
- **Regionally significant:** The project focused on several of the desired outcomes included in the definition of the criteria, including creation of vibrant mixed-use and walkable communities, sustained economic competitiveness, improved connectivity, and reductions in negative environmental impacts.
- **Location:** It meets the criteria for facilitating redevelopment in a town center.
- **Best Practices model:** The project tested and refined new approaches to public involvement that should serve as best practices across the region.
- **Leveraging / matching potential:** The potential remains for leveraging funding from partners to implement the action plan, once it is adopted.

Key lessons to be learned from this case study include: (1) Planning with stakeholders (rather than for them) and coordinating action across government agencies is critical to leveraging the resources that each brings to the table. However, it is challenging and requires patience. (2) The sustained support of elected leadership is critical to success, but may be incongruous with the patience required to achieve coordination across multiple stakeholders.

[37] Based on interview with PDC project manager.

City of Tualatin – Highway 99W Corridor Plan / Linking Tualatin

Tualatin – Highway 99W Corridor Plan: (“Linking Tualatin”) Overview

Purpose: Prepare a land use plan for the Corridor that facilitates redevelopment and improves multi-modal transportation choices

Funded amount: $181,000

Applicant match: $33,200

Scale: 183 acres

Design type / project location: Corridor

Proposed project timeline: 10 months

Actual project timeline: Effectively complete; plan accepted locally in June of 2013, but final milestone is contingent on adoption of an ordinance to implement the Final Plan’s land use recommendation.

Outcomes: A plan that is moving into implementation; coordinated action across multiple regional stakeholders

Major obstacles: Coordination with ongoing processes

The project’s primary deliverable was a land use plan that examined existing land use, identified properties with redevelopment potential, identified areas that could support high capacity transit, and devised strategies to make Tualatin more transit ready in the future. The project, initiated in September 2011, initially focused on the Highway 99W Corridor, but as a result of uncertainty about if, when, and where high capacity transit would come through Tualatin, it expanded to include the Bridgeport area, Tualatin’s downtown, and industrial sites. With these changes, the project became “Linking Tualatin,” and connected into the larger, multi-jurisdictional planning process of the Southwest Corridor Plan.[38]

The Linking Tualatin project produced a plan with several recommendations, such as road improvements in industrial areas to improve their connectedness and code amendments to allow for limited non-industrial development in industrial areas. City Council accepted the Linking Tualatin Final Plan on June 24, 2013; at the same meeting, Council directed staff to take several additional follow-up steps, indicating that the project is moving into an implementation phase:[39]

- Review the Linking Tualatin Final Plan and propose code changes that will allow for greater flexibility and support transit use
- Review the list of recommended local street connections in the accepted Linking Tualatin Final Plan and recommend those to be included in a future Capital Improvement Plan as funding becomes available
- Review paths and trails unique to the accepted Linking Tualatin Final Plan and recommend those to be included in the Parks and Recreation Master Plan Update process.

[38] The Southwest Corridor Plan is a Metro-led shared-investment strategy that incorporates and coordinates existing local land use visions, such as the Barbur Concept Plan, the Tigard High Capacity Transit Land Use Plan, Linking Tualatin and the Sherwood Town Center Plan and seeks to integrate land use and transportation investments. This process is still underway.

[39] Linking Tualatin project update, http://www.tualatinoregon.gov/planning/linking-tualatin, accessed March 2014.

Though the project is substantially complete, the final milestone is adoption of a plan text amendment to implement the Final Plan's land use recommendation. Ordinance adoption is expected to occur in late March 2014.

A challenge in this project was that it occurred simultaneous with a number of other transportation related projects. While this was not without benefits (e.g., the projects were able to use the same task force for direction and share data), the project team found that it divided stakeholder attention and lead to confusion. To resolve this challenge, the team briefly put the project on hold to allow the other projects to reach later stages and improve opportunities for coordination of actions. Staff indicated that the project resonated with a community desire for transit-related development and new or improved transit service in the City.

Without the grant, project staff believe the project would not have happened and Tualatin would have lost an opportunity for synergy with the other transportation projects. Staff also stated that project-related development is partly contingent on high capacity transit coming through in the planned-for areas. The Tualatin Chamber of Commerce leveraged the project to obtain a grant to connect jobs and transit by providing free commuter shuttle service.

In response to Tualatin's application, the steering committee charged with reviewing applications noted that this project addresses traffic problems that are impeding development in the area, that the area is ripe for redevelopment with available vacant land, but does not have a well-developed plan, and that addressing it could dovetail nicely with the Barbur/Hwy 99W corridor planning. Concerns from the committee included a lack of clarity regarding how the project would translate into actual development, and no mention of sustainability outcomes in the application. The Steering Committee recommended that the application be fully funded, and proposed no conditions for funding.[40] [41]

Regarding the project's relationship to criteria:

- **Expected development outcomes**: Based on the interview findings regarding development activity in the corridor area and other recent market analysis (including that associated with the project), the area is approaching feasibility for higher-density transit-oriented development forms, but staff stated that it is too soon to see any signs of development stemming from the project. The coordinated action plans created as a result of the planning process are important to improving certainty about public-sector commitment to redevelopment in the area, so a nexus between the project and development outcomes exists. However, the alignment and timing for the high capacity transit options will be an important variable for defining redevelopment potential.

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[40] Steering Committee Recommendation Summary, FY 2009-2010 Cycle, CPDG Program.

[41] As a side-note, Metro awarded the City of Tualatin with two Cycle 2 grants, but the City chose to begin work on only one. This was because the study area for the second grant is still an active quarry, the City did not have sufficient staffing to pursue both grants simultaneously, and the City was not willing to accept the risks at the time due to a lawsuit over the grant program. Work on the second grant is expected to begin in 2014 or 2015.

- **Regionally significant:** The project focused on several of the desired outcomes included in the definition of the criteria, including creation of vibrant mixed-use and walkable communities and improved connectivity.
- **Location:** It meets the criteria for facilitating redevelopment in a town center.
- **Best Practices model:** The integrated approach to planning investments across jurisdictions is a best practice.
- **Leveraging / matching potential:** Integrated planning approaches improve the chances for leverage across partners.

Key lessons to be learned from this case study include: (1) a need for flexibility in an uncertain and changing environment, and (2) the importance of working with community members and public agencies to communicate goals and project evolution.

Washington County – Aloha-Reedville Study

Aloha-Reedville is the largest unincorporated community in Washington County. It is almost at full build-out, but until the CPDG grant award, there had not been any unified planning or monitoring since 1983. The Aloha-Reedville Study examined opportunities for public and private investment that would expand the area's development potential and address a variety of community concerns about transportation and development impacts.

The County requested $2.3 million from Metro's CPDG program, but Metro only partially funded the project at $442,000. This initially caused Washington County to scale back the project's scope, but then discovered an opportunity to use the grant to apply for a Sustainable Communities Initiative grant, a federal partnership between the Environmental Protection Agency, the Department of Transportation, and the Department of Housing and Urban Development. The County was successful and was awarded a $2 million grant.

The federal grant led to the creation of the Aloha-Reedville Study and Livable Community Plan, which is currently under public review.[42] Its recommendations will lead to implementation during the 2014 ordinance update process for Washington County. Without the CPDG grant, staff stated that Washington County would not have pursued the Sustainable Communities Initiative funding, and there would not have been a project.

Beyond the Plan document itself, staff thought the project was notable for its 31 issue papers, substantial efforts at engagement of historically underrepresented groups, track record of completing tasks on time and under budget, and successful leveraging the project into additional funding.

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[42] Washington County Aloha-Reedville website http://www.co.washington.or.us/alohareedville, Accessed March 2014

Staff felt the project had no major or unusual obstacles in implementation, but did describe challenging discussions regarding governance and funding of urban-level services and infrastructure in this unincorporated area. In general, the community and governments of adjacent cities were not ready to move discussions of potential annexation to the next stage. At the same time, Washington County's financial structure is not well-oriented to fund the services and capital investments desired in an urbanizing area. Some tools more typically used in revitalizing areas, such tax increment finance, were not politically feasible for the County to pursue.

Washington County – Aloha-Reedville Study: Overview

Purpose: CPDG grant funded existing conditions and other analysis necessary to support federal grant application for $2 M comprehensive community plan

Funded amount: $442,000

Applicant match: $2 million

Scale: 5,900 acres (7.5 sq mi)

Design Type / project location: Town Center, Corridor, Industrial, Commercial, Residential area

Proposed project timeline: 36 months (proposed for full community plan)

Actual project timeline: Final CPDG milestone achieved Sept 2012. Community Plan draft currently under review.

Outcomes: Grant funding leveraged successful application for a $2 million federal Sustainable Communities grant, which was used to develop full Community Plan. About $32 million of additional funding from partners was committed to investments in infrastructure and other projects in the area as a result of the process.

Major obstacles: Availability of funding sources for urban-level services and infrastructure in unincorporated County.

At the same time, the planning process brought many overlapping taxing districts to the table to discuss the unique issues and needs of Aloha-Reedville area. The process raised the visibility of the community's needs and helped taxing districts prioritize an additional $32 million of funding over five years via their own capital improvement plans, partners, and grants. These funds will go to infrastructure, parks, and other community needs.

In response to the Washington County's application, the steering committee charged with reviewing applications noted that this project was focused on an area in need of planning attention. However, they only partially funded the project, citing concerns that the application lacked focus, that the sequence of phases may not be correct, and that the study was more oriented toward Washington County planning than toward implementing 2040 goals. The Steering Committee conditioned the funding award on refinement of the proposed project and scope of work, deliverables, and milestones so that actionable items emerge from the first phase work.[43]

Regarding the project's relationship to criteria:

- **Expected development outcomes**: Based on the interview findings regarding development activity in the area and other recent market analysis (including those associated with the project), the area is in the lowest phase of development feasibility for the desired development type. Aloha-Reedville has positive signs of development, but staff agreed that it is too early in the project's timeline for the project to have encouraged

[43] Steering Committee Recommendation Summary, FY 2009-2010 Cycle, CPDG Program.

the development. The community plan brought together partners to agree to development- and community-supported investments in infrastructure and open space, and as such, has a direct nexus to development outcomes. However, patience will be required to see changes in development form.

- **Regionally significant:** The project focused on several of the desired outcomes included in the definition of the criteria, including creation of vibrant mixed-use and walkable communities and improved connectivity.
- **Location:** It meets the criteria for facilitating redevelopment in a town center.
- **Best Practices model:** The integrated approach to planning investments across jurisdictions is a best practice.
- **Leveraging / matching potential:** The project leveraged significant investments from project partners.

Key lessons to be learned from this case study include: (1) Infrastructure funding and governance issues are concerns in any unincorporated area, not just in expansion areas; (2) Community planning process can be used to leverage and coordinate funding for capital investments across jurisdictional boundaries.

4 Findings Summary and Conclusions

This section presents combined findings from the case study interviews and quantitative analysis for grant Cycles 1 and 2.

4.1 Value of the program

Most of the research questions that anchor this evaluation seek articulation of the value of the program. These include: How successful were the grants in achieving the explicit program goals? What might have happened without the grant? What type and level of development do incentives provided by grants foster?

At the highest level, the purpose of the grant program is to fund planning processes that lead to new development on the ground. For Cycle 2, an explicit timeline was introduced: to see development permits two to five years post-grant. For both Cycles 1 and 2, quantitative analysis of permit and assessment data were inconclusive, for the following reasons:

- **The effects of the recession dampened development activity in all parts of the region during the grant implementation period**.
- **Many grant-funded planning processes were slow to get started, and experienced delays during implementation.** As of March 2014, 18 of 24 Cycle 1 grants had lead to adopted concept plans, and 3 of 17 Cycle 2 grants were fully completed.[44] Because many of the projects still have not achieved their final milestones, it is not possible to attribute development results to grant implementation.
- **Even for the grants that are complete, insufficient time has passed to measure them against the time-specific criteria introduced in Cycle 2**. Criteria state that development permits should be evident in two years or five years. The first Cycle 2 grants were completed in 2012; data are not available for the entire two-year period post project completion.

If the quantitative analysis were to be replicated in four or five years, it might be possible to measure the completed projects against the time-specific criteria in Cycle 2.[45]

Cycle 1 had a very specific goal of completing concept plans and adopting zoning to support development in the expansion areas that received grants. Overall, 75 percent of Cycle 1 grantees have adopted concept plans, but just five have zoning in place for new development to occur.

[44] More were effectively complete, but had not yet achieved a final milestone, which, in most cases, is the adoption process that commits the jurisdiction to implementation.

[45] Specific timing for a complete 5-year evaluation is dependent upon when all Cycle 2 projects are complete and therefore cannot be predicted at this time.

Issues of governance and infrastructure finance were the largest barriers to success (these are discussed in more detail in the coming sections).

Cycle 2 used a different set of criteria. Table 3 below provides a high-level overview of the criteria and outcomes found in this analysis; the text that follows provides additional detail and other relevant findings that are not specific to these criteria.

Table 3. Overview of outcomes relative to Cycle 2 criteria[46]

Grant criteria / Goals	Outcomes in brief
Expected Development Outcomes: community readiness and ability to achieve development permits 2 and 5 years after project completion	**Criteria achieved? Maybe; more time needed.** Evidence of increased development activity is limited at this time, but several examples of increased "readiness" were identified: development of agreed-upon visions for development, discussion of funding for needed infrastructure investments, evaluations of code or other regulatory barriers, etc.
Regionally Significant: ability to benefit the region through the achievement of the desired outcomes of the 2040 Growth Concept: a) People live and work in vibrant communities where they can choose to walk for pleasure and to meet their everyday needs. b) Current and future residents benefit from the region's sustained economic competitiveness and prosperity. c) People have safe and reliable transportation choices that enhance their quality of life. d) The region is a leader in minimizing contributions to global warming. e) Current and future generations enjoy clean air, clean water, and healthy ecosystems. f) The benefits and burdens of growth and change are distributed equitably.	**Criteria achieved? Yes, debatably.** These criteria are particularly difficult to operationalize and measure, but in practice, all well-conceived planning exercises will consider these fundamental principles. Every project evaluated here focused on some aspect of these desired outcomes. At the same time, some stakeholders disagreed that the projects that were selected were "regionally significant", even though they addressed at least some of these desired outcomes. The definition of "regionally significant" and how it is evaluated and weighted at the grant application stage is an important consideration for Metro if it continues with the CPDG program.
Location: facilitation of development or redevelopment in centers, corridors/main streets, station areas, and/or employment and industrial areas	**Criteria achieved? Yes.** All of the selected projects were in these priority areas.
Best Practices Model: provision of innovative tools that can be easily replicated in other locations in the region	**Criteria achieved? Yes, but outcomes were not well-tracked to identify and share best practices externally.** Several "best practices" were described in interviews, especially in outreach to underrepresented groups and collaboration across stakeholders (see details in case studies and below).
Equity: equitable distribution of CET funds based on revenue collection, past funding, and planning resource needs	**Criteria achieved? Significant controversy among stakeholders regarding this criterion.** In Cycle 2, many stakeholders felt that there was a lack of equity in distribution of funds, because they were dedicated entirely to areas internal to the region (rather than expansion areas) and because there was no explicit attempt to fund grants located in the areas that generated higher CET tax amounts. In Cycle 3, Metro attempted to rectify these concerns, but more work is needed to resolve these issues.

[46] One final criterion was "Project description and background: importance to jurisdiction and region, expected outcomes, and timeliness." We understand this criterion to be about how well the jurisdictions told the story of their own need for the project in their grant application. Metro selected grants accordingly. Revisiting those decisions would not be helpful to this analysis of outcomes. The criterion is useful for selecting projects in the initial application process, but can't be used to measure program outcomes.

Despite a lack of quantitative evidence, qualitative research strongly indicates that planning outcomes were improved in both cycles as a result of the grants and the intergovernmental agreements (IGAs) that guided their implementation. Interviewees, including developers that interacted with the grant recipients, described the following benefits of the grant program:

- **Planning occurred at all.** Nearly all Cycle 2 grant recipients said they would not have completed the planning without the grant.
- **Planning happened sooner**. For the expansion areas that received Cycle 1 grants this is particularly true. Planning in expansion areas is a requirement, but the grants allowed jurisdictions to prioritize it sooner. As a result, some areas are beginning to permit new development in the current market upswing, which may otherwise have been missed.
- **Planning integrated diverse stakeholders and led to better and more informed decision-making**. The program criteria, guiding IGAs, and external funding source all brought increased attention to grant-funded projects and helped to focus the attention of key partners in implementation. Several grantees described specific examples of improvements to plans as a result, such as a coordinated stormwater and open space facility in North Bethany that resulted from the involvement of the taxing districts responsible for these facilities. Another example is the analysis that identified the need for GO bond funding for major road improvements in Lake Oswego. The grant allowed that analysis to happen more quickly and thoroughly than would have been possible without the funding.
- **Planning leveraged external resources.** Several of the case study interviewees mentioned that the grants helped them to pursue and / or coordinate additional funding sources for implementation of community plans. In Aloha-Reedville, for example, CPDG funds led to the successful application for a federal Sustainable Communities Initiative grant.
- **Replicability and innovation in outreach ("Best Practices").** A few interviewees noted that the grant allowed them to take more time to test out innovative approaches to reaching and engaging the public. In particular, Portland's Foster Lents project and the Aloha-Reedville project in Washington County spent more time and effort including the full range of stakeholders affected by planning, and cited improved outcomes as a result. The lessons learned through this process will be applicable to future projects as well.
- **Learning and increased sophistication**. The grants allowed jurisdictional staff to focus more attention on grant implementation and planning. Both jurisdictional staff and the developers that were interviewed through this process stated that learning occurred among staff that transferred to improved processes and increased planning sophistication outside of grant areas. A few also mentioned that stakeholders and the public that were educated about planning issues as a result of the grants.

4.2 Findings regarding challenges faced in implementation

The interviews emphasized what most planning and development professionals intuitively know: good planning requires a complex and often non-linear process that accommodates the unexpected. It must address fundamental and difficult-to-resolve challenges: aligning vision with reality, determining how the public and private sectors should interact with and benefit each other, and creating methods for prioritizing and mobilizing scare resources to achieve desired outcomes. In the case of these grants, nearly every project faced unanticipated difficulties that slowed the planning process relative to the work plan outlined in the IGA. In fact, many projects are still not fully complete at this time.

The Cycle 1 grant distribution allowed expansion areas to tackle some fundamental challenges, but in some cases, those challenges still remain. Governance and infrastructure funding mechanisms are key and controversial decisions that must be solved in tandem with planning. In successful examples, such as North Bethany, these issues were tackled and resolved, even if more slowly and with greater difficulty than anticipated. In other examples, such as the City of Damascus, they remain unresolved, and development is not going forward even though concept planning is complete.

Cycle 2 projects faced a different set of challenges, including shifting political attention, lack of agreement on funding sources for public improvements, lack of public and government understanding of implementation mechanisms, and overall market viability. In some cases, these challenges slowed the process, changed desired outcomes at the local level, and influenced the focus of the project. Many of those challenges (in particular: political context, market viability) are intrinsic to the planning process and unrelated to the specifics of the grant program.

Regarding program implementation, nearly all interviewees expressed gratitude for Metro's flexibility, assistance, and attentiveness, stating that they found Metro's project managers easy to work with relative to other grant administrators at other agencies. That said, a few interviewees described Metro as too bureaucratic in navigating the correct execution of the outlined funding.

> "Metro's approach to awarding and managing the grants was well run and relatively easy. Metro was a pleasure to work with and the grant process should be looked at as a "best practice" model."
>
> – CPDG Project Manager

These findings may be useful for improving criteria and implementation of the program in the future.

4.3 Findings regarding criteria and process

Some of the research questions asked at the outset of this evaluation require a closer look at the criteria for and the process of selecting projects: Are there other improvements to consider in program goals, priorities, criteria, and processes in order to best meet anticipated local and regional challenges in the future? Are these issues different in new urban areas vs. existing urban areas? How well did patterns of grant funding by geography and purpose align with program goals? These questions relate largely to Cycle 2 projects, as Cycle 1 grants were not competitively distributed and did not have specific criteria.

Regarding questions about criteria, findings fall into two major categories: (1) The evaluation finds a mismatch between areas selected and the time-specific criteria for near-term development; and (2) The evolution of the criteria have created definitional ambiguities that, if unresolved, will continue to lead to conflict in any future cycles of grant distribution. Details follow.

For Cycle 2, the evaluation uncovered a **mismatch between areas selected and time-specific criteria for near-term development**. There are two reasons that the two- and five-year permit horizon is probably too short to reasonably expected to see outcomes[47]:

1. **The process of getting to permit can take, in some situations, as much as two years.** A rough estimate of a development time horizon, from project conceptualization to permit in hand, based on conversations with developers conducted as part of this evaluation, is provided in the sidebar. It can take as long as 20 months or more just to get to permit, even when no major site contamination or engineering challenges exist, and zoning changes are not needed to support the development. It is not reasonable to expect to see any significant permitting activity resulting from a planning intervention in just two years.
2. **Some areas that received grants have significant real estate market challenges and required foundational planning work to identify infrastructure needs (including high-capacity transit alignments) and determine market-aligned visions for development.** For these areas, patience is necessary, and it is not reasonable to expect to see development permits even in the five-year window. The significant market challenges mean that quantitative evaluation might not show a difference in areas as a whole relative to control groups.

Roughly estimated permitting timeline for hypothetical mixed-use development

Due diligence and site acquisition:
2 to 4 months

Conceptual plans and initial design review:
2 to 3 months

Detailed design and engineering:
6 to 8 months

Submit and receive permits (including modifications and re-submissions):
1 to 3 months

Total: up to 20 months

The second major category of findings regarding criteria relate to ongoing, unresolved tensions around the operationalization of the terms used in criteria. While the criteria have evolved between each cycle in direct response to stakeholder comments and input, these changes have created opportunities for confusion and uncertainty (and lawsuits). Continued uncertainty is

[47] We assume that the criteria are looking for development that begins after the planning intervention is complete rather than from the time that the IGA is signed, so that planning timelines (which can be multiple years themselves) are not part of the timeline challenge.

likely to lead to continued controversy in future grant cycles. Specifically, the areas of tension that remain unresolved based on interviews, include:

4. **Definition and role of "equitable" criterion in distribution of grant**. Cycles 2 and 3 each had "equity" as a criterion for grant distribution, defined as "equitable distribution of CET funds based on revenue collection, past funding, and planning resource needs." This definition leaves room for interpretation, and different stakeholders continue to have different ideas about what distribution pattern is fair. While geography is particularly contentious (see next point), other aspects of this definition also have raised concerns. Stakeholders suggested that weighting would be helpful, to better understand how this criterion relates to others. Others suggested that geographic equity is different from equity regarding the needs of the project itself, and should be considered separately. Others suggested that equity, as defined here, should be less important for project selection; the better criterion is "regional significance", and that if a project meets the test for regional significance, equity in grant distribution should not be considered. Finally, some suggested that an important aspect of equity is missing from the definition: it does not consider the social and demographic make-up of the community in which planning will occur.
5. **Geography**. In each Cycle, stakeholder engagement has led to changes in the targeted geography. Cycle 1 targeted expansion areas, and Cycle 2 targeted areas internal to the UGB, in Metro's identified town centers and corridors, and in industrial areas. Cycle 3 attempted to split the distribution of funds (50 percent to expansion areas, and 50 percent to interior areas). If there is a Cycle 4, this criterion should be reconsidered.
6. **Definition of "regionally significant".** The application criteria define "regionally significant" by referencing Metro's six desired outcomes (included as a sidebar here for reference). These outcomes are fairly high-level, and are difficult to operationalize in the context of project selection. For example, would a project that plans for regionally-serving high-capacity transit expansion score better on this criterion than a project that plans for sidewalk and other infrastructure improvements in an underserved community? Both projects are clearly important, and both clearly meet the definition of "regionally significant" as it is currently conceptualized. The ambiguity, however, can lead to an impression that decisions are made subjectively and based on the preferences of the review committee. Stakeholders suggested that weighting of the criteria may help, and some felt that this criterion, more fully defined could be the most important of all criteria used for grant selection.

Metro's Six Desired Outcomes

a) People live and work in vibrant communities where they can choose to walk for pleasure and to meet their everyday needs.

b) Current and future residents benefit from the region's sustained economic competitiveness and prosperity.

c) People have safe and reliable transportation choices that enhance their quality of life.

d) The region is a leader in minimizing contributions to global warming.

e) Current and future generations enjoy clean air, clean water, and healthy ecosystems.

f) The benefits and burdens of growth and change are distributed equitably.

5 Recommendations

This section presents our recommendations for improving the CPDG program if future grant cycles are funded. As previous sections make clear, while the program clearly has value for the communities that have received grants and for the stakeholders in the development community with interests in those communities, several critical factors significantly limited the conclusions provided by this current evaluation effort. As a result, the recommendations described below focus primarily on improvements that will facilitate better program evaluation in the future.

In the prevailing political and fiscal climate, even successful and popular government programs must rigorously demonstrate program effectiveness to policymakers, funders, and the broader community. Doing so helps to communicate program value and improves transparency about public investments. Good program evaluation should also serve to inform program operations and help program staff identify opportunities to improve operations. Rigorous evaluation can highlight program strengths, identify weaknesses and ways to address them, and highlight best practices and lessons learned, thereby supporting future program operations.

Below, we begin with recommendations for strengthening support for funded activities, and close with suggestions most directly related to program evaluation.

5.1 Stakeholder and community buy-in

The short history of the CPDG program provided earlier in this report clearly highlights the type of pitfalls common to high-profile planning processes. While program managers correctly modified the program, consistent with stakeholder feedback, to accommodate a range of project needs and to reflect lessons learned from each implementation cycle, the resultant shifts in program criteria created uncertainty among developers, local governments, and others, about what the program can or should accomplish.

For example, we found during our interviews that stakeholders rely on different working definitions of what an equitable distribution of funds means. We found similar differences of opinion regarding the meaning of "regionally significant". This uncertainty in turn undermines stakeholder support for renewing the CET by giving the impression of an overly subjective project selection process. Stakeholders suggested resolving these ambiguities by more clearly defining all relevant program criteria, consistent with agreed-upon program objectives. Without clarifying program fundamentals, conflict will likely to continue to affect CET implementation.

To garner this support, grant applicants, in conjunction with CPDG staff, should ensure that relevant elected officials and administrative bodies have a clear understanding of, and commitment to, the purpose for the CPDG project, anticipated project timelines and the possibility that those timelines will require extensions, and the types of development activity anticipated to occur because of the project. A stronger record of public support will have the added benefit of further reducing uncertainty about what CPDG grants can accomplish.

Finally, to build on learning from earlier cycles, we recommend facilitating grantee networking sessions that will help new and potential grantees learn from the successes and failures of earlier and current projects.

5.2 CPDG evaluation process for potential future cycles

Several features of CPDG as implemented over the grant cycles present high hurdles to evaluating and communicating the success of the program. First, program criteria shifted significantly from cycle to cycle. At the same time, the portfolio of projects actually funded does not necessarily align well with stated program goals or the criteria established for each cycle, and specific CPDG goals are difficult to clearly articulate. For example, we find an important mismatch between Cycle 2's short-term development goals for two- and five-year permit activity and the much longer horizon over which development could reasonably occur as a result of funded projects (see Section 4.3). Finally, the outcome measures identified as indicative of project success have not aligned with the timeline necessary to realize new development even for successfully completed projects.

Developing meaningful, rigorous estimates of program impacts requires a significant amount of foundational work to ensure that program evaluation produces useful quantitative measures of project benefits, and accurately reflect whether or not individual projects have met established goals. Thus, remedying the situation described above necessarily involves developing a more intentional evaluation framework prior to issuing a new cycle of CPDG grants.

The findings in this evaluation suggest a reconsideration of the criteria and process if a grant Cycle 4 is pursued. In Cycle 3 (which this evaluation does not consider), the grant funding was split between UGB expansion areas and areas internal to the region, with a different set of criteria for each. While it is not the purpose of this evaluation to determine criteria for a possible future cycle, we provide the following observations, based on this research, as a starting place for the conversations with stakeholders recommended above. In the short term, Metro and CPDG staff should, through the processes described in Section 4.1:

- **Develop a logic model that visually displays the links between goals, project activities, and ultimate outcomes.** Development is an iterative process that helps programs refine their theory of action, better articulate program goals, and ultimately communicate clearly to stakeholders what a program seeks to accomplish. Appendix C displays two example logic models: one that was developed by ECONorthwest for a "Career Learning" program targeting high school students, and one that was developed by the Canada Department of Finance for an evaluation of the Toronto Waterfront Revitalization Initiative. While the specific language, activities, goals, and outcomes would look different for CPDG, the layout of the general program concepts provides a good template with which CPDG could develop its own logic model. The recommendations below support the logic model development process.
- **Develop program goals that clearly identify the types of activity that CPDG will fund.** For example, will grants focus on projects at the low or high end of the

development feasibility continuum displayed in Figure 1? Each end of the spectrum implies a different set of project selection criteria, feasible short and medium-term outcomes, and reasonable timeline over for achieving results.

- **Make explicit all significant program goals.** Ambiguity adds to uncertainty and, at worst, facilitates criticism about project selection. Transparency regarding program goals at the beginning of a grant cycle will build confidence in program operations and facilitate future conversations if and when stakeholders believe program criteria require changes. This also includes discussion about the relative weight each criterion should have in funding decisions. Are all equally important? The project selection process should address the answer to this question by, for example, assigning more "points" to more important factors in scoring project proposals.

  Subjective criteria, including alignment with Metro's six desired outcomes, will remain important to the evaluation of CPDG-funded projects. However, the program would benefit from explicit resolution of the ambiguity around terms like "equity" and "regionally significant".
- **Reevaluate the 50 / 50 split (50 percent of funds to expansion areas and 50 percent to centers and corridors) introduced in Cycle 3.** There may not be enough expansion areas to warrant that level of funding in potential future cycles.
- **Identify quantifiable outcome measures directly related to the program goals that are measurable over a reasonable time frame, but also commit to evaluation over a sufficiently long period of time to observe important project outcomes.** Measuring permit activity two years after grant award does not meet this criteria given typical planning and development timelines; measuring permit activity after five and ten years may be more reasonable.
- **Identify sources for the data necessary to calculate identified outcome measures.** Some measures may require development of new data sources (e.g., community or developer surveys). Metro would then have to decide whether the importance of the outcome warrants the potentially costly data collection, or whether a substitute measure for which data are routinely collected might serve as an acceptable proxy.
- **Differentiate between evaluation of program outcomes and evaluation of program administration.** Both types of evaluation add value, but each serves a different purpose. Outcome evaluation establishes the relative benefit of a program overall and identifies whether specific projects have performed better or worse than expected. Evaluating program administration can provide answers as to why specific programs perform better or worse and can lead to program improvements. A comprehensive outcome evaluation should extend long enough to identify all important program impacts, while evaluating program administration can and should occur routinely over short periods of time.[48]

[48] This evaluation focused, by design, only on program outcomes.

Over a longer time horizon, Metro and CPDG staff should:

- **Consider requiring grantees to evaluate, using predetermined criteria, their own success and failures during the grant period and at set intervals after the grant ends (e.g., one and five years)**. Appropriate timing for these evaluations may vary by project.
- **Report interim and final evaluation findings to stakeholders, elected officials, and grantees**. Doing so can help grantees make mid-course corrections to increase the likelihood of achieving good outcomes, build support for the program generally, and ensure alignment (or to identify necessary realignment) between program operations and community needs. Dissemination of findings should, however, be targeted and tailored for each audience. For example, each grantee could receive an annual update on how their project compares on key outcome measures to others from the current or, if appropriate, prior grant cycles; key policymakers might receive a biennial executive summary of implementation progress and available outcome data.
- **Conduct evaluation activities committed to when grants are awarded.** As a new cycle of grants begins, CPDG should have a clearly defined evaluation framework designed to establish how well projects performed. This commitment should include recognition that evaluation will require staff resources to complete and commitment, to the extent possible, of resources to complete the evaluation.
- **Continue to flexibly respond to changing realities for jurisdictions in the implementation of the IGAs.**

Appendix A. Status of Cycle 1 and Cycle 2 grants

Cycle 1 Grants

	Local Government and Project	Reimbursal	Year IGA Signed	Funded Amount	Expended Amount	Year Adopted	Year Zoned	Status
1	Beaverton – Partial Area #64 reimbursement	Yes	2007	$3,750	$3,750	2006	2006	Adopted CPA & zoned city residential; one subdivision platted.
2	Cornelius – East Baseline reimbursement	Yes	2007	$7,500	$7,500	2004	2004	Adopted CPA & zoned city commercial w/3 existing uses.
3	Cornelius – N. Holladay	No	2010	$18,000	$18,000	2011	Upon annexation	Adopted CPA but still zoned FD-20 in county; awaiting annexation to city for industrial uses.
4	Damascus – City Plan	No	2008	$524,724	$393,543			3 of 4 deliverables completed; IGA extension to July 2014 for completing comp plan & code adoption.
5	Forest Grove – Swap area reimbursement	Yes	2011	$8,400	$8,400	2006	2006	Adopted CPA & zoned City R-5 residential; currently vacant.
6	Gresham – Springwater reimbursement	Yes	2007	$977,129	$977,129	2005	Upon annexation	Adopted CPA but still zoned MUA-20 & EFU in county; awaiting annexation before urban development can occur; intent for industrial, residential and small commercial services area.
7	Gresham – Kelly Creek Headwaters	No	2008	$90,000	$90,000	2009	Upon annexation	Adopted CPA but still zoned CFU in county; awaiting annexation to city for residential use.
8	Happy Valley – East Happy Valley Comp Plan area	No	2007	$168,631	$168,631	2009	Upon annexation	Adopted CPA & most of area in city and zoned for variety of urban uses; 2 schools and a regional park are virtually only development since UGB expansion.
9	Hillsboro – Area 69 & 71 (part of South Hillsboro Community Plan)	No	2007	$157,500	$157,500	2012	Upon annexation	Adopted CPA but still zoned FD-20 in county; awaiting annexation to city for urban-level development.
10	Hillsboro – Helvetia/Evergreen (combined areas for CET IGA)	No	2007	$345,000	$345,000	2008	Upon annexation	Helvetia adopted CPA and 90 acres zoned city industrial w/remainder FD-20 in county; no new development. Evergreen adopted CPA but still mostly still zoned FD-20 in county; no new development.
11	Hillsboro – Shute Road reimbursement	Yes	2007	$30,000	$30,000	2003	2003	Adopted CPA and zoned city Industrial; Genetech owns 75 acres of 200-acre site; remainder of area undeveloped.
12	Oregon City – Park Place	No	2007	$292,500	$292,500	2007	Upon annexation	Adopted CPA but still zoned RRFF5 in county; awaiting annexation to city for urban development; voter-approved annexation has prevented successful attempts.
13	Oregon City – Beavercreek Road	No	2007	$117,000	$117,000	2008	Upon annexation	Adopted CPA but still rural zoned RRFF5 & TBR; awaiting annexation to city for urban development; 94 acres annexed to city, but awaiting final remand decision from state; no new development; city has voter-approved annexation.

Cycle 1 Grants, continued

	Local Government and Project	Reimbursal	Year IGA Signed	Funded Amount	Expended Amount	Year Adopted	Year Zoned	Status
14	Oregon City – South End Road	No	2013	$292,500	$146,250			Planning completed, hearings underway with estimated adoption date of March 2014. City has voter-approved annexation.
15	Sherwood – Area 59 & Brookman Rd	No	2007	$168,524	$168,524	2009	Upon annexation	Both adopted CPA: Area 59 city zoned for residential w/developed school. Brookman Road zoned FD-20 in county; awaiting annexation to city for urban dev.
16	Sherwood – Tonquin Employment Area	No	2009	$208,440	$208,440	2010	Upon annexation	Adopted CPA but still zoned FD-20 in county; awaiting annexation to city for urban development.
17	Tualatin – NW/SW plans reimbursement	Yes	2007	$52,194	$52,194	2005	Upon annexation	NW adopted CPA but still zoned FD-20 in county; awaiting annexation. SW adopted CPA and zoned Industrial in city; no development.
18	Tualatin – SW Plan Implementation	No	2008	$30,907	$30,907	2011	Upon annexation	SW adopted CPA and zoned Industrial in city; no development.
19	Tualatin – Basalt Creek	No	2010	$365,277	$30,277			IGA in place and planning to start spring 2014.
20	Clackamas County – DBCP reimbursement	Yes	2009	$202,701	$202,701			Work completed for county role in Damascus/Boring Concept Plan. Damascus now responsible for adopting comp plan and code.
21	Multnomah County – Bonny Slope (original responsible party); area now within Washington County	No	2008	$202,500	$120,000			Mult. County had extension to 2021. Area is now part of Washington County, who will complete planning and zoning by fall 2015.
22	Washington County – N. Bethany	No	2007	$1,170,000	$1,170,000	2009	2010	Adopted CPA and zoned primarily for urban residential w/small main street commercial area; approx 100 acres developed.
23	Washington County – West Bull Mtn (original responsible party); area now within Tigard and named River Terrace.	No	2008	$670,500	$536,400	2010		Tigard currently working on finishing planning and zoning for area, scheduled for completion in Dec 2014.
24	Washington County – Cooper Mtn (original planning entity); now agreement with Beaverton to do planning.	No	2013	$191,700	$95,850			Beaverton currently planning for area in conjunction with 2011 UGB expansion area to south, scheduled for completion in Oct 2014.
TOTAL				**$6,295,377**	**$5,370,496**			

Cycle 2 grants

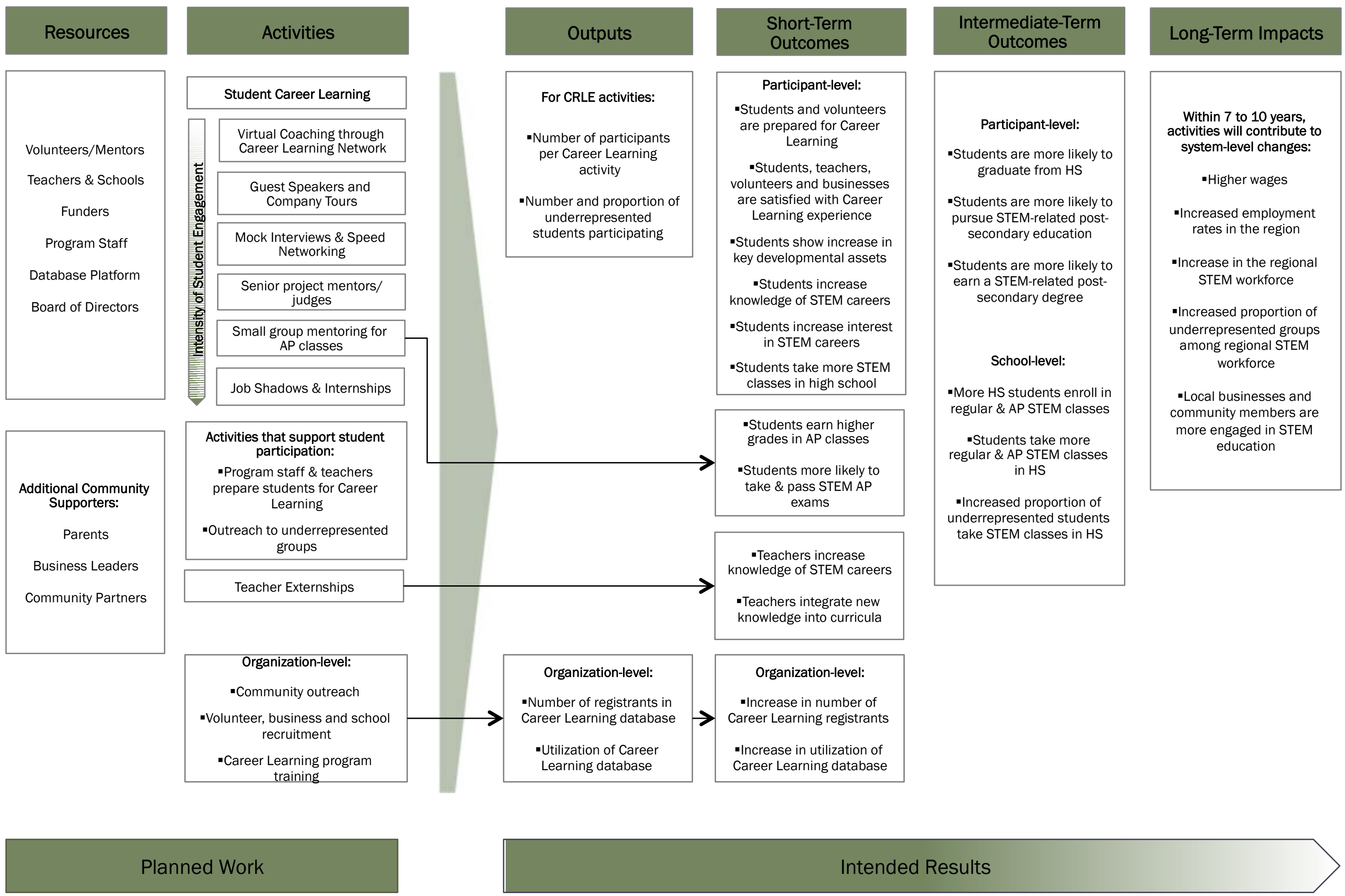
Project Name	Jurisdiction	IGA Signed	Grant Amount	Amount Paid as of 3/6/14	Date Project Completed	Scheduled Project Duration
Holladay Industrial Park Planning	Cornelius	2012	$79,000	$69,000		5 mos
Redevelopment Planning	Forest Grove	2011	$85,000	$69,000		12 mos
TriMet Site Redevelopment Plan	Gresham	2012	$70,000	$17,500		18 mos
Industrial Pre-Certification Study	Happy Valley	2012	$32,600	$22,600		11 mos
Old Town Hillsboro Refinement Plan	Hillsboro	2011	$90,000	$75,000		24 mos
Tanasbourne/AmberGlen Reg'l Center Implementation	Hillsboro	2011	$275,000	$140,000		18 mos
Foothills District Framework Plan	Lake Oswego	2011	$295,000	$294,950	Feb. 2013	16 mos
Funding Strategy to Implement the LGVC Plan	Lake Oswego	2011	$50,000	$50,000	Aug. 2012	10 mos
Commercial Core Enhancement Plan	Milwaukie	2013	$224,000	$5,750		11 mos
Barbur Corridor Concept Plan	Portland	2011	$700,000	$550,000		24 mos
Foster Lents Integration Partnership	Portland	2011	$250,000	$125,000		18 mos
Portland Brownfield Redevelopment Assessment	Portland	2012	$150,000	$150,000		12 mos
Portland-Milwaukie LRT Project: E-TOD Plan	Portland	2013	$485,000	$30,000		16 mos
South Waterfront: South Portal Partnership Plan	Portland	2013	$250,000	$27,790		24 mos
Highway 99W Corridor Plan	Tualatin	2011	$181,000	$171,550		10 mos
Southwest Urban Renewal Plan	Tualatin		$70,000	$0		12 mos
Aloha-Reedville Study	Washington County	2011	$442,000	$442,000	Sep. 2012	12 mos

Appendix B. List of Interviewees for Case Studies

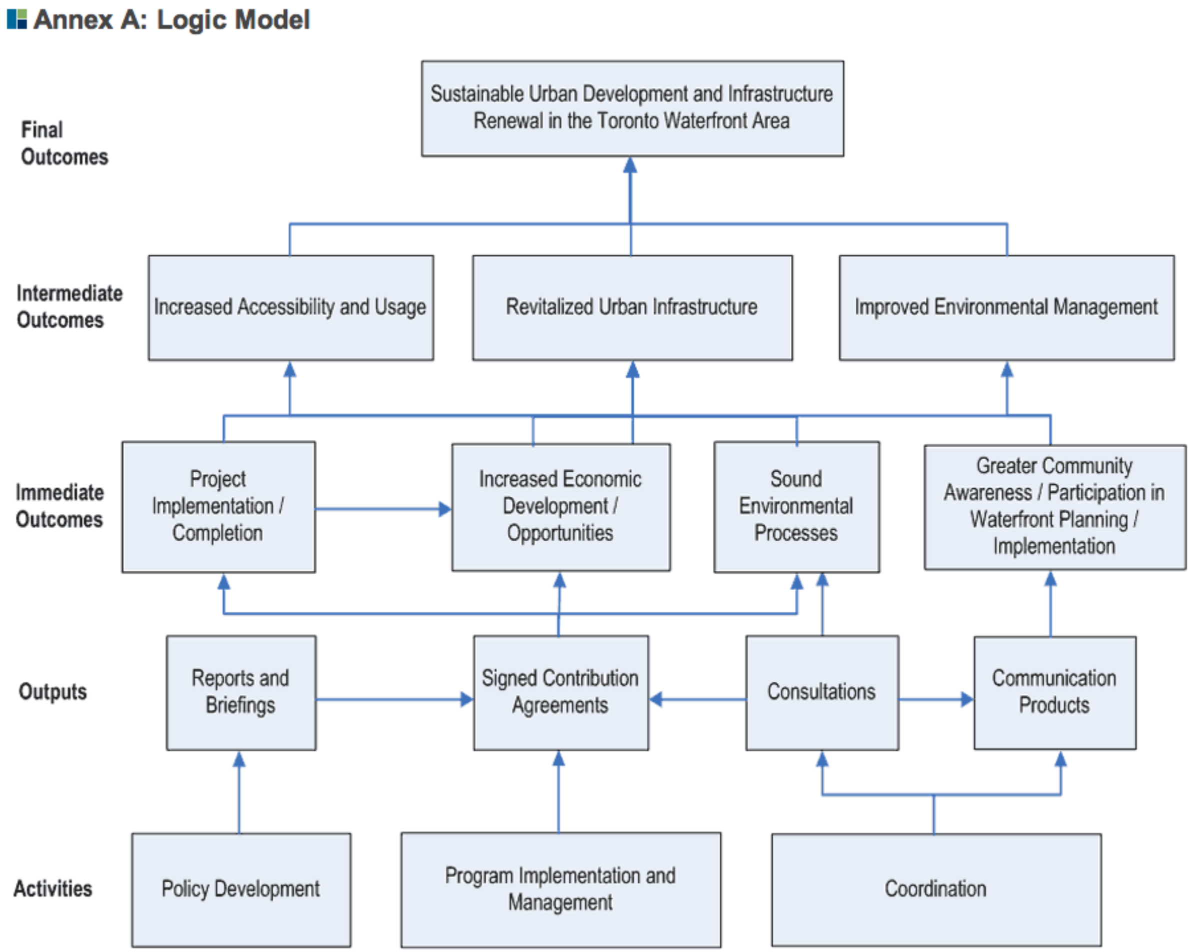
Interviewee	Affiliation	Role on project	Project
Cycle 1 Grants			
Michael Walter	City of Happy Valley	Project Manager	City of Happy Valley - East Happy Valley Comp Plan
Suzanne Savin	Washington County	Project Manager	Washington County - North Bethany
Cycle 2 Grants			
Dan Riordan	City of Forest Grove	Project Manager	City of Forest Grove - Redevelopment Planning
Denny Egner	City of Lake Oswego	Project Manager	City of Lake Oswego - Lake Grove Village Center Funding Strategy
Radcliffe Dacanay	City of Portland	Planner	City of Portland - Barbur Corridor Concept Plan
Kevin Cronin	Portland Development Commission	Project Manager	City of Portland Foster Lents Integration Partnership
Cindy Hahn	City of Tualatin	Project Manager	City of Tualatin - Highway 99W Corridor Plan
Mike Dahlstrom	Washington County	Project Manager	Washington County - Aloha-Reedville Study
Background on Grants			
Joe Zehnder	City of Portland	Oversaw Portland's application of Cycle 2 and 3 grants, oversaw implementation of several successful CPDG grants	
Dwight Unti	Tokola Properties	Developer and investor in regional centers and corridors	
Tim Breedlove	Renaissance Homes	Developer and investor in expansion areas	
Dave Nielson	Homebuilders Association	Works with homebuilders across the region	
Ray Valone	Metro	Metro staff responsible for overseeing Cycle 1 implementation	
Gerry Uba	Metro	Metro staff responsible for overseeing Cycle 2 implementation	

Appendix C. Example Logic Models

This logic model was created by ECONorthwest for a private non-profit client.



This logic model was created by the Canada Department of Finance, Internal Audit and Evaluation, for an evaluation of the Toronto Waterfront Revitalization Initiative. ECONorthwest cannot vouch for whether or not this logic model is a good fit to the program, but it serves as useful example of key logic model concepts as they relate to a planning project.



Source: Evaluation of the Toronto Waterfront Revitalization Initiative. Canada Department of Finance, Internal Audit and Evaluation. 2013. http://www.fin.gc.ca/treas/evaluations/twri-irsrt-eng.asp

Councilor Kathryn Harrington
04/28/14

[Please Note: The following is a summary situation analysis performed by Councilor Harrington, without the involvement of any Metro parties, without the involvement of any member of the Office of Metro Attorney, nor any member of the Metro Council Office staff.]

<u>Executive Summary</u>

Problem: Councilor Harrington is concerned that the workload for the Office of Metro Attorney may exceed the capacity of the department – while currently they may be managing, but is it sustainable over the course of the next 2 plus years? Councilor Harrington has observed that employees in the department seems taxed, perhaps as a result of both combined staff reduction (since FY 12-13) and increased workload. The concern is that the workload for the organization is not sustainable. The Office of Metro Attorney reports directly to the Metro Council and it is the duty of the Metro Council to ensure that the Metro Attorney is provided with the resources needed.

Situation Analysis: Councilor Harrington's brief situation analysis (detailed on further pages) suggests that the OMA's projected workload demonstrates a need for an increase in OMA headcount with FY14-15 by some approachable level (1 or 2 FTE.)

Request: Metro Council to support development of a swift analysis by OMA management for common understanding and any appropriate action within the FY 14-15 budget process. Specifically, determine whether the resource level in the proposed budget is sustainable for the next 2-3 years, or if we should and can take action for improvement within the timeframe of approving a budget 05/08/14, and subsequent adoption by 06/19/14 per budget schedule.

<u>Further Details</u>

Per Metro Code Chapter 2.08.10, Office of Metro Attorney: "The office of Metro Attorney shall include the Metro Attorney and such subordinate employees as the Council may provide."

Office of Metro Attorney: FY 14-15 Proposed Budget, Volume 1, Pages C-83 through C-87
Lead Attorney, Deputy Attorney, 7 FTE Attorneys, 2 Paralegals, 4 Legal Secretary/Administrative Assistants

As past adopted and audited budgets illustrate, the headcount of the Office of Metro Attorney used to have one additional FTE. With the multi-year reduction-in-force budgets, I believe that in FY 12-13, the OMA budget was reduced by effectively one full FTE. By observation of the last year (or more) it seems to me that the OMA staff are giving 110%. While admirable, given my summary analysis of the next 2-3 years, this situation does not seem sustainable, and does not seem in line with Metro values. I am posing one of my standard budget questions, 'Are we giving the employees the resources to do the job that we are asking them to do?'

Per the proposed budget "Office of Metro Attorney – OMA provides legal services to the entire Metro organization, including all departments, commissions, department directors, agency staff, the Chief Operating Officer, the Council and the Auditor. The work of OMA includes providing written opinions, negotiating and drafting contracts and intergovernmental agreements, drafting, negotiating and closing real estate transactions, drafting and reviewing ordinances and resolutions, offering assistance on legislative matters, providing advice regarding the agency's legal compliance requirements, and providing other legal advice to

Metro officers and employees. The Metro Attorney may initiate, defend or appeal litigation on behalf of Metro when requested by the Metro Council, Chief Operating Officer or the Metro Auditor. The Office of Metro Attorney staff includes the agency's lead attorney (the Metro Attorney); a Deputy Metro Attorney that supervises the paralegals/administrative staff seven full-time equivalent (FTE) attorneys; two paralegals; and four legal secretaries/ administrative assistants."

The Metro Council has received further detail in other venues.

POSSIBLE OPTIONS	**PRO**	**CON**	**POTENTIAL RISKS**
Status Quo FY 14-15	*No change in budget*	*See risks*	• *Lose of staff stability (Risk of losing senior staff)* • *Employee burnout* • *Unable to take on any further unanticipated needs* • *Risk of work quality* • *Lower level of service (Quality of contract preparation, reviews, response times)* • *Exposure of the enterprise operations to additional cost risk/liabilities*
Increase H/C in FY14-15 by some approachable incremental level (1 or 2 FTE)	• *Staff Stability* • *OMA able to keep up on existing/expanding case load and able to assimilate unanticipated needs*	*Have to balance the budget with some solution*	• *Fewer financial resources for some other aspect of Metro business, including contingency or reserve levels.*

Summary Situation Analysis

The following is a summary situation analysis performed by Councilor Harrington, without the involvement of any Metro parties, without the involvement of any member of the Office of Metro Attorney, nor any member of the Metro Council Office staff.

This table provides a snapshot view of the agency organization with estimates of current workload and forecast of workloads for the next fiscal year (FY 14-15) and the next 2 to 3 years beyond that. Potential anticipated risks are listed.

Area	Current Status Load	Load Forecast (HIGHER, Same, LOWER)	Risks
Metro Council	*Some - Reasonable*	*Same* • *Adoption of Climate Smart Communities (CSC) Preferred Approach (including finds and fact & conclusions of law)* • *Legal representation of CSC at LCDC hearings* • *Adoption of Urban Growth Report (UGR) (including finds and fact & conclusions of law)* • *Handle UGR-UGM any legal representation with parties across the region (especially newer legal counsels at each of the 3 counties and a couple of larger cities in the region.)* • *RISE = tbd, anticipate there will be something (ex. Willamette Falls/Blue Heron)* • *Equity Strategy* *Potentials including looking out 2-3 years:* • *future I-5 bridge solution handling* • *Damascus handling continues* • *potential challenges to renewal of CET (late 2014 – and beyond)* • *potential challenges to charter density measure (late 2014 – and beyond)* • *Oregon ACT for Region 1* • *MPO/JPACT*	

Area	Current Status Load	Load Forecast (HIGHER, Same, LOWER)	Risks
Metro Auditor	*Some – Reasonable (contracts, findings review, management response reviews)*	*Same and including TRANSITION* *Will have a newly elected Auditor serving as of Jan 2015, so new relationship building, anticipate changes in Auditor office staffing*	
Metro Council Office	*Some - Reasonable*	*Same* *Potential increased execution areas:* • *CBO engagement – new/increased* • *MWESB engagement/contracts – potential increases*	*? Positive community serving changes are put at risk (low level of service in execution)* *Lower level of service (Quality of contract preparation, reviews, response times)* *Lack of action/service in supporting agency innovation/new ideas*
Parks and Environmental Services	*HIGH and increasing*	*HIGHER* • *Parks and Natural Areas Levy (5 years, with 1st year just completing)* o *Maintenance project contracts* • *Glendoveer restaurant remodel contract* • *Solid Waste renewals (2 year cycle)* • *Solid Waste Roadmap change in ecosystem review*	*? No level of service on the Parks and Natural Areas long term planning effort* *Lower level of service (Quality of contract , reviews, response times)* *Lack of action/service in supporting agency innovation/new ideas*
Planning and Development	*Busy - HIGH*	*HIGHER* • *TOD contracts & IGAs (ex. new Beaverton IGA)* • *CP&DG IGAs (completing current IGA execution and future cycles)* • *Urban and rural reserve IGA condition follow-up (each of 3 counties) with assessment date in 2020* • *District Revitalization contracts/IGAs* • *Transportation contracts/grants (Federal Government per MAP-21 new rules, State of Oregon)* • *Future rounds of MTIP/RFFA(new criteria, execution on equity factors)*	*Lower level of service (Quality of contract preparation, reviews, response times)*
Research Center	*Anticipate same level*	*Same*	

Area	Current Status Load	Load Forecast (HIGHER, Same, LOWER)	Risks
Sustainability Center	*HIGH and increasing*	*HIGHER* • *Parks and Natural Areas Levy (5 years, with 1st year just completing)* o *Maintenance project contracts* o *Restoration project contracts* o *Grant project IGAs (3 different cycles: Education, Restoration, Trails)* • *Same: Natural Areas Bond Measure transactions (property purchases, conservation easements, trail easements)* • *HIGHER: As 2006 Bond Measure activities wrap up – legal review of assessment*	*As 2006 Bond Measure activities wrap up – legal review of assessment may be at risk* *Lower level of service (Quality of contract preparation, reviews, response times)*
Visitor Venues (OCC, Portland'5, Expo, Zoo)	*HIGH and increasing* • *OCC seems HIGH with the OCC hotel project. Expect to continue for next two years through construction completion.* • *Expo: new strategic plan will need review* • *Portland'5* • *Zoo - HIGH*	*HIGHER* • OCC: HIGHER o OCC *Hotel Room Block agreement and handling through construction completion* o *OCC Hotel Development agreement management through Convention Contract sales* • *EXPO: HIGHER with business challenges/option handling including future I-5 bridge solution handling* • *Portland'5 – same* • *Zoo:* o *Bond construction project contracts (Elephant Lands completion 2015, Education Center through 2017, 3 more major projects through 2020)* o *? protests?*	*Lower level of service (Quality of contract, reviews, response times)* *Exposure of the enterprise operations to additional cost risk/liabilities*
Central Services (HR, FRS, IS, Communication)	*Anticipate same level*	*Anticipate same level*	