A G E N D A

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METRO

Agenda

MEETING:	METRO COUNCIL WORK SESSION MEETING
DATE:	March 22, 2005
DAY:	Tuesday
TIME:	2:00 PM
PLACE:	Metro Council Chamber

CALL TO ORDER AND ROLL CALL

2:00 PM	**1.**	**DISCUSSION OF AGENDA FOR COUNCIL REGULAR MEETING, MARCH 24, 2005/ ADMINISTRATIVE/CHIEF OPERATING OFFICER AND CITIZEN COMMUNICATIONS**	
2:15 PM	**2.**	**LEGISLATIVE UPDATE**	Tucker
2:45 PM	**3.**	**DISPOSAL VOUCHER PROGRAM REVIEW**	O'Dell
3:15 PM	**4.**	**BREAK**	
3:20 PM	**5.**	**LAND VALUE TAXATION**	Wagner/ Condor
3:40 PM	**6.**	**ST. JOHNS PHASE 2 REMEDIATION**	Vandenberg
3:55 PM	**7.**	**VEGETATION CONTROL CONTRACT**	Biedermann
4:20 PM	**8.**	**COUNCIL BRIEFINGS/COMMUNICATION**	

ADJOURN

Agenda Item Number 2.0

LEGISLATIVE UPDATE

Metro Council Work Session
Tuesday, March 22, 2005
Metro Council Chamber

METRO COUNCIL

Work Session Worksheet

Presentation Date: March 22, 2005 Time: Length:

Presentation Title: State Legislative Update

Department: Public Affairs and Government Relations

Presenters: Randy Tucker

ISSUE & BACKGROUND

This work session will consist of an update on Metro's activities in the 2005 legislative session and discussion of specific policy questions. **See attached summary of bills related to Metro's legislative agenda and other legislation of interest or concern; because bills are being printed at a rapid rate and legislative activity is ongoing, an updated version of this document may be distributed at the work session.** Possible questions for discussion include:

- Policy on legislation relating to the farmland priority statute, ORS 197.298
- Policy on legislation relating to a study of Metro's recycling rate

OPTIONS AVAILABLE

Council may select direct staff to pursue specific bills or policy positions in the Legislature.

IMPLICATIONS AND SUGGESTIONS

QUESTION(S) PRESENTED FOR CONSIDERATION

Staff requests that Councilors provide direction on Metro's legislative activities and priorities.

LEGISLATION WOULD BE REQUIRED FOR COUNCIL ACTION __ Yes _X_ No
DRAFT IS ATTACHED ___ Yes _X_ No

SCHEDULE FOR WORK SESSION

Department Director/Head Approval _____
Chief Operating Officer Approval _____

METRO LEGISLATIVE AGENDA and other bills of interest and concern

Bold: Bills supported by Metro
Italic: Bills opposed by Metro

STRATEGIC OBJECTIVE: GREAT PLACES

Priority Issue: Extending the review cycle for Metro's UGB	**SB 245**
Priority Issue: Comprehensive land-use review	**SB 82**
System development charges (SDCs) for parks	*HB 2757*
Urban-scale commercial and industrial development outside UGBs	HB 2162, HB 2458, *HB 2956*
Extending the property tax exemption for transit-supportive development	**SB 839, HB 2998**
Funding for planning	SB 5518
Measure 66 local share allocation	HB 5056

STRATEGIC OBJECTIVE: ECONOMIC VITALITY

Priority Issue: Multi-modal transportation funding package	**SB 71 (Connect Oregon), HB 2731 (AOC titling fee)**
Priority Issue: Funding for convention center headquarters hotel	Not ripe
Transportation Planning Rule	*SB 897*
Transportation demand management (TDM) funding	HB 5069, HB 5070
Industrial Facility Siting Council	Negotiations ongoing

STRATEGIC OBJECTIVE: ENVIRONMENTAL HEALTH

Managing electronic waste	**SB 740**
Methyl tertiary butyl ether (MTBE) ban	**HB 2949**
Forest Legacy funding	**SB 496**
Funding for Oregon's pesticide use reporting system	**SB 290, HB 2152**
Bottle Bill expansion	**SB 862**

STRATEGIC OBJECTIVE: SMART GOVERNMENT

Priority Issue: Enabling the City of Damascus to operate	**SB 341 (on Governor's desk)**
Eliminating duplicative UGB appeals	**SB 431**
Allowing Metro-area cities to use annexation plan provisions of ORS 195	**SB 648**
Annexation and related issues	*HB 2484 (double majority), SB 380 (double majority), SB 491 (double majority),* SB 699 (written consent for industrial land), SB 728 (Nike), SB 732 (written consent for industrial land), SB 886 (public hearings), *SB 887 (island), SB 888 (cities in Metro)*
Oregon Zoo debt relief	Not being pursued (debt has been refinanced)
Land value taxation	**SJR 1 (informational hearing expected but not yet scheduled)**

Other bills of interest or concern:

SB 307 (SDCs for schools)

SB 420 (local government dues for ethics commission)

SB 649 (Goal 5 UGB makeup)

SB 650 (eliminates farmland priority in UGB expansions)

SB 730 (takes away authority by changing Metro's home rule charter)

SB 742 (school impact fees)

SB 743 (school impact fees)

SB 777 ($200 million in lottery bonds for transportation loans)

SB 865 (Requires ODOT to "conduct state highway system study for Portland metropolitan area")

SB 894 (expands number of highways designated as freight routes)

SB 900 (requires Metro to treat Forest Grove and Cornelius as a subregion)

SB 963 (creates process for county to withdraw from Metro)

SB 996 (raises cap on Oregon Affordable Housing Tax Credit—Housing Alliance bill)

HB 2199 (expands vertical housing tax credit to encourage affordable housing)

HB 2520 (repeals preemption against real estate transfer tax)

HB 2742 (Safe Routes to School)

HB 2775 (raises cap on Oregon Affordable Housing Tax Credit—Housing Alliance bill)

Agenda Item Number 3.0

DISPOSAL VOUCHER PROGRAM REVIEW

Metro Council Work Session
Tuesday, March 22, 2005
Metro Council Chamber

METRO COUNCIL
Work Session Worksheet

Presentation Date: March 22, 2005 Time: 2:45 p.m. Length: 45 minutes

Presentation Title: Metro Disposal Fee Waiver Program

Department: Solid Waste and Recycling

Presenters: Jan O'Dell, Jenny Stein

ISSUE & BACKGROUND

Issue:
The popular Disposal Fee Waiver Program is trending over-budget again this year, and the criteria as written in Metro Code and administrative procedures do not provide sufficient guidance on how to manage the program within the reduced budget level. Given the need to control spending, and given the Council's strategic goals, what changes, if any, would the Council suggest for this program? Some potential options are below.

Background:
The Disposal Fee Waiver Program was created in 1994 to assist local governments, neighborhood associations, public agencies and not-for-profit organizations in cleaning up illegal dumping, assist with disposal costs at community cleanup events, and help with "hardship" cases where disposal costs pose a burden for the applicant. Neighborhood associations account for 60 percent of voucher expenditures, and currently, the majority of vouchers are used for neighborhood and city cleanup events. *(SEE ATTACHMENT A.)*

The program waives the tip fee at Metro transfer stations for qualified entities through use of a disposal voucher, good for one "load" of waste. The average value of a voucher (based on 2003-04 voucher records) ranges from $80 for a load of waste collected at a SOLV event, to $175 for a neighborhood association event, to $250 for a local government community clean-up event. There is a $5,000 per agency annual limit, but only a small number of applicants come close to this cap. *(SEE ATTACHMENT B.)*

Criteria for administering the program are spelled out in Metro Code 5.02.075, and include:

- Annual per-agency limit of $5,000.
- The waiver of fees will "Address or remedy a hardship suffered by the applicant, or the public interest will be served."
- Waste must be "acceptable at a Metro facility."

In 2003-04, the budget for the program was reduced from $150,000 to $107,500. The Council also directed staff to ensure the program was publicized throughout the region.

Voucher requests exceed budget:

Historically, demand for the vouchers has exceeded budget as awareness of the program has grown *(SEE ATTACHMENT C.)* Last year the program expenditures were 10 percent over budget. This year program expenditures are projected to exceed budget by 30 percent, based on year-to-date actuals and anticipated spring clean-up voucher requests. Budget overruns have been within the department's spending authority.

Reasons for exceeding budget:

- Budget was reduced, but no changes were made to eligibility criteria or administrative procedures.
- Metro's tip fee has increased 7 percent in the past two years.
- In 2004-05, there have been a usually high number of qualified deconstruction project requests.

Other Metro programs help clean up neighborhoods:
The Disposal Fee Waiver Program is but one program that serves to enhance neighborhood livability. Metro also funds a contract with SOLV for $52,500 ($10,000 for the Washington County Clean and Green clean-up, $30,000 for the spring SOLV-IT event, and $12,500 for Team up for Watershed Health activities); a community clean-up matching-grant program available to local jurisdictions on a per-capita basis (budgeted at $71,000 this year); an illegal dumping program that cleans up and investigates approximately 1,000 dumpsites annually; and Community Enhancement Grant programs in north and northwest Portland, Oregon City and Forest Grove.

OPTIONS AVAILABLE

This year's expenditures are trending to $140,000, which would overspend the budget by $32,500. Given the increased tip fee, the popularity of the program, and the generous nature of the criteria as written in Metro code, the department anticipates difficulty staying within budget in the future without making changes to the program, especially if more agencies begin taking advantage of the program.

Options for FY 2004-05

a) Continue to manage program as in the past, and expect to overspend budget by about $33,000. Over-expenditure would be within department's budget authority.
b) Deny all requests once current budget limit is projected to be reached.
c) Implement a reduced per-entity limit for this spring's clean-up projects.

Options for FY 2005-06

a) Increase budget and continue to publicize availability. Administer according to current Code language.
b) Keep budget at current level and implement administrative rules and changes to Metro code to better enable department to manage program within budget. Changes could include
   - Reducing the annual per-agency limit to $2,500. (Would affect about 10 applicants – neighborhood associations and local governments – and could save about $12,000, based on history.)
   - Excluding certain types of projects from eligibility (e.g., events, projects within Enhancement Grant areas, neighborhood cleanups that provide free bulky waste disposal to residents.)
   - Funding neighborhood association and local government cleanups on an every-other-year basis only.
   - Moving SOLV voucher costs into SOLV contract (already proposed in 2005-06 department budget; would free up about $7,000 in voucher program.)
   - Denying all requests once budget limit is projected to be reached, or implementing quarterly spending limits
c) A combination of these options.

IMPLICATIONS AND SUGGESTIONS

- Code language may need to be changed if program criteria changed.
- If changes are made to this year's eligibility criteria or if budget is capped, applicants may not have time to change events already planned or anticipated (historically, 75 percent of the annual budget is spent April-June.)
- Neighborhood associations and local governments will need to plan ahead to make adjustments in their programs next year.

Suggestions:

- For the current fiscal year, the department suggests continuing to administer program as before, and plan for running over budget.

- For FY 2005-06, the department recommends either:
  A. Capping limit at $2,500 per agency, moving SOLV funds to the SOLV contract, and increasing budget slightly; or
  B. Moving SOLV funds to the SOLV contract, and providing cleanup funds for recurring local governments and neighborhood associations on an every-other-year basis, leaving budget at $107,500.

QUESTION(S) PRESENTED FOR CONSIDERATION

1. Should program criteria be changed to allow staff to manage the program within budget levels? If so, how?
2. Should the budget be increased, and the criteria left unchanged?
3. Should both the budget and the criteria be changed to better meet Council's strategic goals?

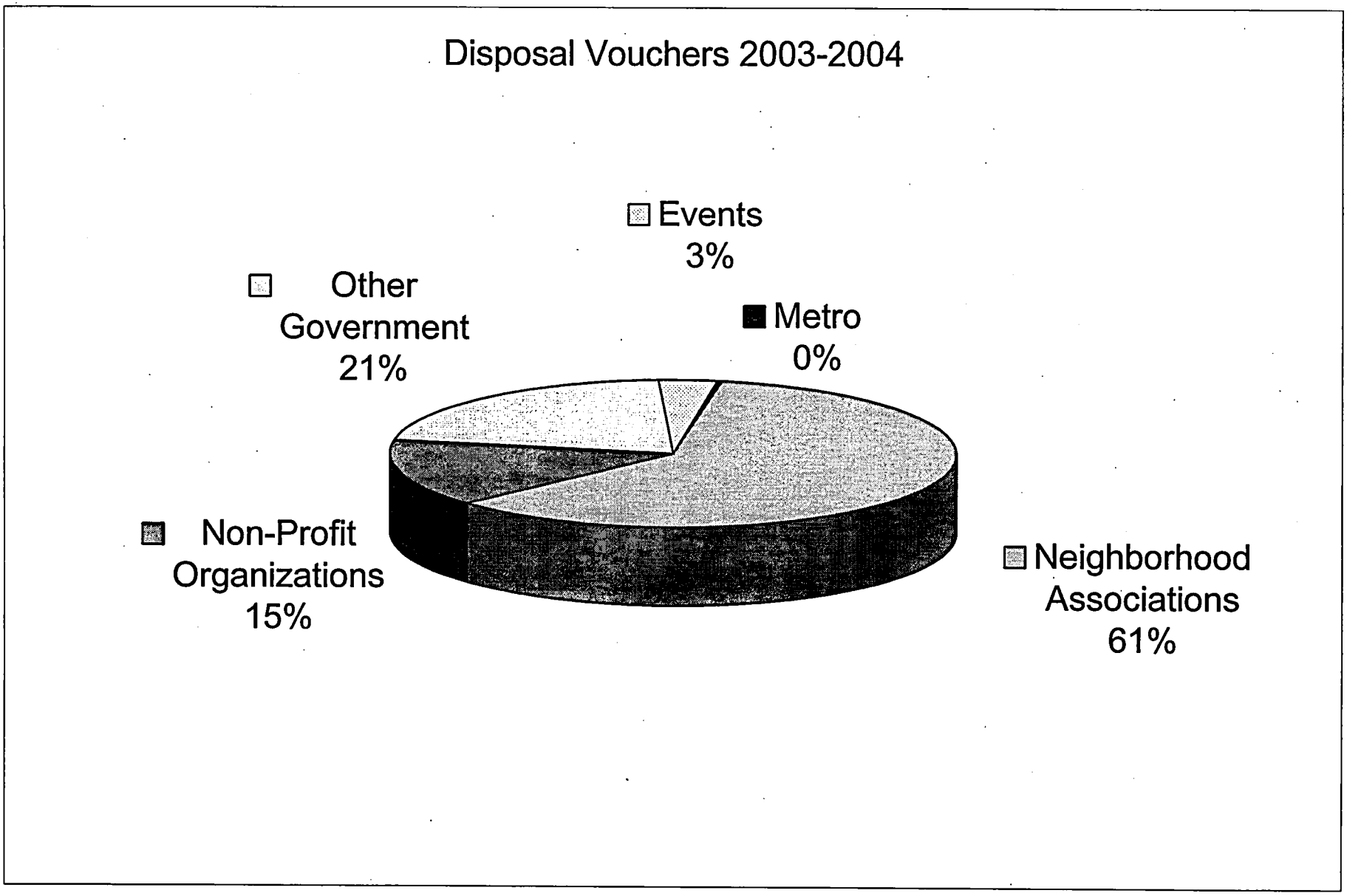
LEGISLATION WOULD BE REQUIRED FOR COUNCIL ACTION:
Yes (if changes are made to Metro code.)

DRAFT IS ATTACHED: No.

SCHEDULE FOR WORK SESSION

Department Director/Head Approval _____
Chief Operating Officer Approval _____

Attachment A



Attachment B

FY 03-04 Voucher Expenditures by Organization and Event Type

Organization		Total	Organization Type
Alameda Community Association	$	885.83	NA
Argay Neighborhood	$	1,908.84	NA
Art in the Pearl	$	182.64	Event
Boise Neighborhood	$	743.53	NA
Brooklyn Action Corps	$	1,483.94	NPO
Buckman/Kerns Neighborhood	$	1,399.32	NA
Caring Community of Cleveland H.S.	$	347.56	
Cascade College/Montavilla NA	$	207.49	NA
Cathedral Park Jazz Festival	$	65.12	NPO
Center Neighborhood Assoc	$	992.02	NA
City of Cornelius	$	60.00	LG
City of Fairview	$	1,674.95	LG
City of Fairview/SOLV	$	15.60	LG
City of Happy Valley	$	145.60	LG
City of Johnson City	$	818.39	LG
City of Maywood Park	$	2,657.58	LG
City of Milwaukie	$	4,825.54	LG
City of North Plains	$	1,034.12	LG
City of Oregon City	$	1,095.39	LG
City of Oregon City Enforcement	$	61.04	LG
City of Tualatin	$	3,260.00	LG
City of West Linn	$	2,223.82	LG
City of Wilsonville		$2,500.00	LG
City of Wood Village	$	2,522.85	LG
Concordia Neighborhood	$	2,737.75	NA
Creston-Kenilworth Neighborhood	$	1,826.41	NA
Cully Neighborhood	$	2,510.20	NA
East Columbia Neighborhood	$	420.45	NA
Eastmoreland-Reed Neighborhood	$	1,567.14	NA
Eliot Neighborhood Association	$	806.60	NA
EPNO	$	3,566.04	NA
Foster-Powell Neighborhood Assoc.	$	2,424.62	NA
Gleaners of Clackamas County	$	312.34	NPO
Grace Community Church	$	469.95	NPO
Habitat for Humanity	$	270.02	NPO
HAND	$	1,122.15	NA
Hazelwood Neighborhood	$	104.75	NA
Home Association of Cedar Hills	$	5,436.22	NA
Humboldt Neighborhood Association	$	692.94	NA
Interfaith Caregivers/Faith in Action	$	539.72	NPO
Interlachen Homeowners Assoc.	$	275.60	NA
Inverness Neighborhood Association	$	1,805.10	NA
Irvington Neighborhood	$	826.66	NA
Johnson Creek Watershed Council	$	247.08	NPO
King Neighborhood Association	$	1,501.38	NA
Laurelhurst Neighborhood	$	1,144.55	NA
Lents Neighborhood Association	$	2,694.26	NA
Madison South Neighorhood	$	1,375.22	NA
Meadowlands	$	268.67	Event

Neighborhood Associations	
$	**72,547.09**
	60.33%
Local Governments	
	$25,832.98
	21.48%
Events	
	$3,926.14
	3.26%
Metro projects	
	$291.00
	0.24%
Non Profit Organizations	
	$17,652.93
	14.68%

03/16/2005

Attachment B

FY 03-04 Voucher Expenditures by Organization and Event Type

Metro	$	291.04	Metro
Montavilla Neighborhood	$	2,223.82	NA
Montmore Homeowners Association	$	514.62	NA
Mount Tabor Neighborhood	$	1,596.24	NA
Multnomah County Nuisance Control	$	140.37	LG
Multnomah Drainage District #1	$	226.35	LG
Neighbors West/Northwest	$	341.67	NA
North Portland Neighborhood Services	$	4,166.45	NA
NW Conservancy	$	69.15	NPO
Overland Park	$	2,993.88	NA
Pleasant Valley	$	706.55	NA
Portland Impact	$	84.02	NPO
Portland Urban Ministry Project/Woodland P	$	202.84	NPO
Powell Valley	$	550.78	NA
Powellhurst-Gilbert Neighborhood	$	4,394.06	NA
Project Linkage	$	599.79	NPO
PSU/Mazamas/Rocky Butte	$	17.00	NPO
Race for the Cure	$	131.58	Event
Reach Community Development	$	186.85	NPO
Rebuilding Together Multnomah Co.	$	6,457.25	NPO
Rebuilding Together Wa Co	$	1,876.02	NPO
Rebuilding Together Wa Co	$	73.48	NPO
Richmond Neighborhood Assoc	$	951.00	NA
Rose City Park	$	548.00	NA
Rose Festival 2003	$	22.12	Event
Rose Festival 2004	$	3,321.13	Event
Roseway Neighborhood Association	$	1,138.78	NA
Sabin Neighborhood	$	893.59	NA
SMILE	$	1,728.85	NA
SOLV	$	4,518.00	NPO
SOLV/Team Up	$	56.70	NPO
Starkwood Neighborhood	$	753.62	NA
Sullivan's Gulch	$	349.23	NA
Sumner Neighborhood	$	960.16	NA
Sunnyside Neighborhood Association	$	1,315.55	NA
SWNI	$	3,284.25	NA
The Enterprise Foundation	$	38.45	NPO
Tom McCall Upper Elementary/SOLV	$	36.45	NPO
Tualatin Hills Parks & Rec	$	643.00	LG
Tualatin Hills Parks & Recreation	$	120.00	LG
Vernon Neighborhood	$	919.57	NA
Vista View Neighborhood	$	308.09	NA
Wa Co. Clean & Green	$	1,423.25	LG
Wilkes Community Association	$	388.64	NA
Wilkes Elem/Solv	$	48.75	NPO
Woodland Park	$	747.53	NA
Woodlawn Neighborhood	$	886.89	NA
Woodstock Neighborhood	$	910.20	NA

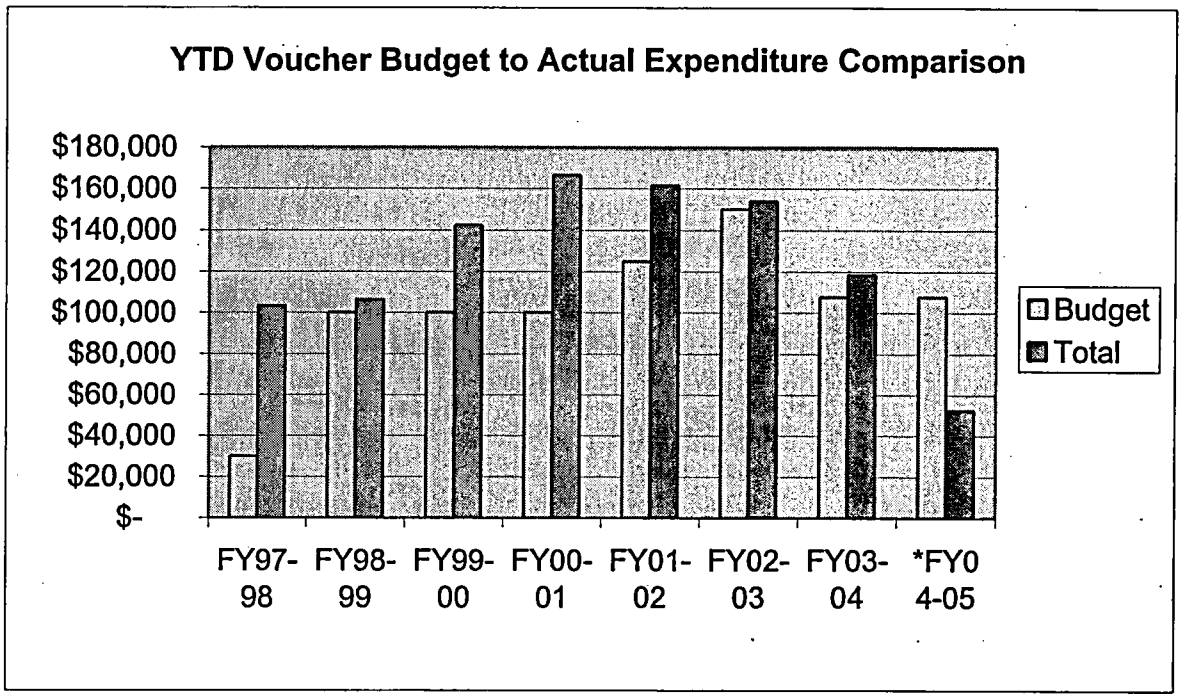
Attachment C
Disposal Voucher Program Budget and Expenditures, FY 1997-2005

	Budget	Total
FY97-98	$ 30,000	$ 103,091
FY98-99	$ 100,000	$ 106,272
FY99-00	$ 100,000	$ 142,208
FY00-01	$ 100,000	$ 166,314
FY01-02	$ 125,000	$ 161,393
FY02-03	$ 150,000	$ 153,895
FY03-04	$ 107,600	$ 118,510
***FY04-05**	$ 107,600	$ 52,460

*** As of March 13, 2005.**

FY 03-04

County	Total
Clackamas	$ 13,253
Multnomah	$ 84,408
Washington	$ 18,761
Regional	$ 3,613
Grand Total	$ 120,035



*** As of March 13, 2005.**

Agenda Item Number 5.0

LAND VALUE TAXATION

Metro Council Work Session
Tuesday, March 22, 2005
Metro Council Chamber

METRO COUNCIL

Work Session Worksheet

Presentation Date: March 22, 2005 Time: 2:00 Length: 15 min.

Presentation Title: Site Value Taxation

Department: Finance and Administrative Services

Presenters: Reed Wagner

ISSUE & BACKGROUND

This policy would allow local taxing districts to implement a system of property taxation that taxes land at a higher rate than improvements. Such a system could create an incentive for more efficient development.

In 2003, Representatives Jackie Dingfelder and Lane Shetterly introduced House Joint Resolution 30, which proposed an amendment to the Oregon Constitution enabling local jurisdictions to adopt a system of land value taxation (see http://pub.das.state.or.us/LEG_BILLS/PDFs/HJR30.pdf).

While that proposal did not advance, Councilors Hosticka and Burkholder have joined Rep. Dingfelder in convening a group to research the effects this policy would have on properties in the metro region. This research project is led by Metro with funding from the Portland Development Commission and the Lincoln Land Institute. Kris Nelson and Tom Gihring developed a final analysis and report as contractors on this Metro project.

OPTIONS AVAILABLE

Given the restrictions on property taxes that have been added to the Oregon Constitution by the voters, the development of such a system would almost certainly require a constitutional amendment. This information is intended to educate local policy makers and state legislators of this tax option.

Options include presenting this study to interested local jurisdictions and the state legislature. A state committee bill has been developed (see attached); a presentation to the Revenue Committees is to be scheduled, at the request of the Metro Council.

IMPLICATIONS AND SUGGESTIONS

QUESTION(S) PRESENTED FOR CONSIDERATION

Would the Council like staff to present this study to interested local jurisdictions and the state legislature?

LEGISLATION WOULD BE REQUIRED FOR COUNCIL ACTION __Yes X No
DRAFT IS ATTACHED ___Yes _X_No

SCHEDULE FOR WORK SESSION

Department Director/Head Approval _____
Chief Operating Officer Approval _____

73rd OREGON LEGISLATIVE ASSEMBLY--2005 Regular Session

NOTE: Matter within { + braces and plus signs + } in an amended section is new. Matter within { - braces and minus signs - } is existing law to be omitted. New sections are within { + braces and plus signs + } .

LC 1360

Senate Joint Resolution 1

Printed pursuant to Senate Interim Rule 213.28 by order of the President of the Senate in conformance with pre-session filing rules, indicating neither advocacy nor opposition on the part of the President (at the request of Senate Interim Committee on Revenue for Portland Development Commission)

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure as introduced.

Proposes amendment to Oregon Constitution to allow local taxing district to adopt site value taxation system that taxes land at one rate and all other property at lesser rate. Requires site value taxation system to be in lieu of uniform ad valorem property taxes of district. Exempts site value tax from constitutional limits imposed on property taxes. Refers proposed amendment to people for their approval or rejection at next regular general election.

JOINT RESOLUTION

Be It Resolved by the Legislative Assembly of the State of Oregon:

PARAGRAPH 1. The Constitution of the State of Oregon is amended by creating a new section 11k to be added to and made a part of Article XI, such section to read:

{ + SECTION 11k. + } { + (1) The Legislative Assembly shall enact laws to authorize a local taxing district to adopt a site value taxation system that taxes land at one rate and all other property at a lesser rate. A site value taxation system adopted under this section is in lieu of the uniform ad valorem property taxes of the local taxing district, except for taxes imposed to

pay principal and interest on bonds issued prior to the effective date of this section, and is not subject to any of the limitations imposed by sections 11 and 11b of this Article.

(2) Taxes collected under a site value taxation system adopted under this section shall be assessed based on the real market value of the property subject to tax and shall be:

(a) A variable tax rate for land and a fixed tax rate for all other property; or

(b) A fixed ratio of a tax rate for land to a tax rate for all other property.

(3) A local taxing district may phase in a site value taxation system adopted under this section over a five-year period, but may not at any time impose a tax rate for all other property that exceeds the tax rate for land.

(4) The Legislative Assembly shall enact laws to allow the voters of a local taxing district to decide if the district should adopt a site value taxation system under this section. A measure submitting the question to district voters may be referred by resolution of the district governing body, by resolution of an elected tax supervising and conservation commission that exists in the county in which at least half the territory of the district is located or by initiative petition. The measure may be voted on only at a general election.

(5) A site value tax adopted under this section is not subject to section 32, Article I, or section 1, Article IX, of this Constitution.

(6) As used in this section, 'uniform ad valorem property taxes' means taxes that are generally imposed at the same rate on land and on other taxable property. + }

PARAGRAPH 2. { + The amendment proposed by this resolution shall be submitted to the people for their approval or rejection at the next regular general election held throughout this state. + }

Agenda Item Number 6.0

ST. JOHNS PHASE 2 REMEDIATION

Metro Council Work Session
Tuesday, March 22, 2005
Metro Council Chamber

METRO COUNCIL

Work Session Worksheet

Presentation Date:	3/22/05	Time: 3:40 p.m.	Length: 15 minutes
Presentation Title:	St. Johns Landfill Remedial Investigation / Feasibility Study: Background and Proposed RFP (Resolution 05-3543)		
Department:	Solid Waste & Recycling		
Presenters:	Mike Hoglund, Solid Waste & Recycling Director Paul Vandenberg, Principal Solid Waste Planner		

ISSUE & BACKGROUND

Site Background. St. Johns Landfill (SJLF) is located within the Smith and Bybee Wetlands Natural Area. Over 50 years of landfilling at the site resulted in an estimated 12 to 15 million tons of buried waste. Historically operated by the City of Portland, Metro assumed responsibility for landfill operations in 1980 and purchased the site in 1990. A state-of-the-art cover system was constructed over all of the waste during 1991-1996, to eliminate or control risks on the landfill surface, prevent further leaching of contaminants from the waste by rainwater, and contain landfill gas for effective collection.

Landfill Closure Account. The St. Johns Landfill Closure Account (Account) was established in 1989 to meet state financial assurance requirements for closure of municipal solid waste landfills. The Account was built from a surcharge on waste disposal fees during the last 3 years of landfilling at SJLF. It funds environmental investigations, protection systems, and restoration at the landfill.

The Account funded the $36 million landfill cover system, and since then has funded around $6 million in projects involving personal services and/or construction that are not part of routine site operations. Annual revenue to the Account from the sale of methane gas to Ash Grove Cement Company has ranged from $71,250 to $214,622 since the gas sale program began in 1997. Since completion of the landfill cover system in 1996, net drawdown of the Account has been around $0.8 million, from $7.4 million to a current balance of $6.6 million.

Remedial Investigation and Feasibility Study (RI-FS). In 2003 the Oregon Department of Environmental Quality (DEQ) issued a renewed 10-year closure permit for SJLF, along with a consent order for an RI-FS. The purpose of the RI-FS is to identify any remaining risks posed by the landfill, and to evaluate alternatives for controlling risk. Based on the RI-FS, which is estimated to be completed in 2007, DEQ will issue a Record of Decision (ROD) specifying remediation and long-term monitoring requirements.

Possible actions required by the ROD may range from no further action to multi-million dollar remedial actions. This liability may also offer opportunities for further restoring the SJLF site, as necessary, to develop viable wildlife habitat consistent with the surrounding Smith and Bybee Wetlands Natural Area, and to create a safe environment for appropriate recreational uses by the public.

Request-For-Proposals (RI-FS Phase 2). The RI-FS involves 3 distinct phases, including an RI Proposal and an RI Work Plan (Phase 1), implementation of the RI Work Plan (Phase 2), and the FS (Phase 3). Phase 1 is nearing completion.

Staff believes that the most effective approach to Phase 2 is to procure a new contract through an RFP process. The RFP has been submitted for Council review, and is scheduled for Council action on March 24, 2005. The prospective contract based on this RFP would require implementation of a DEQ-approved Remedial Investigation Work Plan; primarily involving the collection and review of environmental data, as needed to assess risks posed by the landfill to human health and the environment.

To support the investigative nature of the project, DEQ and Metro negotiated a decision matrix and made it integral to the RI Work Plan. As such, work scope will largely be developed during the course of the project, following the structure and direction provided by the decision matrix. Where work scope is established for a given task based on the matrix, and as negotiated with DEQ, Metro would then negotiate a task order with its RI-FS consultant, and would authorize transfer of dollars from a contract contingency sum to implement the task.

The RFP requests costs for several "starting-point" tasks (that are not dependent on the decision matrix), and for hourly rates and overhead. These cost proposals will provide a basis for comparing the approach of respondents to both the costing of tasks and to essential technical procedures.

Staff will contain project costs through contracted hourly rates applicable to the contract term, contracted costs for the starting-point tasks, tracking all expenses through detailed invoicing, and negotiating cost for tasks that stem from the implementation of the work plan decision matrix, as necessary to fulfill requirements of the consent order. Staff recommends a total contract amount of $650,000, which would serve as a not-to-exceed sum for Phase 2. The source for this sum would be the $6.6 million Landfill Closure Account.

OPTIONS AVAILABLE

Proceed with preparations to release an RFP for the RI-FS (Phase 2), scheduled for Council action on March 24, 2005.
Provide Council with additional information regarding SJLF, the RI-FS, or the RFP.

IMPLICATIONS AND SUGGESTIONS

None beyond those described above

QUESTION(S) PRESENTED FOR CONSIDERATION

Does Council want further information regarding SJLF or the RI-FS, in support of its review of the RFP?

LEGISLATION WOULD BE REQUIRED FOR COUNCIL ACTION _X_Yes ___No
DRAFT IS ATTACHED ___Yes ___No

SCHEDULE FOR WORK SESSION

Department Director/Head Approval _____
Chief Operating Officer Approval _____

Agenda Item Number 7.0

VEGETATION CONTROL CONTRACT

Metro Council Work Session
Tuesday, March 22, 2005
Metro Council Chamber

METRO COUNCIL

Work Session Worksheet

Presentation Date: March 22 2005 Time: 3:15 Length: 25 minutes

PRESENTATION TITLE: FOR THE PURPOSE OF AUTHORIZING THE CHIEF OPERATING OFFICER TO ENTER INTO A CONTRACT WITH THE CLACKAMAS RIVER BASIN COUNCIL TO CONTROL JAPANESE KNOTWEED IN THE CLACKAMAS RIVER BASIN

Department: Finance and Administrative Services, Parks and Greenspaces

Presenters: David Biedermann, Curt Zonick

ISSUE & BACKGROUND The Metro Code states, "Specific contracts may be procured by special procurements subject to the requirements of ORS 279B.085." [1]

ORS 279B.085 states that special procurements include those that are contract-specific and..."include a contracting procedure that differs from the procedures (of competitive bids and/or proposals) and is for the purpose of entering into a single contract...for the acquisition of specified...services on a one-time basis or for a single project."

To do make a special procurement, a contracting agency shall submit a written request to the local contract review board (the Metro Council, in this case) that:

- describes the proposed contracting procedure;
- the goods or services or the class of goods or services to be acquired through the special procurement; and
- the circumstances that justify the use of a special procurement under the standards set forth listed below.

The local contract review board may approve a special procurement if the board finds that a written request demonstrates that the use of a special procurement as described in the request, will:

1. Be unlikely to encourage favoritism in the awarding of public contracts or to substantially diminish competition for public contracts; and
2. Result in substantial cost savings to the contracting agency or to the public; or
3. Otherwise substantially promote the public interest in a manner that could not practicably be realized by complying with requirements for competitive bids and/or proposals.

The Metro Regional Parks and Greenspaces Department currently owns and manages more than 12,000 acres of regional parks, open spaces, natural areas and recreational facilities. One of the primary management objectives for these properties is to provide protection of fish, wildlife and native plant species. Noxious invasive species are a major threat to these properties and an obstacle to Metro's management goals. Toward this goal, Metro Regional Parks and Greenspaces seek partnerships to promote the suppression of invasive species.

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[1] "Special Procurements" were called "exemptions" prior to the changes enacted to Chapter 279 by the 2003 Oregon State Legislature.

In 2002 Metro formed a partnership with the Columbia River Basin Council (CRBC) as part of the Metro-led effort to map and control Japanese knotweed *(Polygonum cuspidatum)*, a class B noxious weed in Oregon, in the Clackamas River Basin. A major goal of this partnership is the eventual transfer of project leadership from Metro to the CRBC. In 2004, Metro and the CRBC were co-applicants on an Oregon Watershed Enhancement Board (OWEB) grant that is designed to fund the transfer of project leadership and provide fiscal resources for the CRBC to assume project management.

The OWEB grant was awarded with Metro as the fiscal agent with CRBC listed as a subcontractor. Metro is now seeking to fulfill the intent of the grant by contracting with the CRBC to lead the control program of knotweed in the Clackamas River Basin.

Normal procurement procedures require a contract of this nature be submitted for competitive bid or proposal to qualified vendors. At the same time, the relationship between Metro and the non-profit CRBC is clear and has been outlined to the Council in previous Council meetings and through the appropriation of funds for this contract. The grant from the OWEB indicates the understanding that the CRBC is the contractor on this work. However, without approval of the Metro Contract Review Board for the exemption from Metro contracting procedures, the Chief Operating Officer cannot award the contract to the CRBC.

To meet the test outlined above, staff forwards the following points.

Facts: Metro and the Clackamas Basin River Council ("CRBC") were co-applicants for the Oregon Watershed Enhancement Board ("OWEB") Knotweed Control Grant. The Metro/CRBC proposal was evaluated by OWEB among several other proposals and selected for the state grant in a competitive process. Further, CRBC is named by the State of Oregon in the Knotweed Control Grant as the preferred Knotweed Control subcontractor.

Finding: Because the Metro/CRBC proposal was selected in a competitive process, the result of which was to both award the grant and name CRBC as the preferred subcontractor, the proposed contract-specific special procurement of CRBC services by Metro will be unlikely to encourage favoritism in the awarding of public contracts or to substantially diminish competition for public contracts.

Facts: Because of CRBC prior experience in Knotweed control in the Clackamas River and its ability to muster CRBC volunteers to perform a substantial amount of the labor required for Knotweed Control, CRBC will be able to accomplish more Knotweed control for the fixed amount of funds available through the OWEB grant. OWEB selection of CRBC as the preferred subcontractor for the Knotweed Control Grant was a recognition of that fact.

Finding: The proposed contract-specific special procurement of CRBC services by Metro will result in substantial cost savings to Metro and the public.

OPTIONS AVAILABLE: If passed by the Metro Contract Review Board, the proposed resolution will allow the Chief Operating Officer to award the contract to the Clackamas River Basin Council.

If the Board chooses not to allow the contract to be awarded as a special procurement, it is problematic how Metro can proceed with the grant as the Oregon Watershed Enhancement Board lists the CRBC as the sub-contractor.

Two alternatives exist. We would seek to have the OWEB either release the requirement of the CRBC as a subcontractor and subsequently issue a bid for the work, or have OWEB issue the grant directly to CRBC.

IMPLICATIONS AND SUGGESTIONS

Award of this contract to the CRBC will move the transfer of the knotweed eradication project to the CRBC as originally envisioned and communicated to the Metro Council.

QUESTION PRESENTED FOR CONSIDERATION

1. Should the contract for knotweed vegetation control and monitoring be awarded as a special procurement, excepting it from competitive bidding?

LEGISLATION WOULD BE REQUIRED FOR COUNCIL ACTION: Yes
DRAFT IS ATTACHED: Yes

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A G E N D A

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METRO

Agenda

MEETING:	METRO COUNCIL REGULAR MEETING – revised 3/18/05
DATE:	March 24, 2005
DAY:	Thursday
TIME:	2:00 PM
PLACE:	Metro Council Chamber

CALL TO ORDER AND ROLL CALL

1. INTRODUCTIONS

2. CITIZEN COMMUNICATIONS

3. GOVERNMENT FINANCE OFFICERS ASSOCIATION DISTINQUISHED BUDGET PRESENTATION AWARD Stringer

4. FIVE YEAR FINANCIAL OUTLOOK Stringer

5. QUARTERLY FINANCIAL REPORT Stringer

6. CONSENT AGENDA

6.1 Consideration of Minutes for the March 17, 2005 Metro Council Regular Meeting.

7. ORDINANCES – FIRST READING

7.1 **Ordinance No. 05-1075**, Confirming the re-adoption of Metro Code 7.03 (Investment Policy)

8. ORDINANCES – SECOND READING

8.1 **Ordinance No. 05-1076,** For the Purpose of Amending the FY 2004-05 Budget And Appropriations Schedule by transferring $90,250 from Contingency To Materials and Services in the Zoo Operating Fund for Expenses Associated With an Additional Concert. Newman

9. RESOLUTIONS

9.1	**Resolution No. 05-3529**, For the Purpose of Allocating $62.2 Million of Transportation Priorities Funding for the Years 2008 and 2009, Pending Air Quality Conformity Determination.	Burkholder
9.2	**Resolution No. 05-3557,** Authorizing the Chief Operating Officer to sign the second addendum to Metro's 2002 Intergovernmental Agreement with the Tualatin Basin Natural Resources Coordinating Committee.	McLain
9.3	**Resolution No. 05-3559**, For the Purpose of Authorizing the Chief Operating Officer to Enter into an Intergovernmental Agreement Between Metro and TriMet for the Implementation for the Regional Funding Plan and A Multi-Year Funding Commitment of Metropolitan Transportation Improvement Program Funds.	Burkholder
9.4	**Resolution No. 05-3560**, For the Purpose of Appointing Wayne Kingsley, Charlie DiGregorio, and David Whitehead as Members of the Ballot Measure 37 Task Force.	Liberty
9.5	**Resolution No. 05-3564**, For the Purpose of Reviewing the Decision of the Transit Oriented Development (TOD) Steering Committee for the North Flint Avenue Project (resolution available on 3/22/05).	Liberty

10. CONTRACT REVIEW BOARD

10.1	**Resolution No. 05-3543**, For the Purpose of Authorizing the Release of Request-for-Proposals No. 05-1142-SWR For Phase 2 of the Remedial Investigation and Feasibility Study of St. Johns Landfill.	Burkholder
10.2	**Resolution No. 05-3534**, For the Purpose of Authorizing the Chief Operating Officer to enter into a Contract with the Clackamas River Basin Council to Control Japanese Knotweed in the Clackamas River Basin.	Hosticka

11. OREGON LEGISLATIVE UPDATE

12. CHIEF OPERATING OFFICER COMMUNICATION

13. COUNCILOR COMMUNICATION

ADJOURN

Television schedule for March 24, 2005 Metro Council meeting

Clackamas, Multnomah and Washington counties, Vancouver, Wash. Channel 11 -- Community Access Network www.yourtvtv.org -- (503) 629-8534 2 p.m. Thursday, March 24 (live)	**Washington County** Channel 30 -- TVTV www.yourtvtv.org -- (503) 629-8534 11 p.m. Saturday, March 26 11 p.m. Sunday, March 27 6 a.m. Tuesday, March 29 4 p.m. Wednesday, March 30
Oregon City, Gladstone Channel 28 -- Willamette Falls Television www.wftvaccess.com -- (503) 650-0275 Call or visit website for program times.	**West Linn** Channel 30 -- Willamette Falls Television www.wftvaccess.com -- (503) 650-0275 Call or visit website for program times.
Portland Channel 30 (CityNet 30) -- Portland Community Media www.pcatv.org -- (503) 288-1515 8:30 p.m. Sunday, March 27 2 p.m. Monday, March 28	

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 Clerk of the Council, Chris Billington, (503) 797-1542. Public Hearings are held on all ordinances second read and on resolutions upon request of the public. Documents for the record must be submitted to the Clerk of the Council to be considered included in the decision record. Documents can be submitted by e-mail, fax or mail or in person to the Clerk of the Council. For additional information about testifying before the Metro Council please go to the Metro website www.metro-region.org and click on public comment opportunities. For assistance per the American Disabilities Act (ADA), dial TDD 797-1804 or 797-1540 (Council Office).

METRO
PEOPLE PLACES • OPEN SPACES

Proposed Five-Year Capital Budget

Fiscal Years 2005-06 through 2009-10

Report

March 2005

Prepared by
Finance and Administrative Services Department
Financial Planning Division

METRO
PEOPLE PLACES • OPEN SPACES

FY 2005-06 Proposed Five-Year Capital Budget Report

Table of Contents

METRO

PEOPLE PLACES
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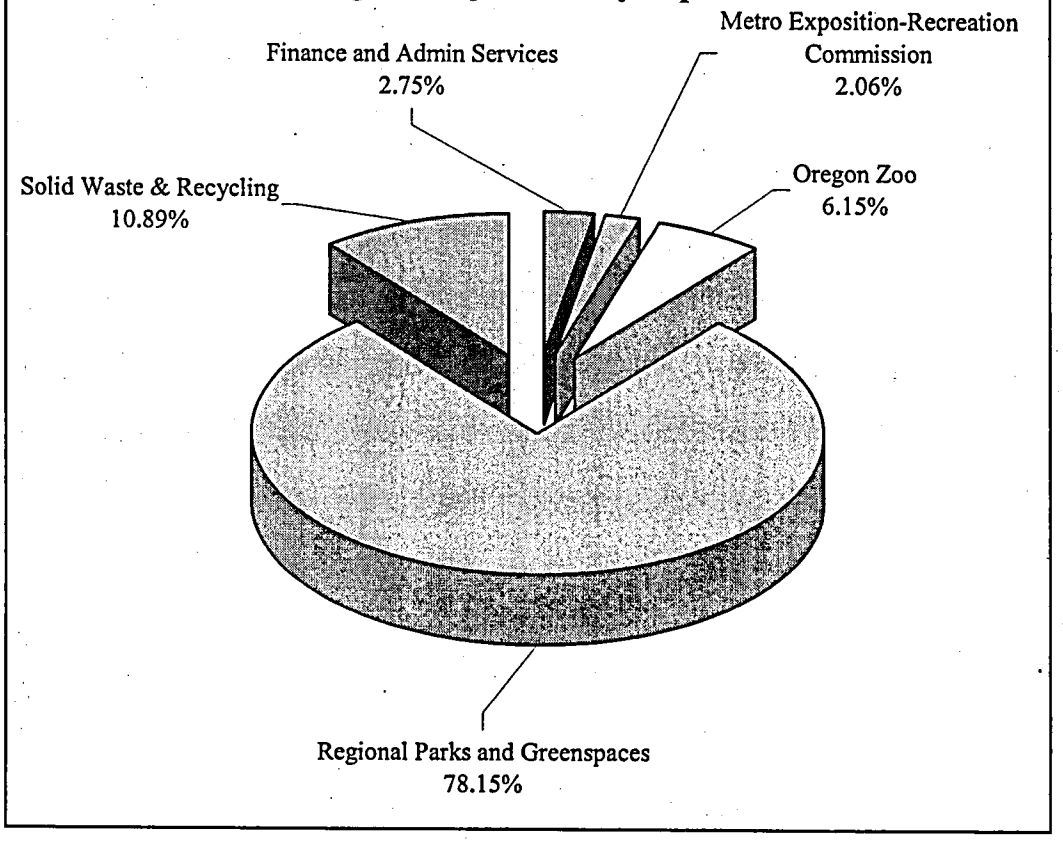
www.metro-region.org

Overview and Summary

Capital projects are defined in the Capital Budget (formerly known as the Capital Improvement Plan, or CIP) as any physical asset acquired or constructed by Metro with a total capital cost of $50,000 or more and a useful life of at least five years. The proposed Capital Budget for FY 2005-06 through FY 2009-10 includes 83 capital projects at a total cost of about $118.8 million. The capital costs of these projects by fiscal year are presented by department in the summary table below. The shaded line shows costs for the five years of this Capital Budget. The "Total" column represents the total project costs, including spending and budget in prior years.

This year's proposed Capital Budget is over two and one half times the prior year Capital Budget. This increase comes from the addition of a Regional Parks $75 million project to purchase new Open Spaces properties. In prior years, it has been dominated by three large projects that are now winding down. Those projects are the Oregon Convention Center Expansion, the Zoo's Great Northwest Project, and the original Open Spaces' land acquisition project. The balance of this Capital Budget is mainly comprised of regular renewal and replacement projects and the planned Regional Parks' development of certain of the properties acquired by the Open Spaces bond measure.

Percentage of Project Cost by Department



Project Cost Summary by Department/All Funds

Department	Total # of Projects	Prior Years	FY 2005-2006	FY 2006-2007	FY 2007-2008	FY 2008-2009	FY 2009-2010	Total
Finance and Admin Services	11	2,328,523	408,000	811,500	796,000	380,000	871,000	5,595,023
Metro Exposition-Rec. Comm.	17	157,522	1,154,345	790,000	325,000	130,000	50,000	2,606,867
Oregon Zoo	9	7,116,376	2,383,066	1,190,000	635,000	3,100,000	-	14,424,442
Regional Parks and Greenspaces	15	130,687,073	3,356,985	9,697,849	26,935,430	26,640,402	26,185,000	223,502,739
Solid Waste and Recycling	31	1,354,880	2,575,000	2,067,800	3,095,900	2,778,000	2,411,000	14,282,580
Total Metro	83	141,644,374	9,877,396	14,557,149	31,787,330	33,028,402	29,517,000	260,411,651

Total FY 2005-2006 through FY 2009-2010	118,767,277	Total Number of Projects	83

The overall number of projects is three less than last year's proposed Capital Budget. Of the 83 projects in the proposed Capital Budget, only 10 are new. With the exception of Regional Parks, this is indicative of the low funding for discretionary projects. Five of the new projects are Regional Parks projects.

Overall, the majority of the capital project expenditures during the five years are from three Metro departments: Regional Parks and Greenspaces at 78.15 percent, Solid Waste and Recycling at 10.89 percent, and the Oregon Zoo at 6.15 percent.

Sources of Funds

The financing sources for these capital projects vary by project and by department.

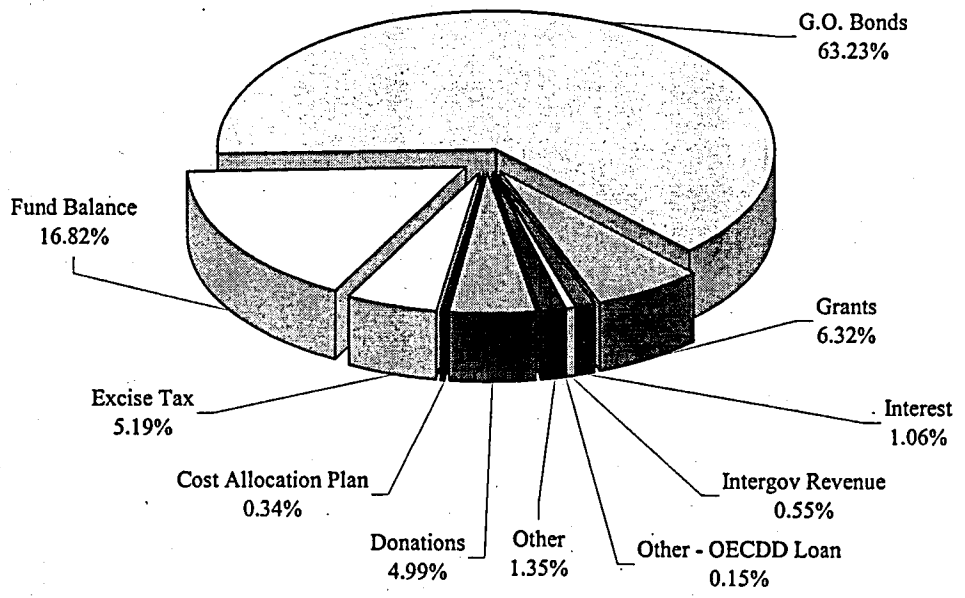
The Solid Waste and Recycling Department generally relies on Fund Balance or Capital Reserve accounts. Funding for their projects is included in the rate-setting process.

MERC and Zoo projects have typically been funded from Fund Balance and donations. MERC, in this Capital Budget, is funding many of PCPA's projects from Naming Rights sales. These funds are held in trust by the Oregon Community Foundation, as stipulated by the donors, and are transferred as needed. They therefore appear as donations. In addition, MERC now has the dedication of $.50 per ton of excise tax generated on Solid Waste to aid in funding those capital projects that will make them more competitive. The Zoo also has an active fundraising arm in the Oregon Zoo Foundation and is relying on their fundraising efforts for almost 67 percent of their capital projects funding needs.

Regional Parks and Greenspaces non-land expenditures are predominantly funded by grants (42 percent) and excise tax (33 percent). The land purchases and some major improvements were funded by general obligation bonds. This Capital Budget anticipates expending renewal and replacement funds set aside from the "dollar per ton" dedicated excise tax and developing new parks from an additional $1.50 per ton dedicated excise tax.

The Information Technology division of Finance and Administrative Services relies on the central services allocation of costs to the operating departments to fund its projects. Property Services proposes to utilize capital reserves and allocations for its projects. This department implemented in FY 2004-05 a renewal and replacement contribution that will even out the funding of projects for both Information Technology and Property Services projects.

Major Funding Source Summary



1. **General Obligation (GO) Bond.** This is the anticipated funding source for the new Open Spaces Bond Measure. Metro plans on putting this measure on the ballot in FY 2006-07 and to begin expenditures in the year following.
2. **Fund Balance.** The second largest source of funds for capital projects, about 17 percent of total funds, is fund balance. Departments' fund balances, in the form of reserves or unrestricted funds, represent Metro's major source of pay-as-you-go financing. This financing technique is particularly well-suited for small- to medium-sized projects with a useful life of less than 20 years.

Major Funding Source Summary/All Funds

Source of Funds	Prior Years	FY 2005-2006	FY 2006-2007	FY 2007-2008	FY 2008-2009	FY 2009-2010	Total
Donations	2,684,535	979,845	1,350,000	500,000	3,100,000	-	8,614,380
Capital Lease	1,263,341	-	-	-	-	-	1,263,341
Cost Allocation Plan	249,000	81,000	101,000	86,000	36,000	99,000	652,000
Excise Tax	222,357	1,385,175	1,672,500	985,000	940,402	1,185,000	6,390,434
Fund Balance and Reserves	2,980,300	5,087,000	3,855,800	4,519,330	3,367,000	3,151,000	22,960,430
G.O. Bonds	111,089,185	20,000	70,000	25,000,000	25,000,000	25,000,000	186,179,185
Grants	662,687	770,310	5,711,898	500,000	525,000	-	8,169,895
Interest	17,646,328	1,256,000	-	-	-	-	18,902,328
Intergovernment Revenue	193,500	-	-	653,451	-	-	846,951
Other - OECDD Loan	4,380,283	183,066	-	-	-	-	4,563,349
Other	272,858	115,000	1,142,500	197,000	60,000	82,000	1,869,358
Total Metro	141,644,374	9,877,396	13,903,698	32,440,781	33,028,402	29,517,000	260,411,651

Because fund balance is used for operating as well as capital purposes and can be affected by fluctuations in operating revenues and expenditures, Financial Planning staff and departments prepared projections of fund balance available for capital projects for the five years spanning the Capital Budget. In the *Project Detail Section,* departmental summaries show projections for those operating funds which will finance capital projects in whole or in part.

3. **Donations.** The majority of the donations are in the Zoo and MERC Capital Budget submissions. Phase V of the Great Northwest, the Lion Exhibit, and the California Condor Captive Breeding Facility at the Oregon Zoo are expected to be funded through donations from individual and group fund raising efforts. Four of the MERC projects for the Portland Center for the Performing Arts (PCPA) are funded by donations (already sold Naming Rights).

4. **Grants.** Grants comprise about 6 percent of total funding for capital projects and are tied directly to specific projects. Regional Parks and Greenspaces Department has the majority of grants. These include Metropolitan Transportation Improvement Program (MTIP) grant allocations, State Marine Board, and Oregon Department of Fish and Wildlife grants.

5. **Excise Tax.** This category is general fund excise tax allocated for department use. In FY 2004-05, Council adopted an additional levy of $1.50 per solid waste disposed ton of garbage for the benefit of Regional Parks for a total of $2.50 per ton and $.50 to aid MERC in pursuing marketing opportunities for Oregon Convention Center.

6. **Interest.** This category is generally interest earned on bond proceeds and includes a large amount of interest for the Open Spaces Project and the Great Northwest Project. Interest can also be earnings on specified reserves for a project. This source makes up about 1 percent of overall project funding.

7. **Cost Allocation Plan.** This funding source is for central services projects, whose funding is derived from allocation to the operating departments. The category represents less than 1 percent of project funding. The Fiscal Year 2004-05 budget instituted a contribution to Renewal and Replacement for both the Information Technology agency needs and the Metro Regional Center. This action smooths out department contributions for needed renewal and replacement.

8. **Intergovernmental.** Intergovernmental revenues are contributions from other governmental units in the region or State of Oregon.

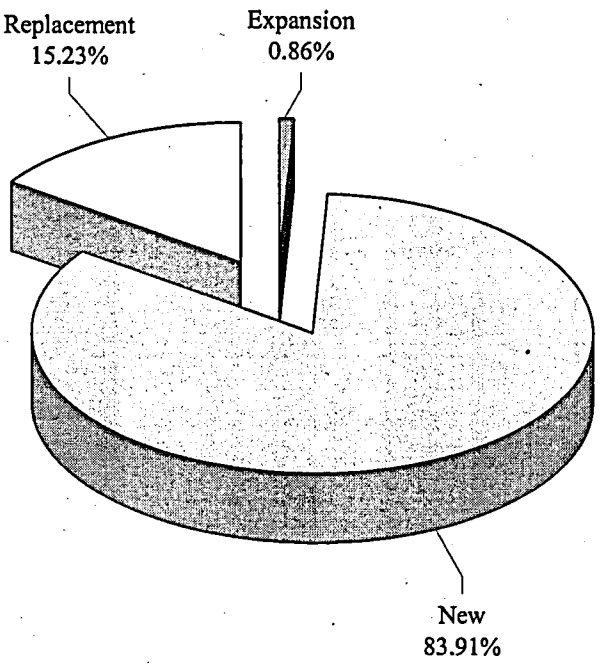
9. **Other.** Other financing sources represent about 1.5 percent of total funds allocated to capital projects. This includes the financing of certain types of capital items using capital leases. To qualify for capital lease financing, equipment must have a unit cost greater than $10,000 (except when purchasing as a component of a larger system) and an expected life greater than three years. The term of the lease may not exceed the life of the equipment.

Land. The remaining 64 percent of total funds in the Capital Budget is allocated to land acquisition or improvements. This $76.2 million amount is for Open Spaces Acquisition in the Regional Parks and Greenspaces Department. This program is financed with general obligation bonds that were approved by the Council and voters in FY 1994-95 and are scheduled to be complete in FY 2005-06 and a proposed general obligation bond issue in FY 2006-07.

Uses of Funds

Capital projects in the Capital Budget consist of facilities (purchase, construction, or improvements), land acquisitions, and equipment purchases of $50,000 or more. Of the 83 projects, 84 percent are new construction or acquisition, 1 percent are expansion or remodeling projects, and 15 percent are replacement projects. A brief review of each use is presented in the "Summary by Project Type" chart displayed here.

Summary by Project Type



Facilities. About 28 percent of total funds is allocated to a variety of facility projects. These projects include the replacement, renovation, expansion or new construction of buildings, exhibits, roadways, trails, and other infrastructure. As with other capital projects, these capital assets must have a minimum useful life of five years to be considered. This eliminates routine maintenance and repair projects, which are treated as operating expenses. Regional Parks and Greenspaces projects account for about 50 percent of the total projects in this category, followed by the Solid Waste and Recycling at 22 percent, and the Oregon Zoo at 21 percent.

Equipment. About 8 percent of funds for capital projects is allocated to stand-alone equipment and furnishings. As with other capital projects, equipment can only qualify for Capital Budget consideration if it costs $50,000 or more and has a useful life of five years or more. Equipment required for new facilities is reflected in the costs of those facilities. About 62 percent of the equipment category relates to Solid Waste and Recycling improvements. Information Technology projects are the next highest, at about 25 percent.

Summary by Project Type

Department	Total # of Projects	Prior Years	FY 2005-2006	FY 2006-2007	FY 2007-2008	FY 2008-2009	FY 2009-2010	Total
Expansion	4	202,000	205,000	19,000	106,000	-	690,000	1,222,000
New	32	136,451,214	6,409,396	11,308,849	28,655,330	26,786,402	26,501,000	236,112,191
Replacement	47	4,991,160	3,263,000	3,229,300	3,026,000	6,242,000	2,326,000	23,077,460
Total Metro	83	141,644,374	9,877,396	14,557,149	31,787,330	33,028,402	29,517,000	260,411,651

Annual Operating Budget Impact Summary

Each department also projected the net impact on operating costs resulting from each capital project. The impact is shown in 2004 dollars for the first full year of operation after completion of the project. The table below is a summary by major budget category for all projects in the Capital Budget.

The chart labeled "Annual Net Operating Impact by Project" lists the projects with operating impact by department. Only two projects are expected to produce positive cash flows, both in Regional Parks. Those are the Blue Lake Water System Upgrade and the Golf Course at Blue Lake Park. Metro, overall, will have an additional cost of $288,000 to $633,808 per year from these projects. The projects adding the most to operating costs are the California Condor Captive Breeding Facility, the Mt. Talbert Development, and the St. Johns Landfill Leachate Pretreatment. Two projects show zero impact, but are listed as their proposed resources are expected to cover any new costs.

Annual Operating Budget Impact Summary

Revenue and Cost By Major Budget Category	FY 2005-2006	FY 2006-2007	FY 2007-2008	FY 2008-2009	FY 2009-2010	Total
Revenues	-	9,000	69,000	84,000	1,045,054	1,207,054
Expenditures						
Personal Services	143,000	147,000	276,671	410,597	474,002	1,451,270
Materials and Services	135,000	186,775	214,461	462,468	934,522	1,933,226
Capital Outlay	10,000	10,000	10,000	10,000	-	40,000
Other Costs	-	7,000	92,565	150,393	170,338	420,296
Total Expenditures	288,000	350,775	593,697	1,033,458	1,578,862	3,844,792
Net Contribution (Cost)	(288,000)	(341,775)	(524,697)	(949,458)	(533,808)	(2,637,738)

Annual Net Operating Impact by Project

Project	FY 2005-2006	FY 2006-2007	FY 2007-2008	FY 2008-2009	FY 2009-2010
Oregon Zoo					
Lion Exhibit	-	-	-	10,000	56,000
California Condor Captive Breeding Facility	(183,000)	(187,000)	(191,000)	(196,000)	(200,000)
Introduction to the Forest (GNWV)	(5,000)	(20,000)	(20,000)	(20,000)	(20,000)
Total Zoo	**(188,000)**	**(207,000)**	**(211,000)**	**(206,000)**	**(164,000)**
Regional Parks and Greenspaces					
M. James Gleason Boat Ramp Phase I & II	-	-	(33,427)	(33,427)	(33,427)
Multnomah Channel Basin Reconnect	-	(2,000)	(2,000)	(2,000)	(2,000)
Golf Course at Blue Lake Park	-	-	-	(206,477)	94,038
Mt. Talbert Development	-	-	(164,760)	(168,489)	(172,307)
Gales Creek/Tualatin River Confluence	-	(33,525)	(12,260)	(10,000)	(10,000)
Blue Lake Water System Upgrade - Phase 1	-	750	750	750	750
M. James Gleason Boat Ramp Phase III & IV	-	-	-	-	(17,500)
Trolley Trail Engr. & Const. Phase I	-	-	-	-	-
Water Play Area Blue Lake	-	-	-	-	-
Cooper Mountain Park Development	-	-	-	(221,815)	(227,362)
Total RP&G	**-**	**(34,775)**	**(211,697)**	**(641,458)**	**(367,808)**
Solid Waste and Recycling					
St. Johns Landfill Leachate Pretreatment	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)
Metro C/S Modification of Haz. Waste Fac.	-	-	(2,000)	(2,000)	(2,000)
Total SW&R	**(100,000)**	**(100,000)**	**(102,000)**	**(102,000)**	**(102,000)**
TOTAL METRO	**(288,000)**	**(341,775)**	**(524,697)**	**(949,458)**	**(633,808)**

Unfunded Projects

Projects included on these lists are those projects which were deemed worthy of future consideration but were not included in the Five-Year Capital Budget for one of the following reasons: (1) sufficient funds are not available to finance the project, (2) scope of the project requires further definition, or (3) alternatives need to be explored. As funds become available or projects are refined, departments may request their inclusion.

Key To Unfunded Lists

Project Title – Name given to project by the department.

Type – Indicates whether project is a "New" capital asset, or an "Expansion" or "Replacement" of an existing asset.

Prepared By – Department staff person preparing report.

Department Priority – Indicates whether the project is a "High," "Medium," or "Low" priority relative to other projects.

Estimated Project Cost – Preliminary estimate of capital costs for the project expressed in 2004 dollars. A blank field here means the cost is unknown.

List of Unfunded Projects

Department

Project Title	Type	Prepared By	Dept Priority	Estimated Cost
Finance				
Zoo Network Infrastructure Upgrade	Expansion	David Biedermann	High	$233,000.00
Zoo Network Equipment Replacement	New	David Biedermann	High	$120,000.00
Connect PeopleSoft Accounts Payable and TRIM	New	David Biedermann	Medium	$100,000.00
Webcasting of Public Meetings (primarily Metro Council)	New	David Biedermann	Medium	$100,000.00
Eagle Salmon Infrastructure	New	David Biedermann	Medium	$116,000.00
Zoo food cart network integration for central cash management	New	David Biedermann	Medium	$100,000.00
Signs on Metro Regional Center	New	Brian Phillips	Medium	$65,000.00
Develop Enterprise Business Applications Software	Expansion	David Biederman	Low	$434,333.00
Air Rights (Housing) Project over Metro Parking Garage (no cost to Metro)	New	Brian Phillips	Low	$25,000,000.00
Zoo Point of Sales System	Expansion	David Biedermann	Low	$200,000.00
Replace main computer room specialized HVAC systems	Replacement	David Biedermann	Low	$25,000.00
Department Total				**$26,493,333.00**
Metro Exposition-Recreation Commission				
OCC-Install Electronic Locking System in Meeting & Ballrooms	New	Pam Krecklow	High	$300,000.00
ASCH - Main Street Project Construction	New	Cynthia Hill	High	$425,000.00
OCC-Air Wall Upgrade in Hall's A,B & C	Replacement	Cynthia Hill	High	$200,000.00
Expo - South Property Development	New	Marilyn Shaw	High	$1,877,793.00
Keller - Ceiling and Wall Painting	Replacement	Pam Krecklow	High	$300,000.00
Keller Auditorium - Rehearsal Hall Modernization	Replacement	Pam Krecklow	High	$700,000.00
OCC-Chiller Room Ventilation	New	Pam Krecklow	High	$90,000.00
OCC-Volume Air Handler Upgrade	Replacement	Pam Krecklow	High	$80,000.00
ASCH - Interior Painting	Replacement	Pam Krecklow	High	$300,000.00
OCC - Construction of Headquarter Hotel Connection	New	Cynthia Hill	High	$900,000.00
OCC - Rework Oregon Ballroom Capabilities	Replacement	Cynthia Hill	High	$1,500,000.00
OCC - Replace AV Head End Room in Original Facility	Replacement	Cynthia Hill	High	$1,250,000.00
OCC-Finish Meeting Rooms	Replacement	Pam Krecklow	High	$250,000.00
OCC - Cover the Plaza on MILK and Holladay	New	Cynthia Hill	High	$5,000,000.00
OCC-Ops Office/Meeting Space	Replacement	Cynthia Hill	High	$1,000,000.00
Expo-Replacement of Hall's A,B & C	New	Pam Krecklow	High	$36,973,426.00
NTB - Interior Painting	Replacement	Cynthia Hill	High	$300,000.00
ASCH - Electro-Acoustical Sound Enhancements	New	Marilyn Shaw	Medium	$1,000,000.00
Department Total				**$52,446,219.00**

List of Unfunded Projects, continued

Department

Project Title	Type	Prepared By	Dept Priority	Estimated Cost
Oregon Zoo				
Asphalt Roads Path Repair and Replacement	Replacement	Sarah Chisholm	High	$200,000.00
Asia Exhibit	New	Sarah Chisholm	High	$45,000,000.00
Elephant Walls/Structural Upgrades	Replacement	Sarah Chisholm	Low	$100,000.00
BearWalk Café Restroom Upgrades	Replacement	Sarah Chisholm	Medium	$50,000.00
Insect Zoo	Replacement	Sarah Chisholm	Medium	$125,000.00
Wolf Yard Renovations	Replacement	Sarah Chisholm	Low	$75,000.00
Masai Hut and Pygmy Goat Barn	Replacement	Sarah Chisholm	Low	$70,000.00
AfriCafe Terrace Permanent Cover	New	Sarah Chisholm	Low	$100,000.00
Elephant Museum renovation	New	Sarah Chisholm	Low	$100,000.00
Musk Ox Fencing	Replacement	Sarah Chisholm	Low	$83,500.00
Cascade Grill and Sunset Room Remodel	New	Sarah Chisholm	Low	$100,000.00
Department Total				**$46,003,500.00**
Regional Parks and Greenspaces				
Blue Lake Park Improvements Phase 1	New	Heather Nelson Kent	High	$8,900,000.00
Blue Lake Park Improvements Phase 2	New	Heather Nelson Kent	Medium	$3,000,000.00
Oxbow Park - Diack Environmental Education Center	New	Heather Nelson Kent	Medium	$1,767,645.00
Howell Territorial Park - Phase I and II Improvements	Expansion	Heather Nelson Kent	Low	$1,075,000.00
Howell Territorial Park - Wildlife Interpretive Trail	New	Heather Nelson Kent	Low	$172,000.00
Oxbow Park Capital Improvements	Expansion	Heather Nelson Kent	Low	$3,400,000.00
Department Total				**$18,314,645.00**
Grand Total Unfunded Projects				**$ 143,257,697**

Current Projects Status Reports

The *Current Projects Status Report* is used to report on the progress toward completion of existing projects and to assist with preparing the Capital Budget. Included are previously approved projects that were expected to be completed by the end of FY 2004-05. Status reports are grouped by department.

Key to Status Reports

Project Title. Title by which the project was referenced in the last budget.

FY First Authorized. The fiscal year in which funds were first appropriated for the project.

Project Status. The status of the project is identified by the following: *Completed, Incomplete, Canceled.*

Completion Date. The actual completion date for projects designated as *Completed*, or the expected completion date for projects designated as *Incomplete*. The date listed for canceled projects is the original date projected for completion.

Original Cost Estimate. Estimate of total project costs when the project was first authorized.

Revised Cost Estimate. The most recent estimate of total project costs. If blank, unchanged.

Expenditures. The total funds expended for the project as of June 30, 2004.

Current Projects Status Report

Department

Project ID	Project Title	FY First Authorized	Project Status	Completion Date	Original Cost Estimate	Revised Cost Estimate	Actual Expend.
Metro Exposition-Recreation Commission							
TEMP209	Event Management Software	2004-05	Incomplete	06/30/2005	150,000		-
57300	ASCH - West Entry Remodel	2000-01	Incomplete	06/30/2005	200,000		-
TEMP199	ASCH - Boiler	2004-05	Incomplete	06/30/2005	80,000		-
57108	Keller - Lobbies Upgrade	2001-02	Incomplete	06/01/2005	400,000	600,000	16,893
57110	Keller Auditorium - Portico Upgrades	2000-01	Incomplete	06/30/2005	110,000	-	7,756
57115	Keller Auditorium - HVAC Control Replacement	2000-01	Incomplete	06/30/2005	85,000	110,000	-
TEMP136	Keller - Pit Lifting System	2002-03	Canceled	06/30/2005	100,000		-
TEMP42	Keller - Chiller Replacement	2001-02	Incomplete	06/30/2005	200,000		-
57151	NTB - Restaurant & Lobby Bar	2004-05	Incomplete	07/30/2004	85,000	215,000	-
TEMP201	NTB - Restaurant Kitchen	2003-04	Canceled	11/30/2004	80,000		-
TEMP45	NTB - Sound System Replacement (Newmark and Winningstad)	2001-02	Canceled	06/30/2005	75,000	35,000	-
TEMP74	NTB - Roof Repair	2002-03	Canceled	09/15/2004	80,000	10,000	-
57600	Oregon Convention Center - Expansion	1999-00	Complete	06/01/2005	115,000,000	-	-
57627	OCC - OCIP Insurance Reserve for OCC Expansion	2003-04	Incomplete	06/30/2005	200,000		-
57740	OCC - Video Signage System	2004-05	Complete	08/30/2004	266,750		-
57750	OCC - Canvas Tents	2004-05	Incomplete	06/30/2005	60,000		-
57780	OCC - Leed Certification	2004-05	Incomplete	06/30/2005	1,378,000		-
TEMP170	OCC - Replace Sound Proofing in Oregon Ballroom	2004-05	Incomplete	Ongoing	55,000		-
Temp183	Expo - In-House Electrical	2004-05	Canceled	06/30/2005	750,000		-
Oregon Zoo							
51110	Great Northwest Project	1998-99	Incomplete	03/31/2005	35,600,000	37,657,987	35,254,615
TEMP188	Washington Park Parking Lot Renovation	NA	Incomplete	06/30/2005	5,000,000		4,201,295
TEMP204	Stormwater Handling System	2004-05	Incomplete	06/30/2005	200,000		-
TEMP9	Refurbish Tree Tops Area	1998-99	Incomplete	06/30/2005	400,000	100,000	-

Current Projects Status Reports, continued

Department

Project ID	Project Title	FY First Authorized	Project Status	Completion Date	Original Cost Estimate	Revised Cost Estimate	Actual Expend.
Regional Parks and Greenspaces							
70167	Blue Lake Park - Lakefront Enhancement	2003-04	Complete	08/31/2004	348,311		-
70180	Oxbow Park - Picnic Shelters & Restrooms	2002-03	Complete	07/31/2004	410,000		-
70344	Clackamas River Fish Channel	2004-05	Complete	06/30/2005	1,200,000		-
70832	Glendoveer Golf Course Fence Repair	2004-05	Complete	12/31/2004	90,000		-
70833	Road Resurfacing	2004-05	Complete	06/30/2005	255,000		-
71780	Smith & Bybee Lakes Facility Improvements	2000-01	Complete	03/31/2005	355,800	815,250	-
71822	Salmon Habitat Improvement - Smith & Bybee Lakes Wildlife Area	2004-05	Complete	06/30/2005	68,000		-
Solid Waste and Recycling							
76924	Metro South - Northern Tip Floor Renovation	1998/99	Complete	08/01/2004	875,000	1,064,600	-
76930	Metro South - Install Sidewalk on Washington Street	2002-03	Incomplete	09/01/2004	100,000	250,000	-
76987	St. John's - Leachate Pretreatment	2001-02	Incomplete	04/01/2005	1,250,000	521,488	237,290

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Finance and Administrative Services

Priority	Project	Exp thru FY 2003-04	FY 2004-05 Budget	Total Prior Years	FY 2005-06	FY 2006-07	FY 2007-08	FY 2008-09	FY 2009-10	Grand Total	Funding Source
	All Funds										
3	Replace/Acquire Desktop Computers	263,659	115,000	378,659	90,000	90,000	90,000	90,000	90,000	828,659	Fund Balance
	Total All Funds	263,659	115,000	378,659	90,000	90,000	90,000	90,000	90,000	828,659	
	Planning Fund										
5	Regional Land Information System (RLIS)	706,025	30,000	736,025	-	20,000	70,000	35,000	25,000	886,025	Cap Lease/Enterprise Rev
6	Travel Forecasting System Computer Replacement	710,666	17,000	727,666	-	122,500	127,000	25,000	57,000	1,059,166	Cap Lease/Enterprise Rev
	Total Planning Fund	1,416,691	47,000	1,463,691	-	142,500	197,000	60,000	82,000	1,945,191	
	Support Services Fund										
1	Server Management	149,965	84,000	233,965	140,000	136,000	168,000	119,000	90,000	886,965	Cap Lease/Fund Bal/Cost All.
2	Upgrade Network Infrastructure	143,208	55,000	198,208	30,000	25,000	55,000	25,000	55,000	388,208	Fund Balance
4	Upgrade of Business Enterprise Software (PeopleSoft)	-	-	-	63,000	-	50,000	-	63,000	176,000	Fund Balance
	Total Building Management Fund	293,173	139,000	432,173	233,000	161,000	273,000	144,000	208,000	1,451,173	
	SW Renewal & Replacement Account										
5	Replace Computer Network Components	-	-	-	67,000	67,000	-	-	-	134,000	Fund Balance
	Total SW Ren. & Replace. Fund	-	-	-	67,000	67,000	-	-	-	134,000	
	Building Management Fund										
2	Metro Regional Center Roof Replacement	-	-	-	-	-	-	-	455,000	455,000	Fund Balance
3	Carpet Replacement	-	-	-	-	250,000	200,000	50,000	-	500,000	Fund Balance
	Total Building Management Fund	-	-	-	-	250,000	200,000	50,000	455,000	955,000	
	Support Services Fund										
1	Copier Replacement in Print Shop	-	-	-	-	65,000	-	-	-	65,000	Cost Allocation
4	Satellite copier replacement	-	54,000	54,000	18,000	36,000	36,000	36,000	36,000	216,000	Cost Allocation
	Total All Funds	-	54,000	54,000	18,000	101,000	36,000	36,000	36,000	281,000	
	Total Finance and Administrative Services	**1,973,523**	**355,000**	**2,328,523**	**408,000**	**811,500**	**796,000**	**380,000**	**871,000**	**5,595,023**	

Total FY 2005-06 through FY 2009-10	**3,266,500**
Total Number of Projects	**11**

Yellow - new projects budgeted to begin in FY 2005-06

Green - new projects budgeted to begin in FY 2006-07 and beyond

Metro Exposition-Recreation Commission

Priority	Project	Exp thru FY 2003 04	FY 2004-05 Budget	Total Prior Years	FY 2005-06	FY 2006-07	FY 2007-08	FY 2008-09	FY 2009-10	Grand Total	Funding Source
	MERC Pooled Capital Fund										
4	ASCH - Carpet	-	20,000	20,000	280,000	-	-	-	-	300,000	Fund Balance
10	ASCH - Main Street Project Design & Feasibility	-	-	-	75,000	-	-	-	-	75,000	Fund Balance
11	ASCH - Dressing Tower Elevator	-	-	-	-	100,000	-	-	-	100,000	Fund Balance
17	ASCH - Fore Stage Lift Replacement	-	-	-	-	-	-	80,000	-	80,000	Fund Balance
	Total MERC Pooled for ASCH	-	20,000	20,000	355,000	100,000	-	80,000	-	555,000	
	MERC Pooled Capital Fund										
1	Keller - Ladders	-	-	35,000	40,000	-	-	-	-	75,000	Donations
	Total MERC Pooled for Keller	-	-	35,000	40,000	-	-	-	-	75,000	
	MERC Pooled Capital Fund										
7	NTB - Stage Floor Replacement (Newmark Theatre)	-	-	-	100,000	-	-	-	-	100,000	Fund Balance
9	NTB (Winningstad) - Replace Seat Risers	-	-	-	100,000	-	-	-	-	100,000	Fund Balance
	Total MERC Pooled for NTB	-	-	-	200,000	-	-	-	-	200,000	
	MERC Pooled Capital Fund										
2	OCC - Garbage Compactors	-	-	-	150,000	-	-	-	-	150,000	Fund Balance
5	OCC - Lobby Signage and Way Finding Kiosks	-	18,000	18,000	75,000	-	-	-	-	93,000	Excise Tax
6	OCC - Replace Audio Visual Equipment	-	-	-	95,000	350,000	-	-	-	445,000	Fund Balance
8	OCC - Future MTOCA projects - To Be Determined	-	-	-	189,345	-	-	-	-	189,345	Excise Tax
12	OCC - Six Foot Round Tables	-	-	-	-	100,000	-	-	-	100,000	Fund Balance
13	OCC - Replace Glass in Exterior Canopies in MLK & Holladay Section	-	-	-	-	65,000	-	-	-	65,000	Fund Balance
14	OCC - Replace Wall Coverings in all Meeting Rooms	-	-	-	-	125,000	-	-	-	125,000	Fund Balance
15	OCC - Replace 8' and 6' Tables in Inventory	-	-	-	-	-	125,000	-	-	125,000	Fund Balance
16	OCC - Resurface Exhibit Hall Moveable Partitions	-	-	-	-	-	150,000	-	-	150,000	Fund Balance
	Total MERC Pooled for OCC	-	18,000	18,000	509,345	640,000	275,000	-	-	1,442,345	
	MERC Pooled Capital Fund										
3	Expo - Parking Lot Maintenance	34,522	50,000	84,522	50,000	50,000	50,000	50,000	50,000	334,522	Fund Balance
	Total MERC Pooled for EXPO	34,522	50,000	84,522	50,000	50,000	50,000	50,000	50,000	334,522	
	Total MERC	**34,522**	**88,000**	**157,522**	**1,154,345**	**790,000**	**325,000**	**130,000**	**50,000**	**2,606,867**	

Total FY 2005-06 through FY 2009-10	**2,449,345**
Total Number of Projects	**17**

Yellow - new projects budgeted to begin in FY 2005-06

Green - new projects budgeted to begin in FY 2006-07 and beyond

Oregon Zoo

Priority	Project	Exp thru FY 2003-04	FY 2004-05 Budget	Total Prior Years	FY 2005-06	FY 2006-07	FY 2007-08	FY 2008-09	FY 2009-10	Grand Total	Funding Source
	General Revenue Bond Fund (Zoo)										
5	Washington Park Parking Lot Renovation	4,201,295	178,988	4,380,283	183,066	-	-	-	-	4,563,349	Fund Balance
	Total General Revenue Bond Fund	4,201,295	178,988	4,380,283	183,066	-	-	-	-	4,563,349	
	Zoo Capital Projects Fund										
1	Introduction to the Forest (GNW V)	-	200,000	200,000	2,000,000	-	-	-	-	2,200,000	Fund Bal/Interest/Donations
2	Lion Exhibit	-	-	-	-	-	-	2,600,000	-	2,600,000	Donations
3	Primate Building	724,414	-	724,414	-	-	500,000	500,000	-	1,724,414	Fund Balance/Donations
4	California Condor Breeding Facility & Exhibit	1,011,679	800,000	1,811,679	-	1,000,000	-	-	-	2,811,679	Donations/Grants
6	Admission Ticketing System Upgrade	-	-	-	200,000	-	-	-	-	200,000	Fund Balance
7	Steller Cove Upgrades	-	-	-	-	100,000	-	-	-	100,000	Fund Balance
8	Administration Building Upgrades	-	-	-	-	-	135,000	-	-	135,000	Fund Balance
	Total Zoo Capital Projects Fund	1,736,093	1,000,000	2,736,093	2,200,000	1,100,000	635,000	3,100,000	-	9,771,093	
	Zoo Operating Fund										
9	Elevator Replacements	-	-	-	-	90,000	-	-	-	90,000	Fund Balance
	Total Zoo Operating Fund	-	-	-	-	90,000	-	-	-	90,000	
	Total Zoo	**5,937,388**	**1,178,988**	**7,116,376**	**2,383,066**	**1,190,000**	**635,000**	**3,100,000**	-	**14,424,442**	

Total FY 2005-06 through FY 2009-10	**7,308,066**
Total Number of Projects	**9**

Yellow - new projects budgeted to begin in FY 2005-06

Green - new projects budgeted to begin in FY 2006-07 and beyond

Regional Parks and Greenspaces

Priority	Project	Exp thru FY 2003-04	FY 2004-05 Budget	Total Prior Years	FY 2005-06	FY 2006-07	FY 2007-08	FY 2008-09	FY 2009-10	Grand Total	Funding Source
	Open Spaces Fund										
1	Open Spaces Land Acquisition	126,296,844	3,096,940	129,393,784	1,206,000	-	-	-	-	130,599,784	GO Bond/Interest
2	Open Spaces Land Acquisition - Second Phase	-	-	-	-	-	25,000,000	25,000,000	25,000,000	75,000,000	GO Bond
	Total Open Spaces Fund	126,296,844	3,096,940	129,393,784	1,206,000	-	25,000,000	25,000,000	25,000,000	205,599,784	
	Regional Parks Capital Fund										
1	Mt. Talbert Development	-	150,000	150,000	687,500	762,500	50,000	50,000	-	1,700,000	Excise Tax
2	Cooper Mountain Park Development	-	-	-	150,000	795,000	705,000	150,000	100,000	1,900,000	Excise Tax
3	Graham Oaks Nature Area Development	-	-	-	150,000	115,000	230,000	740,402	785,000	2,020,402	Excise Tax
4	M. James Gleason Boat Ramp Renovation Phase I & II	782,362	290,000	1,072,362	80,000	800,000	15,000	-	-	1,967,362	Mult Cty/ Loc Share/Grants/FB
5	Golf Course at Blue Lake Park	14,570	-	14,570	50,000	1,500,000	935,430	-	-	2,500,000	Grants/Fund Bal/Other
6	Water Play Area - Blue Lake Park	-	2,000	2,000	140,000	-	-	-	-	142,000	Grants/Fund Bal/Other
7	Trolley Trail Engineering & Construction - Phase I	-	-	-	-	1,015,959	-	-	-	1,015,959	Grants
8	Three Bridges on the Springwater	-	-	-	-	4,691,000	-	-	-	4,691,000	Portland/Milwaukie/Grants
9	Blue Lake Water System Upgrade - Phase I	-	30,000	30,000	60,000	-	-	-	-	90,000	Excise Tax
10	Willamette Cove Park Development			-	-	-	-	-	300,000	300,000	Excise Tax
11	M. James Gleason Boat Ramp - Phase III & IV	-	-	-	-	-	-	700,000	-	700,000	Grants/Fund Balance
	Total Regional Parks Capital Fund	796,932	472,000	1,268,932	1,317,500	9,679,459	1,935,430	1,640,402	1,185,000	17,026,723	
	Regional Parks Fund										
1	Gales Creek/Tualatin River Confluence Project	7,790	16,567	24,357	454,785	18,390	-	-	-	497,532	Grants/Excise Tax/Donations
2	Multnomah Channel Basin Reconnection Project			-	378,700	-	-	-	-	378,700	Grants/Donations/Fund Bal
	Total Regional Parks Fund	7,790	16,567	24,357	833,485	18,390	-	-	-	876,232	
	Total Regional Parks	**127,101,566**	**3,585,507**	**130,687,073**	**3,356,985**	**9,697,849**	**26,935,430**	**26,640,402**	**26,185,000**	**223,502,739**	

Total FY 2005-06 through FY 2009-10	**92,815,666**
Total Number of Projects	**15**

Yellow - new projects budgeted to begin in FY 2005-06

Green - new projects budgeted to begin in FY 2006-07 and beyond

Solid Waste and Recycling

Priority	Project	Exp thru FY 2003-04	FY 2004-05 Budget	Total Prior Years	FY 2005-06	FY 2006-07	FY 2007-08	FY 2008-09	FY 2009-10	Grand Total	Funding Source
	Solid Waste General Account										
1	Metro C/S - Modifications to Haz Waste Facility	47,000	50,000	197,000	150,000	-	-	-	-	347,000	Fund Balance
2	Metro South- Latex Building/Public Area Lunch Room Conversion -		5,000	5,000	55,000	-	-	-	-	60,000	Fund Balance
3	Metro Central - Woodroom Improvements		30,000	30,000	216,000	-	-	-	-	246,000	Fund Balance
4	Metro South - Wood Staging Structure			-	60,000	420,000	-	-	-	480,000	Fund Balance
5	Metro South - Install High Capacity Baler			-	255,000	375,000	-	-	-	630,000	Fund Balance
6	Metro Central - Office Addition			-	-	19,000	106,000	-	-	125,000	Fund Balance
7	Metro Central - Seismic Cleanup			-	-	25,000	175,000	-	-	200,000	Fund Balance
8	Metro Central - Chimney Removal			-	-	165,000	10,000	-	-	175,000	Fund Balance
9	Metro South - Wood Processing Capacity			-	-	60,000	595,000	150,000	-	805,000	Fund Balance
10	Metro Central - Install New Scale at Scalehouse "C"			-	-	25,000	100,000	-	-	125,000	Fund Balance
11	Metro South- Installation of Compactor for Public Unloading Area			-	-	-	200,000	680,000	-	880,000	Fund Balance
12	Metro Central - Rainwater Harvesting			-	-	-	-	-	310,000	310,000	Fund Balance
13	Future Master Facility Plan Improvements			-	-	-	-	-	690,000	690,000	Fund Balance
	Total Solid Waste General Account	47,000	85,000	232,000	736,000	1,089,000	1,186,000	830,000	1,000,000	5,073,000	
	Solid Waste Landfill Closure										
1	St. John's - Leachate Pretreatment	237,290	105,000	342,290	50,000	-	-	-	-	392,290	Fund Balance
2	St. John's - Groundwater Monitoring Wells			-	200,000	10,800	-	-	-	210,800	Fund Balance
3	St John's - Perimeter Dike Stabilization and Seepage Control	3,309		3,309	60,000	211,000	442,000	6,000	6,000	728,309	Fund Balance
4	St. John's - Re-establish Proper Drainage	571,339	5,000	576,339	5,000	5,000	5,000	252,000	5,000	848,339	Fund Balance
5	St. John's - Landfill Bridge Repairs			-	30,000	120,000	-	-	-	150,000	Fund Balance
6	St. John's - Landfill Remediation			-	-	-	500,000	500,000	500,000	1,500,000	Fund Balance
7	St. John's - Native Vegetation on the Cover Cap	95,942	15,000	110,942	15,000	10,000	15,000	10,000	-	160,942	Fund Balance
	Total Solid Waste Landfill Closure Account	907,880	125,000	1,032,880	360,000	356,800	962,000	768,000	511,000	3,990,680	
	SW Renewal & Replacement Account										
1	Metro Central - Rebuild Compactor No. 2		40,000	40,000	360,000	-	-	-	-	400,000	Fund Balance
2	Metro Central - Replace Compactor #2 Feed Conveyor		25,000	25,000	360,000	-	-	-	-	385,000	Fund Balance
3	Metro Central - Replace Compactor #3 Feed Conveyor		25,000	25,000	359,000	-	-	-	-	384,000	Fund Balance
4	Metro Central - Woodline			-	400,000	472,000	-	-	-	872,000	Fund Balance
6	Metro South - Compactor Replacement			-	-	150,000	750,000	750,000	-	1,650,000	Fund Balance
7	Metro South - Repair Commercial Tip Floor			-	-	-	197,900	-	-	197,900	Fund Balance
8	Metro Central-HHW- Ventilation System Replacement			-	-	-	-	100,000	-	100,000	Fund Balance
9	Metro South-Replace Dust Suppression System Components			-	-	-	-	50,000	-	50,000	Fund Balance
10	Metro South- Replace Ventilation System Components			-	-	-	-	100,000	-	100,000	Fund Balance
11	Metro Central - Truckwash			-	-	-	-	30,000	150,000	180,000	Fund Balance
12	Metro Central - Compactor Replacement			-	-	-	-	150,000	750,000	900,000	Fund Balance
	Total Solid Waste Renewal & Replacement	-	90,000	90,000	1,479,000	622,000	947,900	1,180,000	900,000	5,218,900	Fund Balance
	Total Solid Waste and Recycling	**954,880**	**300,000**	**1,354,880**	**2,575,000**	**2,067,800**	**3,095,900**	**2,778,000**	**2,411,000**	**14,282,580**	

Total FY 2005-06 through FY 2009-10	**12,927,700**
Total Number of Projects	**31**

Yellow - new projects budgeted to begin in FY 2005-06

Green - new projects budgeted to begin in FY 2006-07 and beyond

Grand Total Metro	**136,001,879**	**5,507,495**	**141,644,374**	**9,877,396**	**14,557,149**	**31,787,330**	**33,028,402**	**29,517,000**	**260,411,651**	

Total FY 2004-05 through FY 2008-09	**118,767,277**
Total Number of Projects	**83**

Capital Project Request - Project Detail

Project Title: Keller - Ladders | **Fund:** MERC Pooled Capital Fund

Project Status: Incomplete | **Funding Status:** Funded | **FY First Authorized:** 2005-06 | **Department:** Metro Exposition-Recreation Commission

Project Number: 57430 | **Active:** ☑ | **Dept. Priority:** 1 | **Facility:** Keller Auditorium | **Division:** Construction Maintenance

Source Of Estimate Preliminary | **Source:** | **Start Date:** 7/04 | **Date:** 12/8/2004

Type of Project: Replacement | **Request Type** Initial | **Completion Date:** 6/06 | **Prepared By:** Cynthia Hill

Project Estimates Capital Cost:	Actual Expend	Budget/Est 2004-2005	Prior Years	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010	Total
Equipment/Furnishings	$0	$35,000	$35,000	$40,000	$0	$0	$0	$0	$75,000
Total:	$0	$35,000	$35,000	$40,000	$0	$0	$0	$0	$75,000
Funding Source:									
Fund Balance - Capital Reserve	$0	$35,000	$35,000	$40,000	$0	$0	$0	$0	$75,000
Total:	$0	$35,000	$35,000	$40,000	$0	$0	$0	$0	$75,000
Annual Operating Budget Impact:									

Project Description / Justification: | **Estimated Useful Life (yrs)** 15 | **First Full Fiscal Year of Operation:** 2006-07

Four ladders are being replaced to comply with current code and OSHA requirements.

Capital Project Request - Project Detail

Project Title: OCC - Lobby Signage and Way Finding Kiosks | **Fund:** MERC Pooled Capital Fund

Project Status: Incomplete | **Funding Status:** Funded | **FY First Authorized:** 2004-05 | **Department:** Metro Exposition-Recreation Commission

Project Number: TEMP221 | **Active:** ☑ | **Dept. Priority:** 5 | **Facility:** Oregon Convention Center | **Division:** Construction Maintenance

Source Of Estimate Preliminary | **Source:** | **Start Date:** 12/04 | **Date:** 12/10/2004

Type of Project: New | **Request Type** Initial | **Completion Date:** 6/06 | **Prepared By:** Cynthia Hill

Project Estimates Capital Cost:	Actual Expend	Budget/Est 2004-2005	Prior Years	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010	Total
Design and Engineering	$0	$18,000	$18,000	$0	$0	$0	$0	$0	$18,000
Construction	$0	$0	$0	$75,000	$0	$0	$0	$0	$75,000
Total:	$0	$18,000	$18,000	$75,000	$0	$0	$0	$0	$93,000
Funding Source:									
Excise Tax	$0	$18,000	$18,000	$75,000	$0	$0	$0	$0	$93,000
Total:	$0	$18,000	$18,000	$75,000	$0	$0	$0	$0	$93,000

Annual Operating Budget Impact:

Project Description / Justification: **Estimated Useful Life (yrs)** 10 **First Full Fiscal Year of Operation:** 2006-07

This is a proposed MTOCA funded project. These Kiosks will greatly enhance the visitor experience by allowing them to find their way around the convention center.

Project Title:	Golf Course at Blue Lake Park			**Fund:**	Regional Parks Capital Fund		
Project Status:	Incomplete	**Funding Status:**	Funded	**FY First Authorized:**	2005-06	**Department:**	Regional Parks and Greenspaces
Project Number:	TEMP206	**Active:** ☑	**Dept. Priority:** 5	**Facility:**		**Division:**	
Source Of Estimate	Preliminary	**Source:**		**Start Date:**	7/05	**Date:**	12/1/2004
Type of Project:	New	**Request Type**	Initial	**Completion Date:**	6/08	**Prepared By:**	Jeff Tucker

Project Estimates Capital Cost:	**Actual Expend**	**Budget/Est 2004-2005**	**Prior Years**	**2005-2006**	**2006-2007**	**2007-2008**	**2008-2009**	**2009-2010**	**Total**
Plans and Studies	$14,570	$0	$14,570	$0	$0	$0	$0	$0	$14,570
Design and Engineering	$0	$0	$0	$50,000	$200,000	$0	$0	$0	$250,000
Construction	$0	$0	$0	$0	$1,300,000	$400,000	$0	$0	$1,700,000
Equipment/Furnishings	$0	$0	$0	$0	$0	$250,000	$0	$0	$250,000
Project Contingency	$0	$0	$0	$0	$0	$285,430	$0	$0	$285,430
Total:	$14,570	$0	$14,570	$50,000	$1,500,000	$935,430	$0	$0	$2,500,000
Funding Source:									
Other	$0	$0	$0	$0	$1,000,000	$0	$0	$0	$1,000,000
Grants	$0	$0	$0	$0	$0	$500,000	$0	$0	$500,000
Fund Balance - Capital Reserve	$14,570	$0	$14,570	$50,000	$500,000	$435,430	$0	$0	$1,000,000
Total:	$14,570	$0	$14,570	$50,000	$1,500,000	$935,430	$0	$0	$2,500,000
Annual Operating Budget Impact:									
Annual Revenues				$0	$0	$0	$0	$826,054	$826,054
Annual Expenditures									
Materials and Services				$0	$0	$0	$206,477	$732,016	$938,493
Subtotal, Expenditures:				$0	$0	$0	$206,477	$732,016	$938,493
Net Operating Contribution (Cost):				$0	$0	$0	($206,477)	$94,038	($112,439)

Project Description / Justification: **Estimated Useful Life (yrs)** 40 **First Full Fiscal Year of Operation:** 2008-09

The Economic Feasibility and Facility Improvements Plan for Blue Lake Park, adopted by Metro Council, identifies the development of a Golf Learning Facility on the undeveloped east side of Blue Lake Park as the best use of that property. A Golf Learning Facility has the ability to generate significant revenues above program expenses in support of the Regional Parks and Greenspaces Department.

The Market and Financial Planning Study completed in Spring 2004 shows that a Golf Learning Facility with a 9-hole executive golf course, driving range/practice facility, practice greens, and 4 or 5 holes of "pitch & put" would be supported by the market and be the best golf-related use at the proposed location. The Golf Learning Facility concept is designed to grow the game of golf and increase the overall number of players in the region by providing a less intimidating setting where learning and practice are emphasized. The City of Portland has expressed interest in partnering with Metro on this project.

Capital Project Request - Project Detail

Project Title: Blue Lake Water System Upgrade - Phase I | **Fund:** Regional Parks Capital Fund

Project Status: Incomplete | **Funding Status:** Funded | **FY First Authorized:** 2004-05 | **Department:** Regional Parks and Greenspaces

Project Number: TEMP205 | **Active:** ☑ | **Dept. Priority:** 9 | **Facility:** | **Division:**

Source Of Estimate Preliminary | **Source:** | **Start Date:** 1/05 | **Date:** 12/1/2004

Type of Project: Replacement | **Request Type** Initial | **Completion Date:** 6/06 | **Prepared By:** Jeff Tucker

Project Estimates Capital Cost:	Actual Expend	Budget/Est 2004-2005	Prior Years	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010	Total
Design and Engineering	$0	$30,000	$30,000	$0	$0	$0	$0	$0	$30,000
Construction	$0	$0	$0	$60,000	$0	$0	$0	$0	$60,000
Total:	$0	$30,000	$30,000	$60,000	$0	$0	$0	$0	$90,000
Funding Source:									
Excise Tax	$0	$30,000	$30,000	$60,000	$0	$0	$0	$0	$90,000
Total:	$0	$30,000	$30,000	$60,000	$0	$0	$0	$0	$90,000
Annual Operating Budget Impact:									
Annual Expenditures									
Materials and Services				$0	($750)	($750)	($750)	($750)	($3,000)
Subtotal, Expenditures:				$0	($750)	($750)	($750)	($750)	($3,000)
Net Operating Contribution (Cost):				$0	$750	$750	$750	$750	$3,000

Project Description / Justification: | **Estimated Useful Life (yrs)** 30 | **First Full Fiscal Year of Operation:** 2006-07

Design and engineering for the upgrade of the potable water and irrigation systems at Blue Lake Park is scheduled to be completed during the third and fourth quarters of FY 2004-05. Construction will be completed in phases, as Renewal & Replacement funds come available. The first phase is scheduled to be completed during the fall of 2005.

Capital Project Request - Project Detail

Project Title: Multnomah Channel Basin Reconnection Project | **Fund:** Regional Parks Fund

Project Status: Incomplete | **Funding Status:** Funded | **FY First Authorized:** 2005-06 | **Department:** Regional Parks and Greenspaces

Project Number: TEMP224 | **Active:** ☑ | **Dept. Priority:** 2 | **Facility:** | **Division:**

Source Of Estimate Preliminary | **Source:** | **Start Date:** 7/05 | **Date:** 12/28/2004

Type of Project: New | **Request Type** Initial | **Completion Date:** 6/06 | **Prepared By:** Jeff Tucker

Project Estimates Capital Cost:	Actual Expend	Budget/Est 2004-2005	Prior Years	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010	Total
Design and Engineering	$0	$0	$0	$70,000	$0	$0	$0	$0	$70,000
Restoration	$0	$0	$0	$308,700	$0	$0	$0	$0	$308,700
Total:	$0	$0	$0	$378,700	$0	$0	$0	$0	$378,700
Funding Source:									
Grants / Donations	$0	$0	$0	$64,000	$0	$0	$0	$0	$64,000
Grants - OR Fish & Wildlife	$0	$0	$0	$138,000	$0	$0	$0	$0	$138,000
Grants	$0	$0	$0	$156,700	$0	$0	$0	$0	$156,700
Fund Balance - Capital Reserve	$0	$0	$0	$20,000	$0	$0	$0	$0	$20,000
Total:	$0	$0	$0	$378,700	$0	$0	$0	$0	$378,700
Annual Operating Budget Impact:									
Annual Expenditures									
Materials and Services				$0	$2,000	$2,000	$2,000	$2,000	$8,000
Subtotal, Expenditures:				$0	$2,000	$2,000	$2,000	$2,000	$8,000
Net Operating Contribution (Cost):				$0	($2,000)	($2,000)	($2,000)	($2,000)	($8,000)

Project Description / Justification: **Estimated Useful Life (yrs)** 0 **First Full Fiscal Year of Operation:** 2006-07

Metro is partnering with Ducks Unlimited to develop funding for a project to augment previous restoration at the site initiated in 2000, focusing on the re-establishment of the site's major stream, Crabtree Creek within its natural basin. Previous restoration at the site included the installation of two water control structures designed to re-establish a natural seasonal flood regime. Whereas these structures have had major positive effects on the site and native communities (e.g., new great blue heron rookery, greatly expanded red-legged frog [a state-sensitive species] breeding population, enhanced juvenile salmonid winter rearing habitat), effective restoration of the site continues to be handicapped by previous alterations, including the diversion of Crabtree Creek away from the site's northern basin (where it historically ran in the 1850s) into the site's southern basin. The proposed project would:

1. Divert Crabtree Creek into its historic bed, allowing water from this stream to fill the northern basin, which is presently isolated from stream flow and fills only via rainwater or high water on the Multnomah Channel (neither of these conditions occur at sufficient frequency to effectively inundate the northern basin)
2. Design and build a splitter structure to facilitate managed diversion of Crabtree Creek into either or both wetland basins at the site.
3. Design and construct a new, more effective fishway at the outflow point of the water control structure in the north basin at its junction with the Multnomah Channel (current fish passage is inadequate to allow ingress of very young salmonids, due in large part to the lack of a positive stream flow through the structure. Furthermore, water flow through the south basin's outflow structure is often too great to facilitate effective juvenile salmonid ingress and egress. Splitting the flow of water is expected to remedy both problems.)
4. Reforest the new stream channel.

Capital Project Request - Project Detail

Project Title: Metro South - Wood Staging Structure | **Fund:** Solid Waste General Account

Project Status: Incomplete | **Funding Status:** Funded | **FY First Authorized:** 2004-05 | **Department:** Solid Waste and Recycling

Project Number: TEMP207 | **Active:** ☑ | **Dept. Priority:** 4 | **Facility:** | **Division:** Environmental & Engineering Services

Source Of Estimate Preliminary | **Source:** Fund Balance - | **Start Date:** 9/05 | **Date:** 12/6/2004

Type of Project: New | **Request Type** Initial | **Completion Date:** 6/07 | **Prepared By:** Paul Ehinger

Project Estimates Capital Cost:	Actual Expend	Budget/Est 2004-2005	Prior Years	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010	Total
Design and Engineering	$0	$0	$0	$60,000	$0	$0	$0	$0	$60,000
Construction	$0	$0	$0	$0	$350,000	$0	$0	$0	$350,000
Project Contingency	$0	$0	$0	$0	$70,000	$0	$0	$0	$70,000
Total:	$0	$0	$0	$60,000	$420,000	$0	$0	$0	$480,000
Funding Source:									
Fund Balance - Capital Reserve	$0	$0	$0	$60,000	$420,000	$0	$0	$0	$480,000
Total:	$0	$0	$0	$60,000	$420,000	$0	$0	$0	$480,000

Annual Operating Budget Impact:

Project Description / Justification: **Estimated Useful Life (yrs)** 20 **First Full Fiscal Year of Operation:** 2007-08

This project will provide a covered area for wood recovery and processing activities. This will provide more space for recovery and could help increase material recovery at the Metro South Transfer Station. This project is proposed as the first step in a series of wood recovery projects at Metro South. This is the lowest cost project and provides additional benefits in that it will reduce the possibility that runoff from the wood waste stored onsite will contaminate surrounding surface waters. This covered area will also contribute to improved site safety by relieving congestion on the tipping floor. It will also contribute to other recovery activities on the site since it can also be utilized to stage other recycled materials out of the weather.

Capital Project Request - Project Detail

Project Title: Metro Central - Replace Compactor #3 Feed Conveyor | **Fund:** SW Renewal & Replacement Account

Project Status: Incomplete | **Funding Status:** Funded | **FY First Authorized:** 1998-99 | **Department:** Solid Waste and Recycling

Project Number: 76945 | **Active:** ☑ | **Dept. Priority:** 3 | **Facility:** | **Division:** Environmental & Engineering Services

Source Of Estimate Preliminary | **Source:** Turner Construc | **Start Date:** 7/05 | **Date:** 8/26/1999

Type of Project: Replacement | **Request Type** Continuation | **Completion Date:** 6/06 | **Prepared By:** Chuck Geyer

Project Estimates Capital Cost:	Actual Expend	Budget/Est 2004-2005	Prior Years	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010	Total
Design and Engineering	$0	$25,000	$25,000	$0	$0	$0	$0	$0	$25,000
Construction	$0	$0	$0	$84,000	$0	$0	$0	$0	$84,000
Equipment/Furnishings	$0	$0	$0	$235,000	$0	$0	$0	$0	$235,000
Project Contingency	$0	$0	$0	$40,000	$0	$0	$0	$0	$40,000
Total:	$0	$25,000	$25,000	$359,000	$0	$0	$0	$0	$384,000
Funding Source:									
Fund Balance - Renewal and Replacement	$0	$25,000	$25,000	$359,000	$0	$0	$0	$0	$384,000
Total:	$0	$25,000	$25,000	$359,000	$0	$0	$0	$0	$384,000
Annual Operating Budget Impact:									

Project Description / Justification: | **Estimated Useful Life (yrs)** 12 | **First Full Fiscal Year of Operation:** 2006-07

The feed conveyor for the Amfab Compactor is planned to have reached its useful life and will require replacement, including resurfacing of the railed portion of the floor surrounding the conveyor. This project is contained in the Renewal & Replacement Study.

Capital Project Request - Project Detail

Project Title: OCC - Replace 8' and 6' Tables in Inventory | **Fund:** MERC Pooled Capital Fund

Project Status: Incomplete | **Funding Status:** Funded | **FY First Authorized:** 2005-06 | **Department:** Metro Exposition-Recreation Commission

Project Number: TEMP213 | **Active:** ☑ | **Dept. Priority:** 15 | **Facility:** Oregon Convention Center | **Division:** Construction Maintenance

Source Of Estimate Preliminary | **Source:** | **Start Date:** 7/07 | **Date:** 12/8/2004

Type of Project: Replacement | **Request Type** Initial | **Completion Date:** 6/08 | **Prepared By:** Cynthia Hill

Project Estimates Capital Cost:	Actual Expend	Budget/Est 2004-2005	Prior Years	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010	Total
Equipment/Furnishings	$0	$0	$0	$0	$0	$125,000	$0	$0	$125,000
Total:	$0	$0	$0	$0	$0	$125,000	$0	$0	$125,000
Funding Source:									
Fund Balance - Capital Reserve	$0	$0	$0	$0	$0	$125,000	$0	$0	$125,000
Total:	$0	$0	$0	$0	$0	$125,000	$0	$0	$125,000
Annual Operating Budget Impact:									

Project Description / Justification: | **Estimated Useful Life (yrs)** 20 | **First Full Fiscal Year of Operation:** 2008-09

Replacement of tables that were purchased when the Convention Center was originally constructed.

Capital Project Request - Project Detail

Project Title:	**Open Spaces Land Acquisition - Second Phase**			**Fund:**	Open Spaces Fund		
Project Status:	**Incomplete**	**Funding Status:**	**Funded**	**FY First Authorized:**	NA	**Department:**	Regional Parks and Greenspaces
Project Number:	**TEMP98**	**Active:** ☑	**Dept. Priority:** 2	**Facility:**		**Division:**	Open Spaces Acquisition
Source Of Estimate	Preliminary	**Source:**		**Start Date:**	7/08	**Date:**	12/1/2004
Type of Project:	New	**Request Type**	Initial	**Completion Date:**	6/18	**Prepared By:**	Jeff Tucker

Project Estimates Capital Cost:	**Actual Expend**	**Budget/Est 2004-2005**	**Prior Years**	**2005-2006**	**2006-2007**	**2007-2008**	**2008-2009**	**2009-2010**	**Total**
Land and Right-of-Way	$0	$0	$0	$0	$0	$25,000,000	$25,000,000	$25,000,000	$75,000,000
Total:	$0	$0	$0	$0	$0	$25,000,000	$25,000,000	$25,000,000	$75,000,000
Funding Source:									
G.O. Bonds - Open Spaces	$0	$0	$0	$0	$0	$25,000,000	$25,000,000	$25,000,000	$75,000,000
Total:	$0	$0	$0	$0	$0	$25,000,000	$25,000,000	$25,000,000	$75,000,000
Annual Operating Budget Impact:									

Project Description / Justification: **Estimated Useful Life (yrs)** 0 **First Full Fiscal Year of Operation:** NA

The first phase of open spaces acquisition should be completed by the end of Fiscal Year 2005-06. This is a request for the second phase of the Open Spaces Acquisition program. Details of the program still need to be identified. Planning for the a ballot measure in November 2006 has begun in ernest in the third quarter of FY 2004-05.

Capital Project Request - Project Detail

Project Title:	**Willamette Cove Park Development**			**Fund:**	Regional Parks Capital Fund		
Project Status:	**Incomplete**	**Funding Status:**	**Funded**	**FY First Authorized:**	2004-05	**Department:**	Regional Parks and Greenspaces
Project Number:	**TEMP186**	**Active:** ☑	**Dept. Priority:** 10	**Facility:**		**Division:**	
Source Of Estimate	Preliminary	**Source:**		**Start Date:**	7/09	**Date:**	12/1/2004
Type of Project:	New	**Request Type**	Continuation	**Completion Date:**	6/10	**Prepared By:**	Jeff Tucker

Project Estimates Capital Cost:	**Actual Expend**	**Budget/Est 2004-2005**	**Prior Years**	**2005-2006**	**2006-2007**	**2007-2008**	**2008-2009**	**2009-2010**	**Total**
Design and Engineering	$0	$0	$0	$0	$0	$0	$0	$50,000	$50,000
Construction	$0	$0	$0	$0	$0	$0	$0	$250,000	$250,000
Total:	$0	$0	$0	$0	$0	$0	$0	$300,000	$300,000
Funding Source:									
Excise Tax	$0	$0	$0	$0	$0	$0	$0	$300,000	$300,000
Total:	$0	$0	$0	$0	$0	$0	$0	$300,000	$300,000
Annual Operating Budget Impact:									

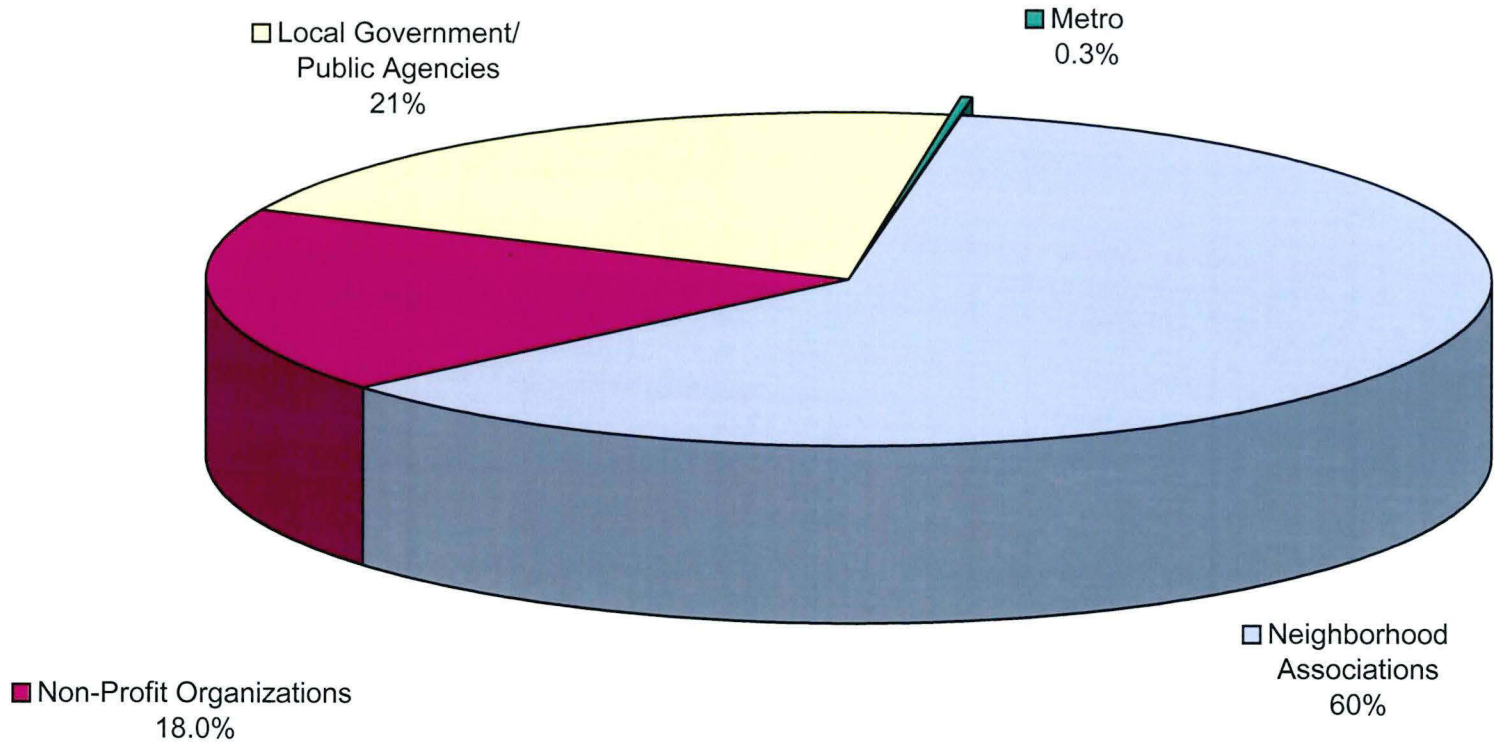
Project Description / Justification: **Estimated Useful Life (yrs)** 30 **First Full Fiscal Year of Operation:** 2010-11

Development of the Willamette Cove open space site in North Portland. This project envisions a partnership with the city of Portland, where Metro contributes toward the design & engineering and capital construction costs, and the city takes over the operations and maintenance of the facility.

032205C-03

Attachment A

Disposal Vouchers 2003-2004

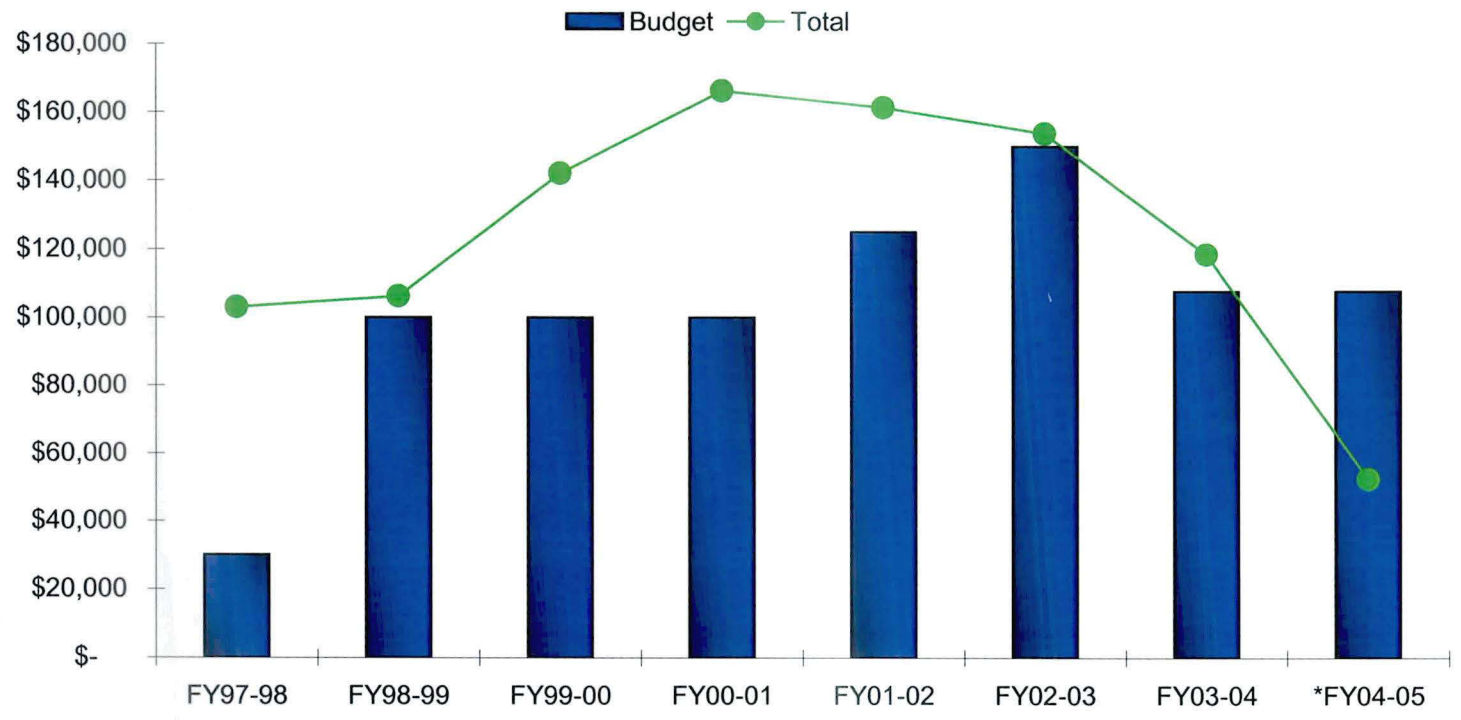


Attachment C
Disposal Voucher Program Budget and Expenditures, FY 1997-2005

	Budget	Total
FY97-98	$ 30,000	$ 103,091
FY98-99	$ 100,000	$ 106,272
FY99-00	$ 100,000	$ 142,208
FY00-01	$ 100,000	$ 166,314
FY01-02	$ 125,000	$ 161,393
FY02-03	$ 150,000	$ 153,895
FY03-04	$ 107,600	$ 118,510
***FY04-05**	$ 107,600	$ 52,460

*** As of March 13, 2005.**

FY 03-04	
County	**Total**
Clackamas	$ 13,253
Multnomah	$ 84,408
Washington	$ 18,761
Regional	$ 3,613



* As of March 13, 2005.

032205C-04

Attachment B

FY 03-04 Voucher Expenditures by Organization and Event Type

Organization		Total	Organization Type	Event Type
Alameda Community Association	$	885.83	NA	NC
Argay Neighborhood	$	1,908.84	NA	NC
Art in the Pearl	$	182.64	NPO	Event
Boise Neighborhood	$	743.53	NA	NC
Brooklyn Action Corps	$	1,483.94	NPO	NC
Buckman/Kerns Neighborhood	$	1,399.32	NA	NC
Caring Community of Cleveland H.S.	$	347.56	LG	NC
Cascade College/Montavilla NA	$	207.49	NA	NC
Cathedral Park Jazz Festival	$	65.12	NPO	Event
Center Neighborhood Assoc	$	992.02	NA	NC
City of Cornelius	$	60.00	LG	NC
City of Fairview	$	1,674.95	LG	NC
City of Fairview/SOLV	$	15.60	LG	NRC
City of Happy Valley	$	145.60	LG	NC
City of Johnson City	$	818.39	LG	NC
City of Maywood Park	$	2,657.58	LG	NC
City of Milwaukie	$	4,825.54	LG	NC
City of North Plains	$	1,034.12	LG	NC
City of Oregon City	$	1,095.39	LG	NC
City of Oregon City Enforcement	$	61.04	LG	ENF
City of Tualatin	$	3,260.00	LG	NC
City of West Linn	$	2,223.82	LG	NC
City of Wilsonville		$2,500.00	LG	NC
City of Wood Village	$	2,522.85	LG	NC
Concordia Neighborhood	$	2,737.75	NA	NC
Creston-Kenilworth Neighborhood	$	1,826.41	NA	NC
Cully Neighborhood	$	2,510.20	NA	NC
East Columbia Neighborhood	$	420.45	NA	NC
Eastmoreland-Reed Neighborhood	$	1,567.14	NA	NC
Eliot Neighborhood Association	$	806.60	NA	NC
EPNO	$	3,566.04	NA	NC
Foster-Powell Neighborhood Assoc.	$	2,424.62	NA	NC
Gleaners of Clackamas County	$	312.34	NPO	NRC
Grace Community Church	$	469.95	NPO	NC
Habitat for Humanity	$	270.02	NPO	DC
HAND	$	1,122.15	NA	NC
Hazelwood Neighborhood	$	104.75	NA	NC
Home Association of Cedar Hills	$	5,436.22	NA	NC
Humboldt Neighborhood Association	$	692.94	NA	NC
Interfaith Caregivers/Faith in Action	$	539.72	NPO	NC
Interlachen Homeowners Assoc.	$	275.60	NA	NC
Inverness Neighborhood Association	$	1,805.10	NA	NC
Irvington Neighborhood	$	826.66	NA	NC
Johnson Creek Watershed Council	$	247.08	NPO	NRC
King Neighborhood Association	$	1,501.38	NA	NC
Laurelhurst Neighborhood	$	1,144.55	NA	NC
Lents Neighborhood Association	$	2,694.26	NA	NC
Madison South Neighborhood	$	1,375.22	NA	NC

By Organization Type:

Neighborhood Associations
$ 72,815.77
60.8%

Local Governments /Public Agencies
$ 25,795.41
21.0%

Metro projects
$ 291.04
0.3%

Non Profit Organizations
$ 21,310.40
18.0%

By Event Type:

Neighborhood Cleanups
$ 99,072.54
83.0%

Events
$ 3,722.59
3.0%

Enforcement/nuisance/ illegal cleanups
$ 1,027.55
1.0%

Deconstruction
$ 8,676.77
7.0%

Natural Resource Cleanups
$ 7,713.16
6.0%

Attachment B

FY 03-04 Voucher Expenditures by Organization and Event Type

Meadowlands	$	268.67	NA	NC
Metro	$	291.04	Metro	NRC
Montavilla Neighborhood	$	2,223.82	NA	NC
Montmore Homeowners Association	$	514.62	NA	NC
Mount Tabor Neighborhood	$	1,596.24	NA	NC
Multnomah County Nuisance Control	$	140.37	LG	ENF
Multnomah Drainage District #1	$	226.35	LG	ENF
Neighbors West/Northwest	$	341.67	NA	NC
North Portland Neighborhood Services	$	4,166.45	NA	NC
NW Conservancy	$	69.15	NPO	NRC
Overland Park	$	2,993.88	NA	NC
Pleasant Valley	$	706.55	NA	NC
Portland Impact	$	84.02	NPO	NC
Portland Urban Ministry Project/Woodland I	$	202.84	NPO	NC
Powell Valley	$	550.78	NA	NC
Powellhurst-Gilbert Neighborhood	$	4,394.06	NA	NC
Project Linkage	$	599.79	NPO	ENF
PSU/Mazamas/Rocky Butte	$	17.00	NPO	NRC
Race for the Cure	$	131.58	NPO	Event
Reach Community Development	$	186.85	NPO	NC
Rebuilding Together Multnomah Co.	$	6,457.25	NPO	DC
Rebuilding Together Wa Co	$	1,876.02	NPO	DC
Rebuilding Together Wa Co	$	73.48	NPO	DC
Richmond Neighborhood Assoc	$	951.00	NA	NC
Rose City Park	$	548.00	NA	NC
Rose Festival 2003	$	22.12	NPO	Event
Rose Festival 2004	$	3,321.13	NPO	Event
Roseway Neighborhood Association	$	1,138.78	NA	NC
Sabin Neighborhood	$	893.59	NA	NC
SMILE	$	1,728.85	NA	NC
SOLV	$	4,518.00	NPO	NRC
SOLV/Team Up	$	56.70	NPO	NRC
Starkwood Neighborhood	$	753.62	NA	NC
Sullivan's Gulch	$	349.23	NA	NC
Sumner Neighborhood	$	960.16	NA	NC
Sunnyside Neighborhood Association	$	1,315.55	NA	NC
SWNI	$	3,284.25	NA	NC
The Enterprise Foundation	$	38.45	NPO	NC
Tom McCall Upper Elementary/SOLV	$	36.45	NPO	NC
Tualatin Hills Parks & Rec	$	643.00	LG	NRC
Tualatin Hills Parks & Recreation	$	120.00	LG	NRC
Vernon Neighborhood	$	919.57	NA	NC
Vista View Neighborhood	$	308.09	NA	NC
Wa Co. Clean & Green	$	1,423.25	LG	NRC
Wilkes Community Association	$	388.64	NA	NC
Wilkes Elem/Solv	$	48.75	NPO	NC
Woodland Park	$	747.53	NA	NC
Woodlawn Neighborhood	$	886.89	NA	NC
Woodstock Neighborhood	$	910.20	NA	NC

032205C - 05

METRO
PEOPLE PLACES
OPEN SPACES

Solid Waste and Recycling
600 NE Grand Avenue
Portland, OR 97232
(503) 797-1650
Fax: (503) 797-1795

REQUEST FORM
DISPOSAL FEE EXEMPTION FOR CIVIC EVENTS

Metro Code Section 5.02.075 (see reverse) provides a waiver of disposal fees to a public agency, local government or qualified non-profit entity for disposal of solid waste collected at civic events staged in the Metro region. In order to be eligible, an event must serve the public interest and the waste collected must be acceptable at a Metro facility.

Please acknowledge that Metro is providing free disposal of waste when promoting the event. Please note disposal vouchers waive transfer station tipping fees only, and not drop box and hauling fees charged by garbage haulers.

This application must be submitted to Metro's Solid Waste and Recycling Department **at least 14 days in advance** of the event date. If you wish to be considered for a Special Exemption from Disposal Fees, please provide the following information:

Organization: _____
(Non-profit organizations: Please provide proof of your non-profit status.)

Mailing Address: _____ Zip _____

Applicant / Contact: _____ Telephone: (____) _____

Location of cleanup (street address): _____

Date(s) and start/end time: _____

Estimated number of volunteers: _____

Transport of waste: If commercial hauling company, provide company name: _____

If other (such as volunteers using own vehicle), please describe: _____

Waste delivered to:
- ☐ Metro South Transfer Station (Oregon City)
- ☐ Metro Central Transfer Station (Northwest Portland)
- ☐ Other (please specify) _____

Estimated number of loads/drop boxes: _____ Size of drop boxes (if known): _____

Description of event and type of waste accepted: _____

_____

How does this event serve the public interest? _____

_____

Will tires be collected? _____ (Count of tires will be required at point of collection.)

Will yard debris be collected? _____ (Please use a separate drop box so yard debris may be recycled.)

Will appliances be collected? _____

What type of waste will **NOT** be accepted at this event? _____

_____ _____

Signature of Applicant Date

Metro Code

5.02.075 Special Exemption from Disposal Fees

(a) The Chief Operating Officer may issue a special exemption permit to a public agency, local government, or qualified non-profit entity that functions to waive fees for disposal of solid waste generated within the Metro region. Prior to issuing such a permit the Chief Operating Officer shall render the following findings:

(1) Total aggregate disposal fees to be waived for the entity requesting waiver will not exceed $5,000 per Metro fiscal year;

(2) The waiver of fees will address or remedy a hardship suffered by the applicant, or the public interest will be served by waiver of the disposal fees;

(3) The waste in question is acceptable for disposal at a Metro facility;

(4) The amount of the waiver is covered by budgeted funds; and

(5) If the applicant for a special exemption permit is a nonprofit entity, such entity is qualified as specified in Code Section 5.07.030(a), (b), (c), (d) and (j).

(b) The Chief Operating Officer shall notify the Metro Council 14 days in advance of the date of issuance of an exemption permit under this section by filing a written report of the proposed action, including required findings, with the Clerk of the Council. If the Council notifies the Chief Operating Officer within the 14-day period of its intent to review the proposed waiver, the Chief Operating Officer shall not issue the permit unless so authorized by the Council.

(Ordinance No. 94-531, Sec. 9. Amended by Ordinance No. 97-681B, Sec. 8; Ordinance No. 02-974, Sec. 1.)

*Section 5.07.030 Eligibility Criteria

An organization qualifies to receive a recycling credit if the following criteria have been documented during the annual application process:

(a) The organization must be classified as a nonprofit organization under Section 501(c)(3) of the United States Internal Revenue Code. Furthermore, the organization submits an annual report on Federal Form 990 (Return of Organization Exempt for Income Tax).

(b) The organization must be registered as a nonprofit organization with the Corporation Commission of the State of Oregon.

(c) The organization submits an annual report to the Oregon Department of Justice Charitable Trust Section and provides assistance to needy citizens of the region and opportunities for employment to those in need of assistance and rehabilitation.

(d) The organization does not contract with for-profit organizations to collect, process, or sell used goods.

(j) No portion of Metro funds authorized by this program will benefit any religious function of any religious organization.

(Ordinance No. 90-362A, Sec. 1. Amended by Ordinance No. 02-974, Sec. 1.)

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Metro serves 1.3 million people who live in Clackamas, Multnomah and Washington counties and the 24 cities in the Portland metropolitan area. The regional government provides transportation and land-use planning services and oversees regional garbage disposal and recycling and waste reduction programs.

Metro manages regional parks and greenspaces and owns the Oregon Zoo. It also oversees operation of the Oregon Convention Center, the Portland Center for the Performing Arts and the Portland Metropolitan Exposition (Expo) Center, all managed by the Metropolitan Exposition Recreation Commission

Metro Council – Council President - David Bragdon; Rod Park, District 1; Brian Newman, District 2; Carl Hosticka, District 3; Susan McLain, District 4; Rex Burkholder, District 5; and Rod Monroe, District 6.
Auditor – Alexis Dow, CPA

032205C-06

Incentive Effects of Land Value Taxation in Metropolitan Portland Commercial Corridors

Prepared for

METRO Finance & Administrative Services
600 NE Grand Ave. Portland, OR 97232

Thomas A. Gihring, Ph.D

Kris J. Nelson, MBPA

February 2005

Abstract

Oregon state's growth management policies and local land use regulations have had limited success in implementing goals discouraging the proliferation of commercial strips in favor of more concentrated patterns. Expectations are that a land value tax, by increasing the tax rate on land values and decreasing the rate on improvements, will stimulate more intensive development and discourage the over-consumption of land. This study is a static analysis of the incentive effects of the LVT on 868 parcels located in four 'strip' and two 'ribbon' corridors in the Portland metropolitan area. From simulated tax applications, differential-rate tax outcomes are compared to conventional tax outcomes to ascertain the direction and amount of tax shift that would occur in a transition to LVT. The incidence findings support the expectation that low-density and auto-oriented land uses are likely to experience a positive tax shift, while building-intensive uses such as street-oriented retail and mixed-use apartments are subject to negative tax shifts. Under a redevelopment scenario, 547 underutilized parcels are redeveloped as mid-rise mixed-use buildings. By adopting the land value tax, a total of $32.5 million is shifted off of building taxes, resulting in a combined savings of $19 million to owners who undertake the site conversions.

About the Authors

Thomas A. Gihring is an international urban planning consultant based in Seattle, Washington. He has held academic appointments in Oregon and Nigeria, and has participated in several technical assistance projects related to housing, community and regional development. Dr. Gihring currently specializes in technical analyses of land-based taxation including value capture financing for special assessment districts. He can be reached at tagplan@comcast.net, 2008 E. Crescent Dr., Seattle, WA 98112, Ph: 206.328.3885.

Kris J. Nelson, as principal of Geonomics Consulting, has conducted research on the incidence of land value tax shifts in Salem, Oregon, written several reports and articles on the effects of land-based property taxation, and consulted on split-rate tax policy in Oregon. He can be reached at krisjn@earthlink.net, 2125 SE Orange Ave., Portland, OR 97214, Ph/Fax.: 503.234.2318.

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Incentive Effects of Land Value Taxation in Metropolitan Portland Commercial Corridors

I. Land Value Taxation as Public Finance Reform

A state tax system that adheres to sound and accepted principles of public taxation receives legitimacy and will stand the test of time. Two of the widely accepted criteria upon which public finance reforms have been based are economic efficiency and equity. The first holds that taxes should fall on the objects that are least detrimental to economic health and should not discourage productivity – capital investment and job creation. An efficient tax does not result in excess burden or "deadweight loss" – a loss of economic output, or a shift away from productive behavior, or distorted incentives.

The equity criterion can result in attempts to equalize tax burden through progressive rate structures relative to wealth. The ability-to-pay principle can also be restated in terms of proportional benefits. That is, those benefiting from government actions should be responsible for returning a fair proportion of community-generated gain. Within the context of landed property, this benefit is conceived as a 'giving', or the converse of a 'taking' resulting from government regulation that reduces the potential value of land.

A growing number of economists maintain that the present property tax system is contrary to sound principles of public finance. The conventional method of taxing land and improvements alike is not neutral. The present equal rate tax system is said to encourage unwise land use practices by penalizing new investment in improvements and rewarding speculation on land. The consequences documented by urbanists and social reformers include urban sprawl in suburban areas and underutilization of valuable sites near urban centers. Environmentalist Alan Durning states: "Most Northwest jurisdictions seek to prevent sprawl through the regulatory tools of land-use planning. Yet a simple reform to the existing property tax would turn it into a powerful incentive for investment...." [(1)] Durning estimates that the tax on buildings engenders deadweight losses of roughly 24 cents per dollar collected.

The conventional property tax consists of one tax rate applied equally to both land and improvement assessments. In most urban settings, the average value of land amounts to about a third or two-fifths of the total assessment. In the case of vacant sites or surface parking lots, the land-to-total value ratio (LTV ratio) may reach 90 to100 percent. On sites with high building intensity such as office or apartment buildings, the LTV ratio may drop to as low as 20%, depending upon the size and age of the building relative to the land values typical for that location.

In the instance where the conventional tax is applied to sites having few or no improvements, half of the tax rate yields no revenue. The low holding costs in locations experiencing growth and development enables owners to retain underutilized parcels while surrounding land values increase. Unlike improvement value, which is site-

specific, land value is general to a location and accrues from a multitude of community-based factors. [2] When jurisdictions up-zone or extend urban growth boundaries, for example, land values can increase several times over. These givings also include the locational value of new public investments in schools, parks, street and sidewalk improvements, transit, water, and sewer services. [3]

It can be argued that because land value accrues largely through community-wide actions and investments, the local government as the steward of a community's collective assets has the right and responsibility to appropriate annual land value increments, or the "unearned" economic rent. The case for land value taxation stems from the 19th Century political economist Henry George who tirelessly promoted the "single tax" theory. His basic principle is: legitimately created value belongs to the creator of that value. Related to the factors of production, wages belong to laborers, capital belongs to capital investors, and economic rent (land value increase) belongs to the community. Georgist principles have been put into practice in several nations including the United States. The "pure" instance of a 100% land tax (no tax on improvement values) does not exist in the U.S., rather, the "split-rate" model is embodied in state enabling law of Pennsylvania. Local jurisdictions are authorized to adopt a system of differential tax rates: high on land and low on improvements.

By increasing the land portion of the property tax rate, a greater portion of publicly created value is collected. Thus, the land value tax is in effect a "betterment" tax – a tax on 'givings'. Because individual property owners create building value, reducing the tax on improvements leaves more privately generated value in private hands. The equal-rate property tax carries a disincentive to improve structures because owners are liable for significantly higher taxes. With a split-rate property tax, the lower tax on improvements increases the incentive to invest in buildings and develop underutilized and vacant sites into more productive uses. Furthermore, by raising the holding cost of land, speculation on high value central sites is discouraged. [4]

LVT as a Complement to Urban Growth Management

The incentive effects of land value taxation are said to complement state-wide goals for conserving land, containing sprawl, improving the efficiency of land use in developed areas, and reinforcing land use regulatory mechanisms such as zoning and environmental standards. While the basis for land value taxation (LVT) is largely economic, and its evolution is historically separate from urban growth management, the parallel purposes are evident. [5] A split-rate property tax, as adopted in nearly 20 communities in Pennsylvania, can be expected to contribute to the following outcomes: [6]

- Discourage urban sprawl
- Encourage infill development
- Discourage building disinvestment
- Intensify land development
- Discourage land speculation
- Restrain rising residential land prices

Similar desired outcomes are embraced in both the Portland Metro Regional Government's 2040 plan and Oregon's statewide land use goals. Adopted in 1995, policies in Metro's 2040 Growth Concept encourage:

- Efficient use of land
- Protection of farmland and natural areas
- A balanced transportation system
- A healthy economy
- Diverse housing options.

According to Metro's Web site, the Growth Concept "includes land-use and transportation policies that will allow the Portland metropolitan area cities and counties to manage growth, protect natural resources and make improvements to facilities and infrastructure while maintaining the region's quality of life." [7]

Oregon's statewide planning goals address 19 land uses and process goals to achieve coordinated, planned development among local jurisdictions. Goal 3, Agricultural lands, for example, requires counties to inventory agricultural lands and "preserve and maintain" them through farm zoning. Goal 14, Urbanization, requires cities to estimate future growth and needs for land and then plan and zone enough land to meet those needs. Each city must establish an "urban growth boundary" (UGB) to "identify and separate urbanizable land from rural land." [8]

Oregon has long practiced a form of incentive taxation with its method of assessing rural land uses. Known as *current use assessment*, farmlands, open space, and forestlands are assessed at current use value instead of full market value (or "assessed value") as in urban areas under recent Constitutional amendments. The effect is to encourage growers and foresters to maintain their livelihoods from natural resources and to discourage the sale and conversion of rural lands to urban uses. [9]

Where land-based taxation has been in practice for some time, the incentive effects have become apparent, principally in the form of new capital investment in central locations. Pittsburgh and Scranton have been using the split-rate property tax system since 1914. Over a ten-year period in Pittsburgh, the tax rate on land was raised to twice the rate on improvements. When the steel industry declined following WWII, the city increased the rate on land assessments. Soon the abandoned industrial area gave way to the Golden Triangle: some 60 new buildings and skyscrapers valued at $700 million at the time. The privately financed redevelopment produced 16,000 new jobs in an area that had previously employed 4,000. As many of the nation's cities fell into decline during the 1970s, the revitalization of this business district attracted attention nationwide. [10]

As a split-rate tax is phased in, not only are the 20-25 percent of under-used and vacant sites in the typical large city redeveloped into more productive uses, but the community also begins to experience a moderation in land price inflation. Economists uniformly agree that as the public sector collects a larger portion of the rent from land, owners retain less value to capitalize into selling price. Sites being held for speculative gain are more costly to hold onto and, therefore, are more likely to become available for purchase and development. Vacant urban fringe sites tend to be released for either new opportunities for appropriate development or protection as open spaces, parks, or even returned to natural resource-based activity. [11] The reduced incentive to speculate at the margin reinforces wise land use decisions and a more compact urban form. [12]

The result of infill development over time is the gradual raising of land values in synchrony with building values. Such economic benefit then lends itself to an improvement of the local tax base, which gives rise to more publicly created revenue that can be reinvested in efficiently utilized public infrastructure and quality public services, in accord with state urban growth management policies.

Currently, a worldwide network of Georgist organizations is actively engaged in education and advocacy, setting the groundwork to effect enabling legislation for land value taxation. These include the International Union for Land Value Taxation, The Robert Schalkenbach Foundation, the Centre for Land Policy Studies (UK), Common Ground USA, the Canadian Research Committee on Taxation, and the Center for the Study of Economics (USA). The Lincoln Institute of Land Policy (Cambridge, Mass.) is an educational and research institution with a global reach, dedicated to the expansion of practical knowledge of property taxation and land policy. A network of LILP-sponsored scholars based in Latin America recently met at a conference in Buenos Aires to prepare a position statement pertaining to core land policy issues. An excerpt from the Buenos Aires declaration is pertinent to the topic of this research:

> Traditional urban planning processes have lost importance and effectiveness as instruments for guiding urban development. Yet this situation offers opportunities to think about innovative ways to deal with land management strategies. Creating new practices within this framework requires making one unavoidable step: rethinking urban land taxation by incorporating new methods and keeping an open mind regarding alternative fiscal instruments intended as tools to redirect current urban development and discipline the operation of the urban land market. These new tools should not only collect funds in order to build infrastructure and provide urban services, but also contribute to a more equitable distribution of benefits and costs, especially those associated with the urbanization process and the return of recovered land value increments to the community. [13]

II. Data and Measurements

The Data Set

The focus of this study is on six commercial corridors: two located in Washington County, three in Multnomah County, and one in Clackamas County. The source of information consists of parcel level data provided by the departments of assessment of these three counties comprising the Portland Metropolitan Service Area (METRO). Data include the 2003-04 property assessments and supplementary descriptive variables pertaining to location and site utilization of parcels within the study corridors.

The raw data matrix consists of 897 tax lot records and 21 fields. Six assessment fields consist of: (i) land value, (ii) improvement value, and (iii) total value of parcels, for both real market value (RMV) assessments and taxable value assessments, as prescribed by Oregon statutes emanating from tax limitation Measures 5 and 50. The RMV assessments are used in the study to calculate unit land values and other measures that reflect actual market conditions. Taxable values are used for the purpose of calculating effective tax rates and simulated tax outcomes. Subtotals of assessed valuation for each of the six study corridors are contained in the following Table 2.1.

Table 2. 1 Summary of Assessed Values by Corridor

	TAXABLE VALUE			REAL MARKET VALUE		
	(1)	(2)	(3)	(1)	(2)	(3)
No. Parcels*	Land Value	Building Value	Total Value	Land Value	Building Value	Total Value
WASHINGTON COUNTY						
HILLSBORO CORRIDOR						
124	19,766,384	23,401,546	43,167,930	39,905,610	47,787,740	87,693,350
BEAVERTON CORRIDOR						
192	21,707,386	29,702,464	51,409,850	37,196,780	49,899,817	87,096,597
MULTNOMAH COUNTY						
SE DIVISION CORRIDOR						
153	7,221,361	13,281,089	20,502,450	16,800,220	31,654,850	48,455,070
SE HAWTHORNE CORRIDOR						
109	9,496,268	18,742,912	28,239,180	23,442,200	45,475,430	68,917,630
SE STARK CORRIDOR						
154	18,369,895	31,946,905	50,316,800	34,457,790	56,257,630	90,715,420
CLACKAMAS COUNTY						
82ND AVE CORRIDOR						
136	62,258,969	67,531,246	129,790,215	87,399,078	94,564,840	181,963,918
ALL CORRIDORS						
TOTAL						
868	**138,820,263**	**184,606,162**	**323,426,425**	**239,201,678**	**325,640,307**	**564,841,985**

* Valid parcels

Two land use fields consist of 18 detailed and 7 general use classes generated by the researchers, using a combination of broad use codes provided in the assessors' data sets and 2003 aerial photo overlays provided by METRO's geographic information system. For an explanation of the use classes, see Appendix 1. These land use codes are derived from activity-based criteria rather than functional categories, which in any case would not be possible to discern from photographic interpretations. Activity-based codes are more useful in an urban planning context because they reflect physical utilization of sites. Thus, rather than distinguishing between medical and financial services, as a function-based example, the classification system distinguishes between buildings that are street oriented, or that include surface parking, or that emphasize motor vehicle access vs. direct pedestrian access. See Appendix 2 for a parcel count by land use class, by corridor, and Appendix 3 for a summary of assessed values.

A 'cleaning' of the raw data set is necessary in order to avoid the inclusion of parcel records that would not yield valid calculated results. Among the 897 records contained in the original data set, 29 parcels were considered invalid. These cases either have no positive value for the field codes: land value or lot area, or are missing an improvement value on sites where the presence of buildings has been verified. The resulting database consists of 868 valid parcel records.

The cleaned and useable data matrix includes 7 property identification and location fields, 6 assessed valuation fields, 2 land use fields, 2 dimension fields (lot area and internal building area), and 3 calculated variables. The latter consist of ratios derived from real market assessments: (i) unit land value (land value per sq. ft. lot area), (ii) unit building value (improvement value per sq. ft. lot area), and (iii) the land-to-total value ratio (LTV ratio). Table 2.2 contains summary values for each calculated variable, by corridor; Appendix 4 shows the detailed breakout by land use class. Mean lot sizes are included in the calculations.

1. The first calculated ratio is useful for approximating the market value of sites across locations and land use classes.

2. The unit building value is a substitute for the preferred measure: FAR, or floor area ratio (the internal building floor space per lot area). This is a useful measure of lot utilization or development intensity. Unfortunately, the assessors' data on building square footage is incomplete, making it impossible to calculate the FAR for all parcels. The study design calls for some measure of this dimension in order to specify the redevelopment potential of underutilized sites. Thus, a surrogate variable was devised: building value per sq. ft. of lot area (BV/LA).

3. The LTV ratio indicates the proportion of the total assessed value that is attributed to land. This is the key determinant of tax shift accompanying the conversion of an equal rate property system to a land value tax. Generally, a higher than average LTV ratio on a particular site will predicate a positive tax shift – an increase in taxes under the LVT system. Appendix 3, which uses taxable values for calculating the ratio, is the appropriate reference for this purpose. Like the

FAR, the LTV ratio is a useful indicator of property utilization, in monetary terms. This measure indicates whether a site is 'ripe' for redevelopment. A site where the land value is high in proportion to the building value, in a location where unit land values are high, may have reached the tipping point where it is financially feasible to redevelop. Real market values are used to calculate the LTV ratio.

Table 2. 2 Summary of Unit Indicators by Corridor

Indicator	All Corridors	Hillsboro	Beaverton	SE Division	SE Hawthorne	SE Stark	SE 82nd Ave
Number of Parcels	868	124	192	153	109	154	136
Unit Land Values	$ 11.01	$ 10.00	$ 8.23	$ 17.65	$ 21.96	$ 7.48	$ 13.25
Unit Building Values	$ 14.99	$ 11.97	$ 11.04	$ 33.25	$ 42.60	$ 12.21	$ 14.34
LTV Ratios (RMV)	0.42	0.46	0.43	0.35	0.34	0.38	0.48
LTV Ratios (TAXABLE)	0.43	0.46	0.42	0.35	0.34	0.37	0.48
Mean Lot Size	25,035	32,192	23,533	6,223	9,794	29,910	48,492

Measuring Tax Shift

The principle purpose of this study is to examine the incentive effects of the 2-rate land value tax in comparison with the conventional equal rate tax. The stated aim of the LVT is to simultaneously stimulate more intensive development and discourage the over-consumption of land by increasing the tax on land values and decreasing the tax on improvement values.

The incentive effect, in its most basic form, can be measured by the *tax shift* that accompanies the change from the conventional tax method to the land tax method. Tax shift is either positive (an increase in tax burden) or negative (a decrease in tax burden). That is, a simulated LVT outcome is either higher or lower than the conventional tax outcome. The incentive effect of LVT is achieved if the tax shift on intensively used parcels is negative. That is, landowners would receive the benefit of comparatively lower taxes with the conversion to LVT. Conversely, the incentive effect is also achieved if the tax shift on low density or underutilized sites is positive. Thus, landowners would be encouraged to invest in higher value improvements, or sell their sites to developers who will redevelop the sites. If landowners actually responded to these financial incentives, a trend would emerge towards infill development and the gradual densification of high value centers, districts and corridors.

By simulating the application of tax rates to the assessed values of parcels and comparing the tax results, the amount and direction of tax shift can be determined. Under the conventional system, a parcel's tax bill is calculated by multiplying the total assessed value by the levy rate that applies to the appropriate levy code area. Under the 2-rate system, the total levy rate is split, the higher land rate applied to the land assessment, and the lower improvement rate applied to the building assessment. There are several methods of generating differential rates.

The 2-Rate Tax Simulation Method

One technique, which might be termed the LVT Ratio method, determines the percent of the levy rate that the taxing authority chooses to apply to land values. Thus, whereas the *effective* equal rate conventional tax ratio is 50%, a chosen LVT Ratio might be 75%, resulting in a split rate whereby 75% of the total tax rate is applied to land assessments and 25% of the rate is applied to building assessments. Another technique for establishing differential rates is the Building Rate Reduction method. In this instance the chosen ratio represents the amount by which the building portion of the levy rate is reduced, and the land rate becomes a residual. For example, a 50% BRR indicates that the conventional tax building rate is to be reduced by half.

When introducing a LVT to replace the conventional tax, it is common practice to make the total amount of land value tax to be collected *revenue-neutral*, or equal to the amount that would have been raised by the conventional tax. Thus, the land tax rate as a residual would be determined as the rate necessary to 'back-fill" the balance of revenue needed to meet revenue-neutrality. For both methods algebraic formulas have been devised that make the calculations relatively uncomplicated. See Appendix 5 for step-by-step calculations to derive tax rates using the BRR method. This method was chosen for the purpose of simulating revenue-neutral tax applications in this study.

The consensus among LVT proponents is that a 2-rate system should be gradually introduced to a taxing jurisdiction so as to minimize possible economic dislocation resulting from precipitous tax shifts. A phase-in period allows property owners affected by higher tax burdens under LVT an opportunity to make adjustments by lowering lot sales price expectations or reinvesting in new capital improvements. A transition period of ten years or more might be implemented during which the land / building tax rate differential would gradually increase.

For this study, a series of five successively higher BRR ratios is chosen to illustrate how different split rate levels will affect tax shift. These are: 10% BRR, 20% BRR, 30% BRR, 40% BRR, and 50% BRR. By way of comparison, a reduction of the building tax rate by 50% is roughly equivalent to a 78% LTV ratio (where 80% of the total rate is applied to land assessments). Rather than applying these rates at the county level to simulate a general property tax, the rates will be specific to each study corridor. In effect, this simulates the tax outcomes that might take place within special assessment districts. Thus, for the purpose of illustrating tax effects in this study, revenue neutrality is at the study corridor level. The entire tax shift takes effect within each corridor, where positive and negative shift in terms of dollar amounts will net out to zero. Derived tax rates for each corridor are contained in Appendix 6.

The conventional tax rates are obtained from county records that contain the 2003-04 mill rates for each levy code area located within a corridor. Most of the corridors lie within a single LCA. For the two corridors containing multiple LCAs, a weighted average of the reported rates is calculated to produce a single mill rate (see Appendix 6). Thus, for each of the six corridors one conventional rate and five BRR rates are derived, yielding the same total tax revenue.

Levels of Analysis

The analysis of tax shift within study corridors takes place at three levels of parcel aggregation, as follows:

1. The first level aggregates parcels by general land use (7 classes). Simulated tax applications are performed using the five split rate levels identified above. The comparative tax outcomes are graphed, seven for each corridor. The aim is to give a general impression of the direction and level of tax shift within each land use class.
2. The second level aggregates parcels by specific land use (18 classes). Here, the 50% BRR tax is used to facilitate a more detailed look at variations in tax shift across land use classes.
3. Tax applications are performed on the entire set of records contained within each corridor, at the 50% BRR level. The purpose of simulating tax bills for individual parcels is to count the number of parcels experiencing positive and negative tax shifts, as well as to sum the amount of positive and negative shift.

III. The Study Area

Commercial Corridors as a Study Focus

Six commercial corridors located within the Portland metropolitan area were selected to illustrate the tax incentive effects accompanying the introduction of a land value property tax system. There are two practical reasons for focusing on commercial properties comprising "strips" and "ribbons". First, among all the classes of property, commercial uses will show the most variability in simulated tax outcomes. Residential parcels, by way of contrast, will result in little variation in the differences between conventional taxes and 2-rate taxes. Single family parcels typically comprise 80 to 85 percent of the total number of properties within a large jurisdiction; as the predominant class they will drive the outcome of the comparative results. Furthermore, the lot utilization of this class is comparatively uniform due to zoning standards and conventional building methods. Also, high value residences tend to locate in high value areas, and *vice versa*. As a result, the ratio of land-to-total assessed values (LTV) will vary only moderately; 2-rate and conventional taxes will differ by only a few percentage points. On the other hand, commercial uses are highly dissimilar in terms of lot utilization and value. Compare, for example, the differences in building intensity between office buildings and surface parking lots. Because of the contrasts in site utilization and the different location values of commercial districts, comparative tax outcomes will vary widely.

Secondly, commercial corridors fit well into the current policy context that encourages the more intensive utilization of land along major thoroughfares. For example, the Portland comprehensive plan has for several years contained goals that discourage the proliferation of strip commercial development, in favor of more concentrated or clustered patterns. Recent regional policies promote the redevelopment of commercial strips to include mixed uses, more convenient access to shopping facilities from residences, and safer, less automobile-dependent travel. The Portland zoning code contains a special use class "Urban Strip Conversion District", the purpose of which is to minimize adverse safety and value impacts on adjacent uses. Placing a study of incentive taxation effects within this policy context is useful for testing the efficacy of the land value tax system. If the tax shifts accompanying a LVT favor more intensive development, the potential for helping to transforming underutilized strips into economically viable, environmentally attractive and sustainable higher density mixed use corridors is enhanced.

The General Character of Commercial Strips and Ribbons

In physical terms, strips and ribbons are groupings of commercial establishments that take on a linear form, fronting on local streets, thoroughfares, or inter-urban highways. A wide variety of commercial uses are found in both, but each emphasizes a different mix.

Strips normally follow the path of high-order streets: highways and thoroughfares carrying high traffic volumes. Often they serve a market demand originating on the arteries themselves, where shopping trips frequently involve opportunity stops. In some cases the strips are an extension of a major shopping center. Some sectors within strips

serve specialized functions and offer comparison-shopping, "auto rows" being an example. For the most part, commercial establishments are configured for the convenience of motorists.

Ribbons typically follow the path of lower-order streets: neighborhood collectors. Historically, they developed during the streetcar era, before the predominance of automobile travel. In most cases ribbons still serve as convenience centers, although some have developed into specialty shopping zones serving a large market area. Antique rows are an example of this. Their main physical characteristic is zero lot line contiguous building frontage, with a strong pedestrian orientation. The market area of ribbons is more limited and local than that of strips; most serve the neighborhoods in which they are located.

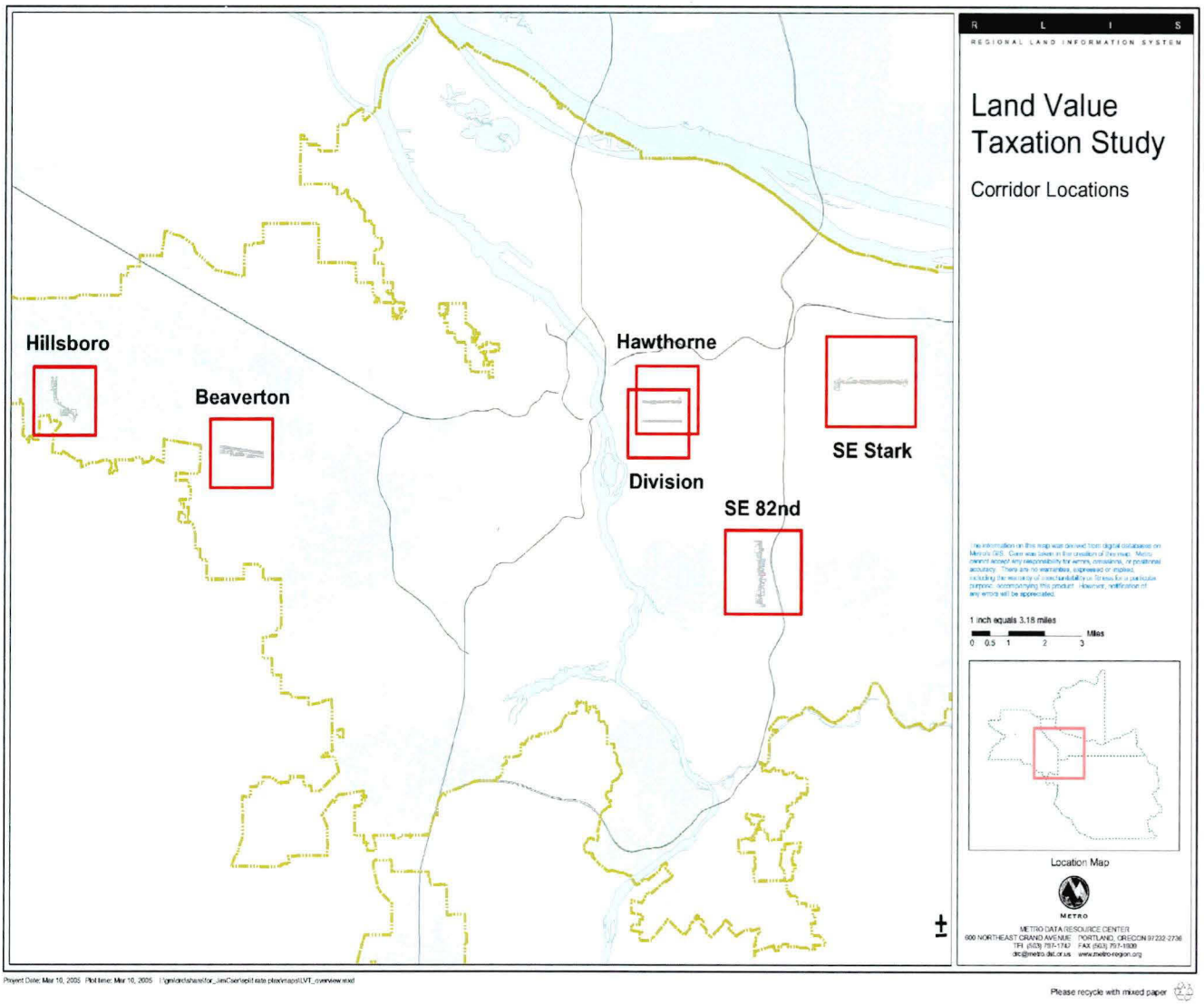
Corridors Selected for Study

In the choice of corridors for this study, a variety of factors were considered by METRO, such as: (i) the inclusion of at least one corridor in each county within the metropolitan district, (ii) growing and declining urban settings, (iii) emerging and mature development status, (iv) auto-dependent and pedestrian-oriented streetscapes. Locations of the selected corridors are shown in Figure 3.1.

The following six corridors are featured in this study:

Corridor:	Street Range:
WASHINGTON COUNTY:	
Hillsboro Highway	SE 10th Avenue and SE Washington to SE 21st Avenue and SE Tualatin Valley
Beaverton	SW Tualatin Valley Highway, SW 174th St. to SW 198th St.
MULTNOMAH COUNTY:	
SE Division St.	SE 20th Ave. to 39th Ave.
SE Hawthorne Blvd.	SE 20th Ave. to 39th Ave.
SE Stark St.	120th Ave. to 160th Ave.
CLACKAMAS COUNTY:	
SE 82nd Ave.	SE Luther Ave. (8500 block) to Clackamas Town Center (SE Monterey Ave.)

Figure 3. 1 Corridor Location Map



A Description of Selected Corridors

Hillsboro Corridor. Located on a major thoroughfare adjacent to the town center of the metropolitan region's western municipality, this corridor is typical of the inter-urban commercial strip. It contains a high proportion of land-extensive uses, including over a million sq. ft. of lot area devoted auto-oriented businesses, and more than half of the vehicle sales establishments found in all six corridors. The highest number of multifamily complexes, and the largest manufactured home park are located here. This Tualatin-Valley Highway strip ranks second in average lot size and in the number of parcels devoted to surface parking lots. Unit building values, at $12 per lot sq. ft. are well below average, and the mean LTV ratio (.46) is close to the highest. Both measures indicate a likely positive tax shift.

Beaverton Corridor. As a commercial strip, this eastern T-V Highway sector is average in land use intensity. It holds the highest number of single family home sites with the largest average lot size (15,800 sq. ft.), and a quarter of all multifamily parcels. This corridor has no parcels devoted to vehicle sales, but its vehicle service establishments are the most extensive in lot area, averaging over 33,000 sq. ft. in size. It also contains an above average number of surface parking lots and vacant lots. Unit building values, at $11 per sq. ft. lot area, are the lowest among the corridors; unit land values are also among the lowest. Both unit values being low, the LTV ratios are about average for the six-corridor selection. However, among the land uses classes, high LTV ratios are found on single family sites and on setback retail building sites as well as on shopping plaza sites.

SE Division Corridor. Located amongst Portland's Inner Southeast neighborhoods, this four-lane major collector street segment is an example of an emerging commercial ribbon. It contains the second highest number of single family lots, and a high number of street-oriented commercial buildings. The number of auto-oriented retail uses and off-street parking lots is second lowest. The only auto-oriented uses that do exist are a few vehicle service and commercial establishments. There is only one vacant parcel in this 18-block sector. Being an inner-city location, average lot sizes are low; at 6,223 sq. ft., the overall mean is the lowest among the corridors. Unit land values are well above average, as are unit building values. Reflecting the predominance of building-intensive uses, this ribbon measures low LTV ratios across most use classes.

SE Hawthorne Corridor. Located a few blocks north and parallel to the Division corridor, the Hawthorne streetscape is typical of a mature ribbon. In many ways it is similar in character to Division, and it serves an overlapping local market area. However, this shopping street has emerged from a long transition period into one of Portland's more desirable pedestrian precincts. Twenty years ago the corridor was beset by heavy motor traffic and the accompanying problems of street noise, congestion, absentee ownership, dilapidated buildings, and perceptions of crime. Reflecting the loss of population in the surrounding neighborhoods, the corridor was known for its profusion of antique shops and bookstores. The upward trend began slowly, with the only significant new construction consisting of suburban style set-back buildings with off-street parking

frontage. With the advent of new walk-in restaurants, cafes and a variety of specialty shops, Hawthorne began to attract a larger number of patrons from the surrounding neighborhood which was increasing in population and land values.

Having the highest proportion of street-oriented buildings, this ribbon features very little surface parking, no vacant lots, and few auto-oriented uses. Its low average lot sizes are comparable to Division. Hawthorne contains the highest proportion of street-oriented retail buildings and converted residences. Densely occupied by retail and multifamily mixed-use buildings, there remain few single family homes in the corridor. The number of auto-oriented retail, service, and commercial uses is the lowest, and it is the only corridor with no vacant lot. Unit land values, at $21.96 per sq. ft., are more than twice the six-corridor average; unit building values ($42.60) rank highest at nearly three times the average. With the lowest LTV ratio of .34, this compact ribbon is expected to experience negative tax shifts.

SE Stark Corridor. This emerging commercial strip serves the growing population in mid-eastern suburban Multhomah County. Much of the growth can be attributed to new multifamily development coincidental with the eastside MAX light rail line a few blocks to the north. What is unique about this strip is the high proportion of residential uses, particularly multifamily. Most of the properties, including converted residences, are situated on low value sites. Mean lot sizes, both residential and commercial, are well above average. Stark holds the highest square footage of shopping center space. There are an above average number of large vacant lots and vehicle service agencies. The overall unit land value ($7.48) is lowest among the corridors. Although building values are well below average, they are not proportionately as low as site values. This produces the lowest LTV ratio (.38) among the strips, and is probably explained by a proliferation of new commercial development and the prevalence of low value residential sites.

SE 82nd Ave. Corridor. This quintessential thoroughfare strip emerged as an extension of the Clackamas Town Center regional shopping center, and straddles the municipal boundary between Portland and Milwaukie. It holds the most auto-dependent, land-extensive uses, as well as the largest number of independent surface parking lots and vacant sites. It also contains the least number of residential sites, although three manufactured home parks outnumber the other corridors. The average lot size is the by far the largest, at nearly double the overall average, particularly in the shopping center, vehicle sales, and surface parking land use classes. There are no street-oriented retail buildings in this highly motorized corridor. Land values are above average (highest among the strips), whereas unit building values are slightly below average. This results in the highest LTV ratios among all the corridors. If not a declining strip, the 82nd Ave. corridor is certainly lacking in new building investment.

IV. Tax Burden Shift Accompanying LVT

Associating Land Utilization with Assessed Values

The split-rate land value tax shifts the major portion of the total tax rate to land values. Properties most affected by the land tax are those with high or low LTV ratios. Because the LVT's split tax rate falls principally on land values, parcels on which the land value comprises a high proportion of the total assessment will experience an increase in tax burden. Conversely, where the building portion of the assessment is comparatively high, the tax burden will decrease. Appendix 7A shows the frequency distribution of LTV ratios among all 868 valid parcels; the mean ratio figure is .507. Because the intent of incentive-based taxation is to influence land utilization decisions, the operational question is whether this value-based ratio is a valid indicator of land use intensity.

To know whether the land value tax has an incentive effect on land use decisions, it is necessary to verify a conclusive association between the value ratio LTV and an appropriate measure of land utilization. Building intensity as a physical indicator of land utilization is commonly expressed as the ratio of building internal square footage to lot area, or FAR (floor area ratio). If the *site ratio* FAR correlates with the *value ratio* LTV, then one can expect the land value tax to affect properties according to their intensity of use. As reported previously, the raw database contains only partial data on the internal square foot measurement. Nevertheless, it is possible to draw inferences from a limited subset of parcels for which the floor area values are reported. Multnomah County assessment data does include this data field from which the FAR can be calculated.

There are 514 parcels for which the FAR can be calculated. The frequency distribution of FAR values is shown in Appendix 7B; the mean FAR is 0.41. Comparing the two data arrays, FAR and LTV, the correlation coefficient is found to be reasonably strong (r = -.57). This is an indication that parcels with high land-to-total value assessments are likely to have a low rate of lot utilization. An illustration of the observed association between value and site ratios is found in Appendix 7D. In this instance, mean ratio values are calculated for each land use class (with the exception of codes 17 and 18 – surface parking lots and vacant sites, on which FARs are practically null). The correlation coefficient for this subset is -.72.

Because FAR values cannot be determined on all parcels, the surrogate variable BV/LA (building value per sq. ft. of lot area) is substituted. Appendix 7C shows the frequency distribution of unit building values. This combination value/site ratio is found to be a satisfactory surrogate for the FAR; the correlation between the two variables performed on the 514-parcel subset is .82. Using the entire data set of 868 parcels, the correlation between the BV/LA ratio and the LTV is .72, similar to the FAR and LTV correlations found in the limited subset as reported above. Thus, the answer to the operational question is the affirmative; the value ratio LTV is a valid indicator of land use intensity.

As a preliminary to the illustrations of tax shift, it will be useful to examine some of the variations in taxable assessments that occur across the study corridors. As a causal variable, the LTV ratio will affect tax outcomes. Examining the taxable assessed valuation summaries in Appendix 4.3B, the overall LTV ratio is found to be .43; that is, the sum of the land assessment in all corridors combined constitutes 43% of the total assessment. Compared to the LTV ratios of properties outside the corridors, all of the corridor figures are high. Historically, the annual LTV ratios for countywide total assessments in Multnomah County have been averaging .30 or .31. In Washington County, value ratios had been averaging about .35 until the latest assessment period when the figure reached .40. The latest Clackamas County overall LTV ratio stands at .40, which can be compared to the 82nd Ave. corridor value of .48.

A high average land value ratio would be expected within the bounds of corridors, considering the low level of land utilization that is typical of commercial strips (including extensive amounts of land devoted to parking). Indeed, the LTV ratios for the four commercial strips comprising 70% of all the corridor parcels are higher than the two ribbons (Division and Hawthorne). More building-intensive development in the ribbons shows up in higher building assessment ratios. But, because it is possible that assessment practices may differ among the three counties (accounting for differences in countywide LTV ratios), it is not valid to make direct comparisons across all corridors.

The SE 82nd Ave corridor is typical of the assessment ratios that would be expected in a strip – higher than average LTV ratios in almost all land use categories. But, what also distinguishes this corridor is the high unit land and building ratios compared to the other strips. This is either a reflection of high land prices in this corridor, or a function of assessment practices in Clackamas County that assign higher values in general, or both. The case for the latter is supported by the two observations that (i) total building value for a similar array of commercial uses is also much higher than the norm, and (ii) the effective conventional tax rate is considerably lower than the rates applicable to Multnomah and Washington counties.

Tax Burden Shift Among Land Uses

The objective here is to compare tax shifts accompanying the conversion to a 2-rate land value tax – across land use classes and across commercial corridors. In the first level analysis, general land use categories are employed, where simulated 2-rate tax outcomes are illustrated at all five LVT levels ranging from a 10% building rate reduction to a 50% BRR. The purpose is to give a general impression of the direction of tax shift that would occur during a phase-in period, where the building rate reduction level gradually increases over time. It should be noted that these illustrations are not an accurate portrayal of an actual phase-in, because over time both property assessments and annual tax rates would change. The second level analysis employs detailed land use categories, where the tax simulations are performed at the 50% building rate reduction level. This will help to explain the variations that might exist within general land use classes. In the final analysis, the number of parcels in each corridor experiencing positive and negative tax shift are reported.

Tax Shift: General Land Use Classes

Table 4.1 is a summary of simulated tax outcomes across general land use classes, comparing results from a conventional tax with the results of a graduated 2-rate land value tax. The table shows total revenues from all six corridors combined. For purposes of illustrating comparisons in tax shift, the tax calculations for 7 general land use classes are converted to average tax per parcel. The accompanying set of graphs found in Appendix 8 show the land / improvements breakdown and the direction of tax shift over the series of progressively higher land tax rates. The most markedly consistent pattern of tax shift is the upward shift associated with the surface parking and vacant land use classes, and the downward shift within the multifamily residential class. There are, however, significant variations across corridors.

Table 4. 1 Tax Burden Shift by General Land Use Class

All Corridors

General Land Use Class	# Parcels	CONVENTIONAL TAX	2-RATE TAX 10% BRR	20% BRR	30% BRR	40% BRR	50% BRR
Single family, Manufactured home	253	$ 581,367	$ 588,285	$ 595,204	$ 602,123	$ 609,042	$ 615,961
Multifamily	74	$ 734,121	$ 707,099	$ 680,076	$ 653,054	$ 626,031	$ 599,009
Street oriented retail, Res. conversion	102	$ 356,314	$ 352,192	$ 348,070	$ 343,949	$ 339,827	$ 335,705
Retail, Prof. services + parking	230	$2,658,241	$2,648,913	$2,639,584	$2,630,255	$2,620,926	$2,611,597
Auto oriented retail, service, commercial	116	$ 897,239	$ 909,364	$ 921,489	$ 933,615	$ 945,740	$ 957,865
Surface parking	57	$ 241,033	$ 256,833	$ 272,632	$ 288,432	$ 304,232	$ 320,032
Vacant	36	$ 43,570	$ 49,199	$ 54,828	$ 60,457	$ 66,086	$ 71,715
TOTAL	868	$5,511,884	$5,511,884	$5,511,884	$5,511,884	$5,511,884	$5,511,884

General Land Use Class	# Parcels	CONVENTIONAL TAX	PERCENTAGE CHANGE 10% BRR	20% BRR	30% BRR	40% BRR	50% BRR
Single family, Manufactured home	253		1.2%	2.4%	3.6%	4.8%	6.0%
Multifamily	74		-3.7%	-7.4%	-11.0%	-14.7%	-18.4%
Street oriented retail, Res. conversion	102		-1.2%	-2.3%	-3.5%	-4.6%	-5.8%
Retail, Prof. services + parking	230		-0.4%	-0.7%	-1.1%	-1.4%	-1.8%
Auto oriented retail, service, commercial	116		1.4%	2.7%	4.1%	5.4%	6.8%
Surface parking	57		6.6%	13.1%	19.7%	26.2%	32.8%
Vacant	36		12.9%	25.8%	38.8%	51.7%	64.6%
TOTAL	868		0.0%	0.0%	0.0%	0.0%	0.0%

The **single family** class shows the least amount of change in tax burden accompanying the progressive introduction of a land value tax. This is a normal development in the wider context of an entire jurisdiction or metropolitan area, simply because of the large number of such properties within the total assessment. The overwhelming size of this land use class will affect the average, leaving most of the variation in tax shift to the remaining classes. But, single family properties found *within commercial corridors* would normally be the exception rather than the rule. One might expect that the activity and amenity effects within strips in particular would degrade the value of residential property, lowering land values. In fact, the unit land value figures $8.40 and $3.86 per sq. ft. lot area found in Appendix 8 do show this to be true. However, unit building values are also low. Hence, low value buildings on low value lots result in negligible tax shift. Beaverton is the one exception, where very low building values result in an upward tax shift of 4.1% - 20.5% (at the 10% BRR – 50% BRR levels).

There are 74 existing **multifamily** parcels within the study corridors. On average, these properties experience a negative tax shift of -3.7% to -18.4 percent. This amounts to an average change in annual tax burden from about $9,000 to $7,000. The greatest proportional negative tax shift (-22.2% at 50% BRR) is found in the SE Stark corridor where a third of all multifamily properties are located. The single exception to the general effect is found in the SE 82nd Ave corridor, where an upward tax shift takes effect. There are only two properties in this class, the unit building value being far below average, $3.21 per sq. ft. lot area.

Street oriented retail buildings are typically found in commercial ribbons rather than strips. Single family houses converted to commercial use are in some sense are also "street oriented" and are found in both, although these combined have a higher LTV ratio. There is considerable variation in tax results for this class. A significant reduction in average tax burden (-13%) is found in the SE Division corridor, whereas a 31% increase (at 50% BRR) is found in the Beaverton corridor. The difference is largely attributed to the sharp difference in the unit building values (reflecting building condition) of residential conversions ($35.21 in SE Division vs. $4.94 in Beaverton).

Retail, professional services + parking is the largest among the commercial land use categories. All feature setback buildings with off-street parking. There is some variation among corridors with respect to tax shift, although the shifts are moderate. The most significant positive shift is found in the two ribbons. This indicates that the negative tax shift on buildings with greater lot coverage (which prevail in these two corridors) offsets the tax shift effects of properties with more extensive area devoted to setbacks and parking. Tax results in the SE 82nd Ave corridor are exceptional, not in terms of tax shift but because of the high tax amounts on these parcels (Note the Y-scale maximum value change at 2R). This is explained by the large lot sizes in this use class, averaging 77,403 sq. ft. – double the class average.

The same offset effect with respect to tax shift is augmented in the case of the **auto oriented retail, service, and commercial** use class. The SE 82nd Ave corridor contains the highest proportion of these uses. On average, this class experiences a 6.8% increase in tax burden at the 50% BRR level. In terms of both percentage shift and mean tax amounts, the Stark and SE 82nd Ave corridors are the most affected by a positive tax shift.

There are 57 **surface parking** lot parcels in the study corridors exclusively devoted to this use. The largest numbers of lots are found in the Hillsboro and SE 82nd Ave corridors. Because of the high value of land compared to improvements (average LTV ratio: .75), the tax shift is consistently positive. The average tax shift is 6.6% to 32.8%, increasing the average conventional tax of about $4,700 to a 50% BRR 2-rate tax of about $6,300. The highest rate of increase (18.1% - 90.6%) is in the Hawthorne ribbon where, as expected, this land-intensive use contrasts greatly with the balance of uses that reflect a much higher level of lot area utilization. Even so, the mean tax amount increases from only $1,463 to $2,787, comparable to a similar low tax pattern found in the Division ribbon. By way of contrast, the highest mean 2-rate tax amount in the SE 82nd Ave

corridor is $10,851, up 25% from the conventional tax of $8,681. Again, the difference is largely due to the comparative average size of parking lots.

Vacant parcels are most numerous in the SE 82nd Ave corridor, whereas in the Hillsboro corridor vacant unit land values are highest. Although the rates of positive tax shift are high in all corridors relative to other use classes, the percentages are significantly higher in the SE Division and SE Stark corridors. No vacant sites exist in the SE Hawthorne ribbon. The average conventional tax amount on vacant parcels is low in all corridors, ranging from $333 in the SE Division ribbon to $1,298 in the SE 82nd Ave strip. Even with positive tax shift at rates approaching 90%, total tax amounts at the 50% BRR level remain comparatively low.

Tax Shift: Detailed Land Use Classes

The detailed descriptions of land use categories offer a better understanding of the variations in tax shift that occur within broad land use classes and across corridors. Tax shift on parcels grouped by 18 land uses classes is reported in Appendix 9, and summarized in the following Table.

Table 4. 2 Tax Burden Shift by Land Use Class

ALL CORRIDORS

LUCode	Land Use Description	No. Parcels	Conventional Tax	2-Rate Tax 50% BRR	Tax Differential	Tax Shift
1	Residential - Single Family	247	$ 495,153	$ 524,696	$ 29,543	6.0%
2	Manufactured home park	6	$ 86,214	$ 91,266	$ 5,052	5.9%
3	Residential - Multifamily	18	$ 129,164	$ 100,487	$ (28,677)	-22.2%
4	Residential - Multifamily + parking	56	$ 604,957	$ 498,521	$(106,436)	-17.6%
5	Business - converted residence	44	$ 96,625	$ 101,119	$ 4,495	4.7%
6	Retail - building street oriented	58	$ 259,689	$ 234,586	$ (25,103)	-9.7%
7	Retail - building setback	4	$ 8,385	$ 10,382	$ 1,997	23.8%
8	Retail - building setback + parking	142	$ 873,436	$ 889,664	$ 16,228	1.9%
9	Retail - building street oriented + parking	32	$ 129,314	$ 145,868	$ 16,554	12.8%
10	Retail - shopping plaza + parking	15	$ 338,220	$ 322,050	$ (16,170)	-4.8%
11	Retail - shopping center + parking	19	$1,204,133	$1,139,492	$ (64,640)	-5.4%
12	Professional services + parking	18	$ 104,754	$ 104,142	$ (612)	-0.6%
13	Retail & Svc. - auto oriented + parking	31	$ 259,214	$ 260,292	$ 1,078	0.4%
14	Retail - auto/RV/boat sales + parking	17	$ 237,519	$ 270,963	$ 33,444	14.1%
15	Vehicle service + parking	29	$ 134,070	$ 149,638	$ 15,567	11.6%
16	Commercial + parking	39	$ 266,435	$ 276,972	$ 10,537	4.0%
17	Surface parking	57	$ 241,033	$ 320,032	$ 78,999	32.8%
18	Vacant lot	36	$ 43,570	$ 71,715	$ 28,145	64.6%
Total		868	$5,511,884	$5,511,884	$ (0)	0.0%

By separating **single family** lots from manufactured home sites, it becomes evident that the largest use class experiences the highest positive shift in both Beaverton and Hillsboro. In other corridors tax shift is negligible.

Overall, there is little difference between **multifamily** properties without or with resident parking. The incidence of street oriented buildings with no surface parking, however, does entail a greater 2-rate tax advantage within the two ribbons.

Within the third general class of **street oriented commercial** uses, converted residences as a whole are subject to an upward tax shift, whereas zero lot line buildings experience a downward shift of nearly ten percent at the 50% BRR level. This generally consistent pattern is most amplified in the Hillsboro strip, although the numbers of parcels are small compared to the ribbons where the numbers are high but the rate of tax shift is muted. In general, unit land values of converted residences are higher than the values of single family lots used as residences ($10.28, $8.40). However, the unit site value of retail buildings in this category is the highest of any land use class ($22.64).

The largest general use class contains **retail and professional services buildings that are set back** from the street and/or feature generous off-street parking. There is a large amount of variation in tax effects across corridors, but in general, classes 7, 8 and 9 experience a positive shift while the shopping centers, plazas, and professional services buildings (classes 10, 11 and 12) encounter a moderate decline in tax burden. The decline cannot be explained by generally higher building values among shopping centers and plazas, nor can it be explained by generally lower site values. Only the differences in building conditions and site values on individual properties would seem to explain the high degree of variation in tax shift.

Within the **auto oriented** class of uses, the tax shift is consistently positive. The highest proportions of tax shift occur in classes 14 and 15, vehicle sales and services. The 2-rate tax impact on vehicle sales properties is most felt in the Hillsboro corridor; on service establishments it is experienced more heavily in the SE Division and SE Stark corridors.

Tax Shift: Individual Parcels

Simulated tax applications can be performed on the entire set of parcels within a corridor. Because the 2-rate tax rates are revenue-neutral at the corridor level, the total marginal increase in revenue resulting from positive tax shift within each corridor will equal the revenue decrease from negative shift.

Table 4. 3 Parcels Experiencing Positive or Negative Tax Shift

Current Development Status		Positive Tax Shift				Negative Tax Shift			
Corridor	Total Parcels	No. of Parcels	% Positive Shift	Total Tax Shift*	Mean Tax Shift	No. of Parcels	% Negative Shift	Total Tax Shift*	Mean Tax Shift
Hillsboro	124	86	69.4%	$ 52,082	$ 606	38	30.6%	-$52,082	-$1,371
Beaverton	192	142	74.0%	$ 82,739	$ 583	50	26.0%	-$82,739	-$1,655
SE Division	153	98	64.1%	$ 30,914	$ 315	55	35.9%	-$30,914	-$562
SE Hawthorne	109	56	51.4%	$ 52,369	$ 935	53	48.6%	-$52,369	-$988
SE Stark	154	90	58.4%	$ 107,874	$ 1,199	64	41.6%	-$107,874	-$1,686
SE 82nd Ave.	136	88	64.7%	$ 171,712	$ 1,951	48	35.3%	-$171,712	-$3,577
ALL	868	560	64.5%	$ 497,691	$ 889	308	35.5%	-$497,691	-$1,616

* 50% BRR

Table 4.3 indicates that 560 of the 868 total parcels (64.5%) experience an increase in tax burden under the 2-rate land value tax. The total positive tax shift in all six corridors under a 50% BRR is just under $500,000. To understand the reason for the comparatively high frequency of *positive* shift, one must recall the type of parcels included in the positive and negative groupings. Positively impacted parcels are more likely to consist of vacant lots, parking lots and other low value uses. The conventional tax on this group is comparatively low to begin with. Parcels experiencing a negative shift typically contain high value buildings on high value sites, where conventional tax amounts are considerably higher. As a point of reference, the conventional tax on negative-shift parcels amounts to an average of $1,616; on positive-shift parcels the mean tax is $889. Thus, revenue neutrality will necessitate a higher number of parcels in the positive group to make up the difference in tax revenue 'lost' from the shift in the negative group.

The largest tax reduction amount is found in the SE 82nd Ave. corridor where assessed values and conventional taxes are the highest, although the rate of tax shift is about average. The smallest average tax decrease is found in the SE Division corridor. As for the proportionate number of parcels affected, the Beaverton corridor followed by Hillsboro experience the highest incidence of tax increase. The SE Hawthorne ribbon contains the highest proportion of parcels affected by negative tax shift.

Among the six corridors, there is found to be an approximate relationship between the rank order of proportional positive tax shift and the LTV ratios derived from RMV assessments. It is because revenue neutrality is established at the corridor level that there is not a closer relationship between the two measures. Were the tax rates derived from grand total assessments of the combined corridors, or at the larger metropolitan level, the tax shift results would closely parallel the LTV ratios. As it is, the tax shift experienced by individual parcels is determined by the values and utilization of other parcels *within* each corridor.

Conclusion

The important question is whether the 2-rate tax incentive effects are evident in the tax simulation results. In a general sense, one must conclude that the evidence supports the premise that tax burden relief on more intensely utilized properties does result from the land value tax. But only within, not across corridors, is the evidence conclusive. Within the four strips are found a high proportion of land-extensive uses. As a group, the most underutilized or low-density sites will experience a positive tax shift; but other parcels, somewhat higher in land use intensity but lower than other parcels located within ribbons, will experience a tax decrease. Thus, retail set-back buildings + parking located in SE Hawthorne (which are sites utilized less intensively than most others) will see a tax increase, while the same uses on the SE 82nd Ave. strip will see a tax reduction. As nearly as one can determine, it appears that the incentive effect is most evident in the ribbons where a balance of building-intensive and land-extensive uses exists.

In any case, the tax burden under the land value tax has been shifted off of building values, by 50 percent. Total tax revenues yielded from the building tax under the

conventional tax system amount to $3,191,758, or 38% *more* than the taxes from land values. Building taxes raised from the LVT amount to only $1,595,879, which is 59% *less* than the tax on land values. Seen in this light, the built-in incentive of the land value tax is evident.

The question now remains: What is the positive incentive to owners of parcels that are currently underutilized – those currently subject to an increase in taxes? Thus far, the incentive effects of a land value tax have been measured in terms of tax shift. It has been found that within corridors, parcels characterized by low lot utilization experience positive shift – an increase in tax burden compared to the conventional tax. It remains to test the hypothesis that the same underutilized parcels, if redeveloped, would benefit from comparatively lower taxes under the land tax system.

V. Testing the Incentive Effects of LVT

Exploring the Benefit Hypothesis

The incidence of positive tax shift could conceivably be viewed as a contrary outcome of the LVT as an incentive tax. However a beneficial aspect is also present, as landowners experiencing comparatively higher taxes under LVT would want to know not only how to deal with the added financial burden, but what they would gain in tax savings by investing in new substantial building improvements. In dollar amounts, the savings in property taxes on newly redeveloped sites is expected to greatly exceed the marginal increase in taxes on underutilized sites.

The second major part of the study design replicates LVT tax burden differentials on selected parcels under two conditions: presently underutilized and potentially redeveloped. The first step is to identify the present development status of all parcels in the six corridors, namely those 'fully developed' and those 'underutilized'. A threshold criterion is applied to each parcel to determine its current status. In the second step, simulated tax applications are performed on the two aggregated sets of parcels, and the tax results from the conventional and LVT systems are compared.

The next step determines the parameters of a 'redevelopment scenario', describing the uses and the size of replacement buildings on the same sites meeting the criteria of 'underutilized'. The building configurations envisioned for the 'redeveloped' scenario are chosen to fit the general development context and potential of each corridor. With the known size and cost of hypothetical replacement buildings, it is possible to calculate the new property assessments on each selected parcel. With these new assessments, simulated taxes are again computed and compared.

The expectation is that the underutilized set of parcels will under the current status scenario experience a positive tax shift. Under the redevelopment scenario the tax shift will be negative. Simulation results will show the extent to which this hypothesis is supported.

Current Development Scenario

This scenario is intended to illustrate the simulated tax effects on parcels grouped into two classes according to development status: those already fully developed, and those currently underutilized.

Criterion for Determining Development Status

The criterion chosen to determine current development status is the parcel LTV ratio, based on real market values. The assigned threshold value is .33, indicating that parcels on which the land value comprises more than a third of the total value meet the criterion for 'underdeveloped'. For this kind of analysis the option is open to include a second criterion based on physical site utilization, the logical measure being the FAR. Thus, one

criterion is value-based and the other is physical or site-based. As reported earlier however, the second option is not available in this study due to the lack of data on internal floor area. In any case, the surrogate measure, the ratio BV/LA, closely parallels the LTV ratio (see Appendix 7) and, therefore could be considered somewhat redundant. Applying the .33 LTV threshold results in the inclusion of 637 parcels, or 73%, within the underutilized class. It also ultimately works out that all of the selected parcels experience an upward tax shift under the 50% BRR; any higher ratio would include some negative tax shift parcels – a built-in anomaly that is better avoided.

Characteristics of Selected Parcels

As would be expected, there is a noticeable difference in the proportion of underutilized parcels across corridors. The following shows the breakdown by development status as well as descriptive measures associated with each class.

Table 5. 1 Development Status and Characteristics of Parcels, by Corridor

			PARCEL CHARACTERISTICS				
Corridor	Status	No. Parcels	Total Real Market Value	LTV Ratio*	Mean Lot Area	Unit Land Vaue*	Unit Bldg. Vaue*
Hillsboro	Fully developed	22	15,224,620	0.25	22,508	$ 7.69	$ 23.05
	Underutilized	102	72,468,730	0.50	34,281	$ 10.32	$ 10.40
	TOTAL	124	87,693,350	0.46	32,192	$ 10.00	$ 11.97
Percent Undertuilized		82%					
Beaverton	Fully developed	34	35,815,270	0.24	38,328	$ 6.70	$ 20.79
	Underutilized	158	51,281,327	0.56	20,349	$ 8.85	$ 7.10
	TOTAL	192	87,096,597	0.43	23,533	$ 8.23	$ 11.04
Percent Undertuilized		82%					
SE Division	Fully developed	46	21,422,830	0.22	6,276	$ 16.66	$ 57.55
	Underutilized	107	27,032,240	0.44	6,200	$ 18.08	$ 22.67
	TOTAL	153	48,455,070	0.35	6,223	$ 17.65	$ 33.25
Percent Undertuilized		70%					
SE Hawthorne	Fully developed	50	39,975,980	0.23	9,236	$ 20.11	$ 66.46
	Underutilized	59	28,941,650	0.49	10,267	$ 23.37	$ 24.41
	TOTAL	109	68,917,630	0.34	9,794	$ 21.96	$ 42.60
Percent Undertuilized		54%					
SE Stark	Fully developed	57	47,835,000	0.23	33,316	$ 5.88	$ 19.31
	Underutilized	97	42,880,420	0.54	27,908	$ 8.61	$ 7.23
	TOTAL	154	90,715,420	0.38	29,910	$ 7.48	$ 12.21
Percent Undertuilized		63%					
SE 82nd Ave	Fully developed	22	44,571,585	0.25	46,421	$ 11.13	$ 32.52
	Underutilized	114	137,392,333	0.55	48,892	$ 13.64	$ 11.01
	TOTAL	136	181,963,918	0.48	48,492	$ 13.25	$ 14.34
Percent Undertuilized		84%					
All Corridors	Fully developed	231	204,845,285	0.24	23,676	$ 8.99	$ 28.47
	Underutilized	637	359,996,700	0.53	25,528	$ 11.69	$ 10.45
	TOTAL	868	564,841,985	0.42	25,035	$ 11.01	$ 14.99
Percent Undertuilized		73%					

* Based on RMV assessments (Unit Bldg. Value = BV/LotArea)

The SE Hawthorne ribbon includes the lowest proportion (54%) of parcels in the underutilized class; the major strips include percentages above 80 percent. The SE Stark corridor is abnormally low in this regard, but this can be attributed to the large number of multifamily uses present (comprising the largest total assessed value of any land use class, and the lowest LTV ratio for this class among all the corridors). SE Division is an emerging ribbon and contains the potential for significant growth in development, hence the higher percentage.

The LTV ratios among fully developed properties range from .22 to .25, and in accordance with the selection criterion are consistently low. This is an indication of what the value ratios will be like on parcels that in the redevelopment scenario will be converted from underutilized to new development status. The SE Hawthorne ribbon, followed by the SE Division ribbon, shows the highest unit land values, more than double the overall average. Unit land values are slightly lower on fully developed sites than on underutilized sites, preceding the similar pattern as observed among the LTV ratios. The reason for this is not self-evident; perhaps routine assessment practices might explain the tendency to assign a higher proportion to building value. As expected, unit building values are consistently higher on fully developed sites, by nearly three times on average. Building values are highest in the two ribbons where development intensity is also high. Average lot areas of underutilized sites are slightly higher than the areas of fully utilized sites, although in Beaverton and SE Stark the reverse is observed.

Table 5. 2 Development Status by Land Use Class

Parcel Count

		DEVELOPMENT STATUS		
LUCode	Land Use Description	Fully developed	Underutilized	Percent Underutilized
01	Residential - Single Family	48	199	81%
02	Manufactured home park	0	6	100%
03	Residential - Multifamily	17	1	6%
04	Residential - Multifamily + parking	42	14	25%
05	Business - converted residence	13	31	70%
06	Retail - building street oriented	34	24	41%
07	Retail - building setback	0	4	100%
08	Retail - building setback + parking	40	102	72%
09	Retail - building street oriented + parking	4	28	88%
10	Retail - shopping plaza + parking	2	13	87%
11	Retail - shopping center + parking	6	13	68%
12	Professional services + parking	4	14	78%
13	Retail & Svc. - auto oriented + parking	9	22	71%
14	Retail - auto/RV/boat sales + parking	1	16	94%
15	Vehicle service + parking	4	25	86%
16	Commercial + parking	7	32	82%
17	Surface parking	0	57	100%
18	Vacant lot	0	36	100%
Total		231	637	73%

Development status varies considerably by current land use. Table 5.2 above contains the distribution of parcel status by land use class. Surface parking lots and vacant sites all meet the threshold for underdeveloped, but so do manufactured home parks and 81% of the single family properties, as well as 70% of the converted residences. Only about a fifth of the multifamily properties are classified as underutilized. Generally, commercial parcels increase in the proportion of underutilized as they move into the auto-oriented use classes.

For the purpose of developing the tax scenarios, fully utilized parcels will remain as they are; they will not be included in a "redevelopment scenario." As a standard for redevelopment, lots that are less than 5,000 sq. ft. will not be included. This cut-off point results in 90 parcels from the underutilized class being excluded from the scenario; half of these are located in the SE Division corridor. The remaining parcels are grouped into three size classes, as found in Table 5.3.

Table 5. 3 Parcel Size Class by Development Status, by Corridor

Lot Size Range Parcel Count	Fully Developed Parcels				Underutilized Parcels			
Corridor	< 5,000	5,000 - 9,999	10,000 - 19,999	20,000 +	< 5,000	5,000 - 9,999	10,000 - 19,999	20,000 +
Hillsboro	1	3	9	9	6	30	19	47
Beaverton	-	5	12	17	5	34	63	56
SE Division	19	20	5	2	46	40	21	-
SE Hawthorne	17	22	8	3	19	20	17	3
SE Stark	6	12	13	26	4	20	28	45
SE 82nd Ave.	-	5	8	9	10	28	27	49
Total	43	67	55	66	90	172	175	200

A total of 547 parcels are selected for the redevelopment scenario. Table 5.4 contains the descriptive measure for parcels grouped into lot size classes, listed by corridor. Average land values and building values closely correspond to lot size, as shown in the first valuation columns. One might expect that LTV ratios would increase by lot size, as illustrated in the SE Hawthorne ribbon. But this assumption is not supported in corridors where underutilized parcels are numerous and contain a variety of uses. Mean lot sizes range from 7,222 sq. ft. in the small size category to over eight times that in the large lot category. Unit land values generally diminish as lot size increases, while unit building values vary considerably.

Table 5. 4 Characteristics of Parcels Selected for Redevelopment

UNDERUTILIZED STATUS		REAL MARKET VALUATION			SITE UTILIZATION		
Hillsboro Count: 96	No. Parcels*	Mean Land Value	Mean Building Value	LTV Ratio	Mean Lot Area	Unit Land Vaue	Unit Bldg. Vaue
Underutilized - Small Lot	30	87,744	48,771	0.64	7,624	$ 11.51	$ 6.40
Underutilized - Medium Lot	19	182,232	84,782	0.68	14,877	$ 12.25	$ 5.70
Underutilized - Large Lot	47	632,271	705,001	0.47	63,049	$ 10.03	$ 11.18
Beaverton Count: 153							
Underutilized - Small Lot	34	84,669	55,552	0.60	8,156	$ 10.38	$ 6.81
Underutilized - Medium Lot	63	126,152	92,766	0.58	14,779	$ 8.54	$ 6.28
Underutilized - Large Lot	56	310,095	267,230	0.54	35,500	$ 8.74	$ 7.53
SE Division Count: 61							
Underutilized - Small Lot	40	95,797	118,744	0.45	5,812	$ 16.48	$ 20.43
Underutilized - Medium Lot	21	225,473	261,416	0.46	11,928	$ 18.90	$ 21.92
Underutilized - Large Lot	0				-		
SE Hawthorne Count: 40							
Underutilized - Small Lot	20	154,990	213,334	0.42	7,082	$ 21.89	$ 30.12
Underutilized - Medium Lot	17	332,773	317,997	0.51	12,822	$ 25.95	$ 24.80
Underutilized - Large Lot	3	1,198,057	813,213	0.60	58,455	$ 20.50	$ 13.91
SE Stark Count: 93							
Underutilized - Small Lot	20	68,337	83,491	0.45	7,733	$ 8.84	$ 10.80
Underutilized - Medium Lot	28	116,905	116,589	0.50	14,098	$ 8.29	$ 8.27
Underutilized - Large Lot	45	411,785	321,468	0.56	47,705	$ 8.63	$ 6.74
SE 82nd Ave Count: 104							
Underutilized - Small Lot	28	103,377	46,833	0.69	7,407	$ 13.96	$ 6.32
Underutilized - Medium Lot	27	177,262	78,734	0.69	12,989	$ 13.65	$ 6.06
Underutilized - Large Lot	49	1,387,278	1,181,864	0.54	101,868	$ 13.62	$ 11.60
All Corridors Count: 547							
Underutilized - Small Lot	172	97,117	89,241	0.52	7,222	$ 13.45	$ 12.36
Underutilized - Medium Lot	175	170,637	135,664	0.56	13,872	$ 12.30	$ 9.78
Underutilized - Large Lot	200	685,916	614,585	0.53	61,325	$ 11.19	$ 10.02

* Excluding lots less than 5,000 sq. ft.

Tax Effects: Fully Developed and Underutilized Parcels

For the current development scenario, all fully developed lots are aggregated, and underutilized lots (excluding undersized parcels) are grouped by lot size class. The resulting subtotal taxable assessments contained in Appendix 10 are used for simulated tax applications. The total number of parcels in the data set is now broken down as follows:

Fully Developed	231
Underutilized	547
Excluded	90
TOTAL	868

Results of the tax simulations performed on the subset for each corridor are contained in Appendix 11, and displayed graphically in Figure 5.1 on the following page. The appendix tables summarize the conventional and 2-rate tax differentials, measured in terms of tax shift.

The immediate impression received from the tabular results is the degree of negative tax shift on fully developed parcels, shown in the right column. Tax burdens under a 2-rate tax are reduced by as much as 23%; the highest reduction rates are found in the SE 82nd Ave. corridor and in the remaining strips. Negative tax shift rates are minimal in the two ribbons. Again, the relatively small variation in LTV ratios and in land utilization among most parcels in the SE Division and SE Hawthorne corridors explains this effect. Thus, the tax incentive effect of LVT appears to manifest itself on the strips where large numbers of parcels are land extensive, that is, where building intensity is low.

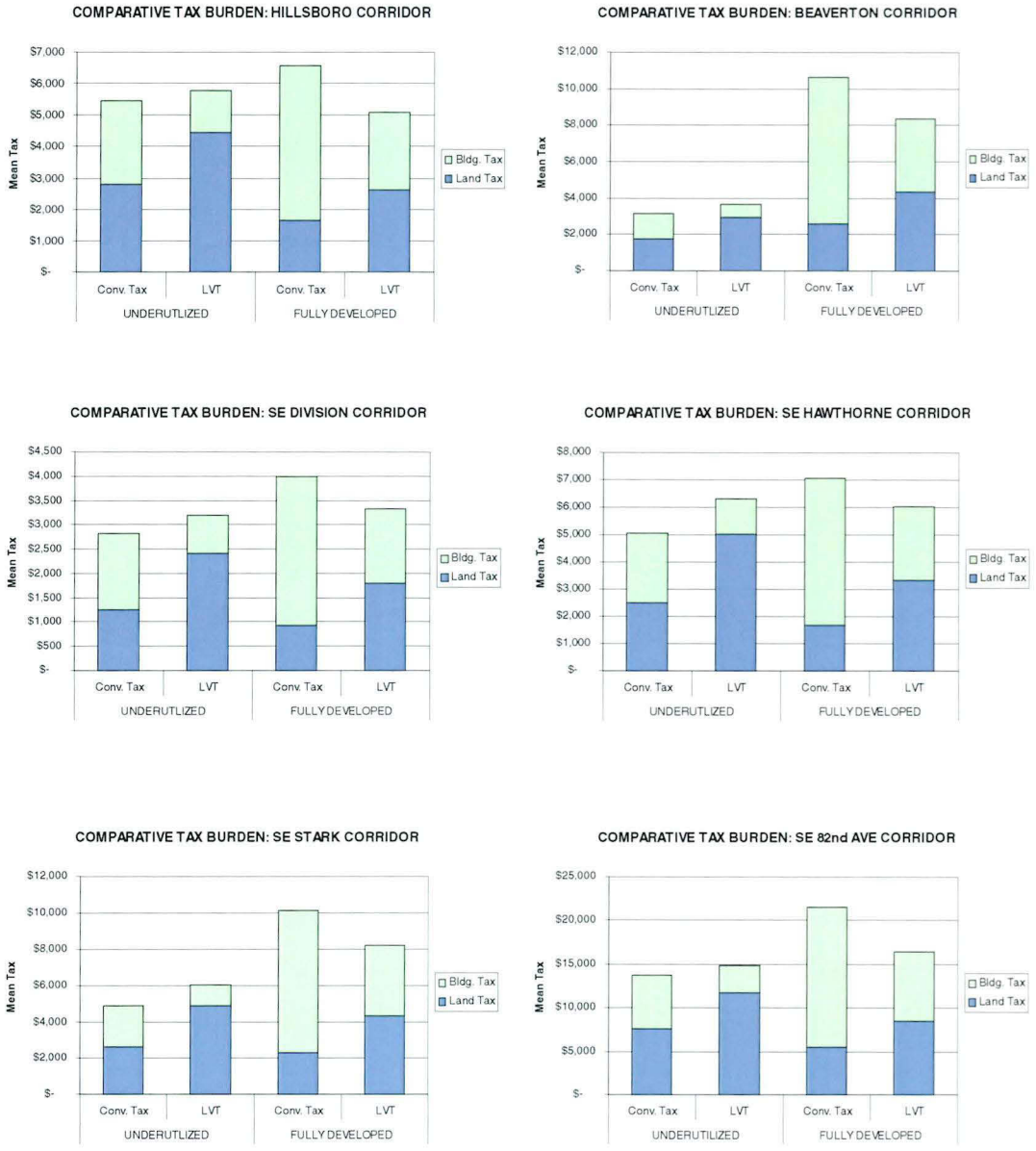
As for the association between lot size and tax shift, results show considerable variation. In the SE Hawthorne and SE Stark corridors, tax burdens are primarily shifted onto large lots; but in other corridors (especially Hillsboro and SE 82nd Ave.), taxes are shifted onto small and medium sized lots.

The rate of tax shift expressed in percentage figures does not reveal the absolute amounts of tax difference as expressed in dollars. A similar rate of shift (as in SE 82nd Ave. and Hillsboro) could mask a significant difference in tax revenue amounts. Within the fully developed status category, the mean reduction in tax burden in the SE 82nd Ave. corridor, for example, is more than $5,000; the corresponding mean in Hillsboro is less than one third that amount. The total amount of tax burden shifted from fully developed parcels under the 50% BRR tax is $410,717. That amount is less than 20% of the total conventional tax revenue of over $2 million and averages to about $1,778 per parcel. Positively shifted tax revenue represents about 12% of the total conventional revenue, averaging $508 per parcel.

A clearer picture of the amounts involved in comparative tax burdens is attained from the graphs shown in the following series. The graphs emphasize comparative tax burdens by dividing the two development status class totals by the corresponding parcels counts to arrive at a mean tax amount.

Mean tax amounts range from over $20,000 per parcel in the SE 82nd Ave. corridor to a low of about $3,000 in the SE Division corridor. The paired column graphs illustrate the comparative tax burdens of underutilized and fully developed parcels under the two tax systems. It now becomes clear that the 2-rate tax raises the tax burden on underutilized parcels, and lowers the tax on fully developed sites. The comparative tax yield from the two development classes of parcels varies among corridors. In the Hillsboro, SE Division and SE Hawthorne corridors tax amounts are comparable, but in the remaining commercial strips the tax on fully developed sites is noticeably higher.

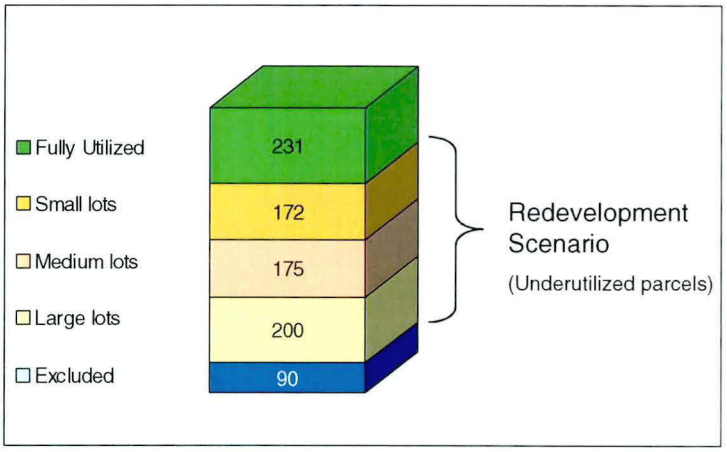
Figure 5. 1 LVT Effects on Fully Developed and Underutilized Parcels



By showing separately the revenues obtained from land tax rates and building tax rates, the graphs illustrate the shift off of building values onto land values. Under the conventional tax system 76% of the total tax revenue from all fully developed sites ($1.6 million) originates from the tax on building assessments; under the LVT system the major source of the tax is shifted – only 47% of the revenue stems from building assessments. The reverse occurs in the case of underdeveloped sites. Under the conventional system, 54% of the total revenue comes from land assessments; under the LVT system, the figure is 79%, or $2.9 million.

Redevelopment Scenario

The previous analysis compared LVT effects between underutilized and fully developed parcels. The redevelopment scenario focuses on the 547 currently underutilized sites, comparing the tax effects between their current utilization and their redeveloped status. The following graphic shows the parcel aggregations involved.



Redevelopment Standards

The redevelopment scenario envisions the following standard reuse for all six corridors:

Mixed-Use Street-Oriented Building:
Ground Floor Commercial
Upper Floor Residences
Underground Parking

The object is to configure buildings according to lot size class, such that smaller lots will contain smaller buildings and larger lots larger buildings. Conventionally, building bulk is measured by FAR – the floor area ratio. METRO has assigned a standard FAR range for each lot size class, as follows:

Lot Size Class	FAR Range
Small (5000 – 9,999 sf)	1.5 - 2.0
Medium (10,000 – 19,999 sf)	2.0 - 3.0
Large (20,000 + sf)	3.0 - 5.0

Within these ranges, parcels in the Hillsboro, SE Stark, and SE 82nd Ave. corridors will be assigned FARs at the lower end of each range, while Beaverton, SE Division, and SE Hawthorne corridors will encompass higher FARs. Each corridor contains three lot size classes, resulting in a set of 18 different building configurations envisioned in the scenario.

In order to simulate the comparative tax effects on parcels grouped by corridor and lot size class, it is necessary to derive the total assessed values for the 'redeveloped' parcels. The method of accomplishing this is to basically replicate the construction of the envisioned buildings in the form of a development proforma – a projection of total project costs. See Appendix 12 for a list of the major variables that comprise a proforma spreadsheet. There are two possible total cost outcomes depending upon the ownership of the site. Under the sale-purchase option, a new owner would have to include site control costs (equity plus acquisition & development loan financing) in the total project cost. Under the present owner as developer option, costs related to a purchase are not included. The second option is the one chosen for this scenario.

Each simulated development project's total cost is used to arrive at a total assessed value for the building corresponding to its assigned FAR. It is not practical to use this method on 547 separate redevelopment parcels. Instead, a prototypical building representing each configuration is replicated in the proforma, resulting in a factor directly associated with the FAR assigned to that set. The factor is the unit building value: BV/LA, or building value per sq. ft. lot area, which is then multiplied by each parcel's lot area to compute its building value. (See Authors' note in Appendix 12 for an explanation of the operation of the proforma.)

Site and Value Attributes of Redeveloped Parcels

A summary of site and value characteristics associated with each lot size class within each corridor is found in Appendix 13. Average values of the same characteristics are contained in Table 5.5. The paired tables show comparisons between the two statuses of prototype development sites: present underutilized and redeveloped.

A close examination of the tables reveals a few discrepancies or abnormalities. First, the number of dwelling units obtainable within the prototype building configurations on small lots appears minute. Even so, there is no possibility that on-site parking can meet the needs of both residences and ground floor commercial establishments. One must conclude that small lots in any corridor are not viable sites for redevelopment of this type. The only way in which small lots could become feasible for redevelopment is through parcel assembly – the grouping of two or more lots for a construction site.

The second problem relates to parking space. In some of the lot group prototypes the number of dwelling units obtainable exceeds the number of parking spaces that can be accommodated on one sub-grade level. For example, on the SE Hawthorne corridor large-lot site it is evident that two parking levels will be necessary to meet acceptable standards for both residential and commercial uses within the building. Again, this raises the issue of feasibility; multi-level parking is costly. With regard to the redevelopment of strips and ribbons, it may be necessary to either lower on-site parking standards or provide for common parking.

Table 5.5 Site and Value Characteristics of Redeveloped Parcels

MEAN VALUES BY LOT SIZE GROUP

All Corridors

Small Lot Group	Current Status	Redeveloped
Lot Area (sq. ft.)	7,302	
Residential floor area	-	5,477
Commercial floor area	2,245	6,207
Total building internal area	2,245	18,256
Floor Area Ratio	0.31	1.60
No. Dwelling Units	-	5
No. Residential floors	-	1
Rentable commercial space	1,482	4,097
No. subgrade parking spaces	-	22
Land Value	$ 99,152	$ 596,948
Building Value	$ 94,454	$ 1,890,334
LTV Ratio	0.54	0.24
Unit building value	$ 13.48	$ 258.91

Medium Lot Group	Current Status	Redeveloped
Lot Area (sq. ft.)	13,582	
Residential floor area	-	22,844
Commercial floor area	3,774	11,545
Total building internal area	3,774	46,613
Floor Area Ratio	0.28	2.54
No. Dwelling Units	-	20
No. Residential floors	-	2
Rentable commercial space	2,490.54	7,620
No. subgrade parking spaces	-	38
Land Value	$ 193,466	$ 1,484,830
Building Value	$ 158,714	$ 4,701,963
LTV Ratio	0.57	0.24
Unit building value	$ 12.17	$ 346.69

Large Lot Group	Current Status	Redeveloped
Lot Area (sq. ft.)	61,315	
Residential floor area	-	198,039
Commercial floor area	9,018	52,118
Total building internal area	9,018	305,341
Floor Area Ratio	0.15	4.15
No. Dwelling Units	-	174
No. Residential floors	-	4
Rentable commercial space	5,952.10	34,398
No. subgrade parking spaces	-	90
Land Value	$ 787,897	$ 9,040,462
Building Value	$ 657,755	$ 28,628,130
LTV Ratio	0.54	0.24
Unit building value	$ 10.19	$ 472.36

Nevertheless, the redevelopment of 547 underutilized sites into medium to high-density mixed-use buildings does add a great deal of capacity. At the densities envisioned, new construction on all currently underutilized parcels would yield more than 71 million sq. ft. of internal building space. Over a third of this capacity is obtained in the SE 82nd Ave. corridor where the largest mean lot sizes and highest number of vacant and surface parking lots is found. The total capacity obtained from all redevelopment sites would accommodate nearly 9 million sq. ft. of rentable commercial floor space and over 37,000 new dwelling units. Of course, this potential will never be fully realized due to market realities. The estimates of usable internal space on small size lots are particularly unreliable in the absence of parcel consolidation. This is due to the loss of economy of scale on small parcels; the required space for common areas and parking ramps consumes a higher proportion of total building space on small sites.

These issues point to the conclusion that accomplishing redevelopment in commercial corridors requires more than the issuance of public policies and regulations. Financial feasibility is a concern that must be addressed, at least in part through publicly generated financial incentives. The major question raised in this study is now placed in context: Does a land value tax offer ample incentive to redevelop underutilized sites?

Tax Effects: Redeveloped Parcels

The unit building values (BV/LA) derived from the proformas, and the standard LTV are used as factors to calculate the assessed values of all 547 redeveloped parcels (grouped by corridor and lot size group). Next, these RMV assessments are converted to taxable assessments by applying the ratio of RMV:TAXABLE unique to each parcel as derived from the original data set. As a whole, taxable values are 58% of the real market values. The total RMV assessment on redeveloped parcels amounts to $8.93 billion, whereas the taxable amount is $5.22 billion. A summary of taxable assessments is found in Appendix 14. These values can be compared to the assessments on the same parcels in their current underutilized status, shown in Appendix 10. The total RMV of these same 547 lots in their current status is $346 million, and the taxable value $200 million. Converting underutilized sites in six commercial corridors results in the addition of $5 billion taxable value.

Simulated tax applications on redeveloped parcels utilize the same tax rates as previously applied in their underutilized status. This is a "what if" scenario, not a simulation of conditions as they would change over time. Appendix 15 summarizes the total tax revenue comparisons between the two statuses of prototype development sites: present underutilized and redeveloped. The grand total tax outcomes on *redeveloped* sites under the two tax systems are as follows:

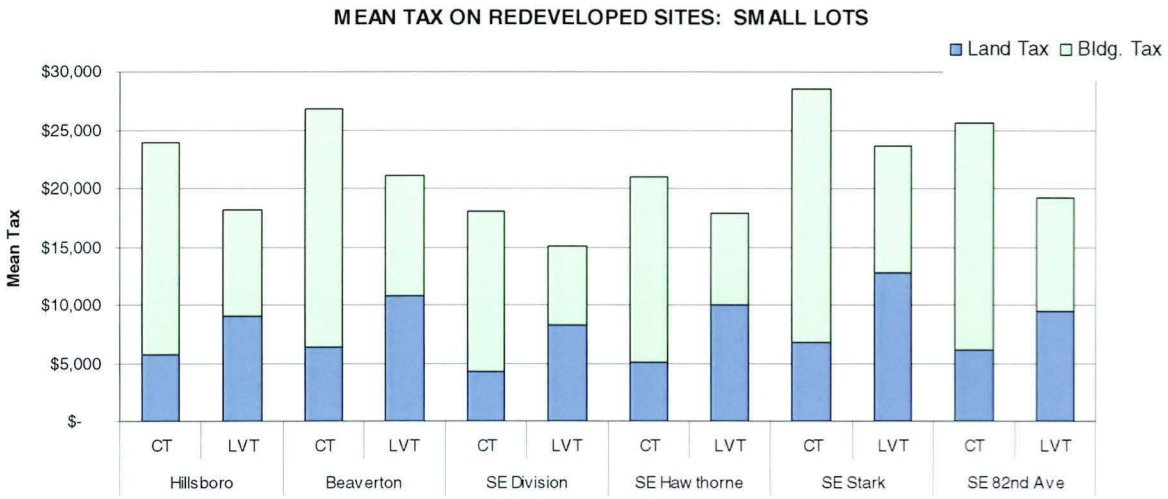
	Conventional Tax	2-Rate Tax	Tax Differential
Land Tax	$20,449,662	$33,966,861	$13,517,199
Bldg. Tax	$65,094,959	$32,547,479	$(32,547,479)
Total	**$85,544,621**	**$66,514,340**	**$(19,030,281)**

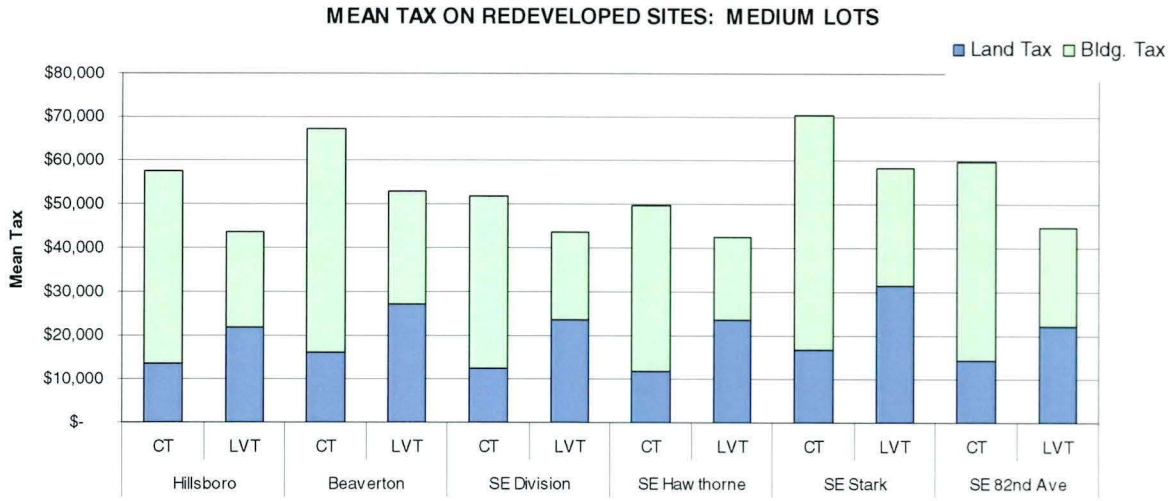
Because the 2-rate tax rate falls heavily on land values, and building values comprise nearly three quarters of the total assessment on these properties, the tax burden is $19 million less than what obtains from the conventional tax. In total, $32.5 million is shifted off of building taxes (50% of the conventional tax revenue). The table in Appendix 15 illustrates the contrast in tax effects between underutilized and redeveloped status. Across the six corridors, proportional tax shift on redeveloped parcels varies between –14% and –25 percent. As in the case of fully developed parcels (Appendix 11), proportional tax shift is less in the SE Division and SE Hawthorne ribbons. The lower rates of negative shift are due to fewer numbers of parcels meeting the threshold criteria for underdeveloped, resulting in less lot area available for redevelopment.

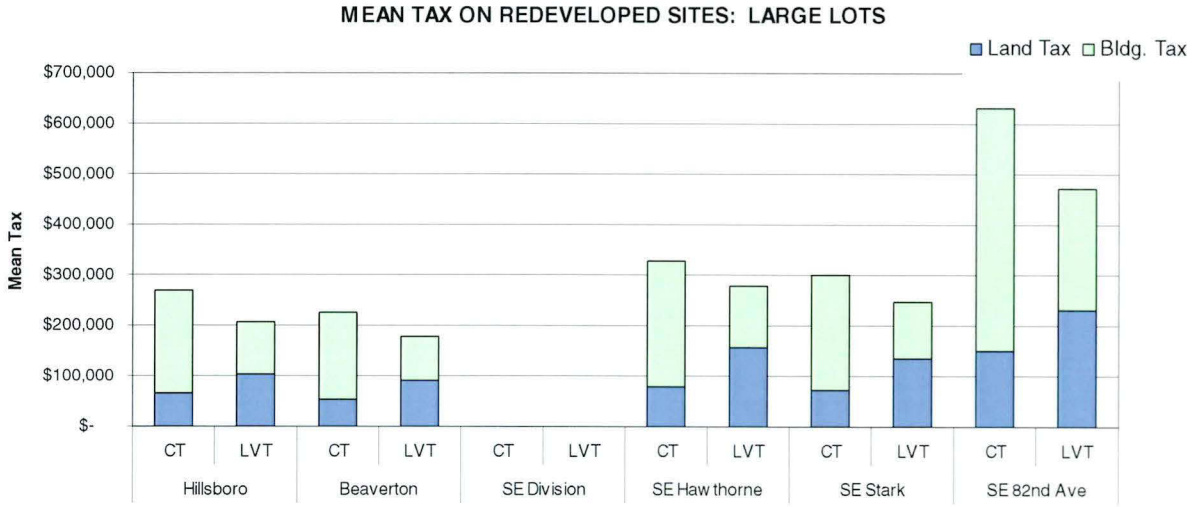
The total amount of tax burden also varies by corridor. In the Beaverton strip, the total tax revenue obtainable from the conventional tax on redeveloped sites is 37 times the revenue obtained from underutilized sites. Because the LVT shifts taxes off of high value redeveloped sites, the multiple is reduced to twenty-five. A similar effect is found in all the corridors. Again, the SE 82nd Ave. strip contains the largest amount of redevelopable acreage, and therefore experiences the highest amount of negative tax shift - $8.3 million, mostly from large-lot redevelopment.

Comparative tax effects can be illustrated by graphing the mean tax burdens on the three lot-size groups. Figure 5.2 shows mean conventional tax and LVT comparisons across corridors. As in the case of fully developed parcels (Figure 5.1), average tax amounts are consistently lower under the LVT system. Differences in tax amounts among the corridors (reflected in column height) are a function of variation in mean lot size within lot-size groups. On the 82nd Ave. strip, the average building tax on large lots under the land value tax system is $240,000 less than the conventional tax.

Figure 5. 2 Comparative Tax Effects on Redeveloped Sites

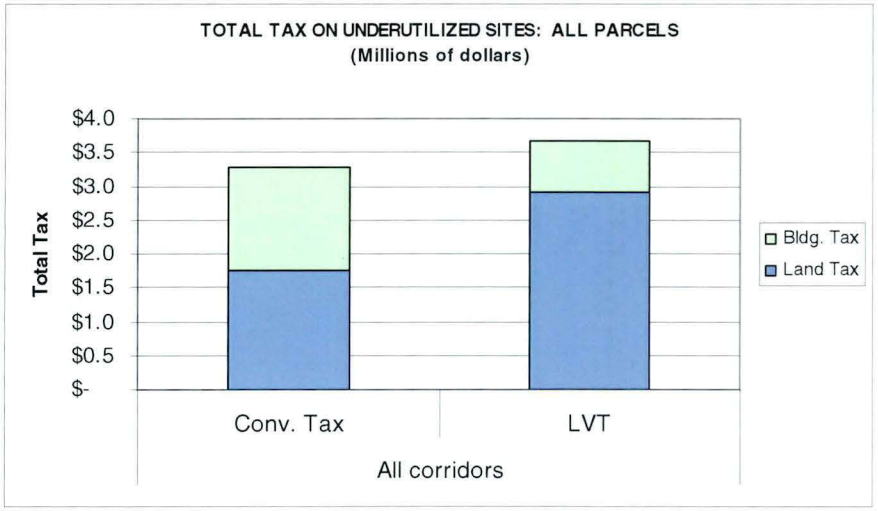


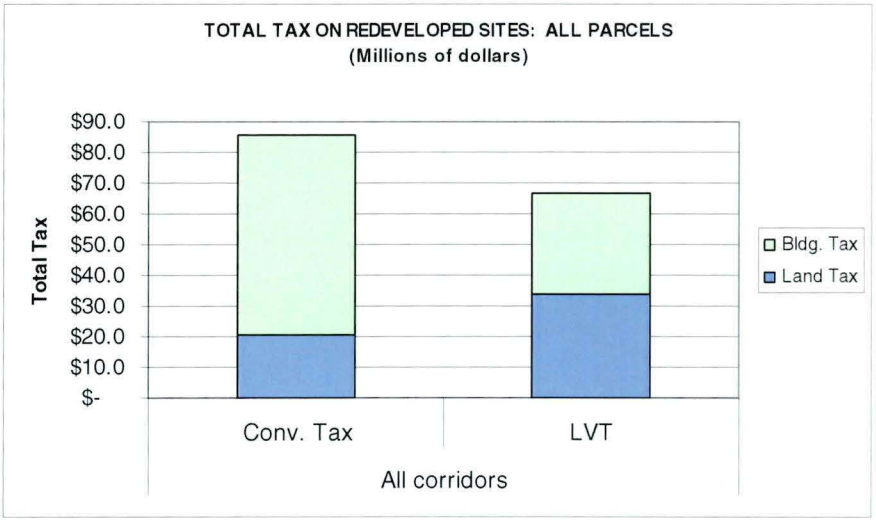




The overall effects of the land value tax, comparing the grand total revenue yield from sites in their underutilized condition and redeveloped condition, are illustrated in Figure 5.3. (This is a graphic illustration of the amounts shown on page 35). The conventional and 2-rate totals are not equivalent for two reasons. First, the parcels selected for the scenario (numbering 547) are a subset of the total on which revenue neutrality was based (numbering 868). Secondly, the tax rates have not changed to account for the increase in total assessed values.

Figure 5. 3 Comparative Tax Effects on Underutilized & Redeveloped Sites





Conclusion

The question of revenue neutrality is a legitimate issue to raise in the context of a redevelopment scenario. This study is a static analysis of comparative tax impacts on classes of property; tax rates do not change. In actual practice, the total tax rates would be adjusted annually in accordance with (i) updated assessments and total revenue requirements, as well as (ii) tax revenue limitations that the state laws may impose. The volume of redevelopment activity envisioned in the scenario would take many years to realize. In the intervening years, how is the LVT tax rate re-calculated? Only in the first year is revenue neutrality relevant, where the building tax is determined as a percentage of the conventional tax rate. After the introduction of a LVT, parity with conventionally taxed revenue has no meaning because the equal rate tax system would be obsolete.

Enabling legislation would determine how the split rate tax is thence calculated; however, there are two practical choices: 1. A *hypothetical* equal rate is established on the basis of total revenue requirements, and a desired BRR is used to calculate the LVT building rate; 2. The BRR method is replaced by the Land Value Tax Ratio method, which sets the percentage of an independently derived total levy rate to be applied to land assessments (see The 2-Rate Tax Simulation Method, in Section II). The desired LVT ratio would correspond to the timing of a phase-in period. Using this corridor study as an example, a 56% LVT ratio is roughly equivalent to a BRR of 10% (LVT ratios vary slightly by corridor). The following equivalents would apply to the graduated land value tax:

BRR ratio:	LVT ratio:
10%	56%
20%	62%
30%	67%
40%	72%
50%	78%

The first method might be employed if the LVT replaces the conventional tax only in limited areas such as special assessment districts or enterprise zones. The second method may be preferable in the instance that the LVT is adopted on a countywide basis.

Returning to the research question: Does a land value tax offer ample incentive to redevelop underutilized sites? The answer is not definitive because of the limited parameters of this study. In order to obtain conclusive evidence of incentive effects, it would be necessary to examine financial feasibility more thoroughly. At what point underutilized sites become a financial liability depends upon both holding costs and the income/costs associated with redevelopment. (Both are influenced by the property tax system in place.) Moreover, these factors change over time, as land prices, construction costs, and rent levels change according to the demand market.

At this point in time, it is highly unlikely that the conversion to a land-based tax system will precipitate a surge in new construction within the Portland metropolitan area's commercial corridors. It can only be said with certainty that where the demand market supports redevelopment, the LVT system will facilitate the process of conversion. Concomitant with population growth and urban growth management policies discouraging lateral expansion, a land-based tax system can within a time horizon of perhaps 20 years cause significant redevelopment to occur sooner rather than later.

The idea of converting existing strips with their associated visual clutter and discordant land use into higher density, pedestrian-friendly, mixed-use corridors is not new. The 1982 Multnomah County zoning ordinance specifies an "SC" urban strip conversion district, the intent being to provide for the revitalization of strip commercial areas along major arterials. Neither is the capture of land value increments a new idea. The Oregon Department of Transportation has been looking at the capture of community-created value through the formation of special assessment districts to finance limited tax bonds for public improvements. [(12)] Land value taxation in its various forms has assumed a prominent position on Oregon's public finance reform agenda.

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Site Value Taxation

If we're not thinking of an elephant...
Value: Opportunity – Prosperity
Principle: A Better Future; economically, environmentally
Policy Direction: Preserve agricultural and open space land

I. Personal Story (buying your home, penalized for improving property)
II. Purpose of Tax Policy *(general discussion of tax policy)*
    a. There are two purposes to tax policy
        i. Generate Revenues
        ii. Influence behavior towards preferred regional goals
            1. We use tax cigarettes to deter usage, while we use tax breaks to lure companies to locate in our state.
            2. Our practices now with development, however, is to punish those people that add value to their community by improving their property or maximizing their development potential.
                a. **Here's a quote by the Director of Government and Public Affairs form the Philadelphia Association of Realtors:** *"If you build a nice home in the city, one of your first visitors will be the tax assessor. The tax you will have to pay is the penalty for improving the city. The nicer the house, the higher the penalty. Does this make sense to you? A tax on buildings discourages building. A (site value) tax encourages building. It's one of those mind-bogglingly simple ideas that never gets the attention it deserves."*
            3. We have to ask ourselves, what are the effects of our property taxes?
                a. Quote from Vermont Fair Tax Coalition: *"Does the (current) tax discourage or encourage job creation, businesses, and other societal benefits? Does it help to reflect the full impact - economic, environmental and societal - of the tax-related activity? Does it cause unwanted incentives?"*
III. Opportunities in the Metro Region (and Oregon)
    a. So, currently we encourage vacated and underutilized land
        i. A bi-product of measures 47/50 was to discourage development. The only way to increase the tax base of assessed land is to create improvements.

ii. So, we encourage reduced use of land and discourage improvements to current land.

b. A forecasted 400,000-plus dwellings will be necessary in the Metro region over the next 30 years to accommodate growth.
   i. How are we going to discourage sprawl while encouraging the highest and best use of land in our current urban areas?
   ii. How can our tax policy encourage positive behavior?
      1. Those being:
         a. Preserve agricultural and open space land
         b. Encourage opportunity and
         c. Smart growth with centers
         d. Development that encourages public transportation usage

IV. Site Value Taxation
   a. A Policy that has been around a long time – Henry George in the early 1800's developed this property tax system that encourages the highest and best use of land.
      i. Essentially placing the majority of the tax burden on land itself
      ii. This does not need to be an increase in overall tax burden – it can and should be revenue neutral
      iii. Total Tax burden does not change
   b. It is not a *new tax*, rather a restructuring of the existing tax rate in order to tax land and improvements at differential rates
   c. SVT might develop in the form of an option, such that communities that do not recognize the value can opt out of such a policy.
   d. Environmental Scan
      i. Domestic
         1. **Most commonly known for its use in Pennsylvania: Currently in Harrisburg, Allentown and in the Urban Renewal area of Pittsburgh:**

            a. **Allentown**: Allentown adopted the land-value system in 1996. Mayor William L. Heydt said it had proven popular with residents and has spurred development of vacant land. For one thing, it reduced most residential property taxes while raising some commercial property bills. Opponents of the system *"tried twice to repeal it . . . and it has not happened,"* he said.
            b. **Pittsburgh**: "Pittsburgh had the system for much of the 20th century, and a study of that city's experience by two economists from the University of Maryland said the (site value) tax may have helped spur a building boom in the 1980s."

i. Study concluded: *"(Site Value) taxation provides city officials with a tax instrument that generates revenues, but has no damaging side effects on the urban economy," the study concluded. Also, adopting a land-value tax would probably be "a constructive move." "It's not going to save the world, but it allows you to shift some of the tax burden off structures and onto land, and when you do that, you're not discouraging new construction activity so much."*

ii. Pittsburgh recently opted out of site Value taxation after having a city-wide site value taxation policy; the Pittsburgh improvement district, however, still utilizes this tax policy

2. New York
    a. After WWI, New York state legislature created a law allowing NYC to implement a Site Value Tax to increase housing supply. It was considered a success as NYC housing supply tripled during a period where other major cities only doubled in supply.
    b. City of Amsterdam: Again NY legislature created legislation for Amsterdam, however, it was repealed due to a lack of community involvement and education regarding the nature of the new tax.
3. Other states in the US are in different phases of consideration, including:
    a. Connecticut
    b. Illinois
    c. Iowa
    d. Minnesota
    e. Missouri
    f. New Hampshire
    g. New Jersey
    h. Virginia
    i. Washington
    j. West Virginia
    k. Wisconsin

ii. Australia
1. Implemented at National level in 1910
2. Still utilized by every state, except one (Victoria), to this day

3. A reevaluation of the national program in 1986 resulted in new valuation levels, however the policy remained in tact.

V. SVT Outcome Goals
   a. Better government – Incentives for development
   b. Better development – Smarter development
   c. Fairer, treats everyone equally
   d. Reduce sprawl
   e. Increase economic prosperity in Oregon

VI. SVT Research recently completed - The study analyzed the impact of such a policy on the residents of the region. The two phases produced the following general results.
   a. Phase 1 – Looked at the general impact such a policy would place on property owners; the tax rate for improvements/development was reduced for this study. The residual was then applied to the land. This slide shows the 5 broad areas of focus. This next slide shows the impact on each of the property classifications:
      i. We found this would have a significant impact on **vacant properties** in the form of an increase in property tax. Between 100 and 150% increase in 4 of our 5 study areas.
      ii. Significant shifts in Multi-residential and industrial properties resulted in a decrease in property tax.
      iii. Mixed results came from Single family and commercial property, but all shifts were less than 25%, and a majority was less than 8% shift.
   b. Phase 2 – The most recent report (which has been handed out to you today) focused on specific corridors, concentrating on commercial properties. Land was taxed at a higher rate than development.
      i. The general findings were that:
         1. Quote from the abstract: *"low density and auto-oriented land uses are likely to experience a positive shift, while building intensive uses such as street-oriented retail and mixed-use apartments are subject to negative tax shifts."*
         2. Site Value Taxation shifts the tax off of building values onto land values, resulting in higher taxes on UNDERUTILIZED sites and lower taxes on FULLY DEVELOPED sites.

VII. Recap of the discussion
   a. What we are trying to do here is to create:
      i. Better government – Incentives for development
      ii. Better development – Smarter development
      iii. Fairer tax system, one that treats everyone equally
      iv. Reduction in sprawl
      v. Increase in economic prosperity in Oregon
   b. We can do this by:

i. Modifying our tax policies so to encourage urban development and discourage sprawl.
ii. Site Value taxation has worked for other areas of the world, both foreign and domestic, and is worth investigation.

REX: A couple extra notes by people witnessing our presentation on Tuesday, primarily Karen Hohndel:

- You could address the rural Oregon issues by positioning the LVT option as a way to eliminate a disincentive to economic development
- Targeted LVT implementation is, in essence, a 'free' urban renewal or economic development program. In many ways it accomplishes the same goal as Intel is looking for from its requested tax incentives; it reduces the cost of capital investment.
- Remember this is "option oriented" and could be optioned down to taxing districts.

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ST. JOHNS LANDFILL – CHRONOLOGY

1939 "Landfill Bridge" constructed over Columbia Slough

1940 Waste disposal begins at St. Johns Landfill

- 51 yrs. of waste disposal
- 50 yrs. of ownership by City
- 40 yrs. of operation by City

1980 Metro takes over landfill operations under IGA with City

1988 Waste disposal begins in a 55-acre expansion area of the landfill

1990 Metro purchases the landfill from the City

1991 The landfill is closed to any further waste disposal

1996 Completion of a $36 million cover system over all of the buried waste

1998 Piping of methane gas from landfill to Ash Grove Cement Company begins

2003 DEQ issues a renewed (10-yr.) closure permit and a consent order for an RI-FS