

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF AMENDING) ORDINANCE NO. 04-1048A
METRO CODE CHAPTER 7.01.023 TO)
INCREASE THE AMOUNT OF)
ADDITIONAL EXCISE TAX DEDICATED) Introduced by Metro Council
TO FUNDING METRO'S REGIONAL PARKS) President David Bragdon
AND GREENSPACES PROGRAMS)

WHEREAS, In July 1992, the Metro Council approved Resolution No. 92-1637, thereby adopting the Metropolitan Greenspaces master plan that identifies a desired regional system of parks, natural areas, trails and greenways for fish, wildlife and people; and

WHEREAS, The Metropolitan Greenspaces Master Plan states that Metro will seek a regional funding mechanism to assemble and develop a regional greenspaces system and assume operations and management for components of the system in cooperation with local governments; and

WHEREAS, In December 1997, the Metro Council approved Resolution No. 97-715B, thereby adopting the Regional Framework Plan that set regional policy to inventory, protect and manage a regional system of parks, natural areas, trails and greenways for fish, wildlife and people; and

WHEREAS, The Regional Framework Plan states that Metro, in cooperation with local governments, shall pursue the identification and implementation of a long-term, stable funding source to support the planning, acquisition, development, management and maintenance of the regional greenspaces system; and

WHEREAS, in December 2001, the Council-appointed "Green Ribbon Committee" of citizens and local officials designated a specific list of parks maintenance and facility development needs and recommended solid waste excise tax revenue be dedicated to this purpose; and

WHEREAS, On March 28, 2002, the Metro Council approved Ordinance No. 02-939A, amending the Metro Excise Tax set forth in Metro Code Chapter 7.01 to provide revenues for Metro's Regional Parks and Greenspaces Programs; and

WHEREAS, over the course of the last year, the Regional Parks and Greenspaces staff has developed and presented to Council specific, detailed expenditure plans for developing and operating 4 new facilities open for public use, expanding habitat restoration and landbanking on open space properties, providing enhanced environmental education and volunteer stewardship activities at the new facilities, and fully funding the renewal and replacement needs of the current and proposed facilities managed by Metro; now therefore,

THE METRO COUNCIL ORDAINS AS FOLLOWS:

SECTION 1. Metro Code Section 7.01.023 is amended to read as follows:

7.01.023 Amount of Additional Excise Tax; Budgeting of Additional Revenue for Regional Parks and Greenspaces Programs

Commencing with the Metro fiscal year beginning July 1, 2002 on the first day of the month following the effective date of this Ordinance No. 04-1048A, the additional excise tax authorized

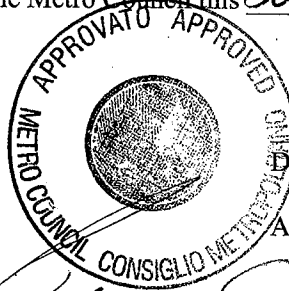
in Section 7.01.020(c) shall be ~~\$1~~\$2.50 per ton. Such additional excise tax shall be dedicated to funding Metro's Regional Parks and Greenspaces programs. For each fiscal year ~~thereafter~~ following the fiscal year during which this Ordinance No. 04-1048A is enacted, the additional excise tax dedicated to Metro's Regional Parks and Greenspaces programs shall be not less than the amount of the additional excise tax in the previous fiscal year increased by a percentage equal to (a) the annualized rate of increase in the Consumer Price Index, All Items, for Portland-Salem (All Urban Consumers) reported for the first six (6) months of the federal reporting year as determined by the appropriate agency of the United States Government or (b) the most nearly equivalent index as determined by the Metro Council if the index described in (a) is discontinued, or such lesser amount as the Chief Operating Officer deems appropriate.

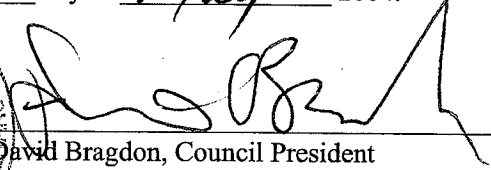
SECTION 2. If Section 1 of Ordinance No. 04-1052 becomes law, then this Section 2 is adopted in lieu of Section 1 above, and Metro Code Section 7.01.023 is amended to read as follows:

7.01.023 Amount of Additional Excise Tax; Budgeting of Additional Revenue for Regional Parks and Greenspaces Programs and Tourism Opportunity and Competitiveness Account

~~Commencing with the Metro fiscal year beginning July 1, 2002 on the first day of the month following the effective date of this Ordinance,~~ the additional excise tax authorized in Section 7.01.020(c) shall be ~~\$1-\$3~~ per ton. ~~Such~~ Of such additional excise tax, \$2.50 per ton shall be dedicated to funding Metro's Regional Parks and Greenspaces programs, and \$0.50 per ton shall be dedicated to funding Metro's Tourism Opportunity and Competitiveness Account. For each fiscal year ~~thereafter,~~ following the fiscal year during which this Ordinance is enacted, the additional excise tax dedicated to Metro's Regional Parks and Greenspaces programs and Metro's Tourism Opportunity and Competitiveness Account shall be not less than the amount of the additional excise tax in the previous fiscal year increased by a percentage equal to (a) the annualized rate of increase in the Consumer Price Index, All Items, for Portland-Salem (All Urban Consumers) reported for the first six (6) months of the federal reporting year as determined by the appropriate agency of the United States Government or (b) the most nearly equivalent index as determined by the Metro Council if the index described in (a) is discontinued, or such lesser amount as the Chief Operating Officer deems appropriate.

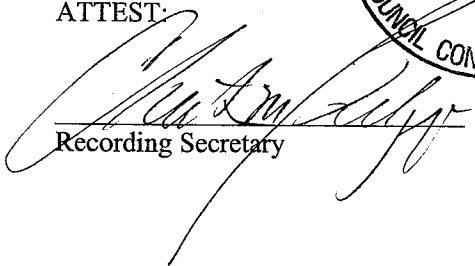
ADOPTED by the Metro Council this 20th day of May 2004.

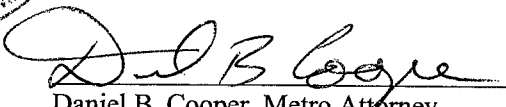



David Bragdon, Council President

Approved as to Form:

ATTEST:


Recording Secretary


Daniel B. Cooper, Metro Attorney

STAFF REPORT

IN CONSIDERATION OF ORDINANCE NO. 04-1048A FOR THE PURPOSE OF AMENDING METRO CODE CHAPTER 7.01.023 TO INCREASE THE AMOUNT OF ADDITIONAL EXCISE TAX DEDICATED TO FUNDING METRO'S REGIONAL PARKS AND GREENSPACES PROGRAMS

Date: May 5, 2004

Prepared by: Jim Desmond

BACKGROUND

On March 28, 2002, the Metro Council passed Ordinance 02-939A to provide for interim funding for Regional Parks and Greenspaces programs by increasing the Excise Tax on Solid Waste by \$1.00 per ton and dedicating that funding to the Regional Parks and Greenspaces Department. That ordinance provided that this additional excise tax was to be repealed June 30, 2004. On March 25, 2004, that repeal date was eliminated.

The \$1 per ton achieves several goals within the Regional Parks and Greenspaces programs. Most importantly, it stopped the significant draws on fund balance that were projected, just to maintain the core programs and keep the parks open. Some additional resources were allocated to the Natural Resources Stewardship program to better manage the open space properties purchased under the 1995 Open Spaces bond measure. The new resources provided for the continuation of the Regional Trails program beyond the 1995 Open Spaces bond measure and partially funded the renewal and replacement needs of the department. This \$1 per ton stopped the financial hemorrhaging of the regional park system, but did not solve the longer term financial problems or provide for public access to open space sites.

Implicit in the purchase of over 8,000 acres of natural areas and trail access with the 1995 Open Spaces bond measure is the opening of some of these properties for public use and enjoyment. Currently, access to these sites is limited to educational programs and tours lead by staff.

In the fall of 2001, a committee of interested citizens and government representatives formed the Green Ribbon Committee. Their work resulted in a report to the Metro Council in December 2001, recommending which open space sites should be prioritized for providing public access. It was recommended by the committee that the capital development of these sites be paid for through solid waste excise tax revenue.

The proposed ordinance, establishing an additional \$1.50 per ton excise tax on solid waste dedicated to Regional Parks, sets out to provide the resources necessary to develop the highest priorities in the Green Ribbon Committee's Report. The proposal provides the resources necessary to minimally develop Cooper Mountain (west of Beaverton), Mt. Talbert (east of I-205 near Milwaukie) the Wilsonville Tract property, and Willamette Cove (south of the St. Johns area in North Portland). The proposal also includes the longer term revenue necessary to operate three of these new facilities and provide expanded environmental education programming and volunteer activities at those new parks in suburban portions of the region.

The additional revenue generated from this Ordinance will fulfill our obligation to the residents of the region to take care of what we already have by fully providing for the renewal and replacement needs for the capital developments at the all of the regional park facilities, including the new proposed parks. This

prudent action will better balance the operation, maintenance and capital needs of the regional park facilities and avoid the need for future levies, emergency funding measures or park closures.

Additional resources will result in better stewardship of the natural areas acquired under the bond measure through the removal of invasive weeds, restoring wetland and riparian areas, planting trees, shrubs and other plants, all toward the goal of improved water quality and increased watershed health.

The Regional Parks and Greenspaces staff has developed and presented to Metro Council detailed plans for increasing its commitment to renewal and replacement, expanding habitat restoration and environmental education programs, and developing and operating these new facilities. The first year implementation of these plans is incorporated in the Council President's Proposed Budget for FY 2004-05.

Increasing the excise tax support for Regional Parks and Greenspaces programs an additional \$1.50 per ton of solid waste will get Metro most of the way, but additional excise tax support of approximately \$1 per ton will be necessary to fully realize the goals outlined in this staff report. This additional support would be necessary beginning in fiscal year 2005-06.

ANALYSIS/INFORMATION

1. **Known Opposition** The solid waste industry has raised concerns about the impact this tax will have on the solid waste tip fee. Staff has been working with representatives of the solid waste industry to discuss these issues.
2. **Legal Antecedents** The Metropolitan Greenspaces Master Plan adopted by Council through Resolution No 92-1637 identifies a desired regional greenspaces system, and the Regional Framework Plan adopted by Metro by Resolution No. 97-715B states Metro, in cooperation with local governments, shall pursue the identification and implementation of a long term, stable funding source to support the planning, acquisition, development, management and maintenance of the regional greenspaces system. Ordinance 02-939A established the \$1 per ton excise tax on solid waste and dedicated it to Regional Parks and Greenspaces programs, and Ordinance 04-1037 eliminated the sunset provision.
3. **Anticipated Effects** This action will establish an additional \$1.50 per ton of excise tax on solid waste dedicated to Regional Parks and Greenspaces Department. It is anticipated that the additional tax will be passed on directly to the generators of the solid waste through invoices or billings.
4. **Budget Impacts** This action does not authorize any budget authority. It provides for revenues to be allocated through the regular budget process, to be used to balance against authorized expenditures. The full year effect of this action would be to provide \$1.8 million for the Regional Parks and Greenspaces Department, however, the effective date of the ordinance may result in only 10 months of revenue collection for FY 2004-05. The excise tax will increase with CPI and may fluctuate with solid waste tonnage. A full 12 months of revenue is assumed in the Council President's Proposed Budget for FY 2004-05.

RECOMMENDED ACTION

Council President David Bragdon recommends passage of Ordinance No. 04-1048 for the purpose of amending Metro Code Chapter 7.01.023 to increase the amount of additional excise tax dedicated to funding Metro's Regional Parks and Greenspaces programs.

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF AMENDING) ORDINANCE NO. 04-1048
METRO CODE CHAPTER 7.01.023 TO)
INCREASE THE AMOUNT OF)
ADDITIONAL EXCISE TAX DEDICATED) Introduced by Metro Council
TO FUNDING METRO'S REGIONAL PARKS) President David Bragdon
AND GREENSPACES PROGRAMS AND TO)
PROVIDE DEDICATED FUNDING FOR)
METRO'S TOURISM OPPORTUNITY AND)
COMPETITIVENESS ACCOUNT)

WHEREAS, In July 1992, the Metro Council approved Resolution No. 92-1637, thereby adopting the Metropolitan Greenspaces master plan that identifies a desired regional system of parks, natural areas, trails and greenways for fish, wildlife and people; and

WHEREAS, The Metropolitan Greenspaces Master Plan states that Metro will seek a regional funding mechanism to assemble and develop a regional greenspaces system and assume operations and management for components of the system in cooperation with local governments; and

WHEREAS, In December 1997, the Metro Council approved Resolution No. 97-715B, thereby adopting the Regional Framework Plan that set regional policy to inventory, protect and manage a regional system of parks, natural areas, trails and greenways for fish, wildlife and people; and

WHEREAS, The Regional Framework Plan states that Metro, in cooperation with local governments, shall pursue the identification and implementation of a long-term, stable funding source to support the planning, acquisition, development, management and maintenance of the regional greenspaces system; and

WHEREAS, in December 2001, the Council-appointed "Green Ribbon Committee" of citizens and local officials designated a specific list of parks maintenance and facility development needs and recommended solid waste excise tax revenue be dedicated to this purpose; and

WHEREAS, On March 28, 2002, the Metro Council approved Ordinance No. 02-939A, amending the Metro Excise Tax set forth in Metro Code Chapter 7.01 to provide revenues for Metro's Regional Parks and Greenspaces Programs; and

WHEREAS, over the course of the last year, the Regional Parks and Greenspaces staff has developed and presented to Council specific, detailed expenditure plans for developing and operating 4 new facilities open for public use, expanding habitat restoration and landbanking on open space properties, providing enhanced environmental education and volunteer stewardship activities at the new facilities, and fully funding the renewal and replacement needs of the current and proposed facilities managed by Metro; and

WHEREAS, enhancing the revenues directed to the operations of the Oregon Convention Center through Metro's Tourism Opportunity and Competitiveness Account will benefit the economic development of the entire Metro region; now therefore,

THE METRO COUNCIL ORDAINS AS FOLLOWS:

SECTION 1. Metro Code Section 7.01.023 is amended to read as follows:

7.01.023 Amount of Additional Excise Tax; Budgeting of Additional Revenue for Regional Parks and Greenspaces Programs and Tourism Opportunity and Competitiveness Account

Commencing ~~with the Metro fiscal year beginning July 1, 2002~~ on the first day of the month following the effective date of this Ordinance No. 04-1048, the additional excise tax authorized in Section 7.01.020(c) shall be ~~\$1-\$3~~ per ton. ~~Such~~ Of such additional excise tax, \$2.50 per ton shall be dedicated to funding Metro's Regional Parks and Greenspaces programs, and \$0.50 per ton shall be dedicated to funding Metro's Tourism Opportunity and Competitiveness Account. For each fiscal year ~~thereafter~~, following the fiscal year during which this Ordinance No. 04-1048 is enacted, the additional excise tax dedicated to Metro's Regional Parks and Greenspaces programs and Metro's Tourism Opportunity and Competitiveness Account shall be not less than the amount of the additional excise tax in the previous fiscal year increased by a percentage equal to (a) the annualized rate of increase in the Consumer Price Index, All Items, for Portland-Salem (All Urban Consumers) reported for the first six (6) months of the federal reporting year as determined by the appropriate agency of the United States Government or (b) the most nearly equivalent index as determined by the Metro Council if the index described in (a) is discontinued, or such lesser amount as the Chief Operating Officer deems appropriate.

ADOPTED by the Metro Council this _____ day of _____ 2004.

David Bragdon, Council President

ATTEST:

Approved as to Form:

Recording Secretary

Daniel B. Cooper, Metro Attorney

STAFF REPORT

IN CONSIDERATION OF ORDINANCE NO. 04-1048 FOR THE PURPOSE OF AMENDING METRO CODE CHAPTER 7.01.023 TO INCREASE THE AMOUNT OF ADDITIONAL EXCISE TAX DEDICATED TO FUNDING METRO'S REGIONAL PARKS AND GREENSPACES PROGRAMS AND TO PROVIDE DEDICATED FUNDING FOR METRO'S TOURISM OPPORTUNITY AND COMPETITIVENESS ACCOUNT

Date: April 7, 2004

Prepared by: Jim Desmond
Mark B. Williams

BACKGROUND

1. Regional Parks and Greenspaces Program

On March 28, 2002, the Metro Council passed Ordinance 02-939A to provide for interim funding for Regional Parks and Greenspaces programs by increasing the Excise Tax on Solid Waste by \$1.00 per ton and dedicating that funding to the Regional Parks and Greenspaces Department. That ordinance provided that this additional excise tax was to be repealed June 30, 2004. On March 25, 2004, that repeal date was eliminated.

The \$1 per ton achieves several goals within the Regional Parks and Greenspaces programs. Most importantly, it stopped the significant draws on fund balance that were projected, just to maintain the core programs and keep the parks open. Some additional resources were allocated to the Natural Resources Stewardship program to better manage the open space properties purchased under the 1995 Open Spaces bond measure. The new resources provided for the continuation of the Regional Trails program beyond the 1995 Open Spaces bond measure and partially funded the renewal and replacement needs of the department. This \$1 per ton stopped the financial hemorrhaging of the regional park system, but did not solve the longer term financial problems or provide for public access to open space sites.

Implicit in the purchase of over 8,000 acres of natural areas and trail access with the 1995 Open Spaces bond measure is the opening of some of these properties for public use and enjoyment. Currently, access to these sites is limited to educational programs and tours lead by staff.

In the fall of 2001, a committee of interested citizens and government representatives formed the Green Ribbon Committee. Their work resulted in a report to the Metro Council in December 2001, recommending which open space sites should be prioritized for providing public access. It was recommended by the committee that the capital development of these sites be paid for through solid waste excise tax revenue.

The proposed ordinance, establishing an additional \$2 per ton excise tax on solid waste, with \$1.50 dedicated to Regional Parks, sets out to provide the resources necessary to develop the highest priorities in the Green Ribbon Committee's Report. The proposal provides the resources necessary to minimally develop Cooper Mountain (west of Beaverton), Mt. Talbert (east of I-205 near Milwaukie) the Wilsonville Tract property, and Willamette Cove (south of the St. Johns area in North Portland). The proposal also includes the longer term revenue necessary to operate three of these new facilities and provide expanded environmental education programming and volunteer activities at those new parks in suburban portions of the region.

The additional revenue generated from this Ordinance will fulfill our obligation to the residents of the region to take care of what we already have by fully providing for the renewal and replacement needs for the capital developments at the all of the regional park facilities, including the new proposed parks. This prudent action will better balance the operation, maintenance and capital needs of the regional park facilities and avoid the need for future levies, emergency funding measures or park closures.

Additional resources will result in better stewardship of the natural areas acquired under the bond measure through the removal of invasive weeds, restoring wetland and riparian areas, planting trees, shrubs and other plants, all toward the goal of improved water quality and increased watershed health.

The Regional Parks and Greenspaces staff has developed and presented to Metro Council detailed plans for increasing its commitment to renewal and replacement, expanding habitat restoration and environmental education programs, and developing and operating these new facilities. The first year implementation of these plans is incorporated in the Council President's Proposed Budget for FY 2004-05.

Increasing the excise tax support for Regional Parks and Greenspaces programs an additional \$1.50 per ton of solid waste will get Metro most of the way, but additional excise tax support of approximately \$1 per ton will be necessary to fully realize the goals outlined in this staff report. This additional support would be necessary beginning in fiscal year 2005-06.

2. Tourism Opportunity and Competitiveness Account

In fiscal year 2002-03, the \$116 million expansion of the Oregon Convention Center came in on time and under budget. The expansion almost doubled the size of the center, positioning Portland to compete for a much larger share of the national and international convention market, and add jobs to the region's economy. At the time the funding package was assembled for the facility's expansion, operating funds were identified to sustain the facility in the short term, with the recognition that the Metro Council, along with public and private sector stakeholders, would develop a longer term solution. This proposal, to increase the excise tax on solid waste by \$2.00 per ton, with \$.50 per ton allocated to the Tourism Opportunity and Competitiveness Account, would contribute to the long term viability and competitiveness of the Oregon Convention Center, helping to enable the center to achieve its intended economic benefits for the region.

A recent study performed by a national consultant confirmed that the Oregon Convention Center is underfunded. The study by C. H. Johnson and Associates shows that the Convention Center is operating at a fraction of the average subsidy that its competitors enjoy. The lack of additional funding to help pay for the operation and maintenance of the expanded Convention Center has resulted in MERC being required to operate a facility which has been doubled in size with only 5 additional staff persons. Staffing levels now are insufficient to meeting the building's operational and maintenance needs, and no funds are available to contribute to renewal and replacement—thus putting this important public asset at risk for the future.

Since the events of September 11, 2001 and the downturn in the national travel and meeting industries, competition for scarce visitor dollars has become intense. Now, the Metro region must compete with much larger "Tier One" locations such as Las Vegas or San Francisco---parts of the country that never used to compete for the smaller events that typically consider the Portland metro region. These factors led the Council to create the Metro Oregon Convention Center Advisory Committee last year, with representatives from the local hospitality community and civic leaders. That Committee advised Metro to examine the possibility of dedicated excise tax dollars to help fund the Center, so as to keep it competitive with other, better funded jurisdictions.

The Tourism Opportunity and Competitiveness Account will create a fund that will assist the Convention Center in maintaining its competitive position in an increasingly difficult convention and meeting business. The funds generated from the proposed excise tax will be available for specific proposals that will assist with Convention Center operation, maintenance, and marketing. The Council will decide which Convention Center related projects ought to be funded on an annual basis in a manner similar to that employed successfully by the Visitor Development Fund (VDF), which was created to assist in marketing the newly expanded convention center and bring economic impact generating events to the region.

ANALYSIS/INFORMATION

1. **Known Opposition** The solid waste industry has raised concerns about the impact this tax will have on the solid waste tip fee. Staff has been working with representatives of the solid waste industry to discuss these issues.
2. **Legal Antecedents** The Metropolitan Greenspaces Master Plan adopted by Council through Resolution No 92-1637 identifies a desired regional greenspaces system, and the Regional Framework Plan adopted by Metro by Resolution No. 97-715B states Metro, in cooperation with local governments, shall pursue the identification and implementation of a long term, stable funding source to support the planning, acquisition, development, management and maintenance of the regional greenspaces system. Ordinance 02-939A established the \$1 per ton excise tax on solid waste and dedicated it to Regional Parks and Greenspaces programs, and Ordinance 04-1037 eliminated the sunset provision.
3. **Anticipated Effects** This action will establish an additional \$2 per ton of excise tax on solid waste dedicating \$1.50 to Regional Parks and Greenspaces Department and \$0.50 to the Tourism Opportunity and Competitiveness Account. It is anticipated that the additional tax will be passed on directly to the generators of the solid waste through invoices or billings.
4. **Budget Impacts** This action does not authorize any budget authority. It provides for revenues to be allocated through the regular budget process, to be used to balance against authorized expenditures. The full year effect of this action would be to provide \$1.8 million for the Regional Parks and Greenspaces Department and \$595,000 for the Tourism Opportunity and Competitiveness Account; however, the effective date of the ordinance may result in only 10 months of revenue collection for FY 2004-05. The excise tax will increase with CPI and may fluctuate with solid waste tonnage. A full 12 months of revenue is assumed in the Council President's Proposed Budget for FY 2004-05.

RECOMMENDED ACTION

Council President David Bragdon recommends passage of Ordinance No. 04-1048 for the purpose of amending Metro Code Chapter 7.01.023 to increase the amount of additional excise tax dedicated to funding Metro's Regional Parks and Greenspaces programs and to provide dedicated funding for Metro's Tourism Opportunity and Competitiveness Account.