

Metro | Agenda

Meeting: Metro Council
Date: Thursday, December 11, 2014
Time: 2 p.m.
Place: Metro, Council Chamber

CALL TO ORDER AND ROLL CALL

1. **CITIZEN COMMUNICATION**
2. **FISCAL YEAR 2013-14 FINANCIAL AUDIT RESULTS**
Suzanne Flynn, Metro
Tim Collier, Metro
James Lanzarotta, Moss Adams LLC
Brad Smith, Moss Adams LLC
3. **METRO CENTRAL ENHANCEMENT COMMITTEE 2015 FUNDING PRESENTATION**
Heather Nelson Kent, Metro
4. **CONSENT AGENDA**
 - 4.1 **Resolution No. 14-4592**, For the Purpose of Confirming Appointments to the Metro Public Engagement Review Committee
 - 4.2 **Resolution No. 14-4578**, For the Purpose of Confirming the Council President's Reappointment of Chris Erickson to the Metro Exposition and Recreation Commission
 - 4.3 Consideration of Council Meeting Minutes for December 4, 2014
5. **ORDINANCES (FIRST READ)**
 - 5.1 **Ordinance No. 14-1350**, For the Purpose of Amending Metro Code 2.02.010 Personnel Code
6. **ORDINANCES (SECOND READ)**
 - 6.1 **Ordinance No. 14-1349**, For the Purpose of Annexing to the Metro District Boundary Approximately 14.81 Acres Located North of NW Springville Road and East of NW Kaiser Road in the North Bethany Area of Washington County
Tim O'Brien, Metro
 - 6.1.1 **Public hearing on Ordinance No. 14.1349**

7. RESOLUTIONS

7.1 **Resolution No. 14-4576**, For the Purpose of Supporting the Reopening of the Willamette Falls Locks

**Andy Cotugno, Metro
Lisa Naito, Hooley &
Naito, LLC**

7.2 **Resolution No. 14-4590**, For the Purpose of Amending the Natural Areas Acquisition Refinement Plan for the Willamette River Greenway Target Area

Hillary Wilton, Metro

8. CHIEF OPERATING OFFICER COMMUNICATION

Martha Bennett, Metro

9. COUNCILOR COMMUNICATION

ADJOURN

Television schedule for December 11, 2014 Metro Council meeting

<p>Clackamas, Multnomah and Washington counties, and Vancouver, WA Channel 30 – Community Access Network <i>Web site:</i> www.tvctv.org <i>Ph:</i> 503-629-8534 <i>Date:</i> Thursday, December 11, 2:00 p.m.</p>	<p>Portland Channel 30 – Portland Community Media <i>Web site:</i> www.pcmtv.org <i>Ph:</i> 503-288-1515 <i>Date:</i> Sunday, December 14, 7:30 p.m. <i>Date:</i> Monday, December 15, 9 a.m.</p>
<p>Gresham Channel 30 - MCTV <i>Web site:</i> www.metroeast.org <i>Ph:</i> 503-491-7636 <i>Date:</i> Monday, December 15, 2 p.m.</p>	<p>Washington County and West Linn Channel 30– TVC TV <i>Web site:</i> www.tvctv.org <i>Ph:</i> 503-629-8534 <i>Date:</i> Friday, December 12, 12 p.m. <i>Date:</i> Sunday, December 14, 11 p.m.</p>
<p>Oregon City and Gladstone Channel 28 – Willamette Falls Television <i>Web site:</i> http://www.wftvmedia.org/ <i>Ph:</i> 503-650-0275 Call or visit web site for program times.</p>	

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

Metro respects civil rights

Metro fully complies with Title VI of the Civil Rights Act of 1964 and related statutes that ban discrimination. If any person believes they have been discriminated against regarding the receipt of benefits or services because of race, color, national origin, sex, age or disability, they have the right to file a complaint with Metro. For information on Metro's civil rights program, or to obtain a discrimination complaint form, visit www.oregonmetro.gov/civilrights or call 503-797-1536. Metro provides services or accommodations upon request to persons with disabilities and people who need an interpreter at public meetings. If you need a sign language interpreter, communication aid or language assistance, call 503-797-1890 or TDD/TTY 503-797-1804 (8 a.m. to 5 p.m. weekdays) 5 business days before the meeting. All Metro meetings are wheelchair accessible. For up-to-date public transportation information, visit TriMet's website at www.trimet.org.

Thông báo về sự Metro không kỳ thị của

Metro tôn trọng dân quyền. Muốn biết thêm thông tin về chương trình dân quyền của Metro, hoặc muốn lấy đơn khiếu nại về sự kỳ thị, xin xem trong www.oregonmetro.gov/civilrights. Nếu quý vị cần thông dịch viên ra dấu bằng tay, trợ giúp về tiếp xúc hay ngôn ngữ, xin gọi số 503-797-1890 (từ 8 giờ sáng đến 5 giờ chiều vào những ngày thường) trước buổi họp 5 ngày làm việc.

Повідомлення Metro про заборону дискримінації

Metro з повагою ставиться до громадянських прав. Для отримання інформації про програму Metro із захисту громадянських прав або форми скарги про дискримінацію відвідайте сайт www.oregonmetro.gov/civilrights або Якщо вам потрібен перекладач на зборах, для задоволення вашого запиту зателефонуйте за номером 503-797-1890 з 8.00 до 17.00 у робочі дні за п'ять робочих днів до зборів.

Metro 的不歧视公告

尊重民權。欲瞭解Metro民權計畫的詳情，或獲取歧視投訴表，請瀏覽網站 www.oregonmetro.gov/civilrights。如果您需要口譯方可參加公共會議，請在會議召開前5個營業日撥打503-797-1890（工作日上午8點至下午5點），以便我們滿足您的要求。

Ogeysiiska takooris la'aanta ee Metro

Metro waxay ixtiraamtaa xuquuqda madaniga. Si aad u heshid macluumaad ku saabsan barnaamijka xuquuqda madaniga ee Metro, ama aad u heshid warqadda ka cabashada takoorista, booqo www.oregonmetro.gov/civilrights. Haddii aad u baahan tahay turjubaan si aad uga qaybqaadatid kullaan dadweyne, wac 503-797-1890 (8 gallinka hore illaa 5 gallinka dambe maalmaha shaqada) shan maalmo shaqa ka hor kullanka si loo tixgaliyo codsashadaada.

Metro의 차별 금지 관련 통지서

Metro의 시민권 프로그램에 대한 정보 또는 차별 항의서 양식을 얻으려면, 또는 차별에 대한 불만을 신고 할 수 www.oregonmetro.gov/civilrights. 당신의 언어 지원이 필요한 경우, 회의에 앞서 5 영업일 (오후 5시 주중에 오전 8시) 503-797-1890를 호출합니다.

Metroの差別禁止通知

Metroでは公民権を尊重しています。Metroの公民権プログラムに関する情報について、または差別苦情フォームを入手するには、www.oregonmetro.gov/civilrights。までお電話ください公開会議で言語通訳を必要とされる方は、Metroがご要請に対応できるよう、公開会議の5営業日前までに503-797-1890（平日午前8時～午後5時）までお電話ください。

សេចក្តីជូនដំណឹងអំពីការមិនរើសអើងរបស់ Metro

ការគោរពសិទ្ធិពលរដ្ឋរបស់ ។ សំរាប់ព័ត៌មានអំពីកម្មវិធីសិទ្ធិពលរដ្ឋរបស់ Metro ឬដើម្បីទទួលបានក្បួនលក្ខណ៍រើសអើងសូមចូលទស្សនាការប្រកាស www.oregonmetro.gov/civilrights។
បើលោកអ្នកត្រូវការការបកប្រែភាសានៅពេលអង្គប្រជុំសាធារណៈ សូមទូរស័ព្ទមកលេខ 503-797-1890 (ម៉ោង 8 ព្រឹកដល់ម៉ោង 5 ល្ងាច ថ្ងៃធ្វើការ) ប្រាំពីរថ្ងៃ ថ្ងៃធ្វើការ មុនថ្ងៃប្រជុំដើម្បីអាចឲ្យគេសម្រួលតាមសំណើរបស់លោកអ្នក ។

إشعار بعدم التمييز من Metro

تحتزم Metro الحقوق المدنية. للمزيد من المعلومات حول برنامج Metro للحقوق المدنية أو لإبداء شكوى ضد التمييز، يرجى زيارة الموقع الإلكتروني www.oregonmetro.gov/civilrights. إن كنت بحاجة إلى مساعدة في اللغة، يجب عليك الاتصال مقدماً برقم الهاتف 503-797-1890 (من الساعة 8 صباحاً حتى الساعة 5 مساءً، أيام الاثنين إلى الجمعة) قبل خمسة (5) أيام عمل من موعد الاجتماع.

Paunawa ng Metro sa kawalan ng diskriminasyon

Iginagalang ng Metro ang mga karapatang sibil. Para sa impormasyon tungkol sa programa ng Metro sa mga karapatang sibil, o upang makakuha ng porma ng reklamo sa diskriminasyon, bisitahin ang www.oregonmetro.gov/civilrights. Kung kailangan ninyo ng interpreter ng wika sa isang pampublikong pulong, tumawag sa 503-797-1890 (8 a.m. hanggang 5 p.m. Lunes hanggang Biyernes) lima araw ng trabaho bago ang pulong upang mapagbigyan ang inyong kahilingan. Notificación de no discriminación de Metro.

Notificación de no discriminación de Metro

Metro respeta los derechos civiles. Para obtener información sobre el programa de derechos civiles de Metro o para obtener un formulario de reclamo por discriminación, ingrese a www.oregonmetro.gov/civilrights. Si necesita asistencia con el idioma, llame al 503-797-1890 (de 8:00 a. m. a 5:00 p. m. los días de semana) 5 días laborales antes de la asamblea.

Уведомление о недопущении дискриминации от Metro

Metro уважает гражданские права. Узнать о программе Metro по соблюдению гражданских прав и получить форму жалобы о дискриминации можно на веб-сайте www.oregonmetro.gov/civilrights. Если вам нужен переводчик на общественном собрании, оставьте свой запрос, позвонив по номеру 503-797-1890 в рабочие дни с 8:00 до 17:00 и за пять рабочих дней до даты собрания.

Avizul Metro privind nediscriminarea

Metro respectă drepturile civile. Pentru informații cu privire la programul Metro pentru drepturi civile sau pentru a obține un formular de reclamație împotriva discriminării, vizitați www.oregonmetro.gov/civilrights. Dacă aveți nevoie de un interpret de limbă la o ședință publică, sunați la 503-797-1890 (între orele 8 și 5, în timpul zilelor lucrătoare) cu cinci zile lucrătoare înainte de ședință, pentru a putea să vă răspunde în mod favorabil la cerere.

Metro txoj kev ntxub ntxaug daim ntawv ceeb toom

Metro tributes cai. Rau cov lus qhia txog Metro txoj cai kev pab, los yog kom sau ib daim ntawv tsis txaus siab, mus saib www.oregonmetro.gov/civilrights. Yog hais tias koj xav tau lus kev pab, hu rau 503-797-1890 (8 teev sawv ntxov txog 5 teev tsaus ntuj weekdays) 5 hnub ua hauj lw m ua ntej ntawm lub rooj sib tham.



Agenda Item No. 2.0

FISCAL YEAR 2013-14 FINANCIAL AUDIT RESULTS

Presentations

Metro Council Meeting
Thursday, December 11, 2014
Metro, Council Chambers

REPORT OF INDEPENDENT AUDITORS

Metro Council and Metro Auditor
Portland, Oregon

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Metro, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise Metro's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Oregon Zoo Foundation, a discretely presented component unit, which represents 100% of the assets, net position, and revenues of the discretely presented component unit of Metro. Those financial statements were audited by other auditors, whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Oregon Zoo Foundation, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of The Oregon Zoo Foundation were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Metro's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

MOSS ADAMS LLP

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Metro, as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 19 through 35; the schedules of revenues, expenditures and changes in fund balance – budget and actual and related notes (the “budgetary schedules”); and the schedule of funding progress for the other postemployment benefits on pages 87 through 90, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

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

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

Supplementary Information

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

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

The Supplementary Information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information, other financial schedules, and schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

The introductory section and statistical information have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 18, 2014, on our consideration of Metro's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Metro's internal control over financial reporting and compliance.

Report on Other Legal and Regulatory Requirements

In accordance with the Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated November 18, 2014, on our consideration of Metro's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.



For Moss Adams LLP
Eugene, Oregon
November 18, 2014

MAKING A GREAT PLACE



www.oregonmetro.gov

600 NE Grand Ave.
Portland, Oregon

877-337-2736

Cover only - entire report may be downloaded from Metro's website (192 pages)



COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the fiscal year ended June 30, 2014

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

Metro Council and Metro Auditor
 Portland, Oregon

We have audited the basic financial statements of Metro as of and for the year ended June 30, 2014 and have issued our report thereon dated November 18, 2014. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the provisions of the Minimum Standards for Audits of Oregon Municipal Corporations, prescribed by the Secretary of State. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement.

Compliance

As part of obtaining reasonable assurance about whether Metro's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, grants, including provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules OAR 162-10-000 to 162-10-330, as set forth below, noncompliance with which could have a direct and material effect on the determination of financial statement amounts:

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

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However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Minimum Standards for Audits of Municipal Corporations.

Internal Control Over Financial Reporting

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

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

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

Purpose of this Report

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



For Moss Adams LLP
Eugene, Oregon
November 18, 2014

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

Metro Council and Metro Auditor
Portland, Oregon

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Metro, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise Metro's basic financial statements, and have issued our report thereon dated November 18, 2014. Our report includes a reference to other auditors who audited the financial statements of the Oregon Zoo Foundation, as described in our report on Metro's financial statements. The financial statements of the Oregon Zoo Foundation were not audited in accordance with *Government Auditing Standards* and accordingly this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the Oregon Zoo Foundation.

Internal Control Over Financial Reporting

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

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

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

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

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

Purpose of this Report

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

Moss Adams, LLP

Eugene, Oregon
November 18, 2014

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

Metro Council and Metro Auditor
Portland, Oregon

Report on Compliance for the Major Federal Program

We have audited Metro's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Metro's major federal program for the year ended June 30, 2014. Metro's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for Metro's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Metro's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of Metro's compliance.

Opinion on the Major Federal Program

In our opinion, Metro complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2014.



Report on Internal Control Over Compliance

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

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

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

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

Moss Adams, LLP

Eugene, Oregon
November 18, 2014

METRO

Schedule of Expenditures of Federal Awards
For the fiscal year ended June 30, 2014

<u>Grantor and Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant/Pass Through Number</u>	<u>Federal Expenditures</u>
U. S. DEPARTMENT OF AGRICULTURE			
Forest Service-			
Direct Programs:			
UNO Program	10.XXX	09-CS-11062200-010 Mod #5	\$ 10,500
Total U. S. Department of Agriculture			10,500
U.S. DEPARTMENT OF DEFENSE			
Department of the Army, Office of the Chief of Engineers			
Passed through Washington Department of Fish & Wildlife:			
Planning Assistance to States - Water Resources Development Act	12.110	WDFW #13-1708	57,000
Total U.S. Department of Defense			57,000
U. S. DEPARTMENT OF THE INTERIOR			
Bureau of Land Management-			
Direct Program:			
Fish, Wildlife and Plant Conservation Resource Management; Federal Land Policy and Management Act (FLPMA)	15.231	L07AC20271 Task order-HAF079Q05	40,000
Fish and Wildlife Service-			
Passed through Oregon Department of Parks and Recreation:			
Cooperative Endangered Species Conservation Fund	15.615	FY13-E28TW5 OZ	20,528
Passed through Ducks Unlimited:			
North American Wetlands Conservation Fund	15.623	OR-208-1-SSA	63,200
North American Wetlands Conservation Fund	15.623	US-OR-191-1	300,000
Subtotal North American Wetlands Conservation Fund			363,200
Passed through Washington Department of Fish & Wildlife:			
State Wildlife Grants	15.634	WA-S-2013-002-0	8,598
Endangered Species Conservation-Recovery Implementation Funds	15.657	F13AP00612	25,000
Total U. S. Department of the Interior			457,326

METRO

**Schedule of Expenditures of Federal Awards
For the fiscal year ended June 30, 2014**

U. S. DEPARTMENT OF TRANSPORTATION

Federal Highway Administration-			
Highway Planning and Construction Cluster-			
Passed through Oregon Department of Transportation:			
Chimney Pier Park pedestrian/bike bridge	20.205	ODOT # 26482	1,091
Westside Trail Master Plan	20.205	ODOT # 27275	(2,547)
Blue Lake Trail - 40 Mile Loop	20.205	ODOT # 25858	842,564
2014 Planning Fund	20.205	ODOT # 29435-01	1,401,586
2012 Planning Fund Carryover funds	20.205	ODOT # 29435-01	118,990
2014 STP funds	20.205	ODOT # 29435-01	662,170
2012 STP Carryover funds	20.205	ODOT # 29435-01	104,665
2014 Powell Division STP funds	20.205	ODOT # 29435-01	133,307
2014 TSMO STP funds	20.205	ODOT # 29435-01	7,712
2014 Technical Studies (Sec 5303)	20.205	ODOT # 29435-01	359,233
Loaned Planner Assignment - D.Kaempff	20.205	ODOT # 28383	8,845
Drive Less Connect - Spanish Language Outreach	20.205	ODOT # 28609	42,055
RCTO - Multimodal Arterial Performance Mgmt	20.205	ODOT # 28088	2,546
Total Highway Planning and Construction Cluster			<u>3,682,217</u>
Federal Transit Administration-			
Capital Investment Grants-			
Passed through Tri-County Metropolitan Transportation District of Oregon (TriMet)			
Milwaukie Light Rail Final Design	20.500	GH120250TL	8,937
Metropolitan Transportation Planning Grants-			
Passed through Oregon Department of Transportation :			
2013 Technical Studies (Sec 5303)	20.505	ODOT # 28815	166,500
Federal Transit - Formula Grants (Federal Transit Cluster)-			
Direct Programs:			
Congestion Mitigation & Air Quality Improvement Program (CMAQ)			
Regional Travel Options	20.507	OR-95-X037	116,816
Surface Transportation Funds			
Regional Travel Options	20.507	OR-95-X051	1,145,805
Subtotal Regional Travel Options Grants			<u>1,262,621</u>
Alternative Analysis-			
Direct Programs:			
Streetcar/Eastside/LO-PDX (Sec 5339)	20.522	OR-39-0002	119,665
Total U.S. Department of Transportation			<u>5,239,940</u>
Total Expenditures of Federal Awards			\$ 5,764,766

The accompanying notes are an integral part of this schedule.

METRO
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 1 – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes all federal grant activity of Metro, under programs of the federal government for the year ended June 30, 2014. The information in this Schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because this Schedule presents only a selected portion of the operations of Metro, it is not intended to and does not present the financial position, changes in net position or cash flows of Metro.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3 – SUBRECIPIENTS

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

SUBRECIPIENT	FEDERAL CFDA #	FEDERAL GRANT #	TOTAL EXPENDITURES
Bicycle Transportation Alliance (BTA)	20.507	FTA OR95-X051	\$ 43,569
City of Portland - # 931970	20.507	FTA OR95-X051	63,000
City of Portland - # 931983	20.507	FTA OR95-X051	50,063
City of Tigard	20.507	FTA OR95-X051	204
Clackamas County	20.507	FTA OR95-X051	2,594
Community Cycling Center	20.507	FTA OR95-X051	39,688
Drive Oregon	20.507	FTA OR95-X037	51,534
EnviroMedia	20.507	FTA OR95-X051	25,283
Gresham Area Chamber of Commerce	20.507	FTA OR95-X051	52,306
Home Forward	20.507	FTA OR95-X051	28,195
Lloyd District TMA	20.507	FTA OR95-X051	28,648
OPAL Environmental Justice Oregon	20.507	FTA OR95-X051	(11,751)
Ride Connection Inc	20.507	FTA OR95-X051	33,755
Swan Island Business Association	20.507	FTA OR95-X051	42,968
Tri Met	20.507	FTA OR95-X051	14,082
Verde	20.507	FTA OR95-X051	56,187
Westside Transportation Alliance Inc	20.507	FTA OR95-X051	66,985
Total Subrecipient Federal Expenditures			\$ 587,310

**METRO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2014**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: *Unmodified*

Internal control over financial reporting:

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

Federal Awards

Internal control over major federal programs:

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

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? Yes No

Identification of Major Federal Programs

<i>CFDA Numbers</i>	<i>Name of Federal Program or Cluster</i>	<i>Type of Auditor's Report Issued For Major Federal Programs</i>
20.205	Highway Planning and Construction Cluster	<i>Unmodified</i>

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

Auditee qualified as low-risk auditee? Yes No

Section II - Financial Statement Findings

None reported

Section III - Federal Award Findings and Questioned Costs

None reported

Finding 2013-001 - Procurement, Suspension and Debarment

Federal Agency: U.S. Department of the Interior, Fish and Wildlife Service; Passed through Oregon Department of Fish & Wildlife

Federal Programs: 15.605 Sport Fish Restoration Program

Condition/Context: During our testing of the procurement, suspension and debarment, we noted one contract tested did not comply with the competition requirement that procurement transactions shall be conducted in a manner to provide, to the maximum extent practical, open and free competition.

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

Current Status: In July, 2014, Metro Procurement completed Phase 1 of a project to clarify and strengthen purchasing policies and procedures. Metro believes that these changes will help to prevent this type of non-compliance in the future. Additionally, this specific grant closed in the previous fiscal year and there were no additional expenditures during the current year.

Agenda Item No. 4.1

**Resolution No. 14-4592, For the Purpose of Confirming
Appointments to the Metro Public Engagement Review
Committee**

Consent Agenda

Metro Council Meeting
Thursday, December 11, 2014
Metro, Council Chambers

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF CONFIRMING) RESOLUTION NO. 14-4592
APPOINTMENTS TO THE METRO PUBLIC)
ENGAGEMENT REVIEW COMMITTEE) Introduced by Chief Operating Officer Martha
Bennett in concurrence with Council
President Tom Hughes

WHEREAS, in furtherance of Metro’s Principles of Citizen Involvement, set forth in Resolution No. 97-2433, adopted January 23, 1997, and Ordinance No. 12-1294 amending Metro Code Chapter 2.19.030, the Metro Council established an Advisory Committee known as the Public Engagement Review Committee (PERC) to advise the Metro Council on the development and maintenance of programs and procedures to aid communication between the public and the Metro Council; and

WHEREAS, by a fair and open process, Metro has recruited applicants for PERC and the Metro Council President has appointed selected applicants consisting of members of the public, representatives of community organizations, and public involvement staff from local jurisdictions; and

WHEREAS, Metro Code Chapter 2.19.030 requires that the Metro Council confirm appointments made by the Council President to Metro’s Advisory Committees; and now therefore

BE IT RESOLVED that the following appointments by the Metro Council President to PERC are hereby confirmed to serve on PERC for the terms noted:

PERC Members and Terms

At-large representatives from the region

Three-year term:
Samrawit Biyazin
Aaron Abrams
Luis Nava

Community organization representatives

Three-year term:
Sue Marshall

Committee terms will run from January to December. Recruitment to fill vacancies will begin each fall and the Metro Council will endeavor to **confirm and** appoint new members each December.

ADOPTED by the Metro Council this 11th day of December 2014.

Tom Hughes, Council President

Approved as to Form:

Alison R. Kean, Metro Attorney

STAFF REPORT

IN CONSIDERATION OF RESOLUTION NO. 14-4592 FOR THE PURPOSE OF CONFIRMING APPOINTMENTS TO THE METRO PUBLIC ENGAGEMENT REVIEW COMMITTEE.

Date: December 11, 2014

Prepared by: Heather Coston 503-813-1552

BACKGROUND

By approval of Ordinance no. 12-1294, Metro Council approved amending the Metro Code regarding the Office of Citizen Involvement to dissolve the Metro Committee for Citizen Involvement and establish a new standing public committee, the Public Engagement Review Committee (PERC). The PERC will convene at least twice a year and consist of at-large community members, representatives from three community organizations and public involvement staff from Clackamas, Multnomah and Washington counties.

The PERC serves as a key component of Metro's ongoing efforts to develop and implement successful public engagement processes. The committee will also assist with Metro's annual public engagement report, Opt In public engagement review survey and annual community summit.

ANALYSIS/INFORMATION

In the inaugural year of the PERC, one community organization representative and three at-large community members were appointed for a one-year term in order to establish a rotation schedule. Eventually all positions will be appointed for three-year terms.

Two committee member terms are set to expire in 2014. One community based organization representative and one at-large representative.

Staff opened an application process and engaged community stakeholders, local agencies and jurisdictions to recruit committee applicants with public involvement experience, strong community connections and a diverse geographic and demographic representation.

Staff received five applications for at-large community member. This information was reviewed by staff against the following published criteria:

- A commitment to community involvement
- Demonstrated skills, knowledge or experience that apply to principles of citizen involvement adopted by Metro
- An ability to assist in representing the geographic and demographic diversity of the region.

After consulting with councilors and the communications director, staff recommends the following be reappointed to the PERC for full three-year terms: Sue Marshall and Luis Nava. Staff also recommends appointing two at-large community representatives: Samrawit Biyazin and Aaron Abrams.

ANALYSIS/INFORMATION

1. **Known Opposition** None
2. **Legal Antecedents** Resolution No. 97-2433 establishing Metro's Principles of Citizen Involvement: Metro Code Chapter 2.19.030; and Ordinance No. 12-1294 amending Metro Code Chapter 2.19.030.
3. **Anticipated Effects** The appointments to the PERC will allow Metro to more successfully engage communities with Metro's initiatives, improve public engagement best practices and prioritize projects for public outreach.
4. **Budget Impacts** No budget impacts. Program needs are accounted for in existing staff resources and accessing Communications M&S included in the COO proposed budget for FY 2013-2014.

RECOMMENDED ACTION

Confirm the following be reappointed to the PERC for full three-year terms: Sue Marshall and Luis Nava.
Confirm appointing two at-large community representatives to the PERC for full three-year terms:
Samrawit Biyazin and Aaron Abrams.

Agenda Item No. 4.2

Resolution No. 14-4578, For the Purpose of Confirming the
Council President's Reappointment of Chris Erickson to the
Metro Exposition and Recreation Commission

Consent Agenda

Metro Council Meeting
Thursday, December 11, 2014
Metro, Council Chambers

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF CONFIRMING) RESOLUTION No. 14-4578
THE COUNCIL PRESIDENT’S REAPPOINTMENT)
OF CHRIS ERICKSON TO THE METROPOLITAN) Introduced by Tom Hughes,
EXPOSITION RECREATION COMMISSION) Council President

WHEREAS, the Metro Code, Section 6.01.030(a) provides that the Metro Council President shall appoint all members to the Metropolitan Exposition Recreation Commission; and

WHEREAS, the Metro Code, Section 6.01.030(b) provides that the Council President’s appointments to the Commission are subject to confirmation by the Metro Council; and

WHEREAS, pursuant to Metro Code, Section 6.01.030(d)(2) the City of Portland has recommended the reappointment Chris Erickson as a member of the Commission; and

WHEREAS, pursuant to Metro Code, Section 6.01.030(e)(1), the Metro Council President has the authority to concur with the City of Portland’s nomination of Mr. Erickson or reject it; and

WHEREAS, the Metro Council President has concurred with the City of Portland’s re-appointment recommendation of Mr. Erickson, and submitted his reappointment of Mr. Erickson to the Metro Council for confirmation; and

WHEREAS, the Council finds that Chris Erickson has the experience and expertise to make a substantial contribution to the Commission’s work; now therefore

BE IT RESOLVED, that the Metro Council hereby confirms the Council President’s re-appointment of Chris Erickson as a member of the Metropolitan Exposition Recreation Commission, for a four-year term as provided by the Metro Code, beginning on January 1, 2015 and ending December 31, 2018.

ADOPTED by the Metro Council this 11th day of December, 2014.

Tom Hughes, Council President

Approved as to Form:

Alison R. Kean, Metro Attorney

STAFF REPORT

IN CONSIDERATION OF RESOLUTION NO. 14- 4578, FOR THE PURPOSE OF CONFIRMING THE COUNCIL PRESIDENT'S REAPPOINTMENT OF CHRIS ERICKSON TO THE METROPOLITAN EXPOSITION RECREATION COMMISSION

Date: December 11, 2014

Prepared by: Scott Robinson

BACKGROUND

The Metro Code, Section 6.01.030(a), gives the Metro Council President sole authority to appoint all members of the Metropolitan Exposition Recreation Commission, subject to confirmation by the Council. Section 6.01.030(d)(2) of the Metro Code allows the City of Portland to recommend the re-appointment of a Commissioner for the Council President's consideration. Under section 6.01.030(e)(1) of the Metro Code, the Metro Council President has the authority to concur with City of Portland's re-appointment and submit it to the Metro Council for confirmation, or reject it.

Charlie Hales, City of Portland Mayor, has recommended Chris Erickson for reappointment on the Commission. The council President has concurred with this recommendation and accordingly submitted his reappointment of Mr. Erickson to the Metro Council for confirmation. A copy of the recommendation letter from the Mayor is attached as Attachment 1 to this Staff Report. A copy of Mr. Erickson's biography is attached as Attachment 2 to this Staff Report.

If confirmed, Mr. Erickson will, pursuant to the Metro Code, serve a 4-year term beginning January 1, 2015, through December 31, 2018.

Metro Chief Operating Officer Martha Bennett concurs with this appointment.

ANALYSIS/INFORMATION

- **Known Opposition.** None
- **Legal Antecedents.** Metro Code as referenced above.
- **Anticipated Effects.** Reappointment of Mr. Erickson to the Metropolitan Exposition Recreation Commission, in the manner provided by the Metro Code.
- **Budget Impacts.** None

RECOMMENDED ACTION

The chief Operating Officer recommends approval of Resolution 14-4578 to confirm the reappointment of Chris Erickson to the Metropolitan Exposition Recreation Commission and to begin serving January 1, 2015.



OFFICE OF MAYOR CHARLIE HALES
CITY OF PORTLAND

September 9, 2014

Tom Hughes, President
Metro Council
600 NE Grand Ave
Portland, OR 97232

Dear President Hughes,

Thank you for the opportunity to nominate a representative for the Metropolitan Exposition and Recreation Commission. The City of Portland supports the reappointment of Chris Erickson as its representative on MERC for a second four-year term beginning January 1, 2015 through December 31, 2018.

Mr. Erickson's experience in the hospitality industry as well as his service on several community and executive boards makes him an ideal candidate to serve as a member of the MERC Commission, which guides budget and policy decisions for several Portland venues including Portland's Centers for the Arts, Oregon Convention Center and Portland Expo Center.

Please accept our recommendation to reappoint Mr. Erickson to MERC.

Sincerely,

Charlie Hales
Mayor, City of Portland

Attachment 2

Resolution 14-4578: Confirming the Council President's Reappointment of Chris Erickson to the Metropolitan Exposition Recreation Commission

Chris Erickson Biography

Chris Erickson has been serving individuals in the hospitality and guest services industry for over 25 years. His professional career began in Seattle at WestCoast Hotels and has grown to include numerous 4 star locations and award winning organizations.

Mr. Erickson attended the University of Washington graduating with a Bachelor of Arts in 1991. He was then accepted to the Washington State University Management Development Program in Seattle, Washington where he earned accredited certification in Hospitality Management. Chris received his Certified Hotel Administrator accreditation in 1999.

Since July of 2006, Mr. Erickson has been General Manager of the award-winning, Forbes 4-Star Heathman Hotel.

Mr. Erickson currently serves on several community and executive boards, including on the Oregon Tourism Commission, to which he was appointed to by the Governor of Oregon in 2008. Chris is also the Chairman of the Travel Portland Executive Board and serves on the Metropolitan Exposition Recreation Commission (MERC) and the Board of Directors of the Oregon Historical Society. In 2008 Mr. Erickson received the prestigious American Hotel and Lodging Associations State Leadership award for the State of Oregon. In 2013, Mr. Erickson was awarded Lodging Operator of the Year by his peers and the Oregon Restaurant and Lodging Association. Mr. Erickson was also awarded the Board Member of the Year award by the Oregon Historical Society and Museum.

Agenda Item No. 4.3

**Consideration of Council Meeting Minutes for December 4,
2014**

Consent Agenda

Metro Council Meeting
Thursday, December 11, 2014
Metro, Council Chambers

Agenda Item No. 5.1

Ordinance No. 14-1350, For the Purpose of Amending Metro
Code 2.02.010 Personnel Code

Ordinances (First Read)

Metro Council Meeting
Thursday, December 11, 2014
Metro, Council Chambers

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF AMENDING METRO) ORDINANCE NO. 14-1350
CODE SECTION 2.02.010 AND DECLARING AN)
EMERGENCY) Chief Operating Officer Martha Bennett in
) concurrence with Council President Tom
) Hughes

WHEREAS, Metro Code Section 2.02.010 requires that the Metro Council approve written employment agreements with staff of Metro; and

WHEREAS, the Metro Council wishes to provide the Chief Operating Officer (COO) with more flexibility to execute certain written employment agreements; and

WHEREAS, the Metro Council will delegate this authority by resolution either on an individual employment contract, or on a group of written employment agreements with identical terms except for salary.

THE METRO COUNCIL ORDAINS AS FOLLOWS:

- 1. The Metro Code Section 2.02.010 is amended as attached in Exhibit "A" to this Ordinance;
- 2. That this Ordinance being necessary for the health, safety, and welfare of the Metro area an emergency is declared to exist, and this Ordinance shall take effect immediately, pursuant to Metro Charter Section 39(1).

ADOPTED by the Metro Council this ____ day of December, 2014.

Tom Hughes, Council President

Attest:

Approved as to Form:

Alexandra Eldridge
Regional Engagement and Legislative Coordinator

Alison R. Kean, Metro Attorney

CHAPTER 2.02

PERSONNEL CODE*

SECTIONS	TITLE
2.02.010	Personnel Code
2.02.020	Exemptions
2.02.030	Definitions of Personnel Terms
2.02.040	New Positions
2.02.050	Charitable Solicitations
2.02.060	Affirmative Action Policy
2.02.070	Recruitment and Appointment
2.02.080	Drug and Alcohol Policy
2.02.090	Smoking Policy
2.02.100	Employee Organizations and Representation
2.02.110	Political Activity
2.02.120	Ethical Requirements for Employees, Officers, Elected and Appointed Officials

* Formerly "Personnel Rules"; renamed and amended by Ordinance No. 05-1082, Sec. 1.

2.02.010 Personnel Code

Sections 2.02.001 to 2.02.120 of this Metro Code shall be known as and may be cited as the "Metro Personnel Code."

The provisions in this chapter do not constitute a contract of employment. Moreover, in order to meet future challenges, the Council retains the flexibility to change, substitute, and discontinue the policies and benefits described herein, at any time, with or without notice to employees. No person shall be deemed to have a vested interest in, or legitimate expectation of, continued employment with Metro, or any policy or benefit described herein or otherwise generally followed by Metro. No contract of employment can be created, nor can an employee's status be modified, by any oral or written agreement, or course of conduct, except by a written agreement signed by the Council President or Chief Operating Officer and the employee, and subject to the approval of the Council. Notwithstanding the foregoing, however, the Metro Council may delegate by resolution to the Chief Operating Officer the authority to execute written employment agreements on a case by case basis, or as a group for Director level employment agreements where all terms in those employment agreements are identical except salary.

(a) Duties of Chief Operating Officer

Administration and enforcement of the personnel code shall be the responsibility of the Chief Operating Officer. The Chief Operating Officer, or his or her delegee, shall:

- (1) Establish and maintain:
 - (A) A record of all employees in Metro service;
 - (B) The Metro employee classification plan;
 - (C) The salary plan and salary administration policies, including employee benefits, including employee benefits.
- (2) Prepare such rules, policies, and procedures as are necessary to carry out the duties, functions and powers of this personnel code, and to effectively administer Metro personnel.
- (3) Establish a system of personnel administration based on merit, governing recruitment, appointment, tenure, transfer, layoff, separation, discipline of employees.
- (4) Devise and employee training programs, for the purpose of improving the quality of service rendered by Metro personnel.
- (5) Conduct labor negotiations with the authorized collective bargaining representatives of Metro employees
- (6) Serve as the final grievance adjustment officer in personnel matters.
- (7) Make quarterly reports to the Council regarding the personnel administration of Metro.

(b) The Metropolitan Exposition-Recreation Commission shall adopt personnel rules consistent with and subject to Section 6.01.040 of the Metro Code notwithstanding any provision

of this chapter to the contrary. The Chief Operating Officer shall through the General Manager administer the policies adopted by the Commission.

(Ordinance 05-1082, Sec. 1. Amended by Ordinance No. 09-1229, Sec. 2.)

2.02.020 Exemptions

(a) Notwithstanding any provision of this chapter, individual positions in the Office of Chief Operating Officer assigned to provide services to the Council may be designated as exempt from and not subject to this chapter, provided that the Council President has given written approval of the exemption after 10 days prior notice has been given to members of the Council.

(b) Notwithstanding any provision of this chapter, employees in the Office of Auditor shall be exempt from and shall not be subject to this chapter, except as expressly determined in writing by the Auditor, limited however to budgeted funds allocated to the Office of Auditor.

(Ordinance No. 81-116, Sec. 46. Amended by Ordinance No. 94-523B; Ordinance No. 02-965A, Sec. 1; and renumbered by Ordinance No. 05-1082, Sec. 1.)

2.02.030 Definitions of Personnel Terms

For the purposes of this chapter unless the context requires otherwise, the following terms shall have the meanings indicated:

(a) "Auditor" means the elected Auditor of Metro or his/her designee.

(b) "Chief Financial Officer" means the person responsible for managing the financial affairs and budget of Metro and designated as such by the Chief Operating Officer.

(c) "Chief Operating Officer" means the person holding the position of Chief Operating Officer established by Section 2.20.010 of the Metro Code.

(d) "Council" means the elected governing body of Metro.

(e) "Department" means a major functional unit of Metro as designated by the Chief Operating Officer.

EXHIBIT A to Ordinance 14-1350

(f) "Department Director" means a person designated by the Chief Operating Officer to be responsible for the administration of a department or his/her designee.

(g) "Employee" means an individual who is salaried or who receives wages for employment with Metro.

(h) "Full-time" means a position in which the scheduled hours of work are 40 hours per week and which is provided for in the adopted budget.

(i) "Layoff" means a separation from employment because of organizational changes, lack of work, lack of funds, or for other reasons not reflecting discredit upon the employee.

(j) "Part-time" means a position in which the scheduled hours of work are less than 40 hours per week but at least 20 hours or more per week and which is provided for in the adopted budget.

(k) "Human Resources Director" means the employee appointed by the Chief Operating Officer to administer the provisions of this chapter, regardless of whether the person is also a Department Director.

(l) "Represented employee" means an employee who is in a recognized or certified bargaining unit.

(m) "Separation" is the cessation of employment with Metro not reflecting discredit upon the employee.

(n) "Status" refers to the standing of an employee.

(o) "Termination" means the cessation of employment with Metro.

(Ordinance No. 81-116, Sec. 6. Amended by Ordinance No. 94-523B; Ordinance No. 95-602A, Sec. 1; Ordinance No. 02-965A, Sec. 1; and Ordinance No. 05-1082, Sec. 1.)

2.02.040 New Positions

Any new positions added to the budget require Council approval.

(Ordinance No. 81-116, Sec. 26. Amended by Ordinance No. 94-523B.)

2.02.050 Charitable Solicitations

(a) Charitable solicitations of Metro employees while on the job during working hours shall be conducted in compliance with this section. No other solicitations of Metro employees while on the job during working hours by a charitable organization shall be permitted.

(b) The Chief Operating Officer and/or his/her designee(s) shall by executive order establish policies and procedures to implement this section, including procedures for applications, time and length of solicitation campaigns, charitable approved for the campaign, and payroll deductions.

(Ordinance No. 05-1082, Sec. 1. Amended by Ordinance No. 05-1088, Sec. 1 and Ordinance No. 11-1259, Sec. 1.)

2.02.060 Affirmative Action Policy

(a) Policy Statement. Metro states as its policy a commitment to provide equal employment opportunities without regard to race, color, religion, national origin, sex, age, disability, sexual orientation, or marital or familial status, except where a bona fide occupational qualification exists.

(b) Affirmative Action Program. The Chief Operating Officer or his/her designee will adopt an affirmative action policy and program, as well as appropriate anti-discrimination and harassment policies, which will be set forth in separate documents. Such policies and programs will be distributed to employees at hire and be made available throughout Metro facilities. All employees are expected to familiarize themselves with these policies.

(c) Recruitment Efforts. Recruitment efforts will be coordinated by the office of human resources in cooperation with the hiring department. Recruiting publicity will be distributed through appropriate media and/or other organizations to meet affirmative action guidelines. Such publicity will indicate that Metro is an affirmative action, equal opportunity employer and will be designed to attract a sufficient number of qualified applicants.

(Ordinance No. 81-116, Sec. 53. Amended by Ordinance No. 94-523B; Ordinance No. 03-993A, Sec. 4; and Ordinance No. 05-1082, Sec. 1.)

2.02.070 Recruitment and Appointment

(a) Except as otherwise provided for in this Code, all appointments of employees shall be the sole responsibility of

the Chief Operating Officer, subject to the provisions of this chapter.

(b) All appointments of employees to the Office of the Metro Attorney shall be the sole responsibility of the Metro Attorney.

(c) All appointments of employees to the Office of Auditor shall be the sole responsibility of the Auditor.

(d) Appointments of Department Directors, the Chief Financial Officer, the Human Resources Director, the Metro Attorney, staff in the Office of the Chief Operating Officer, and staff in the Office of the Auditor, may be made without going through the normal recruitment and selection process. The Human Resources Director, the Chief Financial Officer, all Department Directors, and all appointed staff in the Office of the Chief Operating Officer shall serve at the pleasure of the Chief Operating Officer. Staff in the Office of Auditor shall serve at the pleasure of the Auditor.

(Ordinance No. 81-116, Sec. 8. Amended by Ordinance No. 84-183, Sec. 1; Ordinance No. 87-218, Sec. 1; Ordinance No. 88-255, Sec. 1; Ordinance No. 91-378A, Sec. 5; Ordinance No. 94-523B; Ordinance No. 95-602A, Sec. 1; Ordinance No. 02-965A, Sec. 1; and Ordinance 05-1082, Sec. 1.)

2.02.080 Drug and Alcohol Policy

(a) Purpose: The purpose of the Drug and Alcohol Policy is to assist Metro in providing and maintaining a safe, healthy, and productive work environment for employees. The Metro Drug and Alcohol Policy is applicable to all Metro employees. This policy authorizes drug and alcohol testing if there is reasonable suspicion of drug or alcohol impairment, as well as return-to-duty and follow-up testing. Drug testing shall be conducted in accordance with procedures established and administered by the Human Resources Director.

(b) Employee Conduct:

(1) All employees are prohibited from engaging in the unlawful possession, dispensation, distribution, manufacture or use of alcohol or any controlled substance at any time while on duty, or in a Metro owned or operated vehicle(s).

(2) It is the responsibility of any employee with a substance abuse problem to seek assistance,

including any resources which may be required from Metro or Metro's employee assistance program, before drug and alcohol problems adversely affect the ability to perform his or her job or lead to violations of this policy.

- (3) All employees shall report to work in an appropriate mental and physical condition to work safely and effectively. No employee shall report to work or engage in work while under the influence of alcohol, or having the presence of illegal drugs, or any other disabling or controlled substance in his or her system.
- (4) Any employee who observes or has knowledge of another employee on duty in violation of this policy, and in a condition which poses a hazard to the safety or welfare of others, shall report the information to his or her immediate supervisor, the employee's supervisor, or the Human Resources Director.
- (5) This policy is not violated when an employee possesses and uses a physician-prescribed medication in accordance with the prescription.

(c) Drug and Alcohol Testing: Metro may require a current employee to undergo drug and alcohol testing if there is reasonable suspicion that the employee is under the influence of drugs or alcohol during work hours. "Reasonable suspicion" means an articulable belief based on specific facts and reasonable inferences drawn from those facts that an employee is under the influence of drugs or alcohol. Testing shall be conducted pursuant to standards and procedures administered by the Human Resources Director.

(d) Definitions: For the purposes of this policy:

- (1) An employee has a controlled substance "in his or her system" when the employee tests "positive" in any blood or urine test administered if the result of such test meets or exceeds the level set forth in 49 CFR Part 40.
- (2) An employee is "under the influence" of alcohol when the employee has an alcohol test with the

result showing an alcohol concentration level of 0.02 or greater.

- (3) The term "controlled substance" means marijuana, cocaine, opiates, amphetamines, and phencyclidine (PCP), as specified in Schedule 1 or Schedule II of the Controlled Substances Act (21 USC § 812).

(e) Drug Related Convictions: As required by the Drug-Free Workplace Act of 1998, Metro employees shall notify Metro of any criminal drug statute conviction for a violation occurring in the workplace no later than five (5) days after such conviction.

(f) Refusal to Consent; Employees: An employee who refuses to consent to drug and alcohol testing when reasonable suspicion of drug or alcohol use has been identified is subject to disciplinary action up to and including termination. The reasons for the refusal shall be considered in determining the appropriate disciplinary action.

(g) Program Administration: The Drug and Alcohol Policy and program are administered by the Human Resources Director.

(Ordinance 03-993A, Sec. 3. Renumbered by Ordinance No. 05-1082, Sec. 1.)

2.02.090 Smoking Policy

Smoking (cigarettes, pipes and cigars) is prohibited inside all Metro facilities. Notwithstanding the provisions of this section, smoking is prohibited in any public meeting as defined in ORS 192.710.

(Ordinance No. 94-523B. Renumbered by Ordinance No. 05-1082, Sec. 1.)

2.02.100 Employee Organizations and Representation

(a) Employees of Metro have the right to form, join and participate in the activities of labor organizations of their own choosing for the purpose of representation and collective bargaining on matters relating to wages, hours and working conditions in accordance with the Oregon Revised Statutes and Regulations of the State Employment Relations Board.

(b) Pay plans for represented employees are developed through collective bargaining and are subject to ratification by the Council.

(Ordinance No. 94-523B. Amended by Ordinance No. 05-1082, Sec. 1.)

2.02.110 Political Activity

(a) Nothing contained within this chapter shall affect the right of the employee to hold membership in and to support a political party, to vote as they choose, to privately express their opinions on all political subjects and candidates, to maintain political neutrality and to attend political meetings. An employee must exercise all due caution in such activities to prevent public misunderstanding of such actions as representing Metro, or to bring discredit to Metro, the Council, or his/her supervisor.

(b) No official, employee or any other person shall attempt to coerce, command or require any Metro employee to influence or give money, service or other thing of value to aid or promote any political committee or to aid or promote the nomination or election of any person to public office.

(c) No public employee shall solicit any money, influence, service or other thing of value or otherwise promote or oppose any political committee or promote or oppose the nomination or election of a candidate, the gathering of signatures on an initiative, referendum or recall petition, the adoption of a measure or the recall of a public office-holder while on the job during working hours. However, nothing in this section is intended to restrict the right of a public employee to express personal political views. (ORS 260.432)

(Ordinance No. 94-523B. Renumbered by Ordinance No. 05-1082, Sec. 1.)

2.02.120 Ethical Requirements for Employees, Officers, Elected and Appointed Officials

(a) The purpose of this section is to establish a Code of Ethics for Metro public officials which is consistent with current public policy established by the Oregon Legislative Assembly. Failure to comply with the provisions of this Code shall be grounds for disciplinary action for employees of Metro.

(b) "Public official" means any employee, officer, elected official or appointed member of a board, commission or committee of Metro.

(c) All public officials of Metro shall strictly comply with the following requirements:

EXHIBIT A to Ordinance 14-1350

- (1) No public official shall use official position or office to obtain financial gain for the public official, other than official salary, honoraria or reimbursement of expenses, or for any member of the household of the public official, or for any business with which the public official is associated.
- (2) No public official or candidate for office or a member of the household of the public official or candidate shall solicit or receive, whether directly or indirectly, during any calendar year, any gift or gifts with an aggregate value in excess of \$100 from any single source who could reasonably be known to have a legislative or administrative interest in any governmental agency in which the official has or the candidate, if elected, would have any official position or over which the official exercises or the candidate, if elected, would exercise any authority.
- (3) No public official shall solicit or receive, either directly or indirectly, and no person shall offer or give to any public official any pledge or promise of future employment, based on any understanding that such public official's vote, official action or judgment would be influenced thereby.
- (4) No public official shall further the personal gain of the public official through the use of confidential information gained in the course of or by reason of the official position or activities of the public official in any way.
- (5) No person shall offer during any calendar year any gifts with an aggregate value in excess of \$100 to any public official or candidate therefor or a member of the household of the public official or candidate if the person has a legislative or administrative interest in a governmental agency in which the official has or the candidate, if elected, would have any official position or over which the official exercises or the candidate, if elected, would exercise any authority.

(d) The Auditor and every member of the Council of Metro shall be required to comply with the reporting requirements established by ORS 244.060, including the filing of a Statement of Economic Interest on an annual basis as required by state law. A copy of the Statement of Economic Interest shall be filed with the Chief Operating Officer at the time of filing with the appropriate state agency.

(e) The Chief Operating Officer, the Metro Attorney, the Chief Financial Officer, and all members of the Metropolitan Exposition-Recreation Commission and all Department Directors shall file annually with the Chief Operating Officer a Statement of Economic Interest which is substantially consistent with that required by ORS 244.060.

(f) Public officials shall comply with the following requirements regarding the declaration of potential conflicts of interest and recording the notice of a potential conflict:

- (1) If the public official is an elected public official or an appointed public official serving on a board or commission, announce publicly the nature of the potential conflict prior to taking any action thereon in the capacity of a public official.
- (2) If the public official is any other appointed official subject to this chapter, notify in writing the person who appointed the public official to office of the nature of the potential conflict, and request that the appointing authority dispose of the matter giving rise to the potential conflict. Upon receipt of the request, the appointing authority shall designate within a reasonable time an alternate to dispose of the matter, or shall direct the official to dispose of the matter in a manner specified by the appointing authority.
- (3) Nothing in subsection (1) of this section requires any public official to announce a potential conflict of interest more than once on the occasion which the matter out of which the potential conflict arises is discussed or debated.

EXHIBIT A to Ordinance 14-1350

- (4) Nothing in this section authorizes a public official to vote if the official is otherwise prohibited from doing so.
- (5) When a public official gives notice of a potential conflict of interest, the potential conflict shall be recorded in the official records of the public body.

(Ordinance No. 89-305A, Sec. 3. Amended by Ordinance No. 94-523B; Ordinance No. 02-965A, Sec. 1; and renumbered by Ordinance No. 05-1082, Sec. 1.)

STAFF REPORT

IN CONSIDERATION OF ORDINANCE NO. 14-1350, FOR THE PURPOSE OF AMENDING
CODE SECTION 2.02.010

Date: December 1, 2014

Prepared by: Nathan A. S. Sykes,
Deputy Metro Attorney, 503-797-1544

BACKGROUND

Code Section 2.02.010 requires that the Metro Council approve all written employment agreements. The COO desires the authority to have this function delegated to her so that the COO has more flexibility in executing employment agreements with employees at Metro. The Metro Council would still need to delegate the authority to the COO to approve individual employment contracts or delegate approval of a group of employment contracts for Director level employees by resolution.

ANALYSIS/INFORMATION

1. **Known Opposition:** None.
2. **Legal Antecedents:** Metro Code Section 2.02.010
3. **Anticipated Effects:** The Metro Council may delegate authority to the COO to approve written employment agreements without Metro Council approval.
4. **Budget Impacts:** Salary and terms of individual employment contracts.

RECOMMENDED ACTION

Approve an ordinance revising the Metro Code provision.

Agenda Item No. 6.1

Ordinance No. 14-1349, For the Purpose of Annexing to the Metro District Boundary Approximately 14.81 Acres Located North of NW Springville Road and East of NW Kaiser Road in the North Bethany Area of Washington County

Ordinances (Second Read)

Metro Council Meeting
Thursday, December 11, 2014
Metro, Council Chambers

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF ANNEXING TO THE) Ordinance No. 14-1349
METRO DISTRICT BOUNDARY APPROXI-)
MATELY 14.81 ACRES LOCATED NORTH OF NW) Introduced by Chief Operating Officer
SPRINGVILLE ROAD AND EAST OF NW KAISER) Martha Bennett with the Concurrence of
ROAD IN THE NORTH BETHANY AREA OF) Council President Tom Hughes
WASHINGTON COUNTY)

WHEREAS, Polygon Northwest Company LLC has submitted a complete application for annexation of 14.81 acres (“the territory”) located north of NW Springville Road and east of NW Kaiser Road in the North Bethany area to the Metro District; and

WHEREAS, the Metro Council added the North Bethany area to the UGB, including the territory, by Ordinance No. 02-987A on December 5, 2002; and

WHEREAS, Title 11 (Planning for New Urban Areas) of the Urban Growth Management Functional Plan requires annexation to the district prior to application of land use regulations intended to allow urbanization of the territory; and

WHEREAS, Metro has received consent to the annexation from the owners of the land in the territory; and

WHEREAS, the proposed annexation complies with Metro Code 3.09.070; and

WHEREAS, the Council held a public hearing on the proposed amendment on December 11, 2014; now, therefore,

THE METRO COUNCIL ORDAINS AS FOLLOWS:

1. The Metro District Boundary Map is hereby amended, as indicated in Exhibit A, attached and incorporated into this ordinance.
2. The proposed annexation meets the criteria in section 3.09.070 of the Metro Code, as demonstrated in the Staff Report dated November 18, 2014, attached and incorporated into this ordinance.

ADOPTED by the Metro Council this 11th day of December 2014.

Tom Hughes, Council President

Attest:

Approved as to form:

Alexandra Eldridge, Recording Secretary

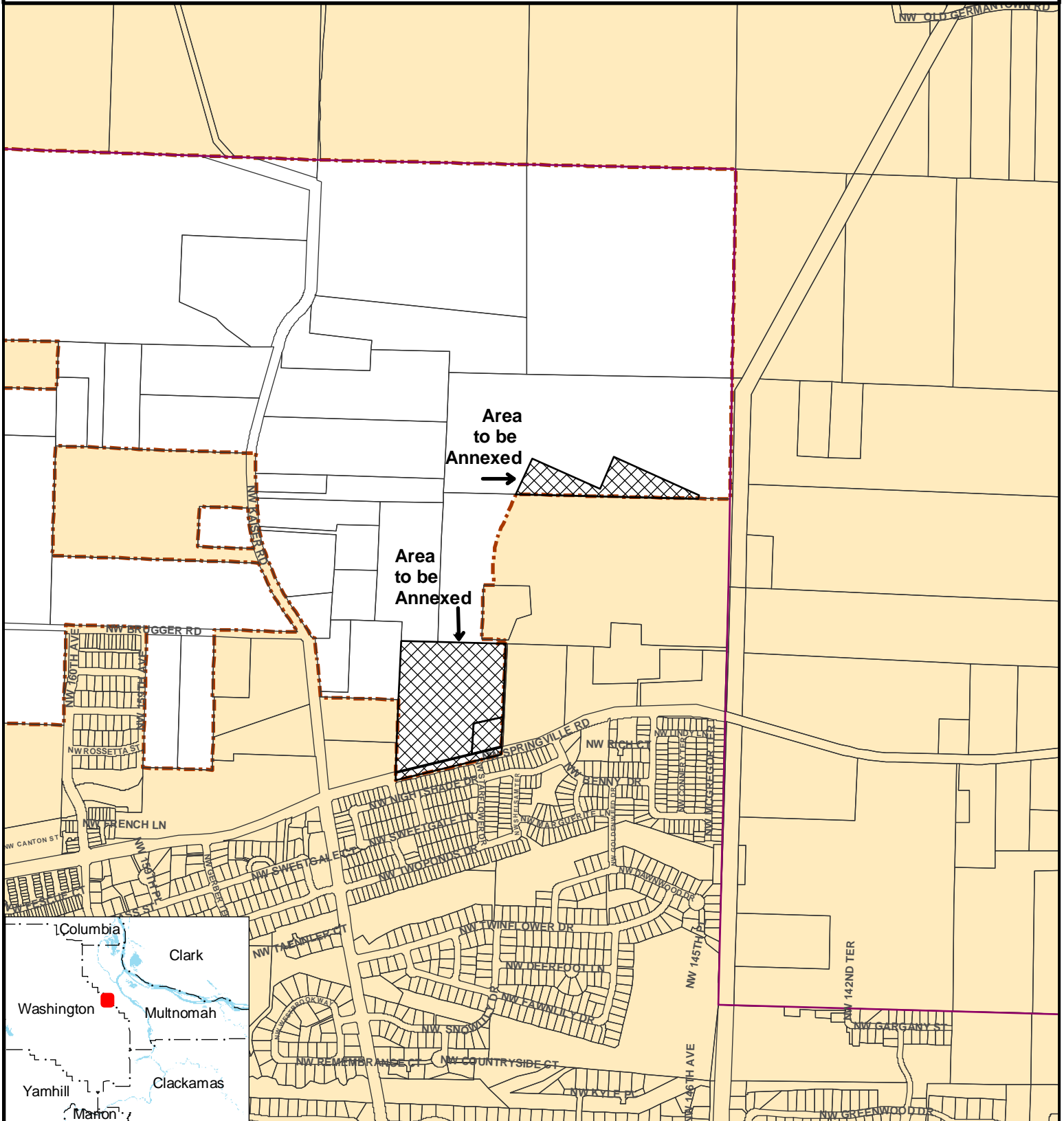
Alison Kean, Metro Attorney

Proposal No. AN-0514

1N1W17




Annexation to the Metro District Boundary

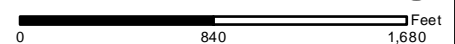
Washington County



Proposal No. AN-0514 Metro District Boundary

1:10,000 

-  Area to be annexed
-  Taxlots
-  Metro District Boundary



Research Center
 600 NE Grand Ave
 Portland, OR 97232-2736
 (503) 797-1742
<http://www.oregonmetro.gov/drc>

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STAFF REPORT

IN CONSIDERATION OF ORDINANCE NO. 14-1349, FOR THE PURPOSE OF ANNEXING TO THE METRO BOUNDARY APPROXIMATELY 14.81 ACRES LOCATED NORTH OF NW SPRINGVILLE ROAD AND EAST OF NW KAISER ROAD IN THE NORTH BETHANY AREA OF WASHINGTON COUNTY

Date: November 18, 2014

Prepared by: Tim O'Brien
Principal Regional Planner

BACKGROUND

CASE: AN-0514, Annexation to Metro District Boundary

PETITIONER: Polygon Northwest Company, LLC
109 E 13th Street
Vancouver, WA 98660

PROPOSAL: The petitioner requests annexation of three parcels to the Metro District boundary. The applicant is currently in the process of annexing the subject properties to the necessary service districts in Washington County.

LOCATION: The area is located in the North Bethany Area of Washington County, north of NW Springville Road and east of NW Kaiser Road. The area is 14.81 acres in size. A map of the area can be seen in Attachment 1.

ZONING: The property is zoned for residential and institutional use (R-9 NB, R-15 NB R-24 NB & INST NB) by Washington County.

The land was added to the UGB in 2002 and is part of the North Bethany Subarea Plan that was adopted by Washington County. The land must be annexed into the Metro District for urbanization to occur.

APPLICABLE REVIEW CRITERIA

The criteria for an expedited annexation to the Metro District Boundary are contained in Metro Code Section 3.09.070.

3.09.070 Changes to Metro's Boundary

(E) The following criteria shall apply in lieu of the criteria set forth in subsection (d) of section 3.09.050. The Metro Council's final decision on a boundary change shall include findings and conclusions to demonstrate that:

- 1. The affected territory lies within the UGB;*

Staff Response:

The subject parcel was brought into the UGB in 2002 through the Metro Council's adoption of Ordinance No. 02-987A.

- 2. The territory is subject to measures that prevent urbanization until the territory is annexed to a city or to service districts that will provide necessary urban services; and*

Staff Response:

The conditions of approval for Ordinance No. 02-987A include a requirement that Washington County apply interim protection measures for areas added to the UGB as outlined in Urban Growth Management Functional Plan Title 11: Planning for New Urban Areas. Title 11 requires that new urban areas be annexed into the Metro District Boundary prior to urbanization of the area. Washington County also requires the land to be annexed into the appropriate sanitary sewer, water, park and road service districts prior to urbanization occurring. The applicant is currently moving forward with the necessary annexation requirements with Washington County. These measures ensured that urbanization would occur only after annexation to the necessary service districts is completed.

3. *The proposed change is consistent with any applicable cooperative or urban service agreements adopted pursuant to ORS Chapter 195 and any concept plan.*

Staff Response:

The property proposed for annexation is part of Washington County's North Bethany County Service District, established by the County Board of Commissioners on June 7, 2011. The proposed annexation is consistent with that agreement and is required by Washington County as part of a land use application. The inclusion of the property within the Metro District is consistent with all applicable plans.

ANALYSIS/INFORMATION

Known Opposition: There is no known opposition to this application.

Legal Antecedents: Metro Code 3.09.070 allows for annexation to the Metro District boundary.

Anticipated Effects: This amendment will add approximately 14.81 acres to the Metro District. The land is currently within the UGB in unincorporated Washington County. Approval of this request will allow for the urbanization of the parcels to occur consistent with the North Bethany Subarea Plan.

Budget Impacts: The applicant was required to file an application fee to cover all costs of processing this annexation request, thus there is no budget impact.

RECOMMENDED ACTION

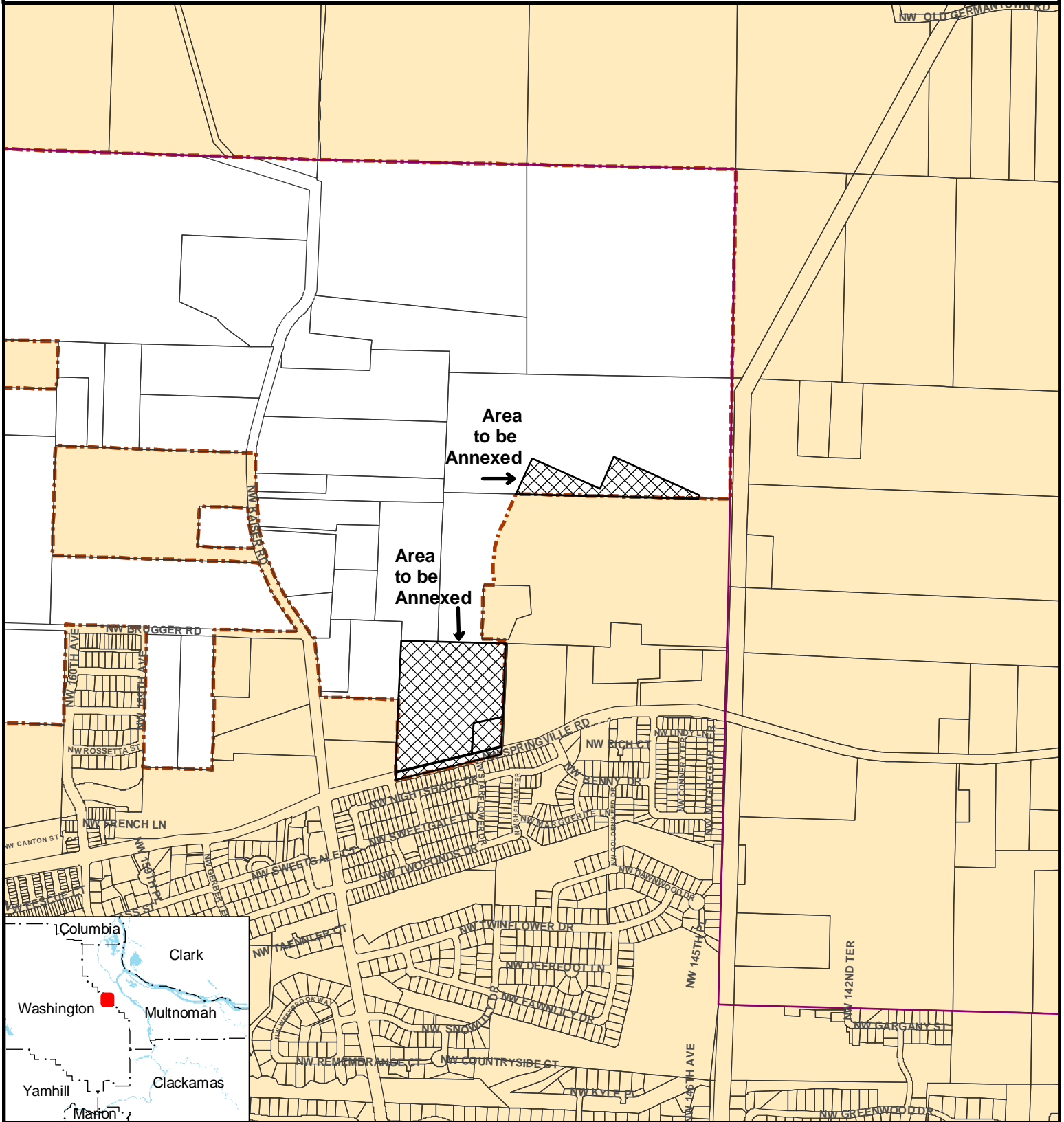
Staff recommends adoption of Ordinance No. 14-1349.

Proposal No. AN-0514

1N1W17

Annexation to the Metro District Boundary

Washington County

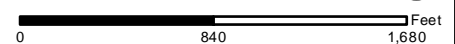


Proposal No. AN-0514 Metro District Boundary

1:10,000

Research Center
600 NE Grand Ave
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- Area to be annexed
- Taxlots
- Metro District Boundary



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Agenda Item No. 7.1

Resolution No. 14-4576, For the Purpose of Supporting the
Reopening of the Willamette Falls Locks

Resolutions

Metro Council Meeting
Thursday, December 11, 2014
Metro, Council Chambers

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF SUPPORTING THE) RESOLUTION NO. 14-4576
REOPENING OF THE WILLAMETTE FALLS)
LOCKS) Introduced by Chief Operating Officer
Martha Bennett in concurrence with Council
President Tom Hughes

WHEREAS, On January 1, 1873, the Willamette Falls Locks opened to allow passage around the waterfall at Oregon City thereby providing access to a one river system; and

WHEREAS, in 1915, the Army Corps of Engineers purchased the Locks from the private operator thereby ensuring free public passage through the Locks; and

WHEREAS, in 1974, the Willamette Falls Locks were listed on the National Register of Historic Places; it was the first significant facility built to improve navigation on the Columbia-Snake River Inland Waterway system and through 1939, the most important; and

WHEREAS, in 1991, the Willamette Falls Locks were designated as a State Historic Civil Engineering Landmark by the American Society of Civil Engineers; and

WHEREAS, in 2006, Governor Kulongoski designated the Willamette Falls Locks as an Oregon Solutions project, and Metro joined in the formation of the Willamette Falls Locks Oregon Solutions Task Force which continues to the present as the One Willamette River Coalition coordinated by the Willamette Falls Heritage Foundation to preserve the Locks and support its continued operation; and

WHEREAS, on October 23, 2008, the Center for Economic Development Education and Research released a report under contract to the Willamette Falls Heritage Foundation, titled “*The Willamette Falls Locks: A Case Study Analysis of Potential Transfer Issues;*” and

WHEREAS, from 2006 through 2010, funding provided to the Army Corps of Engineers from the Oregon Department of Transportation, Clackamas County and the US Congress allowed for seasonal operations and selected structural upgrades, including \$2.2 million in funds from the American Recovery and Reinvestment Act of 2009 (PL 111-5);; and

WHEREAS, in November 2011, the Willamette Falls Locks were placed into “non-operational” status and on short notice were closed to vessel passage based upon an engineering assessment that identified safety concerns of potential failure; and

WHEREAS, closure has placed a severe hardship on commercial, recreational, and tribal river users; and

WHEREAS, in March 2012, the National Trust for Historic Preservation declared the Willamette Falls Locks as one of the most threatened National Treasures, thereby providing added technical assistance; and

WHEREAS, in 2012, the Historic Preservation League of Oregon (now Restore Oregon) named the Willamette Falls Locks as one of its 10 “Most Endangered Places;” and

WHEREAS, an application is being prepared for designation of the area surrounding the Locks as a National Heritage Area by the National Park Service; and

WHEREAS, on September 23, 2013, Metro received notice from the Army Corps of Engineers of their intent to initiate a public consultation process under Section 106 of the National Historic Preservation Act to determine whether the closure action has an adverse effect on the historic integrity of the Locks based upon the defining qualities and features that made the Locks eligible for listing on the National Register of Historic Places; and

WHEREAS, on May 15, 2014, the Army Corps of Engineers released its finding of historic adverse effect under Section 106 of the Historic Preservation Act and announced its intent to develop an agreement to establish how to best “avoid, minimize or mitigate” the identified adverse effect to the historic character of the Locks; and

WHEREAS, in September 2014, ECO Northwest, under contract with the Willamette Falls Heritage Foundation, published the “*Willamette Locks Economic Potential Report*,” providing information on potential operating costs and community benefits of re-opening the Locks; and

The non-operational status of the Locks has rendered the Willamette river non-navigable above Willamette Falls; and

WHEREAS, the Locks are a primary historic asset under applications being prepared for designation of the area at the Willamette Falls as State and National Heritage Areas; now therefore

BE IT RESOLVED

1. The Metro Council urges the Corps of Engineers to expedite the needed rehabilitation of the Willamette Falls Locks and re-open the Locks to general public commercial, recreational and cultural marine traffic.
2. The Metro Council thanks the Corps of Engineers for working with local stakeholders to assess and determine how to mitigate the adverse effects of the closure and urges the Corps of Engineers to craft a plan for sustainable operations of the Locks.
3. The Metro Council supports recognition of the Willamette Falls Locks rehabilitation and re-opening in the Regional Transportation Plan and inclusion of the Willamette Falls Locks project as a Metro/JPACT priority for federal funding.
4. The Metro Council supports creation of a State Task Force to work with the Corps of Engineers to develop a plan for sustainable operations of the Willamette Falls Locks.
5. The Metro Council urges the Oregon Congressional delegation to support the expedited repair and reopening of the Willamette Falls Locks.
6. The Metro Council may support the formation of an intergovernmental workgroup to identify federal and other sources of funding for the repair, reopening and operation of the Locks, develop a plan for the sustainable operation of the Locks, and recommend governance models for the transfer, lease, partnership or management of the Locks to a local, regional, state or other entity.
7. The Metro Council may make recommendations to the United States Army Corps of Engineers relating to its responsibilities under the National Historic Preservation Act of 1966, including the Section 106 process, assessment under the National Environmental Policy Act of 1969, the Corps DSAC-1 expedited investigation and other applicable studies.

8. The Metro Council supports the rehabilitation of the Locks as an integral part of the State and National Heritage Area at Willamette Falls.

ADOPTED by the Metro Council this 11th day of December 2014.

Tom Hughes, Council President

Approved as to Form:

Alison R. Kean, Metro Attorney

STAFF REPORT

IN CONSIDERATION OF RESOLUTION NO. 14- 4576, FOR THE PURPOSE OF SUPPORTING THE REOPENING OF THE WILLAMETTE FALLS LOCKS

Date: October 13, 2014

Prepared by: Andy Cotugno, xt. 1763

BACKGROUND

Metro has been a member of the One Willamette River Coalition (the Coalition) since 2006, which was formed to advocate for the continued operation of the Willamette Falls Locks. The Locks were opened in 1873 and for the next 65 years operated as the most significant navigational facility on the entire Columbia-Snake River Inland Waterway System. In more recent decades, the traffic through the Locks (agriculture products, timber floats, paper, gravel, marine construction equipment, ferries, etc.) has dropped dramatically while the construction of the dams on the Columbia and Snake Rivers has resulted in river traffic through those Locks increasing dramatically. Under Congressional directive, the U.S. Army Corps of Engineers (the Corps) is obligated to prioritize its resources toward the highest tonnage facilities, resulting in considerable disinvestment and deterioration of the Willamette Falls Locks. As a result, there have been periodic closures or limited operation since 2002 and permanent closure due to safety concerns in December 2011. The shift of the Locks to non-operational status in 2011 was carried out by the Corps through a “Dam Safety Action Class – 1” (DSAC-1) designation. This is the Corps’ most serious safety designation based upon the facility being near failure with high risk of life or economic consequences. Under this designation, the Corps is required to take immediate action to avoid failure, implement interim measures to reduce risk (including closure) and expedite investigations to support justification for remediation using all resources and funding necessary. In addition, the Corps is not allowed to transfer out of their ownership facilities with a DSAC-1 designation.

For a period after its formation in 2006, the One Willamette River Coalition was quite successful in securing funds to rehabilitate certain components of the Locks system and provide for periods of limited operation, including \$2.2 million in funding from the American Recovery and Reinvestment Act of 2009 (commonly referred to as the Stimulus Bill). However, in more recent years, with the loss of Congressional earmarks, special funding toward the Locks has dried up.

Following the closure of the Locks in 2011, the National Trust for Historic Preservation declared the Locks one of their most threatened National Treasures; bringing substantial technical and legal assistance to the Coalition. At the urging of the Coalition and the National Trust, the Corps concluded that its emergency closure for safety reasons should be evaluated for its adverse effect on this facility under Section 106 of the National Historic Preservation Act. Under that process, the Corps has determined that the continued closure and disinvestment is having an adverse effect based upon three criteria set out in the Act:

1. Elimination of the navigational function of the Locks and the isolated nature of the Locks location results in a loss of public awareness and understanding of their significance;
2. Continued disinvestment and degradation will negatively impact the historic architectural and engineering qualities of the Locks and undermines the Corps obligation under the Historic Preservation Act to “preserve” the facility;
3. Closure has resulted in an impact on the traditional culture and education practices of Native Americans by limiting their ability to use a canoe journey.

Based upon this finding of adverse effect, the Corps is now in the process of consulting with the community on methods to “avoid, minimize or mitigate” the adverse effects. This process will result in a Memorandum of Understanding on actions necessary to comply with and complete the Section 106 proceedings. The preferred method of mitigation to the One Willamette River Coalition is the rehabilitation of the Locks to allow them to reopen for continued operations for freight/commercial and personal movement around the Willamette Falls. While negotiations with the Corps are on-going, discussions to date suggest that the best path is to seek federal funds for the rehabilitation and seek a local party to transfer the Locks to and take over operations. While the rehabilitation may mitigate the historic impact by stopping continued deterioration, it will not alter the Corps fundamental directive from Congress to prioritize the Corps’ funds consistent with tonnage, leaving the prospect of continued operations by the Corps unlikely. In addition to this transfer option, consideration is also being given to the option of leasing the facility and partnering with the Corps under their ownership and operation.

As part of this negotiation process, the One Willamette River Coalition commissioned the attached economic potential report by ECO Northwest (Attachment 1). It provides economic benefit information about the potential users of a re-opened Locks system and a range of operating costs to consider as part of determining who the local operator should be and how the operating costs are to be funded. Attachment 2 is an interactive operating cost calculator allowing the user to determine the annual operating cost taking into consideration assumptions relating to duration of service (from 3-12 months of the year), the amount to budget for deferred maintenance and future capital improvements (up to \$250,000/year and \$150,000/year respectively), and the level of contingency for which to budget (from 5-30%). The potential range of annual operating cost is from \$215,000/year (for 3 months of service and minimal reserves and contingency) up to \$1.2 million/year (with 12 months of service and healthy contingencies and reserves).

This resolution of support is important as a demonstration to the Corps of widespread community interest in the rehabilitation and re-opening of the Locks.

ANALYSIS/INFORMATION

- 1. Known Opposition:** None
- 2. Legal Antecedents:** The Locks is owned and operated by the US Army Corps of Engineers and must comply with Corps policies. The historic adverse affect of closure is being evaluated by the Corps of Engineers under Section 106 of the Historic Preservation Act. Designation of the Willamette Falls National Heritage Area requires an authorizing act of Congress and would be administered under the National Park Service, providing access to technical and financial assistance.
- 3. Anticipated Effects:** Continued negotiations with the Corps; continued evaluation of options for rehabilitation, re-opening or local transfer and operations.
- 4. Budget Impacts:** Metro has continued to maintain a membership in the One Willamette River Coalition at a cost of \$1,500 per year. Metro made a one-time contribution toward the economic potential study of \$8,000.

RECOMMENDED ACTION

Adoption of Resolution No. 14-4576

Agenda Item No. 7.2

Resolution No. 14-4590, For the Purpose of Amending the
Natural Areas Acquisition Refinement Plan for the Willamette
River Greenway Target Area

Resolutions

Metro Council Meeting
Thursday, December 11, 2014
Metro, Council Chambers

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF AMENDING THE) RESOLUTION NO. 14-4590
NATURAL AREAS ACQUISITION)
REFINEMENT PLAN FOR THE WILLAMETTE) Introduced by Chief Operating Officer Martha
RIVER GREENWAY TARGET AREA) Bennett in concurrence with Council
President Tom Hughes

WHEREAS, at the election held on November 7, 2006, the voters approved Ballot Measure 26-80, authorizing Metro to issue \$227.4 million of general obligation bonds to fund natural area acquisition and water quality protection (the “Bond Measure”);

WHEREAS, on August 14, 2014, the Council approved Resolution No. 14-4536 (“For the Purpose of Amending and Updating the Natural Areas Implementation Work Plan”) authorizing the Metro Chief Operating Officer to acquire property interests in parcels identified on Council-approved target area confidential refinement maps;

WHEREAS, the Willamette River Greenway target area (the “Target Area”) was one of the 27 regional target areas identified in the Bond Measure for land acquisition;

WHEREAS, at the time that Metro undertook the public refinement process to establish specific acquisition strategies, goals, and objectives for the Target Area, and when in September 2007, the Metro Council approved a refinement plan for the Target Area, including a confidential tax-lot specific map, Blue Heron Paper Company, Inc., operated a mill on the Willamette River waterfront in the City of Oregon City at the base of Willamette Falls;

WHEREAS, in February 2011, the mill closed its doors, and Metro and its public partners, including the City of Oregon City, Clackamas County, and the State of Oregon (the “public partners”), began to investigate the site guided by four values: economic development, healthy habitat, historic and cultural interpretation, and public access to Willamette Falls, a natural wonder in our region;

WHEREAS, Metro and its public partners entered into a Memorandum of Understanding in September of this year, promising to collaborate on a vision to bring public access to Willamette Falls through a “Riverwalk” project on the former Blue Heron Paper Mill site;

WHEREAS, the Riverwalk is intended to be a critical first investment in the site that will spur redevelopment and that will connect to a view of Willamette Falls from property owned by Portland General Electric (“PGE”);

WHEREAS, the Metro Council finds that adding these properties adjacent to Willamette Falls to the confidential tax-lot specific map for the Target Area at this time will help further the Riverwalk project by allowing acquisition of easements or other property interests at these sites;

WHEREAS, the Metro Council has determined that the acquisition of property interests in these parcels is consistent with the goals of the refinement plan for the Target Area; now therefore

BE IT RESOLVED that the Metro Council hereby adopts the Willamette River Greenway Target Area confidential tax-lot specific map signed by Council President Tom Hughes on December ____, 2014, which map includes the former Blue Heron property and the adjacent PGE property. This map shall replace the confidential map adopted with the approval of Resolution No. 07-3859 on September 24, 2007.

ADOPTED by the Metro Council this 11th day of December, 2014.

Tom Hughes, Council President

Approved as to Form:

Alison R. Kean, Metro Attorney

STAFF REPORT

IN CONSIDERATION OF RESOLUTION NO. 14-4590 FOR THE PURPOSE OF
AMENDING THE NATURAL AREAS ACQUISITION REFINEMENT PLAN FOR THE
WILLAMETTE RIVER GREENWAY TARGET AREA

Date: December 11, 2014

Prepared by: Jim Desmond (x1914)
Hillary Wilton (x1864)

BACKGROUND

In September, 2007, the Metro Council adopted individual Refinement Plans for each of the 27 Target Areas of the 2006 Natural Areas Bond Measure. The Refinement Plans define target area goals and objectives and each plan includes a corresponding confidential tax lot map that identifies specific tax lot parcels in the respective target area (the “Confidential Refinement Maps”). The Metro Chief Operating Officer is authorized to acquire properties identified on the Confidential Refinement Maps in accordance with the acquisition guidelines set forth in the Natural Areas Implementation Work Plan (Resolution No. 07-3766A, adopted March 1, 2007, amended by Resolution 14-4536, adopted August 14, 2014). Allowing the Chief Operating Officer to acquire these properties without further Council approval enables staff to work with willing sellers in a timely, business-like manner.

When the Willamette River Greenway Target Area Refinement Plan was adopted by Metro Council, the Blue Heron Mill was still in operation in Oregon City and no one imagined the opportunity that would unfold for Metro to acquire rights in the Blue Heron and PGE property adjacent to the Falls (“Easement Properties”) for the purpose of bringing public access to the Willamette Falls (the “Riverwalk”).

Tier I goals for the Refinement Plan for the Willamette River Greenway Target Area include the objectives to “Secure remaining unique and rare habitats. These include Multnomah Channel, the large forested area west of the Sellwood Bridge and lands near Elk Rock Island” and “Close key trail gaps in Portland, including those in North and Southeast Portland.” The Easement Properties presented to Metro Council today represent important rare and unique habits on the Willamette River, and though outside the City of Portland also represent a key trail gap in the regional system. Further this site has the potential to connect downtown Oregon City to the historic Canemah neighborhood and an additional Metro regional natural area and bond target area, Canemah Bluff.

For the first time in 150 years, Oregonians have the opportunity to rediscover a cultural and scenic treasure: Willamette Falls. A public vision and framework master plan have taken shape, and were adopted by Oregon City Commission in November 2014, with the goal of transforming a 23-acre industrial site nestled along the falls in historic Oregon City. This former paper mill could someday serve as an economic engine, a waterfront destination, a unique habitat, a window into Oregon’s past – and a bold step into our future.

The current Riverwalk project phase of the Willamette Falls Legacy Project follows a successful public partnership which began in summer 2011 anchored by four core values, which remain the guiding principles for the site and the Riverwalk project: public access, historic and cultural interpretation, economic redevelopment, and healthy habitat.

Metro, Oregon City, Clackamas County and the State of Oregon (“the public partners”) have been working in collaboration on the vision to provide public access to Willamette Falls with the Riverwalk project. The public partners recognize that this critical first investment will spur the full vision of redevelopment of the Blue Heron site. In September of this year, the public partners entered a Memorandum of Understanding memorializing this commitment and detailing roles and commitment to this public investment (“MOU”).

Since this time Metro staff has been following up on its commitments in this MOU, including taking a lead role in obtaining an easement for the Riverwalk from the property owner; and pursuing an additional easement agreement from Portland General Electric to provide additional public access to the Falls.

In 2013, the State of Oregon enacted Senate Bill 5506 (SB 5506), committing \$5 million in lottery-backed bond funding to the Riverwalk project, conditioned upon securing public interest in riverfront property on the former Blue Heron property, a credible financial plan by local partners for completion of the Riverwalk and a design for robust public access to the Willamette River and the Falls.

Adopting Resolution No. 14-4590 would provide authority for Metro to acquire or receive a donation of a property interest in the Blue Heron and PGE property, a critical necessary step in the vision to create public access to the Willamette Falls, and helping to lay the groundwork for presenting a plan to the State that the public partners have fulfilled the requirements to obtain the State’s \$5 million.

Resolution 14-4590 requests that the Metro Council amend the Confidential Refinement Map for the above-listed Target Area to allow for the acquisition of these newly-identified properties. Metro’s acquisition of these properties would help achieve the goals of the Natural Areas Bond Measure, fulfill Metro’s commitments in the MOU, and take a significant step forward in bringing public access to Willamette Falls.

ANALYSIS/INFORMATION

1. **Known Opposition** None known.
2. **Legal Antecedents**

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

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

Resolution No. 07-3766A, "Authorizing the Chief Operating Officer to Purchase Property with Accepted Acquisition Guidelines as Outlined in the Natural Areas Implementation Work Plan", was adopted by the Metro Council on March 1, 2007, and established the Acquisition Parameters and Due Diligence Guidelines for the purchase of properties as part of the 2006 Natural Areas Bond Program, and Resolution 14-4536, "For the Purpose of Amending and Updating the Natural Areas Implementation Work Plan," adopted August 14, 2014.

Resolution Number 07-3859 Approving the Natural Areas Acquisition Refinement Plan for the Willamette River Greenway Target Area

RESOLUTIONS NO.14-4556 Approving the Willamette Falls Riverwalk Memorandum of Understanding with the City of Oregon City, Clackamas County and Oregon State Parks

Resolution 14-5483 Endorsing additional Investments for Restoration and Public Access to Nature

Oregon Senate Bill 5506 (SB 5506), committing \$5 million in lottery-backed bonds to the Riverwalk project

3. **Anticipated Effects** Staff will seek to secure property interest in the Properties sufficient to secure \$5 Million from the State and to meet the goals identified in the MOU between public partners.
4. **Budget Impacts**

Any funds required for acquisition of the Properties identified herein would be funded with funds from the 2006 Natural Areas Bond Measure.

RECOMMENDED ACTION

The Chief Operating Officer recommends passage of Resolution No. 14-4590.

Materials following this page were distributed at the meeting.

MAKING A GREAT PLACE



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600 NE Grand Ave.
Portland, Oregon
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POPULAR ANNUAL FINANCIAL REPORT

For the fiscal year ended June 30, 2014

MAKING A GREAT PLACE



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

A regional approach simply makes sense when it comes to providing services, operating venues and making decisions about how the region grows. Metro works with communities to support a resilient economy, keep nature close by and respond to a changing climate. Together, we're making a great place, now and for generations to come.

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www.oregonmetro.gov/connect



Metro Council President

Tom Hughes

Metro Council

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

Auditor

Suzanne Flynn

FY 2013-14 Popular Annual Financial Report

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Government Finance Officers Association

Award for Outstanding Achievement in Popular Annual Financial Reporting

Presented to

**Metro
Oregon**

For its Annual
Financial Report
for the Fiscal Year Ended

June 30, 2013

Jeffrey R. Egan
Executive Director/CEO

The Government Finance Officers Association of the United States and Canada (GFOA) has given an Award for Outstanding Achievement in Popular Annual Financial Reporting for the fiscal year ended June 30, 2013. The Award for Outstanding Achievement in Popular Annual Financial Reporting is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government popular reports.

In order to receive an Award for Outstanding Achievement in Popular Annual Financial Reporting, a government unit must publish a Popular Annual Financial Report, whose contents conform to program standards of creativity, presentation, understandability and reader appeal.

An Award for Outstanding Achievement is valid for a period of one year only. We believe that our current Popular Annual Financial Report continues to meet the Award for Outstanding Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another award.

The information in this report is drawn from Metro's Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2014. Please review the CAFR online at www.oregonmetro.gov/financial-reports or email finance@oregonmetro.gov.



**Letter
from
Metro's
Chief
Operating
Officer**



Dear citizens of the Metro region,

I am pleased to present the Popular Annual Financial Report for the fiscal year ending June 30, 2014. This report is part of our continuing effort to increase the transparency of Metro's financial information. It also provides insight into how we make decisions and set priorities.

This report is an overview of Metro's expenditures and revenues for the fiscal year. A more complete report of all Metro funds and financial statements is in our Comprehensive Annual Financial Report, which can be found at www.oregonmetro.gov/financial-reports or by emailing finance@oregonmetro.gov.

Metro accomplished much in Fiscal Year 2013-2014 on behalf of its citizens. Metro restored more than 3,515 acres of habitat as part of work funded by the voter-approved Parks and Natural Areas levy and Natural Areas Bond. The agency also purchased 4,647 additional acres of land to protect habitat and water quality under the 2006 Natural Areas Bond. Metro signed the Development and Finance Agreement to move forward with the construction of a convention center hotel. The Oregon Zoo opened the Condors of the Columbia exhibit and made significant progress in constructing the six acre Elephant Lands exhibit. Metro collaborated with citizens and state, city, county, and special district partners to develop innovative plans for the future of the Southwest Corridor and for the Powell/Division Corridor, to develop a Climate Smart Scenario, and to prepare an Urban Growth Report to guide our decisions for economic and population growth. These programs and projects continue to show the good work of the employees of Metro and their commitment to Making a Great Place.

A recovering economy brought fiscal stability to Metro's finances in FY 2013-14. Metro's fiscal discipline in prior years allowed us to weather financial challenges and prepared us with a healthier outlook for FY 2015-16.

I am very proud of our efforts to increase transparency through this new report format and better tell the story of Metro. If you have any questions about the report please contact Tim Collier at tim.collier@oregonmetro.gov or Don Cox at don.cox@oregonmetro.gov.

Sincerely,

A handwritten signature in black ink, appearing to read "Martha Bennett".

Martha Bennett, Chief Operating Officer

Metro Council and leadership

Metro is the only regional government agency in the U.S. whose governing body is directly elected by the region’s voters. The Metro Council consists of a president who is elected region wide and six councilors who are elected by district every four years in nonpartisan races.

The Metro Council provides regional governance and leadership by fulfilling Metro’s mission of crossing city limits and county lines to work with communities to create a vibrant and sustainable region for all. As the governing body of Metro, the Council develops long range plans for existing and future Metro activities, and assures the financial integrity of the agency.

The Metro Auditor is elected by the region and is responsible for engaging the external independent financial auditing firm while focusing staff efforts on performance audits.

The Chief Operating Officer (COO) serves at the pleasure of the Council and provides leadership and management authority to agency staff by implementing the Council’s policy directives, goals and objectives. The COO and Deputy COO enforce Metro ordinances, provide day-to-day management of Metro’s resources, programs, enterprise businesses, facilities and workforce and prepare the budget for Council consideration.



Metro Councilors from left to right: Chase, Stacey, Harrington, Hughes, Collette, Dirksen, Craddick.

Elected officials	Position	Service began	Current term expires
Tom Hughes	Metro Council President	January 2011	January 2019
Shirley Craddick	Councilor- District 1	January 2011	January 2019
Carlotta Collette	Councilor- District 2	November 2007	January 2019
Craig Dirksen	Councilor- District 3	January 2013	January 2017
Kathryn Harrington	Councilor- District 4	January 2007	January 2019
Sam Chase	Councilor- District 5	January 2013	January 2017
Bob Stacey	Councilor- District 6	January 2013	January 2017
Suzanne Flynn	Metro Auditor	January 2007	January 2015

Appointed officials	Position
Martha Bennett	Chief Operating Officer
Alison Kean	Metro Attorney

Overview of Audited Results

The following summary highlights are taken directly from the Management Discussion and Analysis section of the Comprehensive Annual Financial Report (CAFR) for the fiscal year ending June 30, 2014.

- Metro's assets exceed its liabilities (also defined as net position) by \$569,370,029 at June 30, 2014, which reflects an increase of 6.0 percent or \$32,338,291 over the prior fiscal year. Of this amount, \$32,124,998 is unrestricted, which may be used to meet Metro's ongoing obligations to citizens and creditors
- Metro completed the fiscal year with its governmental funds reporting combined fund balances of \$177,117,575. This is down considerably from the prior fiscal year, due mainly to capital spending on Natural Areas and Oregon Zoo Infrastructure and Animal Welfare bond projects. However, with the passage of the Parks and Natural Areas Local Option Levy and the associated establishment of this new special revenue fund, its activities resulted in \$5,171,039 in additional fund balance at June 30, 2014. Of the total amount of governmental combined fund balance, \$21,358,970 or 12.1 percent, is considered available for spending at Metro's discretion (unassigned fund balance).
- At the end of fiscal year 2014, unrestricted spendable fund balance in the general fund totaled \$27,195,523 and represents approximately 36.2 percent of total general fund expenditures.
- Metro's total outstanding long-term liabilities decreased \$32,032,799 or 9.7 percent during the current fiscal year, primarily as a result of the payment of regularly scheduled maturities of principal on outstanding bonds payable.
- Metro acquired ownership of 218 acres of additional natural areas (net of easements and disposals) from willing sellers from the proceeds of the Natural Areas general obligation bonds bringing the overall acreage held from this bond to 4,647 acres. The total capitalized cost for the property and easements acquired and stabilized in the current fiscal year under this program was \$16,081,960.
- The Oregon Zoo's construction for the Elephant Lands major capital project work under the Oregon Zoo Infrastructure and Animal Welfare Bond program was on-going during fiscal year 2014. The railroad portion of the above project started earlier than planned and construction of Forest Hall was also underway. The Condors of the Columbia exhibit was completed. These and other related projects are all funded by bond proceeds with total capitalized costs in fiscal year 2014 of \$23,041,983.

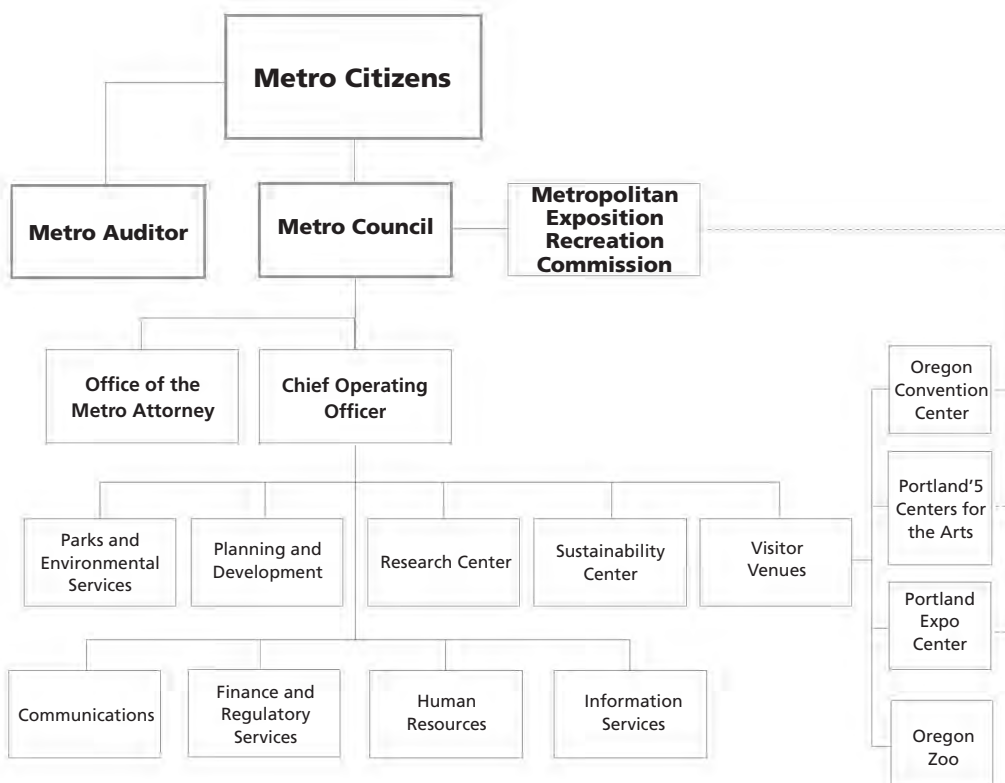
What is Metro

Few metropolitan areas can boast the combined advantages found in the Portland metropolitan area. Thriving communities, cultural amenities, economic vitality, scenic beauty and healthy natural ecosystems make this a great place to live, work and play.

For the region's leaders and citizens alike, nurturing this livability is a constant quest. Metro plays a unique and leading role in that effort. Metro crosses city limits and county lines to make our communities safe, livable and ready for tomorrow. From protecting our region's air, water and natural beauty to supporting neighborhoods, businesses and farms that thrive, Metro makes this a great place. Metro serves more than 1.6 million residents in Clackamas, Multnomah and Washington counties, and the 25 cities in the Portland, Oregon metropolitan area. Metro, the only directly elected regional governing body in the United States, is governed by a president, elected region wide, and six councilors elected by district.

Its home rule charter, approved by the voters in 1992 and amended in 2000, grants broad powers, primarily for regional land use and transportation planning, but also for issues of metropolitan concern. The charter also insists that the Metro Council be elected, visible and accountable.

Metro embodies the region's commitment to maintain and enhance the livability and sustainability of the region. A regional approach simply makes sense when it comes to protecting natural areas, caring for parks, planning for the future of our neighborhoods, managing garbage disposal and increasing recycling. Metro manages world-class facilities such as the Oregon Zoo, which contributes to conservation and education, and the Oregon Convention Center, which benefits the region's economy.



Metro Council Priorities

Metro’s budgets are anchored by the region’s six desired outcomes. Developed by the region and adopted by the Metro Council in 2010 as part of the region’s growth management policies, the six outcomes help all leaders and their communities focus on what makes this region a great place. The Metro Council has directed Metro to use the outcomes to guide its strategic decision-making.



As Metro looks toward the future, we remain organized around four principles:

Footprint – How big is Metro and are we organized in the best possible way? *Focus* – Are we focusing on our priorities, applying our expertise in a way that Metro can make the most significant contribution? *Employee Compact* – What is Metro’s strategy as an employer? *Resources* – Is Metro moving the resource dial?

Metro uses its Compass (shown in the diagram below) to assess how its efforts and limited resources align with and support the regional outcomes. Each budget proposal is tested against the compass with Metro’s values clearly in mind.



Balance Sheet

The government-wide Statement of Net Position reflects a healthy financial condition as of June 30, 2014.

The assets of Metro exceeded its liabilities by \$569 million at the close of the fiscal year. This statement is presented as a high level summary overview of net position. For greater detail, please see the complete CAFR, available for download at www.oregonmetro.gov/financial-reports.

Assets: Resources currently owned by Metro, which have future economic value that can be measured and can be expressed in dollars.

Liabilities: Present obligations that require payment of cash in a certain stated time period.

Net position: The extent at which Metro's assets exceeds its liabilities in a stated time period.

Metro - Statement of Net Position

	As of June 30, 2014	As of June 30, 2013	As of June 30, 2012 (restated)
Assets			
Current and other assets	\$309,918,481	\$ 330,355,654	\$362,566,220
Capital assets	594,229,057	566,326,777	550,176,892
Total assets	904,147,538	896,682,431	912,743,112
Liabilities			
Current liabilities	296,597,580	328,630,379	373,316,962
Long-Term liabilities	38,179,929	31,020,314	29,964,656
Total liabilities	334,777,509	359,650,693	403,281,618
Net Position	\$ 569,370,029	\$ 537,031,738	\$ 509,461,494



Income Statement

The government-wide Statement of Activities reports all financial activity for the past three fiscal years.

This statement presents high level summary information about how Metro's net position changed during the fiscal year as a result of all financial activity (i.e. revenues and expenses). For greater detail, please see the complete CAFR, available for download at www.oregonmetro.gov/financial-reports.

Metro - Statement of Activities

	FY 2013-14	FY 2012-13	FY 2011-12
Revenues	\$ 237,212,930	\$ 225,498,400	\$ 201,110,673
Expenses	204,874,639	197,928,156	191,655,573
Increase in Net Assets	32,338,291	27,570,244	9,455,100
Net Position, Beginning of year	537,031,738	509,461,494	500,006,394
Net Position, End of Year	\$ 569,370,029	\$ 537,031,738	\$ 509,461,494



The Metro Council unanimously adopted the annual budget for FY 2014-15 on June 19, 2014. To best illustrate trends, below are the fiscal year budget amounts for the most recently adopted budget along with previous fiscal years to compare.

For more information on Metro's annual budget, please visit www.oregonmetro.gov/budget.

Metro - Budget Information

	FY 2014-15	FY 2013-14	FY 2012-13
Personnel Services	\$ 85,996,134	\$83,751,779	\$79,964,117
Materials and Services	130,460,316	121,872,363	116,199,406
Debt Service	41,971,000	40,937,068	54,769,223
Transfers	25,473,050	23,629,196	23,215,438
Annual Operating Budget	\$283,900,500	\$270,190,406	\$274,148,184
Capital Outlay	73,909,461	66,398,950	65,845,165
Reserves	77,994,192	60,244,356	61,037,639
Ending fund balance	48,036,660	93,801,795	134,786,594
TOTAL	\$483,840,993	\$490,635,507	\$535,817,582



Financial Policies

Metro's financial policies establish basic principles to guide Metro's elected officials and staff in carrying out their financial duties and fiduciary responsibilities. Metro's financial policies shall be reviewed annually by the Council and shall be published in the adopted budget. The Chief Financial Officer shall establish procedures to implement the policies established in the adopted budget.

Accounting, auditing and financial reporting

Metro shall annually prepare and publish a Comprehensive Annual Financial Report including financial statements and notes prepared in conformity with generally accepted accounting principles as promulgated by the Governmental Accounting Standards Board. An independent financial and grant compliance audit shall be performed annually in accordance with generally accepted auditing standards.

Budgeting and financial planning

Metro shall maintain fund balance reserves that are appropriate to the needs of each fund. Targeted reserve levels shall be established and reviewed annually as part of the budget process. Use of fund balance to support budgeted operations in the General Fund, an operating fund, or a central service fund shall be explained in the annual budget document; such explanation shall describe the nature of the budgeted reduction in fund balance and its expected future impact. Fund balances in excess of future needs shall be evaluated for alternative uses. Metro shall prepare, present and adopt its annual budget in accordance with Oregon Budget Law.

Metro staff shall regularly monitor actual revenues and expenditures and report to Council at least quarterly on how they compare to budgeted amounts, to ensure compliance with the adopted budget. Any significant changes in financial status shall be timely reported to the Council.

Capital asset management

Metro shall budget for the adequate maintenance of capital equipment and facilities and for their orderly replacement, consistent with longer-term planning for the management of capital assets.

Cash management and investments

Metro shall manage its investment portfolio with the objectives of safety of principal as the highest priority, liquidity adequate to needs as the second highest priority and yield from investments as its third highest priority.

Debt management

Metro shall issue long-term debt only to finance capital improvements, including land acquisition, that cannot be readily financed from current revenues, or to reduce the cost of long-term financial obligations.

Metro shall strive to obtain the highest credit ratings to ensure that borrowing costs are minimized and Metro's access to credit is preserved.

Revenues

Metro shall estimate revenues through an objective, analytical process. Metro shall also strive to maintain a diversified and balanced revenue system to protect it from short-term fluctuations in any one revenue source.

For Metro's full financial policies, please refer to page C-49 in the Budget Summary volume of Metro's Budget document, which is available for download at www.oregonmetro.gov/budget.

Budgeted Revenue Overview

Metro's revenues come from a variety of sources.

Charges for services: The largest part of Metro's revenues comes from fees and charges for goods and services established to recoup from its customers the cost of providing those goods and services to them.

Grants and Donations: The primary planning functions of the agency — Planning and Development and the Research Center — receive grant funding from federal, state and local grants to fund most of the transportation planning and modeling programs. Both the zoo and Metro's Parks and Environmental Services also receive grants for capital projects, ongoing work and operations. Metro also receives donations for the zoo, parks and cemeteries.

Property Taxes: Metro has a permanent property tax rate of \$0.0966 per \$1,000 of assessed value. This rate cannot even be changed by the voters. Metro also receives property tax revenues from voter-approved levies. The five-year Parks and Natural Areas Local Option Levy is \$0.096 per \$1,000 and the outstanding debt levies assess another \$0.28 per \$1,000. The average homeowner with \$200,000 assessed value/\$250,000 market value spends approximately \$95 annually in property taxes assessed by Metro.

Excise Tax: This tax is paid by users of Metro facilities and services in accordance with Metro Charter and Metro Code. It supports the costs of general government activities, such as the Council Office and elections expense. It also supports various planning, parks and venue activities.

Local government shared revenues: Metro receives revenue from both state and local agencies. Among these are transient lodging tax receipts from Multnomah County, funds from the City of Portland to support the Portland Centers for the Arts, state marine fuel tax revenues and a portion of the recreational vehicle registration fees passed through Multnomah County from the State of Oregon to support the regional parks.

Investment earnings: Metro receives interest earnings on invested cash balances.

Other Revenues: Any other revenue Metro receives that doesn't fall into the above categories.

Metro - Revenue Overview

	FY 2013-14	FY 2012-13	FY 2011-12
Charges for services	122,048,653	120,090,179	110,206,691
Grants and Donations	16,306,898	17,569,710	17,923,954
Property Taxes	59,245,166	51,517,060	39,333,293
Excise Taxes	18,540,684	17,706,748	16,177,938
Local Government Shared Revenues	16,370,0501	15,019,185	13,048,121
Investment Earnings	1,619,110	985,975	898,372
Other Revenues	1,849,897	560,545	497,303
TOTAL	235,980,459	223,449,402	198,085,672

Budgeted Expenditure Overview

Metro's CAFR appropriates for expenditures at a very high level, however there are a number of categories that roll up into those appropriations. The major categories are listed and defined below.

Personnel Services: These are expenditures for salaries, wages and related expenses for Metro employees. These expenses include employee-related benefit costs such as health and welfare, pension contributions, as well as fringe benefits.

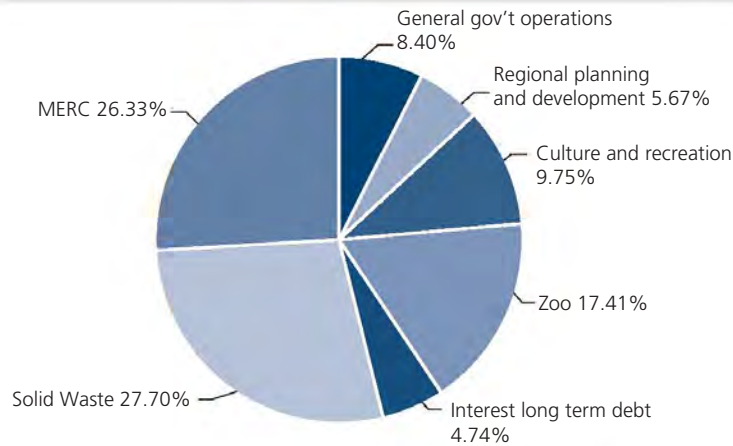
Materials and Services: These expenses are for contractual and other services, materials, supplies and other charges.

Capital outlay: These funds are for land acquisitions and major capital improvement projects at various facilities.

Debt service: This category is for payment on general obligation and full faith and credit bonds sold Metro Regional Center, the Open Spaces Acquisition program, the Natural Areas program, the Portland Expo Center and the Oregon Zoo.

Metro - Expenditure Overview			
	FY 2013-14	FY 2012-13	FY 2011-12
Personnel Services	77,453,540	75,457,497	76,388,506
Materials and Services	103,802,766	99,065,663	96,023,270
Debt Service	40,937,067	67,285,032	64,941,026
Capital Outlay	40,159,489	25,753,073	28,293,890
TOTAL	262,352,862	267,561,265	265,646,692

Metro Function/Program Expenses, Fiscal Year 2014



Debt Overview

Metro uses long and short-term debt to finance capital projects and some capital equipment. Metro maintains a Aaa/AAA (“double triple A”) underlying general obligation bond rating, the highest available. Metro was one of only two local governments in Oregon to receive that rating in 2007 and maintain it through the recession.

Metro has a relatively low level of outstanding debt. Currently, there are only seven outstanding debt issues, totaling \$254,820,000. Metro has authorized but unissued debt remaining from both the 2006 Natural Areas bond measure and the 2008 Oregon Zoo Infrastructure and Animal Welfare bond measure.

	Original Amount	Original Issue Date	Principal Outstanding	Final Maturity
GENERAL OBLIGATION BONDS (Property taxes funded)				
General Obligation Refunding Bonds				
Metro Washington Park Zoo Oregon Project 2005 Series	18,085,000	5/12/05	6,300,000	1/15/2017
Open Spaces, Parks, and Streams 2012B Series	27,575,000	5/23/12	9,535,000	6/1/2015
General Obligation Bonds				
Natural Areas 2007 Series	124,295,000	4/3/07	73,315,000	6/1/2026
Natural Areas 2012A Series	75,000,000	5/23/12	66,310,000	6/1/2026
Oregon Zoo Infrastructure 2012A Series	65,000,000	5/23/12	55,000,000	6/1/2028
TOTAL GENERAL OBLIGATION BONDS OUTSTANDING			\$210,460,000	
FULL FAITH AND CREDIT BONDS (General revenues funded)				
Full Faith and Credit Refunding Bonds				
2006 Series	14,700,000	4/20/06	10,180,000	12/1/2024
2013 Series	12,600,000	2/26/13	12,495,000	8/1/2022
TOTAL FULL FAITH & CREDIT BONDS OUTSTANDING			\$22,675,000	
PENSION OBLIGATION BONDS (Department assessments funded)				
Limited Tax Pension Obligation Bonds				
Series 2005	\$24,290,000	9/23/05	\$21,685,000	6/1/2028
TOTAL PENSION OBLIGATION BONDS OUTSTANDING			\$21,685,000	
GRAND TOTAL – METRO DEBT OUTSTANDING			\$254,820,000	







Metro Central Enhancement Grants 2015 Awards

The Metro Central Enhancement Committee, comprised of six neighborhood association representatives and chaired by Metro Councilor Sam Chase, District 5, awarded \$114,787.50 in grants to ten organizations for 2015.

Reading Results at Chapman Elementary School

Chapman Elementary School and Portland Public Schools \$19,000

This year, reading teams will tutor 40-45 low-income and reading challenged students at Chapman for three 30-minute sessions each week for 30 weeks of the school year. The program provides students with reading instruction delivered by highly trained, culturally responsive tutors.

Forest Park Recreation Enhancement Project

Forest Park Conservancy \$20,000

The Forest Park Conservancy will improve a very popular section of the Wildwood Trail and tackle the ongoing problem of off-leash dogs. Both of these projects will increase water quality and improve user experience.

Improving Lives Through Recreational and Fitness Opportunities for Low-income Residents

Friendly House \$16,237.50

Friendly House will provide low-income people the ability to engage with one another through fitness training, recreational classes and an internet center. Scholarship memberships and classes will be provided for low-income youth, older adults and people with disabilities who call Northwest Portland home.

Cathedral Park Jazz Festival

Jazz Society of Oregon, dba Cathedral Park Jazz Festival \$9,050

In 2015 the Cathedral Park Jazz Festival will be the longest running free jazz festival in the western US. It provides three days of free fun and world-class jazz and blues entertainment within walking distance of area residents. A portion of the proceeds are returned to the neighborhood to help with expenses and other funding needs.

Community Garden Improvements

Lift Urban Portland \$8,000

The grant will underwrite equipment upgrades, including deer fencing and new fruit tree plantings, and support the garden coordinator. These investments will significantly increase the yield from the gardens and support the garden's use as a resource for education and community engagement.

Critical Roof Repair

Linnton Community Center \$20,000

The Linnton Community Center's upper meeting hall will receive desperately needed roof repair. Rainwater has been leaking through the existing roof which has begun to cause damage, displacing programs and creating discomfort for the participants of the many programs held there.

Supplemental Meals for Seniors in Northwest Portland

Meals on Wheels People \$5,000

The grant will continue a program that provides second meals for low-income homebound clients in the Metro Central target area served by the Elm Court Center who have no other access to food.

The Joy of Symphony

Portland Festival Symphony at Cathedral Park \$7,500

Well-known compositions by Joseph Haydn, George Bizet, Antonin Dvorak, John Phillip Sousa and others will be performed by the symphony orchestra for free. The event will also include a musical instrument petting zoo where children can interact with professional musicians. Children will play-along in the TOY symphony on the playable toy instruments provided.

Metro Central Rebuild Program 2015

Rebuilding Together Portland \$5,000

Rebuilding Together has a mission to improve the quality of life of homeowners by providing free home repair and rehabilitation to low-income and disabled homeowners. Metro Central funding will program provide repairs and services to local nonprofits and individuals in the target area.

Nourishment & Social Connections

Store to Door \$5,000

Store to Door provides grocery delivery to low-income seniors and people with disabilities. The program helps their participants maintain independence, increase their social supports, and access additional low-cost or no-cost services that support aging-in-place.



Public Engagement Review Committee

About Metro

If you picnic at Blue Lake or take your kids to the Oregon Zoo, enjoy symphonies at the Schnitz or auto shows at the convention center, put out your trash or drive your car – we’ve already crossed paths.

So, hello. We’re Metro – nice to meet you.

In a metropolitan area as big as Portland, we can do a lot of things better together. Join us to help the region prepare for a happy, healthy future.

Metro Council President
Tom Hughes

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

Auditor
Suzanne Flynn

The Public Engagement Review Committee (PERC) meets twice a year to review and help guide Metro’s public engagement activities.

The committee consists of public involvement staff from Clackamas, Multnomah and Washington counties, at-large community members and representatives of community organizations.

Members are committed to community involvement, possess experience and knowledge of public engagement principles, and collectively represent the geographic and demographic diversity of the region.

PERC recruitment happens annually for one-third of the community members and community organization positions in order to ensure continuity on the committee. Local jurisdiction representatives are reappointed as desired by the sponsoring county. Committee terms run from January to December.

Interested in serving on the PERC? Want to learn more about Metro’s public engagement review process? Contact Heather Coston at 503-813-7552 or heather.coston@oregonmetro.gov.

COMMITTEE MEMBERS

At-large representatives

- Greg Greenway, Multnomah County, Portland Public Involvement Advisory Council, Threshold 2008
- Candice Kelly, Washington County, Tualatin Tomorrow, Tualatin Heritage Center Board
- Jose Luis Nava, Washington County, Latino Leadership Network of Washington County, Washington County Citizen Action Network
- Jennifer Sexton, Multnomah County, Hansa Research
- Tara Sulzen, Multnomah County, The Bus Project
- William Gifford, Clackamas County, Oregon City Chamber of Commerce

Community organization representatives

- Julia Meyer, Coalition of Communities of Color (Donita Sue Fry, alternate)
- Sue Marshall, Coalition for a Livable Future
- Casey Barnard, Emerald Cities of Portland

Jurisdictional representatives

- Barbara Smolak, Clackamas County
- Mike Pullen, Multnomah County
- Stephen Roberts, Washington County

The PERC is a part of Metro’s Public Engagement Review process that includes a semi-annual meeting of professional public involvement peers – the Public Engagement Network, an annual community summit and an annual public engagement survey and report.