

# Metro | Agenda

Meeting: Metro Council  
Date: Thursday, March 19, 2015  
Time: 2 p.m.  
Place: Metro Regional Center, Council Chamber

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## CALL TO ORDER AND ROLL CALL

### 1. CITIZEN COMMUNICATION

### 2. CONSENT AGENDA

2.1 **Resolution No. 15-4611**, For the Purpose of Confirming the Reappointment of Adrian Esteban and Cora Potter and Appointment of Jared Franz and Lanny Gower as Citizen Representatives to the Transportation Policy Alternatives Committee

2.2 Consideration of Council Meeting Minutes for March 12, 2015

### 3. ORDINANCES (SECOND READ)

3.1 **Ordinance No. 15-1353**, For the Purpose of Amending and Readopting Metro Code 7.03 (Investment Policy) for FY 2015-16

**Calvin Smith, Metro**

3.2 **Ordinance No. 15-1352**, For the Purpose of Adopting Solid Waste Charges and User Fees for FY 2015-16

**Brian Kennedy, Metro**

### 4. RESOLUTIONS

4.1 **Resolution No. 15-4615**, For the Purpose of Amending the FY 2014-15 Budget and Appropriations Schedule and FY 2014-15 through FY 2018-19 Capital Improvement Plan to Provide for a Change in Operations

**Tim Collier, Metro**  
**Kathy Rutkowski, Metro**

4.2 **Resolution No. 15-4595**, For the Purpose of Approving Amended Construction Excise Tax Administrative Rules Proposed by the Metro Chief Operating Officer for the Community Planning and Development Grant Program

**Martha Bennett, Metro**  
**John Williams, Metro**  
**Gerry Uba, Metro**

### 5. CHIEF OPERATING OFFICER COMMUNICATION

**Martha Bennett, Metro**

### 6. COUNCILOR COMMUNICATION

**ADJOURN**

**Television schedule for March 19, 2015 Metro Council meeting**

<b>Clackamas, Multnomah and Washington counties, and Vancouver, WA</b> Channel 30 – Community Access Network <i>Web site:</i> <a href="http://www.tvctv.org">www.tvctv.org</a> <i>Ph:</i> 503-629-8534 Call or visit web site for program times.	<b>Portland</b> Channel 30 – Portland Community Media <i>Web site:</i> <a href="http://www.pcmtv.org">www.pcmtv.org</a> <i>Ph:</i> 503-288-1515 Call or visit web site for program times.
<b>Gresham</b> Channel 30 - MCTV <i>Web site:</i> <a href="http://www.metroeast.org">www.metroeast.org</a> <i>Ph:</i> 503-491-7636 Call or visit web site for program times.	<b>Washington County and West Linn</b> Channel 30– TVC TV <i>Web site:</i> <a href="http://www.tvctv.org">www.tvctv.org</a> <i>Ph:</i> 503-629-8534 Call or visit web site for program times.
<b>Oregon City and Gladstone</b> Channel 28 – Willamette Falls Television <i>Web site:</i> <a href="http://www.wftvmedia.org/">http://www.wftvmedia.org/</a> <i>Ph:</i> 503-650-0275 Call or visit web site for program times.	

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

# Metro respects civil rights

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

## Thông báo về sự Metro không kỳ thị của

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

## Повідомлення Metro про заборону дискримінації

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

## Metro 的不歧视公告

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

## Ogeysiiska takooris la'aanta ee Metro

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

## Metro의 차별 금지 관련 통지서

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

## Metroの差別禁止通知

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

## សេចក្តីជូនដំណឹងអំពីការមិនរើសអើងរបស់ Metro

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

## إشعار بعدم التمييز من Metro

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

## Paunawa ng Metro sa kawalan ng diskriminasyon

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

## Notificación de no discriminación de Metro

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

## Уведомление о недопущении дискриминации от Metro

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

## Avizul Metro privind nediscriminarea

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

## Metro txoj kev ntxub ntxaug daim ntawv ceeb toom

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



Agenda Item No. 2.1

**Resolution No. 15-4611**, For the Purpose of Confirming the  
Reappointment of Adrian Esteban and Cora Potter and  
Appointment of Jared Franz and Lanny Gower as  
Citizen Representatives to the Transportation  
Policy Alternatives Committee

*Consent Agenda*

Metro Council Meeting  
Thursday, March 19, 2015  
Metro, Council Chamber

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF CONFIRMING THE	)	RESOLUTION NO. 15-4611
APPOINTMENTS OF JARED FRANZ AND	)	
LANNY GOWER, AND REAPPOINTMENTS OF	)	Introduced by Chief Operating Officer Martha
ADRIAN ESTEBAN AND CORA POTTER, AS	)	Bennett in concurrence with Council
CITIZEN REPRESENTATIVES TO THE	)	President Tom Hughes
TRANSPORTATION POLICY ALTERNATIVES	)	
COMMITTEE	)	

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

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

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

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

**Reappointment; 2-Year Term:**

1. Adrian Esteban, Civil Engineer, David Evans and Associates. (Reappointment; Previously served on TPAC January 2013 through December 2014; Appoint to complete Two-Year Term – January 2015 through December 2016)
2. Cora Potter, Service Specialist, Ride Connection. (Reappointment; Previously served on TPAC January 2013 through December 2014; Appoint to complete Two-Year Term – January 2015 through December 2016)

**New Appointment; 2-Year Term:**

1. Jared Franz, Program Director, Transportation Justice, OPAL Environmental Justice Oregon. (New appointment; Appoint to complete Two-Year Term – January 2015 through December 2016)

**New Appointment; 1-Year Term:**

1. Lanny Gower, Tax Manager, Con-Way Freight, Inc. (New appointment; Appoint to complete One-Year Term – January 2015 through December 2015)

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

ADOPTED by the Metro Council this 19th day of March, 2015.

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Tom Hughes, Council President

Approved as to form:

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Alison R. Kean, Metro Attorney

## STAFF REPORT

IN CONSIDERATION OF RESOLUTION NO. 15-4611, FOR THE PURPOSE OF CONFIRMING THE COUNCIL PRESIDENT'S APPOINTMENT OF JARED FRANZ AND LANNY GOWER, AND REAPPOINTMENT OF ADRIAN ESTEBAN AND CORA POTTER, AS CITIZEN REPRESENTATIVES TO THE TRANSPORTATION POLICY ALTERNATIVES COMMITTEE

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Date: March 5, 2015

Prepared by: Nellie Papsdorf,  
Council Policy Assistant, (503) 813-7591

### BACKGROUND

The Transportation Policy Alternatives Committee (TPAC) provides technical advice to the Joint Policy Advisory Committee on Transportation (JPACT) and the Metro Council regarding transportation planning and policy. TPAC has 21 members: 15 technical staff from governments in the region and 6 interested community members. The community members represent various areas of transportation expertise, parts of the region and community perspectives. The selection committee sought in particular applicants with expertise in the following areas as they relate to transportation planning: economic development, freight movement, and trade; and the needs of underrepresented residents such as people of color, people with low income, people with disabilities, seniors, and youth.

Currently TPAC has four vacant citizen member seats. Three of the vacant seats are for 2-year terms, the result of the expiration of previous terms, while one of the seats is for a 1-year term, the result of an early resignation due to scheduling conflicts. All four nominees were interviewed as a part of the public recruitment process during the winter of 2015.

Members nominated are as follows:

#### 2-Year Terms

1. Adrian Esteban, a civil engineer at David Evans and Associates and current TPAC member, has experience as a project manager and transportation engineer for numerous transportation design projects. His previous work and volunteer experience include design and management of transportation facilities, community organization, volunteering with the Rose City Park Neighborhood Association and Metro's Regional Transportation Options Committee.
2. Jared Franz, program director for Transportation Justice at OPAL Environmental Justice Oregon, has experience with civil rights and environmental justice law. Through his position at OPAL, he has been a part of Metro's Equity Baseline Technical workgroup, directs the Bus Riders Unite transit justice program, trains community organizers in low-income communities and communities of color, provided support to the Multnomah Youth Commission, and worked on TriMet, Metro and the City of Portland Title VI programs.
3. Cora Potter, a service specialist with Ride Connection and current TPAC member, has experience with mobility issues, paratransit management and operations, and transit equity relating to accessibility, age and geographic changing demographics and low-income communities. She also has been an active part of the Lents Neighborhood Association, Foster Green EcoDistrict, Portland Streetcar Inc. Citizen Advisory Committee, and 82<sup>nd</sup> Avenue of Roses High Crash Corridor Advisory Committee.

### 1-Year Terms

4. Lanny Gower is the licensing and operating tax manager for Con-way Freight Inc. He brings experience in government relations and strong connections in the transportation industry combined with a passion for bicycling. Mr. Gower is an avid cyclist who has been riding for 25 years in the Portland area. He has worked to create a supportive bike commuting culture at Con-way by starting a bike committee to encourage employees and management to bike to work. He is also one of the founding partners of the Fat Tire Farm bike shop. His background includes serving on the Oregon Trucking Association Board of Directors and the International Registration Plan Industry Advisory Committee.

### **ANALYSIS/INFORMATION**

1. **Known Opposition:** None.
2. **Legal Antecedents:** Metro Code Sections 2.19.030 (a) and (b) and 2.19.180 (b)(6); Metro TPAC Bylaws.
3. **Anticipated Effects:** Approval fills all vacancies for citizen members on TPAC.
4. **Budget Impacts:** None.

### **RECOMMENDED ACTION**

Staff recommends the adoption of Resolution No. 15-4611



Agenda Item No. 2.2

**CONSIDERATION OF COUNCIL MEETING MINUTES FOR  
MARCH 12, 2015**

*Consent Agenda*

Metro Council Meeting  
Thursday, March 19, 2015  
Metro, Council Chamber

Agenda Item No. 3.1

**Ordinance No. 15-1353**, For the Purpose of Amending and  
Readopting Metro Code 7.03 (Investment Policy) for  
FY 2015-16

*Ordinances (Second Read)*

Metro Council Meeting  
Thursday, March 19, 2015  
Metro, Council Chamber

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF AMENDING AND RE- )  
ADOPTING METRO CODE 7.03 (INVESTMENT )  
POLICY) FOR FISCAL YEAR 2015-2016 )  
ORDINANCE NO. 15-1353  
Introduced by Martha Bennett, Chief  
Operating Officer in concurrence with  
Council President Tom Hughes

WHEREAS, Metro Code Section 7.03 contains the investment policy which applies to all cash-related assets held by Metro; and

WHEREAS, the Investment Advisory Board annually reviews and approves the Investment Policy for submission to Metro Council; and

WHEREAS, the Investment Coordinator has proposed several changes to the Investment Policy; and

WHEREAS, the changes are a result of a review of Metro’s investment policy by the Metro Investment Advisory Board and advised by our investment advisors PFM Group and then reviewed by the Oregon Short Term Fund (OSTF) board; the new policy includes changes to more closely align Metro’s policy to the format of the Oregon State treasury sample investment policy. Policy changes include a more robust section on suitable and authorized investments, plus changes in investment parameters to extend effective duration of the portfolio not to exceed 2.5 years, and addition of an annual review of the benchmarks used for yield comparisons.

WHEREAS, the Investment Advisory Board on October 15, 2014 voted to recommend these changes, to Metro Code 7.03 and submit to the Metro Council for approval and adoption; now therefore,

THE METRO COUNCIL ORDAINS AS FOLLOWS:

1. That Metro Code Chapter 7.03 is hereby amended as attached hereto in Exhibit A to this ordinance.
2. That this Ordinance being necessary for the health, safety, or welfare of the Metro area, for the reason that the adoption of the revised Investment Policy allows for earlier implementation for management of cash and investments to enhance opportunities for increased earning, an emergency is declared to exist and this Ordinance shall take effect immediately, pursuant to Metro Charter Section 39(1).

ADOPTED by the Metro Council this 19th day of March 2015.

\_\_\_\_\_  
Tom Hughes, Council President

Attest:

Approved as to Form:

\_\_\_\_\_  
Alexandra Eldridge, Recording Secretary

\_\_\_\_\_  
Alison R. Kean, Metro Attorney

<p>Key</p> <p><u>Moved from new place</u></p> <p><u>Moved from new place and edited</u></p> <p><u>Moved to new place</u></p> <p><u>Moved to new place and edited</u></p> <p><u>New language</u></p> <p><u>Language deleted</u></p>
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**INVESTMENT POLICY**  
METRO CODE CHAPTER 7.03  
INVESTMENT POLICY\*\*

SECTIONS TITLE

- 7.03.010 Scope
- 7.03.020 General Objectives
- 7.03.030 Standards of Care
- 7.03.040 Transaction Counterparties, Investment Advisers and Depositories
- 7.03.050 Safekeeping and Custody
- 7.03.060 Suitable and Authorized Investments
- 7.03.070 Investment Parameters
- 7.03.080 Prohibited Investments
- 7.03.090 Reporting
- 7.03.010 Policy Adoption and Re-Adoption
- 7.03.011 List of Documents Used in Conjunction with this Policy

- Deleted: 4
- Deleted: 5
- Deleted: 6
- Deleted: 7
- Deleted: 80
- Deleted: 90

\*\*Former Chapter 2.06 (readopted April 9, 1998; amended December 10, 1998; readopted April 15, 1999; readopted April 27, 2000; readopted December 11, 2001; readopted October 3, 2002; renumbered by Ordinance No. 02-976, Sec. 1; readopted June 12, 2003; amended and readopted April 7, 2005, by Ordinance No. 05-1075; readopted April 20, 2006; readopted June 21, 2007; amended and readopted June 26, 2008, by Ordinance No. 08-1190; amended and readopted June 25, 2009, by Ordinance No. 09-1216; amended and readopted June 17, 2010, by Ordinance No. 10-1243; readopted June 23, 2011, by Resolution No. 11-4272; amended and readopted June 21, 2012 by Ordinance No. 12-1280; and amended and readopted May 9, 2013 by Ordinance No. 13-1303).

7.03.010 Scope

These investment policies apply to all cash-related assets included within the scope of Metro’s audited financial statements and held directly by Metro.

Funds held and invested by trustees or fiscal agents are excluded from these policies; however, such funds are subject to the regulations established by the state of Oregon.

Funds of Metro will be invested in compliance with the provisions of ORS Chapter 294, and other applicable statutes. Investments will be in accordance with these policies and written administrative procedures. Investment of any tax-exempt borrowing proceeds and of any debt service funds will comply with the Internal Revenue Code of 1986, provisions and any subsequent amendments thereto.

- Deleted: .035 to 294.048; ORS 294.125 to 294.145; ORS 294.810; ORS 294.052;
- Deleted: 1986 Tax Reform Act

(Ordinance No. 90-365. Amended by Ordinance No. 97-684, Sec. 1; Ordinance No. 02-976, Sec. 1; Ordinance No. 05-1075; and Ordinance No. 09-1216, Sec. 1.)

### 7.03.020 General Objectives

Due to Metro's fiduciary responsibility, safety of capital and availability of funds to meet payment requirements are the overriding objectives of the investment program. Investment return targets are secondary.

**Deleted:** yield

- a) Safety. Investments shall be undertaken in a manner that seeks to ensure the preservation of principal in the overall portfolio and security of funds and investments. The objective will be to mitigate credit risk and interest rate risk.
- 1) Credit Risk. Metro will minimize credit risk, the risk of loss due to the financial failure of the security issuer or backer, by:
  - Limiting exposure to poor credits and concentrating the investments in the safest types of securities.
  - Pre-qualifying the financial institutions, broker/dealers, and advisers with which Metro will do business.
  - Diversifying the investment portfolio so that potential losses on individual securities will be minimized. For securities not backed by the full faith and credit of the federal government, diversification is required in order that potential losses on individual securities would not exceed the income generated from the remainder of the portfolio.
  - Actively monitoring the investment portfolio holdings for ratings changes, changing economic/market conditions, etc.
- 2) Interest Rate Risk. Metro will minimize the risk that the market value of securities in the portfolio will fall due to changes in general interest rates by:
  - Structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity.
  - The portfolio should consist largely of securities with active secondary or resale markets. A portion of the portfolio may be placed in the Local Government Investment Pool (LGIP) which offers next-day liquidity.
- b) Liquidity. The investment officer shall assure that funds are constantly available to meet immediate payment requirements, including payroll, accounts payable and debt service.

**Comment [PFM1]:** Revised language for greater clarity.

**Deleted:** Investing operating funds primarily in shorter-term securities or short-term investment pools

c) Return on Investment. The investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into consideration the safety and liquidity needs of the portfolio. Section 7.03.090 contains additional details on the return objectives.

**Deleted:** <#>Yield. The investment portfolio shall be designed with the objective of regularly exceeding the average return on 90-day U.S. Treasury Bills. The investment program shall seek to augment returns above this level, consistent with risk limitations described in this policy and prudent investment principles. ¶

Although securities are purchased with the intent to hold to maturity, securities may be sold prior to their maturity in order to improve the quality, net yield, or maturity characteristic of the portfolio. ¶

**Comment [PFM2]:** Changed from yield to return to be consistent with OSTF Board sample policy and Metro's investment objectives.

**Deleted:** This policy shall not preclude the sale of

**Comment [PFM3]:** Revised language slightly to explicitly state that securities can be sold prior to maturity.

d) Legality. Funds will be deposited and invested in accordance with statutes, ordinances and policies governing Metro.

(Ordinance No. 87-228, Sec. 3. Amended by Ordinance No. 90-365; Ordinance No. 02-976, Sec. 1; Ordinance No. 05-1075.)

#### 7.03.030 Standards of Care

a) Prudence. The standard of prudence to be applied by the investment officer shall be the "prudent person" rule: "Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived." The prudent person rule shall be applied in the context of managing the overall portfolio.

**Deleted:** investor

**Deleted:** investor

b) Ethics and Conflicts of Interest. Officers and employees involved in the investment process shall refrain from personal activity that could conflict with the proper execution and management of the investment program, or that could impair their ability to make impartial decisions. Employees and investment officials shall disclose any material interests in financial institutions with which they conduct business. Disclosure shall be made to the governing body. They shall further disclose any personal financial/investment positions that could be related to the performance of the investment portfolio. Employees and officers shall refrain from undertaking personal investment transactions with the same individual with whom business is conducted on behalf of Metro. Officers and employees shall, at all times, comply with the State of Oregon Government Standards and Practices code of ethics set forth in ORS Chapter 244.

**Comment [PFM4]:** Added as a best practice measure using language in the OSTF Board's sample policy

c) Delegation of Authority. The Chief Operating Officer is the investment officer of Metro. The authority for investing Metro funds is vested with the investment officer, who, in turn, designates the investment manager to manage the day-to-day

operations of Metro's investment portfolio, place purchase orders and sell orders with dealers and financial institutions, and prepare reports as required.

d) Investment Advisory Board (IAB). There shall be an investment advisory board composed of five (5) members.

- 1) Terms of Service. The term of service for citizens appointed to the IAB shall be three (3) calendar years. The term of appointment shall be staggered so that not more than two (2) members' terms expire in any calendar year.
- 2) Appointment. The investment officer shall recommend to the Council for confirmation the names of persons for appointment to the IAB.
- 3) Duties. The IAB shall meet quarterly. The IAB will serve as a forum for discussion and act in an advisory capacity for investment strategies, banking relationships, the legality and probity of investment activities and the establishment of written procedures for the investment operations.

~~e) Quarterly Reports. At each quarterly meeting, a report reflecting the status of the portfolio will be submitted for review and comment by at least three (3) members of the IAB. Discussion and comment on the report will be noted in minutes of the meeting. If concurrence is not obtained, notification will be given to the investment officer, including comments by the IAB.~~

e) Monitoring the Portfolio. The investment manager will routinely monitor the contents of the portfolio comparing the holdings to the markets, relative values of competing instruments, changes in credit quality, and benchmarks. If there are advantageous transactions, the portfolio may be adjusted accordingly.

f) Indemnity Clause. Metro shall indemnify the investment officer, chief financial officer, investment manager, staff and the IAB members from personal liability for losses that might occur pursuant to administering this investment policy. The investment officer, acting in accordance with written procedures and exercising due diligence, shall not be held personally responsible for a specific security's credit risk or market price changes, provided that these deviations are reported to the council as soon as practicable.

~~g) Internal Controls. The investment officer shall maintain a system of written internal controls, which shall be reviewed annually by the IAB and the independent auditor. The controls shall be designed to prevent loss of public funds due to fraud, error, misrepresentation or imprudent actions.~~

~~Metro's independent auditor at least annually shall audit investments according to generally accepted auditing standards and this ordinance.~~

~~Metro shall comply with all required legal provisions and Generally Accepted Accounting Principles (GAAP). The accounting principles are those contained in the~~

Comment [PFM6]: Moved from Safekeeping and Custody section

Moved (insertion) [2]

Deleted: 1

Comment [PFM7]: Moved from Safekeeping and Custody section

Deleted: 1

~~pronouncements of authoritative bodies, including, but not necessarily limited to, the American Institute of Certified Public Accountants (AICPA); the Financial Accounting Standards Board (FASB); and the Government Accounting Standards Board (GASB);~~

(Ordinance No. 05-1075.)

Comment [PFM8]: Moved to Reporting section  
Moved down [4]: ¶

#### 7.03.040 Transaction Counterparties, Investment Advisers and Depositories

- a) Broker Dealers. The Investment Officer shall determine which broker/dealer firms and registered representatives are authorized for the purposes of investing funds within the scope of this investment policy. A list will be maintained of approved broker/dealer firms and affiliated registered representatives.

Comment [AK9]: Added this new section. Follows the OSTF Board's sample policy, separately referencing broker/dealers, investment advisers, and depositories, as well as competitive transactions

The following minimum criteria must be met prior to authorizing investment transactions. The Investment Officer may impose more stringent criteria

- i. Broker dealers must meet the following minimum criteria:
- A. Be registered with the Securities and Exchange Commission (SEC)
  - B. Be registered with the Financial Industry Regulatory Authority (FINRA).
  - C. Provide most recent audited financials;
  - D. Provide FINRA Focus Report filings.

A periodic (at least annual) review of all authorized broker/dealers will be conducted by the Investment Officer.

- b) Investment Advisers. The Investment Officer may engage the services of one or more external investment advisers to assist in the management of Metro's investment portfolio in a manner consistent with this investment policy. If Metro hires an investment adviser to provide investment management services, the adviser is authorized to transact with its direct dealer relationships on behalf of Metro.

Approved investment adviser firms must be registered with the Securities and Exchange Commission (SEC) or licensed by the state of Oregon; (Note: Investment adviser firms with assets under management > \$100 million must be registered with the SEC, otherwise the firm must be licensed by the state of Oregon).

A periodic (at least annual) review of all authorized investment advisers will be conducted by the Investment Officer to determine their continued eligibility within the portfolio guidelines.

Deleted:

- c) Depositories. All financial institutions who desire to become depositories must be qualified Oregon Depositories pursuant to ORS Chapter 295.



d) Competitive Transactions. ~~Before the investment officer invests any surplus funds, a competitive offering solicitation shall be conducted orally, or alternatively through an electronic competitive bidding platform that compares several offers of the same security class like commercial paper, new issue GSE's and treasury issues. Offerings will be requested from financial institutions for various options with regards to term and instrument. The investment officer will accept the offering, which provides the highest rate of return within the maturity required and within the prudent investor rule. Records will be kept of offerings and the basis for making the investment decision.~~ The Investment Officer shall obtain and document competitive bid information on all investments purchased or sold in the secondary market. Competitive bids or offers should be obtained, when possible, from at least three separate brokers/financial institutions or through the use of a nationally recognized trading platform. In the instance of a security for which there is no readily available competitive bid or offering on the same specific issue, then the Investment Officer shall document quotations for comparable or alternative securities. When purchasing original issue instrumentality securities, no competitive offerings will be required as all dealers in the selling group offer those securities as the same original issue price. However, the Investment Officer is encouraged to document quotations on comparable securities. If an investment adviser provides investment management services, the adviser must retain documentation of competitive pricing execution on each transaction and provide upon request.

**Comment [PFM10]:** Moved from Investment Parameters section and edited to reflect OSTF sample policy

**Moved (insertion) [1]**

**Deleted:** Selection of Investment Instruments

#### 7.03.050 Safekeeping and Custody

~~Authorized Financial Dealers and Institutions. The investment officer shall maintain a listing of all authorized dealers and financial institutions that are approved for investment purposes. Financial institutions must have a branch in Oregon. Any firm is eligible to apply to provide investment services to Metro and will be added to the list if the selection criteria are met. Additions or deletions to the list will be made by the investment officer and reviewed by the IAB. At the request of the investment officer, the firms performing investment services for Metro shall provide their most recent financial statements or Consolidated Report of Condition (call report) for review. Further, there should be in place proof as to all the necessary credentials and licenses held by employees of the broker/dealers who will have contact with Metro, as specified by but not necessarily limited to the National Association of Securities Dealers (NASD), Securities and Exchange Commission (SEC), etc. At minimum, the investment officer and the IAB shall conduct an annual evaluation of each firm's qualifications to determine whether it should be on the authorized list.~~

~~Internal Controls. The investment officer shall maintain a system of written internal controls, which shall be reviewed annually by the IAB and the independent auditor. The controls shall be designed to prevent loss of public funds due to fraud, error, misrepresentation or imprudent actions.~~

**Deleted:** 040

**Deleted:** a) -

**Comment [PFM11]:** Edited and moved to Transactions, Counterparties, Investment Advisers and Depositories section

**Deleted:** ¶

¶ Securities dealers not affiliated with a Qualified Financial Institution, as defined in ORS 294.035, will be required to have headquarters located in the states of Oregon, Washington or Idaho and, if not headquartered in the state of Oregon, to have an office located in Oregon. Notwithstanding the above, securities dealers who are classified as primary dealers with the New York Federal Reserve Bank are also eligible.

**Deleted:** ¶

**Comment [PFM12]:** Moved to Standards of Care section

~~Metro's independent auditor at least annually shall audit investments according to generally accepted auditing standards and this ordinance.~~

**Moved up [2]:** Metro's independent auditor at least annually shall audit investments according to generally accepted auditing standards and this ordinance. ¶

- a) Delivery vs. Payment. All securities purchased pursuant to this investment policy will be delivered by either book entry or physical delivery to a third party for safekeeping by a bank designated as custodian. Purchase and sale of all securities will be on a payment versus delivery basis. Delivery versus payment will also be required for all repurchase transactions and with the collateral priced and limited in maturity in compliance with ORS 294.035(2)(j). ~~Notwithstanding the preceding, an exception to the delivery versus payment policy is made when purchasing State and Local Government Series Securities (SLGS) from the United States Treasury's Bureau of Public Debt to satisfy arbitrage yield restriction requirements of the Internal Revenue Code for tax-exempt bond issues.~~

**Comment [PFM13]:** Moved to Standards of Care section

**Comment [PFM14]:** Moved from paragraph below

**Moved (insertion) [3]**

- b) Custody/Safekeeping. The trust department of the bank designated as custodian will be considered to be a third party for the purposes of safekeeping of securities purchased from that bank. The custodian shall issue a safekeeping receipt to Metro listing the specific instrument, rate, maturity and other pertinent information.

~~Notwithstanding the preceding, an exception to the delivery versus payment policy is made when purchasing State and Local Government Series Securities (SLGS) from the United States Treasury's Bureau of Public Debt to satisfy arbitrage yield restriction requirements of the Internal Revenue Code for tax-exempt bond issues.~~

**Deleted: ¶**

**Comment [PFM15]:** Moved to paragraph above

**Moved up [3]: ¶**

**Deleted: ¶**

**Deleted: 050**

(Ordinance No. 05-1075.)

### 7.03.060 Suitable and Authorized Investments

(Definitions of terms and applicable authorizing statutes are listed in the "Summary of Investments Available to Municipalities" provided by the State Treasurer).

- a) Investment Types. The following investments are permitted by this policy and ORS 294.035 and 294.810.

- 1) ~~Lawfully issued general obligations of the United States, the agencies and instrumentalities of the United States or enterprises sponsored by the United States Government and obligations whose payment is guaranteed by the United States, the agencies and instrumentalities of the United States or enterprises sponsored by the United States Government. Maximum percent of portfolio allocation is 100%. No more than 40% of the portfolio in any one agency, instrumentality, or sponsored enterprise.~~

**Deleted:** U.S. Treasury Bills, Notes, Bonds, Strips (Separate Trading of Registered Interest and Principal of Securities) and/or State and Local Government Series Securities (SLGS)

**Comment [PFM16]:** Combined Treasury and Agency paragraphs to conform to Revised Statutes

**Deleted:** Securities of U.S. Government Agencies and U.S. Government Sponsored Enterprises

- 2) Certificates of Deposit (CD) from commercial banks in Oregon and insured by the Federal Deposit Insurance Corporation (FDIC). Maximum percent of portfolio allocation is 100%. Investments in Certificates of Deposit invested in any one institution

**Comment [PFM17]:** Added investment parameters

**Deleted: ¶**

**Comment [PFM18]:** No limit.

**Deleted: 50**

shall not exceed 5% of the total available funds and 15% of the equity of the financial institution.

Comment [PFM19]: Changed from 25%

- 3) Repurchase Agreements (Repo's) ~~||~~ Purchased from any qualified institution provided the master repurchase agreement is effective and the safekeeping requirements are met. The repurchase agreement must be in writing and executed in advance of the initial purchase of the securities that are the subject of the repurchase agreement.

Comment [PFM20]: Expanded definition and included parameters

i. ORS 294.035 (3)(i) requires repurchase agreement collateral to be limited in maturity to three years and priced according to percentages prescribed by written policy of the Oregon Investment Council or the Oregon Short-Term Fund Board.

ii. ORS 294.135 (2) limits the maximum term of any repurchase agreement to 90 days.

iii. Acceptable collateral:

A. US Treasury Securities: 102%

B. US Agency Discount and Coupon Securities: 102%

Maximum percent of portfolio allocation is 50%. The investment officer shall not enter into any reverse repurchase agreements.

- 4) Banker's Acceptances (BA) ~~||~~ If the bankers' acceptances are (i) guaranteed by, and carried on the books of, a qualified financial institution, (ii) eligible for discount by the Federal Reserve System, and (iii) issued by a qualified financial institution whose short-term letter of credit rating is rated in the highest category (A-1, P-1, F-1) by one or more nationally recognized statistical rating organizations.

Comment [PFM21]: Expanded definition and included parameters

Comment [PFM22]:

Qualified institution means a financial institution that is located and licensed to do banking business in the state of Oregon; or a financial institution located in the states of California, Idaho, or Washington that is wholly owned by a bank holding company that owns a financial institution that is located and licensed to do banking business in the state of Oregon.

Maximum percent of portfolio allocation is 25%. Investments in Bankers' Acceptances invested in any one institution shall not exceed 5% of the total available funds and 15% of the equity of the financial institution.

Comment [PFM23]: Changed from 25%

Deleted:

- 5) Corporate indebtedness ~~||~~ subject to a valid registration statement on file with the Securities and Exchange Commission or issued under the authority of section 3(a)(2) or 3(a)(3) of the Securities Act of 1933, as amended. Must be issued by a commercial, industrial or utility business enterprise, or by or on behalf of a financial institution, including a holding company owning a majority interest in a qualified financial

Comment [PFM24]: Expanded definition and included parameters

institution. Maximum allocation of 35%. No more than 5% of the total portfolio with any one corporate entity.

a). Commercial Paper (CP), rated on the trade date P-1 or better by Moody's Investors Service or A-1 or better by Standard & Poor's Corporation or equivalent rating by any nationally recognized statistical rating organization.

b). Corporate indebtedness must be rated on trade date, Aa or better by Moody's Investors Service or AA or better by Standard & Poor's Corporation or equivalent by any nationally recognized statistical rating organization.

c). Notwithstanding subparagraph (a) and (b) of this paragraph, the corporate indebtedness must be rated on the trade date P-2 or A or better by Moody's Investors Service or A-2 or A or better by Standard & Poor's Corporation or equivalent rating by any nationally recognized statistical rating organization when the corporate indebtedness is:

i.) Issued by a business enterprise that has its headquarters in Oregon, employs more than 50 percent of its permanent workforce in Oregon or has more than 50 percent of its tangible assets in Oregon; or

ii.) Issued by a holding company owning not less than a majority interest in a qualified financial institution, as defined by ORS 294.035, located and licensed to do banking business in Oregon or by a holding company owning not less than a majority interest in a business enterprise described in sub-subparagraph (i) of this subparagraph.

**Deleted:** issued by a financial institution, commercial, industrial or utility business enterprise

**Deleted:** Also

**Deleted:** settlement

**Deleted:** promissory notes with long term minimum ratings

**Deleted:** settlement

**Deleted:** of

**Deleted:** (Moody's

**Deleted:** )

**Deleted:** (S&P)

**Deleted:** If a corporation has a split rating the most recent rating would be used for decision-making purposes.

**Deleted:** settlement

6) Lawfully issued debt obligations of the agencies and instrumentalities of the State of Oregon and its political subdivisions with a long-term rating of A or an equivalent rating or better or the highest category for short term municipal debt.

Lawfully issued debt obligations of the States of California, Idaho and Washington or their political subdivisions with a long-term rating of AA or an equivalent rating or better or the highest category for short term municipal debt.

Maximum percent of portfolio allocation is 25%. No more than 5% of the total portfolio in any one local entity issuing entity.

Such obligations may be purchased only if there has been no default in payment of either the principal of or the interest on the obligations of the issuing county, port, school district or city, for a period of five years next preceding the date of the investment, per ORS 294.040.

**Deleted:** State of Oregon and Local Government Securities

**Comment [PFM25]:** Edited language to be more consistent with ORS and to allow for investment in A-rated municipal obligations if they are lawfully issued debt obligations of the agencies and instrumentalities of the State of Oregon and its political subdivisions as described in ORS 294.035

**Deleted:** ratings

**Deleted:** .;

**Deleted:** also debt obligations of the

**Deleted:** and

**Comment [PFM26]:** Changed from 15%

**Comment [PFM27]:** Defined by tax ID.

7) State of Oregon Investment Pool. Maximum allowed per ORS 294.810, with the exception of pass-through funds (in and out within 10 days). A thorough investigation

of the pool/fund is required prior to investing, and on a continual basis. Metro shall perform a periodic review of:

- i) Pool's investment policy and objectives
- ii) Interest calculations and how it is distributed
- iii) How the securities are safeguarded
- iv) How often the securities are priced

8) Market Interest Accounts and Checking Accounts. Metro shall maintain necessary allocation needed for daily cash management efficiency.

b) Callable securities. The maximum percent of callable securities in the portfolio shall be 35%.

Comment [PFM28]: **Keep limit.**

c) Summary of Permitted Investments

Investment Type	Maximum Maturity	Maximum Portfolio Allocation	Maximum Allocation Per Issuer	Minimum Rating
U.S. Treasuries	5 years	100%	100%	=
Federal Agencies	5 years	100%	40%	=
Time CDs	5 years	100%	5%	FDIC insured
Repurchase Agreements	90 days	50%		Collateralized
Bankers Acceptances	180 days	25%	5%	A-1
Corporate notes	5 years	35%	5%	AA A if OR
Commercial Paper	270 days		5%	A-1 A-2 if OR
OR munis	5 years	25%	5% (per issuing entity)	A
ID, CA, WA munis	5 years		5% (per issuing entity)	AA
OSTE	=	Amount established by ORS 294.810	=	=
Market interest and checking accounts	=	Amount necessary for daily cash mgmt	=	=

[Redacted]

Comment [PFM30]:

Deleted: 50

Deleted: 100%

Comment [PFM31]: Defined by Tax ID.

~~b) Collateralization. Deposit type securities (i.e., Certificates of Deposit) and all bank deposits for any amount exceeding FDIC coverage shall be collateralized through the Public Funds Collateralization Program as required by ORS Chapter 295. ORS Chapter 295 governs the collateralization of Oregon public funds and provides the statutory requirements for the Public Funds Collateralization Program. Bank depositories are required to pledge collateral against any public funds deposits in excess of deposit insurance amounts. ORS 295 sets the specific value of the collateral, as well as the types of collateral that are acceptable.~~

Deleted: ¶

Comment [PFM32]: Moved to Investment Parameters section

(Ordinance No. 05-1075. Amended by Ordinance No. 09-1216, Sec. 1; Ordinance No. 12-1280, Sec. 1; and by Ordinance No. 13-1303).

7.03.070 Investment Parameters

Deleted: 060

a) Diversification by Maturity. Only investments which can be held to maturity shall be purchased. Investments shall not be planned or made predicated upon selling the security prior to maturity. This restriction does not prohibit the use of repurchase agreements under ORS 294.135(2).

Funds will be invested to coincide with projected cash needs or with the following serial maturity:

- 20% minimum to mature under three months
- 25% minimum to mature under 18 months
- 100% minimum to mature under five years

At all times, Metro will maintain a minimum amount of funds to meet liquidity needs for the next three months, which can be through a combination of cash and investments. The duration of Metro's portfolio shall not exceed 2.5 years.

Investments may not exceed five (5) years. Investment maturities beyond 18 months may be made when supported by cash flow projections which reasonably demonstrate that liquidity requirements will be met.

b) Diversification by Investment. The investment officer will diversify the portfolio to avoid incurring unreasonable risks inherent in over-investing in specific instruments, individual financial institutions, or maturities.

↓↓

c) ↓ ↓

c) Collateralization. Deposit-type securities (i.e., Certificates of Deposit) and all bank deposits for any amount exceeding FDIC coverage shall be collateralized through the Public Funds Collateralization Program as required by ORS Chapter 295. ORS Chapter 295 governs the collateralization of Oregon public funds and provides the statutory requirements for the Public Funds Collateralization Program. Bank depositories are required to pledge collateral against any public funds deposits in excess of deposit insurance amounts. ORS 295 sets the specific value of the collateral, as well as the types of collateral that are acceptable.

d) Total Prohibitions. The investment officer may not make a commitment to invest funds or sell securities more than 14 business days prior to the anticipated date of settlement of the purchase or sale transaction and may not agree to invest funds or sell securities for a fee other than interest. Purchase of standby or forward commitments of any sort are specifically prohibited.

e) Adherence to Investment Diversification. Diversification requirements must be met on the day an investment transaction is executed. If due to unanticipated cash needs, investment

**Comment [PFM33]:** Because all funds will be able to be invested beyond 18 months it is not necessary to break them out between short and long-term funds.

**Deleted:** Maturity limitations shall depend upon whether the funds being invested are considered short

**Deleted:** term or long-term funds. All funds shall be considered short-term, except those reserved for capital projects (e.g., bond sale proceeds).

**<#>Short-Term Funds ¶**  
Investment maturities for operating funds and bond reserves shall be scheduled to meet projected cash flow needs.

**Deleted:** considered short-term

**Comment [PFM34]:** Edited maturity guidelines to allow Metro to capture value on yield curve while ensuring sufficient liquidity.

**Deleted:** 25%

**Deleted:** 75%

**Deleted:** **<#>Long-Term Funds ¶**  
**<#>**Maturity scheduling shall be timed according to anticipated need. ORS 294.135 permits investment beyond 18 months for any bond proceeds or funds accumulated for any purpose that the district is permitted by state law to accumulate and hold funds for a period exceeding one (1) year. The maturities should be made to coincide as nearly as practicable with the expected use of the funds.  
**<#>**Investment of capital project funds shall be timed to meet projected contractor payments. The drawdown schedule used to guide the

**Comment [PFM35]:** Deleted table. Maximum percentages, ratings, and maturities are

**Deleted:** ¶

**Deleted:** The maximum percentages of the portfolio and the maximum maturities for investments are as follows:

**Deleted:** ¶

Security

**Comment [PFM36]:** Language regarding counterparties is included in the Transaction

**Comment [PFM37]:** Deleted table. Limitations are incorporated in Suitable and Authorized Investments section.

**Deleted:** **<#>Qualified Institutions.** The investment officer shall maintain a listing of financial institutions and securities dealers

**Deleted:** ¶

**Deleted:** ¶

Type of Security

**Comment [PFM38]:** Moved from the Suitable and Authorized Investments section.

maturities or marking the portfolio to market, the investment in any security type, financial issuer or maturity spectrum later exceeds the limitations in the policy, the investment officer is responsible for bringing the investment portfolio back into compliance as soon as is practical.

~~f) Competitive Selection of Investment Instruments. Before the investment officer invests any surplus funds, a competitive offering solicitation shall be conducted orally, or alternatively through an electronic competitive bidding platform that compares several offers of the same security class like commercial paper, new issue GSE's and treasury issues. Offerings will be requested from financial institutions for various options with regards to term and instrument. The investment officer will accept the offering, which provides the highest rate of return within the maturity required and within the prudent investor rule. Records will be kept of offerings and the basis for making the investment decision. ||~~

Deleted: ¶

Comment [PFM39]: Moved to the Transaction Counterparties, Investment Advisers and Depositories section and edited

(Ordinance No. 05-1075. Amended by Ordinance No. 08-1190 and by Ordinance No. 13-1302).

Moved up [1]: ¶

#### 7.03.080 Prohibited Investments ||

Comment [PFM40]: Added section to explicitly state the investment types that Metro is prohibited from purchasing

a) Private Placement or 144A Securities. Private placement or "144A" securities are not allowed. "144A" securities include commercial paper issued under section 4(2)144A (also known as "4(2)A") of the Securities Act of 1933.

b) Mortgage-backed Securities are not allowed.

c) Securities Lending. Metro shall not lend securities nor directly participate in a securities lending program.

#### 7.03.090 Reporting

Deleted: 070

a) Methods. A transaction report shall be prepared by the investment manager not later than one business day after the transaction, unless a trustee, operating under a trust agreement, has executed the transaction. The trustee agreement shall provide for a report of transactions to be submitted by the trustee on a monthly basis.

b) Compliance. Quarterly reports shall be prepared for each regular meeting of the IAB to present historical information for the past 12-month period and that allows the IAB to ascertain whether investment activities during the reporting period have conformed to the investment policy. Copies shall be provided to the Chief Operating Officer and the Metro Council. At each quarterly meeting, a report reflecting the status of the portfolio will be submitted for review and comment by at least three (3) members of the IAB. Discussion and comment on the report will be noted in minutes of the meeting. If concurrence is not obtained, notification will be given to the investment officer, including comments by the IAB. ||

Comment [PFM41]: Moved from Standards of Care section



- c) Performance Standards. The overall performance of Metro’s investment program is evaluated quarterly by the IAB using the objectives outlined in this policy. The quarterly report which confirms adherence to this policy shall be provided to the Metro Council as soon as practicable.

The investment portfolio will be managed in accordance with the parameters specified within this policy. The portfolio should obtain a market average rate of return during a market/economic environment of stable interest rates. The primary benchmark of the portfolio will be the Merrill Lynch 0-3 Year US Treasury Index. The Investment Officer may use other appropriate benchmarks including the Local Government Investment Pool’s monthly average yield or a series of appropriate benchmarks consistent with Metro’s investment objectives for additional analysis. Metro will use these benchmarks to determine the effectiveness of the investment strategy and return relative to market. The Investment Officer, IAB, and the Investment Advisor will review benchmarks annually for appropriateness and consistency with Metro’s investment objectives.

**Deleted:** The performance of Metro’s portfolio shall be measured by comparing the average yield of the portfolio at month-end against the performance of the 90-day U.S. Treasury Bill issue maturing closest to 90 days from month-end and the Local Government Investment Pool’s monthly average yield.

- d) Accounting Method. Metro shall comply with all required legal provisions and Generally Accepted Accounting Principles (GAAP). The accounting principles are those contained in the pronouncements of authoritative bodies, including, but not necessarily limited to, the American Institute of Certified Public Accountants (AICPA); the Financial Accounting Standards Board (FASB); and the Government Accounting Standards Board (GASB).

**Comment [PFM42]:**

**Comment [PFM43]:** Deleted reference to a specific benchmark and used language recommended in the GFOA sample policy

**Deleted:** The Investment Officer will establish an appropriate benchmark, or series of appropriate benchmarks, consistent with Metro’s investment objectives. Metro will use these benchmarks to determine the effectiveness of the investment strategy and return relative to the market.

**Comment [PFM44]:** Moved from Standards of Care section

**Moved (insertion) [4]**

(Ordinance No. 05-1075.)

7.03.010 Policy Adoption and Re-adoption

**Deleted:** 080

- a) The investment policy must be reviewed by the IAB and the Oregon Short-Term Fund Board prior to adoption by the Metro Council. Adoption of this policy supersedes any other previous Council action or policy regarding Metro's investment management practices.
- b) This policy shall be subject to review and re-adoption annually by the Metro Council in accordance with ORS 294.135.

(Ordinance No. 05-1075.)

7.03.011 List of Documents Used in Conjunction with this Policy

**Deleted:** 090

The following documents are used in conjunction with this policy and are available from the investment manager upon request:

- List of Authorized Brokers and Dealers
- List of Primary Dealers

- Calendar of Federal Reserve System Holidays
- Calendar of Local Government Investment Pool Holidays
- Broker/Dealer Request for Information
- Oregon State Treasury's Summary of Liquid Investments Available to Local Governments for Short-Term Fund Investment
- Oregon State Treasury's U.S. Government and Agency Securities for Local Government Investment Under ORS 294.035 and 294.040
- Oregon State Treasury's List of Qualified Depositories for Public Funds
- Attorney General's letter of advice: Certificates of Deposit, ORS 294.035 and ORS Chapter 295
- Oregon Revised Statute Chapter 294 – County and Municipal Financial Administration
- Oregon Revised Statute Chapter 295 – Depositories of Public Funds and Securities
- Government Finance Officers Association Glossary of Cash Management Terms

(Ordinance No. 05-1075).

## Glossary of Key Investment Terms

**Accrued Interest.** Interest earned but which has not yet been paid or received.

**Benchmark Notes/Bonds:** Benchmark Notes and Bonds are a series of FNMA “bullet” maturities (non-callable) issued according to a pre-announced calendar. Under its Benchmark Notes/Bonds program, 2, 3, 5, 10 and 30-year maturities are issued each quarter. Each Benchmark Notes new issue has a minimum size of \$4 billion, 30-year new issues having a minimum size of \$1 billion, with reopenings based on investor demand to further enhance liquidity. The amount of non-callable issuance has allowed FNMA to build a yield curve in Benchmark Notes and Bonds in maturities ranging from 2 to 30 years. The liquidity emanating from these large size issues has facilitated favorable financing opportunities through the development of a liquid overnight and term repo market. Issues under the Benchmark program constitute the same credit standing as other FNMA issues; they simply add organization and liquidity to the intermediate- and long-term Agency market.

**Book Value.** The value at which a debt security is reflected on the holder's records at any point in time. Book value is also called “amortized cost” as it represents the original cost of an investment adjusted for amortization of premium or accretion of discount. Also called “carrying value.” Book value can vary over time as an investment approaches maturity and differs from “market value” in that it is not affected by changes in market interest rates.

**Bullet Notes/Bonds.** Notes or bonds that have a single maturity date and are non-callable.

**Callable Bonds/Notes.** Securities which contain an imbedded call option giving the issuer the right to redeem the securities prior to maturity at a predetermined price and time.

**Certificate of Deposit Account Registry Service (CDARS).** A private service that breaks up large deposits (from individuals, companies, nonprofits, public funds, etc.) and places them across a network of banks and savings associations around the United States. Allows depositors to deal with a single bank that participates in CDARS but avoid having funds above the FDIC deposit insurance limits in any one bank.

**Commercial Paper.** Short term unsecured promissory note issued by a company or financial institution. Issued at a discount and matures for par or face value. Usually a maximum maturity of 270 days, and given a short-term debt rating by one or more NRSROs.

**Coupon Rate.** Annual rate of interest on a debt security, expressed as a percentage of the bond's face value.

**Discount Notes.** Unsecured general obligations issued by Federal Agencies at a discount. Discount notes mature at par and can range in maturity from overnight to one year.

**Federal Agency Security.** . . . A security issued by a federal agency or certain federally chartered entities (often referred to as government-sponsored enterprises or GSEs). Agency securities typically are not guaranteed by the federal government, particularly those of GSEs.

**Federal Farm Credit Bank (FFCB).** One of the large Federal Agencies. A Government Sponsored Enterprise (GS) system that is a network of cooperatively-owned lending institutions that

provide credit services to farmers, agricultural cooperatives and rural utilities. The FFCBs act as financial intermediaries that borrow money in the capital markets and use the proceeds to make loans and provide other assistance to farmers and farm-affiliated businesses. Consists of the consolidated operations of the Banks for Cooperatives, Federal Intermediate Credit Banks, and Federal Land Banks. Frequent issuer of discount notes, agency notes and callable agency securities. FFCB debt is not an obligation of, nor is it guaranteed by the U.S. government, although it is considered to have minimal credit risk due to its importance to the U.S. financial system and agricultural industry.

**Federal Home Loan Bank System (FHLB).** One of the large Federal Agencies. A Government Sponsored Enterprise (GSE) system, consisting of wholesale banks (currently twelve district banks) owned by their member banks, which provides correspondent banking services and credit to various financial institutions, financed by the issuance of securities. The principal purpose of the FHLB is to add liquidity to the mortgage markets. Although FHLB does not directly fund mortgages, it provides a stable supply of credit to thrift institutions that make new mortgage loans. FHLB debt is not an obligation of, nor is it guaranteed by the U.S. government, although it is considered to have minimal credit risk due to its importance to the U.S. financial system and housing market. Frequent issuer of discount notes, agency notes and callable agency securities. Also issues notes under its “global note” and “TAP” programs.

**Federal Home Loan Mortgage Corporation (FHLMC or "Freddie Mac").** One of the large Federal Agencies. A government sponsored public corporation (GSE) that provides stability and assistance to the secondary market for home mortgages by purchasing first mortgages financed by the sale of debt and guaranteed mortgage backed securities. FHLMC debt is not an obligation of, nor is it guaranteed by the U.S. government, although it is considered to have minimal credit risk due to its importance to the U.S. financial system and housing market. Frequent issuer of discount notes, agency notes, callable agency securities and MBS. Also issues notes under its “reference note” program.

**Federal National Mortgage Association (FNMA or "Fannie Mae").** One of the large Federal Agencies. A government sponsored public corporation (GSE) that provides liquidity to the residential mortgage market by purchasing mortgage loans from lenders, financed by the issuance of debt securities and MBS (pools of mortgages packaged together as a security). FNMA debt is not an obligation of, nor is it guaranteed by the U.S. government, although it is considered to have minimal credit risk due to its importance to the U.S. financial system and housing market. Frequent issuer of discount notes, agency notes, callable agency securities and MBS. Also issues notes under its “benchmark note” program.

**Federal Reserve Bank.** One of the 12 distinct banks of the Federal Reserve System.

**Global Notes:** Notes designed to qualify for immediate trading in both the domestic U.S. capital market and in foreign markets around the globe. Usually large issues that are sold to investors worldwide and therefore have excellent liquidity. Despite their global sales, global notes sold in the U.S. are typically denominated in U.S. dollars.

**Government National Mortgage Association (GNMA or "Ginnie Mae").** One of the large Federal Agencies. Government-owned Federal Agency that acquires, packages, and resells mortgages and mortgage purchase commitments in the form of mortgage-backed securities. Largest

issuer of mortgage pass-through securities. GNMA debt is guaranteed by the full faith and credit of the U.S. government (one of the few agencies that is actually full faith and credit of the U.S.).

**Government Sponsored Enterprise (GSE).** Privately owned entity subject to federal regulation and supervision, created by the U.S. Congress to reduce the cost of capital for certain borrowing sectors of the economy such as students, farmers, and homeowners. GSEs carry the implicit backing of the U.S. Government, but they are not direct obligations of the U.S. Government. For this reason, these securities will offer a yield premium over Treasuries. Examples of GSEs include: FHLB, FHLMC, and FNMA.

**Market Value.** The fair market value of a security or commodity. The price at which a willing buyer and seller would pay for a security.

**Mortgage Backed Security (MBS).** A type of asset-backed security that is secured by a mortgage or collection of mortgages. These securities must also be grouped in one of the top two ratings as determined by a accredited credit rating agency, and usually pay periodic payments that are similar to coupon payments. Furthermore, the mortgage must have originated from a regulated and authorized financial institution.

**NRSRO.** A “Nationally Recognized Statistical Rating Organization.” A designated rating organization that the SEC has deemed a strong national presence in the U.S. NRSROs provide credit ratings on corporate and bank debt issues. Only ratings of a NRSRO may be used for the regulatory purposes of rating. Includes Moody’s, Standard and Poor’s, Fitch and Duff & Phelps.

**Par Value.** Face value, stated value or maturity value of a security.

**Primary Dealer.** Any of a group of designated government securities dealers designated by to the Federal Reserve Bank of New York. Primary dealers can buy and sell government securities directly with the Fed. Primary dealers also submit daily reports of market activity and security positions held to the Fed and are subject to its informal oversight. Primary dealers are considered the largest players in the U.S. Treasury securities market.

**Primary Market.** Market for new issues of securities, as distinguished from the Secondary Market, where previously issued securities are bought and sold. A market is primary if the proceeds of sales go to the issuer of the securities sold. The term also applies to government securities auctions

**Reference Bills:** FHLMC’s short-term debt program created to supplement its existing discount note program by offering issues from one month through one year, auctioned on a weekly or on an alternating four-week basis (depending upon maturity) offered in sizeable volumes (\$1 billion and up) on a cycle of regular, standardized issuance. Globally sponsored and distributed, Reference Bill issues are intended to encourage active trading and market-making and facilitate the development of a term repo market. The program was designed to offer predictable supply, pricing transparency and liquidity, thereby providing alternatives to Treasury bills. FHLMC’s Reference Bills are unsecured general corporate obligations. This program supplements the corporation’s existing discount note program. Issues under the Reference program constitute the same credit standing as other FHLMC discount notes; they simply add organization and liquidity to the short-term Agency discount note market.

**Reference Notes:** FHLMC’s intermediate-term debt program with issuances of 2, 3, 5, 10 and 30-year maturities. Initial issuances range from \$2 - \$6 billion with reopenings ranging \$1 - \$4 billion.

The notes are high-quality bullet structures securities that pay interest semiannually. Issues under the Reference program constitute the same credit standing as other FHLMC notes; they simply add organization and liquidity to the intermediate- and long-term Agency market.

**Secondary Market.** Markets for the purchase and sale of any previously issued financial instrument.

**TAP Notes:** Federal Agency notes issued under the FHLB TAP program. Launched in 6/99 as a refinement to the FHLB bullet bond auction process. In a break from the FHLB's traditional practice of bringing numerous small issues to market with similar maturities, the TAP Issue Program uses the four most common maturities and reopens them up regularly through a competitive auction. These maturities (2,3,5 and 10 year) will remain open for the calendar quarter, after which they will be closed and a new series of TAP issues will be opened to replace them. This reduces the number of separate bullet bonds issued, but generates enhanced awareness and liquidity in the marketplace through increased issue size and secondary market volume.

**Tennessee Valley Authority (TVA):** A federally owned corporation in the United States created by congressional charter in May 1933 to provide navigation, flood control, electricity generation, fertilizer manufacturing, and economic development in the Tennessee Valley, a region particularly impacted by the Great Depression. The enterprise was a result of the efforts of Senator George W. Norris of Nebraska. TVA was envisioned not only as a provider, but also as a regional economic development agency that would use federal experts and electricity to rapidly modernize the region's economy and society.

**Treasury Bills (T-Bills).** Short-term direct obligations of the United States Government issued with an original term of one year or less. Treasury bills are sold at a discount from face value and do not pay interest before maturity. The difference between the purchase price of the bill and the maturity value is the interest earned on the bill. Currently, the U.S. Treasury issues 4-week, 13-week and 26-week T-Bills

**Treasury Bonds.** Long-term interest-bearing debt securities backed by the U.S. Government and issued with maturities of ten years and longer by the U.S. Department of the Treasury.

**Treasury Notes.** Intermediate interest-bearing debt securities backed by the U.S. Government and issued with maturities ranging from one to ten years by the U.S. Department of the Treasury. The Treasury currently issues 2-year, 3-year, 5-year, 7-year and 10-year Treasury Notes.

**U.S. Government Backed Securities.** FDIC-guaranteed corporate debt issued under the Temporary Liquidity Guarantee Program (TLGP) and backed by the full faith and credit of the United States Government with a maximum final maturity of five years.

**Yield to Maturity (YTM) at Cost.** The percentage rate of return paid if the security is held to its maturity date at the original time of purchase. The calculation is based on the coupon rate, length of time to maturity, and original price. It assumes that coupon interest paid over the life of the security is reinvested at the same rate. The Yield at Cost on a security remains the same while held as an investment.

**INVESTMENT POLICY**  
 METRO CODE CHAPTER 7.03  
 INVESTMENT POLICY\*\*

SECTIONS TITLE

7.03.010 Scope

7.03.020 General Objectives

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7.03.011 List of Documents Used in Conjunction with this Policy

[7.03.012 Definitions](#)

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\*\*Former Chapter 2.06 (readopted April 9, 1998; amended December 10, 1998; readopted April 15, 1999; readopted April 27, 2000; readopted December 11, 2001; readopted October 3, 2002; renumbered by Ordinance No. 02-976, Sec. 1; readopted June 12, 2003; amended and readopted April 7, 2005, by Ordinance No. 05-1075; readopted April 20, 2006; readopted June 21, 2007; amended and readopted June 26, 2008, by Ordinance No. 08-1190; amended and readopted June 25, 2009, by Ordinance No. 09-1216; amended and readopted June 17, 2010, by Ordinance No. 10-1243; readopted June 23, 2011, by Resolution No. 11-4272; amended and readopted June 21, 2012 by Ordinance No. 12-1280; and amended and readopted May 9, 2013 by Ordinance No. 13-1303).

7.03.010 Scope

These investment policies apply to all cash-related assets included within the scope of Metro's audited financial statements and held directly by Metro.

Funds held and invested by trustees or fiscal agents are excluded from these policies; however, such funds are subject to the regulations established by the state of Oregon.

Funds of Metro will be invested in compliance with the provisions of ORS [Chapter 294](#) and other applicable statutes. Investments will be in accordance with these policies and written administrative procedures. Investment of any tax-exempt borrowing proceeds and of any debt service funds will comply with the [Internal Revenue Code of 1986](#) provisions and any subsequent amendments thereto.

Deleted: .035 to 294.048; ORS 294.125 to 294.145; ORS 294.810; ORS 294.052;

Deleted: 1986 Tax Reform Act

(Ordinance No. 90-365. Amended by Ordinance No. 97-684, Sec. 1; Ordinance No. 02-976, Sec. 1; Ordinance No. 05-1075; and Ordinance No. 09-1216, Sec. 1.)

7.03.020 General Objectives

Due to Metro's fiduciary responsibility, safety of capital and availability of funds to meet payment requirements are the overriding objectives of the investment program. Investment return targets are secondary.

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a) Safety. Investments shall be undertaken in a manner that seeks to ensure the preservation of principal in the overall portfolio and security of funds and investments. The objective will be to mitigate credit risk and interest rate risk.

1) Credit Risk. Metro will minimize credit risk, the risk of loss due to the financial failure of the security issuer or backer, by:

- Limiting exposure to poor credits and concentrating the investments in the safest types of securities.
- Pre-qualifying the financial institutions, broker/dealers, and advisers with which Metro will do business.
- Diversifying the investment portfolio so that potential losses on individual securities will be minimized. For securities not backed by the full faith and credit of the federal government, diversification is required in order that potential losses on individual securities would not exceed the income generated from the remainder of the portfolio.
- Actively monitoring the investment portfolio holdings for ratings changes, changing economic/market conditions, etc.

2) Interest Rate Risk. Metro will minimize the risk that the market value of securities in the portfolio will fall due to changes in general interest rates by:

- Structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity.
- The portfolio should consist largely of securities with active secondary or resale markets. A portion of the portfolio may be placed in the Local Government Investment Pool (LGIP) which offers next-day liquidity.

Deleted: Investing operating funds primarily in shorter-term securities or short-term investment pools

b) Liquidity. The investment officer shall assure that funds are constantly available to meet immediate payment requirements, including payroll, accounts payable and debt service.

c) Return on Investment. The investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into consideration the safety and liquidity needs of the portfolio. Section 7.03.090 contains additional details on the return objectives.

Deleted: <#>Yield. The investment portfolio shall be designed with the objective of regularly exceeding the average return on 90-day U.S. Treasury Bills. The investment program shall seek to augment returns above this level, consistent with risk limitations described in this policy and prudent investment principles. ¶

Although securities are purchased with the intent to hold to maturity, securities may be sold prior to their maturity in order to improve the quality, net yield, or maturity characteristic of the portfolio.

Deleted: This policy shall not preclude the sale of



- d) Legality. Funds will be deposited and invested in accordance with statutes, ordinances and policies governing Metro.

(Ordinance No. 87-228, Sec. 3. Amended by Ordinance No. 90-365; Ordinance No. 02-976, Sec. 1; Ordinance No. 05-1075.)

#### 7.03.030 Standards of Care

- a) Prudence. The standard of prudence to be applied by the investment officer shall be the “prudent person” rule: “Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.” The prudent person rule shall be applied in the context of managing the overall portfolio.

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- b) Ethics and Conflicts of Interest. Officers and employees involved in the investment process shall refrain from personal activity that could conflict with the proper execution and management of the investment program, or that could impair their ability to make impartial decisions. Employees and investment officials shall disclose any material interests in financial institutions with which they conduct business. Disclosure shall be made to the governing body. They shall further disclose any personal financial/investment positions that could be related to the performance of the investment portfolio. Employees and officers shall refrain from undertaking personal investment transactions with the same individual with whom business is conducted on behalf of Metro. Officers and employees shall, at all times, comply with the State of Oregon Government Standards and Practices code of ethics set forth in ORS Chapter 244.

- c) Delegation of Authority. The Chief Operating Officer is the investment officer of Metro. The authority for investing Metro funds is vested with the investment officer, who, in turn, designates the investment manager to manage the day-to-day operations of Metro’s investment portfolio, place purchase orders and sell orders with dealers and financial institutions, and prepare reports as required.

- d) Investment Advisory Board (IAB). There shall be an investment advisory board composed of five (5) members.

- 1) Terms of Service. The term of service for citizens appointed to the IAB shall be three (3) calendar years. The term of appointment shall be staggered so that not more than two (2) members’ terms expire in any calendar year.
- 2) Appointment. The investment officer shall recommend to the Council for confirmation the names of persons for appointment to the IAB.
- 3) Duties. The IAB shall meet quarterly. The IAB will serve as a forum for discussion and act in an advisory capacity for investment strategies, banking

relationships, the legality and probity of investment activities and the establishment of written procedures for the investment operations.

- e) Monitoring the Portfolio. The investment manager will routinely monitor the contents of the portfolio comparing the holdings to the markets, relative values of competing instruments, changes in credit quality, and benchmarks. If there are advantageous transactions, the portfolio may be adjusted accordingly.
- f) Indemnity Clause. Metro shall indemnify the investment officer, chief financial officer, investment manager, staff and the IAB members from personal liability for losses that might occur pursuant to administering this investment policy. The investment officer, acting in accordance with written procedures and exercising due diligence, shall not be held personally responsible for a specific security's credit risk or market price changes, provided that these deviations are reported to the council as soon as practicable.

**Deleted:** e) - Quarterly Reports. At each quarterly meeting, a report reflecting the status of the portfolio will be submitted for review and comment by at least three (3) members of the IAB. Discussion and comment on the report will be noted in minutes of the meeting. If concurrence is not obtained, notification will be given to the investment officer, including comments by the IAB. ¶

- g) Internal Controls. The investment officer shall maintain a system of written internal controls, which shall be reviewed annually by the IAB and the independent auditor. The controls shall be designed to prevent loss of public funds due to fraud, error, misrepresentation or imprudent actions.

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Metro's independent auditor at least annually shall audit investments according to generally accepted auditing standards and this ordinance.

(Ordinance No. 05-1075.)

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#### 7.03.040 Transaction Counterparties, Investment Advisers and Depositories

- a) Broker Dealers. The Investment Officer shall determine which broker/dealer firms and registered representatives are authorized for the purposes of investing funds within the scope of this investment policy. A list will be maintained of approved broker/dealer firms and affiliated registered representatives.

**Deleted:** Metro shall comply with all required legal provisions and Generally Accepted Accounting Principles (GAAP). The accounting principles are those contained in the pronouncements of authoritative bodies, including, but not necessarily limited to, the American Institute of Certified Public Accountants (AICPA); the Financial Accounting Standards Board (FASB); and the Government Accounting Standards Board (GASB). ¶

The following minimum criteria must be met prior to authorizing investment transactions. The Investment Officer may impose more stringent criteria.

- i. Broker dealers must meet the following minimum criteria:
  - A. Be registered with the Securities and Exchange Commission (SEC);
  - B. Be registered with the Financial Industry Regulatory Authority (FINRA);
  - C. Provide most recent audited financials;
  - D. Provide FINRA Focus Report filings.

A periodic (at least annual) review of all authorized broker/dealers will be conducted by the Investment Officer.

- b) Investment Advisers. The Investment Officer may engage the services of one or more external investment advisers to assist in the management of Metro's investment portfolio in a manner consistent with this investment policy. If Metro hires an investment adviser to

provide investment management services, the adviser is authorized to transact with its direct dealer relationships on behalf of Metro.

Approved investment adviser firms must be registered with the Securities and Exchange Commission (SEC) or licensed by the state of Oregon; (Note: Investment adviser firms with assets under management > \$100 million must be registered with the SEC, otherwise the firm must be licensed by the state of Oregon).

A periodic (at least annual) review of all authorized investment advisers will be conducted by the Investment Officer to determine their continued eligibility within the portfolio guidelines.

- c) Depositories. All financial institutions who desire to become depositories must be qualified Oregon Depositories pursuant to ORS Chapter 295.
- d) Competitive Transactions. The Investment Officer shall obtain and document competitive bid information on all investments purchased or sold in the secondary market. Competitive bids or offers should be obtained, when possible, from at least three separate brokers/financial institutions or through the use of a nationally recognized trading platform. In the instance of a security for which there is no readily available competitive bid or offering on the same specific issue, then the Investment Officer shall document quotations for comparable or alternative securities. When purchasing original issue instrumentality securities, no competitive offerings will be required as all dealers in the selling group offer those securities as the same original issue price. However, the Investment Officer is encouraged to document quotations on comparable securities. If an investment adviser provides investment management services, the adviser must retain documentation of competitive pricing execution on each transaction and provide upon request.

#### 7.03.050 Safekeeping and Custody

- a) Delivery vs. Payment. All securities purchased pursuant to this investment policy will be delivered by either book entry or physical delivery to a third party for safekeeping by a bank designated as custodian. Purchase and sale of all securities will be on a payment versus delivery basis. Delivery versus payment will also be required for all repurchase transactions and with the collateral priced and limited in maturity in compliance with ORS 294.035(2)(j). Notwithstanding the preceding, an exception to the delivery versus payment policy is made when purchasing State and Local Government Series Securities (SLGS) from the United States Treasury's Bureau of Public Debt to satisfy arbitrage yield restriction requirements of the Internal Revenue Code for tax-exempt bond issues.
- b) Custody/Safekeeping. The trust department of the bank designated as custodian will be considered to be a third party for the purposes of safekeeping of securities purchased from that bank. The custodian shall issue a safekeeping receipt to Metro listing the specific instrument, rate, maturity and other pertinent information.

(Ordinance No. 05-1075.)

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**Deleted:** Selection of Investment Instruments. Before the investment officer invests any surplus funds, a competitive offering solicitation shall be conducted orally, or alternatively through an electronic competitive bidding platform that compares several offers of the same security class like commercial paper, new issue GSE's and treasury issues. Offerings will be requested from financial institutions for various options with regards to term and instrument. The investment officer will accept the offering, which provides the highest rate of return within the maturity required and within the prudent investor rule. Records will be kept of offerings and the basis for making the investment decision.

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**Deleted:** Internal Controls. The investment officer shall maintain a system of written internal controls, which shall be reviewed annually by the IAB and the independent auditor. The controls shall be designed to prevent loss of public funds due to fraud, error, misrepresentation or imprudent actions. ¶

¶ Metro's independent auditor at least annually shall audit investments according to generally accepted auditing standards and this ordinance. ¶

**Moved up [2]:** Metro's independent auditor at audit investments according to generally accepted auditing standards and this ordinance. ¶

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**Deleted:** Authorized Financial Dealers and Institutions. The investment officer shall maintain a listing of all authorized dealers and financial institutions that are approved for investment purposes. Financial institutions must have a branch in Oregon. Any firm is eligible to apply to provide investment services to Metro and will be added to the list if the selection criteria are met. Additions or deletions to the list will be made by the investment officer and reviewed by the IAB. At the request of the investment officer, the firms performing investment services for Metro shall provide their most recent financial statements or Consolidated ...

**Deleted:** Washington or Idaho and, if not headquartered in the state of Oregon, to have an office located in Oregon. Notwithstanding the above, securities dealers who are classified as ...

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**Deleted:** Notwithstanding the preceding, an exception to the delivery versus payment policy is made when purchasing State and Local Government Series Securities (SLGS) from the ...

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7.03.060 Suitable and Authorized Investments

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(Definitions of terms and applicable authorizing statutes are listed in the "Summary of Investments Available to Municipalities" provided by the State Treasurer).

a) Investment Types. The following investments are permitted by this policy and ORS 294.035 and 294.810.

1) Lawfully issued general obligations of the United States, the agencies and instrumentalities of the United States or enterprises sponsored by the United States Government and obligations whose payment is guaranteed by the United States, the agencies and instrumentalities of the United States or enterprises sponsored by the United States Government. Maximum percent of portfolio allocation is 100%. No more than 40% of the portfolio in any one agency, instrumentality, or sponsored enterprise.

Deleted: U.S. Treasury Bills, Notes, Bonds, Strips (Separate Trading of Registered Interest and Principal of Securities) and/or State and Local Government Series Securities (SLGS) Securities of U.S. Government Agencies and U.S. Government Sponsored Enterprises  
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2) Certificates of Deposit (CD) from commercial banks in Oregon and insured by the Federal Deposit Insurance Corporation (FDIC). Maximum percent of portfolio allocation is 100%. Investments in Certificates of Deposit invested in any one institution shall not exceed 5% of the total available funds and 15% of the equity of the financial institution.

3) Repurchase Agreements (Repo's) purchased from any qualified institution provided the master repurchase agreement is effective and the safekeeping requirements are met. The repurchase agreement must be in writing and executed in advance of the initial purchase of the securities that are the subject of the repurchase agreement.

i. ORS 294.035 (3)(i) requires repurchase agreement collateral to be limited in maturity to three years and priced according to percentages prescribed by written policy of the Oregon Investment Council or the Oregon Short-Term Fund Board.

ii. ORS 294.135 (2) limits the maximum term of any repurchase agreement to 90 days.

iii. Acceptable collateral:

A. US Treasury Securities: 102%

B. US Agency Discount and Coupon Securities: 102%

Maximum percent of portfolio allocation is 50%. The investment officer shall not enter into any reverse repurchase agreements.

4) Banker's Acceptances (BA) that are (i) guaranteed by, and carried on the books of, a qualified financial institution, (ii) eligible for discount by the Federal Reserve System, and (iii) issued by a qualified financial institution whose short-term letter of credit rating is rated in the highest category (A-1, P-1, F-1) by one or more nationally recognized statistical rating organization.

Qualified institution means a financial institution that is located and licensed to do banking business in the state of Oregon; or a financial institution located in the states of California, Idaho, or Washington that is wholly owned by a bank holding company that owns a financial institution that is located and licensed to do banking business in the state of Oregon.

Maximum percent of portfolio allocation is 25%. Investments in Bankers' Acceptances invested in any one institution shall not exceed 5% of the total available funds and 15% of the equity of the financial institution.

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- 5) Corporate indebtedness subject to a valid registration statement on file with the Securities and Exchange Commission or issued under the authority of section 3(a)(2) or 3(a)(3) of the Securities Act of 1933, as amended. Must be issued by a commercial, industrial or utility business enterprise, or by or on behalf of a financial institution, including a holding company owning a majority interest in a qualified financial institution. Maximum allocation of 35%. No more than 5% of the total portfolio with any one corporate entity.

a) Commercial Paper (CP) rated on the trade date P-1 or better by Moody's Investors Service or A-1 or better by Standard & Poor's Corporation or equivalent rating by any nationally recognized statistical rating organization.

b) Corporate indebtedness must be rated on trade date Aa or better by Moody's Investors Service or AA or better by Standard & Poor's Corporation or equivalent by any nationally recognized statistical rating organization.

c) Notwithstanding subparagraph (a) and (b) of this paragraph, the corporate indebtedness must be rated on the trade date P-2 or A or better by Moody's Investors Service or A-2 or A or better by Standard & Poor's Corporation or equivalent rating by any nationally recognized statistical rating organization when the corporate indebtedness is:

i.) Issued by a business enterprise that has its headquarters in Oregon, employs more than 50 percent of its permanent workforce in Oregon or has more than 50 percent of its tangible assets in Oregon; or

ii.) Issued by a holding company owning not less than a majority interest in a qualified financial institution, as defined by ORS 294.035, located and licensed to do banking business in Oregon or by a holding company owning not less than a majority interest in a business enterprise described in sub-subparagraph (i) of this subparagraph.

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- 6) Lawfully issued debt obligations of the agencies and instrumentalities of the State of Oregon or its political subdivisions with a long-term rating of A or an equivalent rating or better or the highest category for short term municipal debt.

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Lawfully issued debt obligations of the States of California, Idaho and Washington or their political subdivisions with a long-term rating of AA or an equivalent rating or better or the highest category for short term municipal debt.

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Maximum percent of portfolio allocation is 25%. No more than 5% of the total portfolio in any one issuing entity.

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Such obligations may be purchased only if there has been no default in payment of either the principal of or the interest on the obligations of the issuing county, port, school district or city, for a period of five years next preceding the date of the investment, per ORS 294.040.

- 7) State of Oregon Investment Pool. Maximum allowed per ORS 294.810, with the exception of pass-through funds (in and out within 10 days). A thorough investigation of the pool/fund is required prior to investing, and on a continual basis. Metro shall perform a periodic review of:

- i) Pool's investment policy and objectives
- ii) Interest calculations and how it is distributed
- iii) How the securities are safeguarded
- iv) How often the securities are priced

- 8) Market Interest Accounts and Checking Accounts. Metro shall maintain necessary allocation needed for daily cash management efficiency.

b) Callable securities. The maximum percent of callable securities in the portfolio shall be 35%.

c) Summary of Permitted Investments.

<u>Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Portfolio Allocation</u>	<u>Maximum Allocation Per Issuer</u>	<u>Minimum Rating</u>
<u>U.S. Treasuries</u>	<u>5 years</u>	<u>100%</u>	<u>100%</u>	<u>=</u>
<u>Federal Agencies</u>	<u>5 years</u>	<u>100%</u>	<u>40%</u>	<u>=</u>
<u>Time CDs</u>	<u>5 years</u>	<u>100%</u>	<u>5%</u>	<u>FDIC insured</u>
<u>Repurchase Agreements</u>	<u>90 days</u>	<u>50%</u>	<u>=</u>	<u>Collateralized</u>
<u>Bankers Acceptances</u>	<u>180 days</u>	<u>25%</u>	<u>5%</u>	<u>A-1</u>
<u>Corporate notes</u>	<u>5 years</u>	<u>35%</u>	<u>5%</u>	<u>AA</u> <u>A if OR</u>
<u>Commercial Paper</u>	<u>270 days</u>		<u>5%</u>	<u>A-1</u> <u>A-2 if OR</u>
<u>OR munis</u>	<u>5 years</u>	<u>25%</u>	<u>5%</u>	<u>A</u>

**Deleted:** 50

**Deleted:** 100%

			(per issuing entity)	
<a href="#">ID, CA, WA munis</a>	<a href="#">5 years</a>		<a href="#">5%</a> (per issuing entity)	<a href="#">AA</a>
<a href="#">OSTE</a>	=	<a href="#">Amount established by ORS 294.810</a>	=	=
<a href="#">Market interest and checking accounts</a>	=	<a href="#">Amount necessary for daily cash mgmt</a>	=	=

(Ordinance No. 05-1075. Amended by Ordinance No. 09-1216, Sec. 1; Ordinance No. 12-1280, Sec. 1.; and by Ordinance No. 13-1303).

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**Deleted:** b) Collateralization. Deposit-type securities (i.e., Certificates of Deposit) and all bank deposits for any amount exceeding FDIC coverage shall be collateralized through the Public Funds Collateralization Program as required by ORS Chapter 295. ORS Chapter 295 governs the collateralization of Oregon public funds and provides the statutory requirements for the Public Funds Collateralization Program. Bank depositories are required to pledge collateral against any public funds deposits in excess of deposit insurance amounts. ORS 295 sets the specific value of the collateral, as well as the types of collateral that are acceptable. ¶

7.03.070 Investment Parameters

- a) Diversification by Maturity. Only investments which can be held to maturity shall be purchased. Investments shall not be planned or made predicated upon selling the security prior to maturity. This restriction does not prohibit the use of repurchase agreements under ORS 294.135(2).

Funds will be invested to coincide with projected cash needs or with the following serial maturity:

- 20% minimum to mature under three months;
- 25% minimum to mature under 18 months;
- 100% minimum to mature under five years.

At all times, Metro will maintain a minimum amount of funds to meet liquidity needs for the next three months, which can be through a combination of cash and investments. The duration of Metro's portfolio shall not exceed 2.5 years.

Investments may not exceed five (5) years. Investment maturities beyond 18 months may be made when supported by cash flow projections which reasonably demonstrate that liquidity requirements will be met.

- b) Diversification by Investment. The investment officer will diversify the portfolio to avoid incurring unreasonable risks inherent in over-investing in specific instruments, individual financial institutions, or maturities.

- c) Collateralization. Deposit-type securities (i.e., Certificates of Deposit) and all bank deposits for any amount exceeding FDIC coverage shall be collateralized through the Public Funds Collateralization Program as required by ORS Chapter 295. ORS Chapter 295 governs the collateralization of Oregon public funds and provides the statutory requirements for the Public Funds Collateralization Program. Bank depositories are required to pledge collateral against any public funds deposits in excess of deposit insurance amounts. ORS 295 sets the specific value of the collateral, as well as the types of collateral that are acceptable.

- d) Total Prohibitions. The investment officer may not make a commitment to invest funds or sell securities more than 14 business days prior to the anticipated date of settlement of the

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**Deleted:** Maturity limitations shall depend upon whether the funds being invested are considered short-term or long-term funds. All funds shall be considered short-term, except those reserved for capital projects (e.g., bond sale proceeds).¶  
 ¶  
 <#>Short-Term Funds. ¶  
 Investment maturities for operating funds and bond reserves shall be scheduled to meet projected cash flow needs.

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**Deleted:** 25%

**Deleted:** 75%

**Deleted:** <#>Long-Term Funds. ¶  
 <#>Maturity scheduling shall be timed according to anticipated need. ORS 294.135 permits investment beyond 18 months for any bond proceeds or funds accumulated for any purpose that the district is permitted by state law to accumulate and hold funds for a period exceeding one (1) year. The maturities should be made to coincide as nearly as practicable with the expected use of the funds. ¶  
 <#>Investment of capital project funds shall be timed to meet projected contractor payments. The drawdown schedule used to guide the investment of the funds shall evidence the approval of the investment officer and review of the Chief Financial Officer. ¶

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 The maximum percentages of the portfolio and the maximum maturities for investments are as follows:

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 Security ...

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 <#>Qualified Institutions. The investment officer shall maintain a listing of financial institutions and securities dealers recommended by the IAB. Any financial institution and/or securities dealer is eligible to make an application to the investment officer and upon due consideration and approval hold available funds. ¶ ...

purchase or sale transaction and may not agree to invest funds or sell securities for a fee other than interest. Purchase of standby or forward commitments of any sort are specifically prohibited.

- e) Adherence to Investment Diversification. Diversification requirements must be met on the day an investment transaction is executed. If due to unanticipated cash needs, investment maturities or marking the portfolio to market, the investment in any security type, financial issuer or maturity spectrum later exceeds the limitations in the policy, the investment officer is responsible for bringing the investment portfolio back into compliance as soon as is practical.

(Ordinance No. 05-1075. Amended by Ordinance No. 08-1190 and by Ordinance No. 13-1302).

#### 7.03.080 Prohibited Investments

- a) Private Placement or 144A Securities. Private placement or “144A” securities are not allowed. “144A” securities include commercial paper issued under section 4(2)144A (also known as “4(2)A”) of the Securities Act of 1933.
- b) Mortgage-backed Securities are not allowed.
- c) Securities Lending. Metro shall not lend securities nor directly participate in a securities lending program.

#### 7.03.090 Reporting

- a) Methods. A transaction report shall be prepared by the investment manager not later than one business day after the transaction, unless a trustee, operating under a trust agreement, has executed the transaction. The trustee agreement shall provide for a report of transactions to be submitted by the trustee on a monthly basis.
- b) Compliance. Quarterly reports shall be prepared for each regular meeting of the IAB to present historical information for the past 12-month period and that allows the IAB to ascertain whether investment activities during the reporting period have conformed to the investment policy. Copies shall be provided to the Chief Operating Officer and the Metro Council. At each quarterly meeting, a report reflecting the status of the portfolio will be submitted for review and comment by at least three (3) members of the IAB. Discussion and comment on the report will be noted in minutes of the meeting. If concurrence is not obtained, notification will be given to the investment officer, including comments by the IAB.
- c) Performance Standards. The overall performance of Metro’s investment program is evaluated quarterly by the IAB using the objectives outlined in this policy. The quarterly report which confirms adherence to this policy shall be provided to the Metro Council as soon as practicable.

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Deleted: ¶ - Competitive Selection of Investment Instruments. Before the investment officer invests any surplus funds, a competitive offering solicitation shall be conducted orally, or alternatively through an electronic competitive bidding platform that compares several offers of the same security class like commercial paper, new issue GSE’s and treasury issues. Offerings will be requested from financial institutions for various options with regards to term and instrument. The investment officer will accept the offering, which provides the highest rate of return within the maturity required and within the prudent investor rule. Records will be kept of offerings and the basis for making the investment decision. ¶

Moved up [1]: ¶

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The investment portfolio will be managed in accordance with the parameters specified within this policy. The portfolio should obtain a market average rate of return during a market/economic environment of stable interest rates. The primary benchmark of the portfolio will be the Bank of America Merrill Lynch 0-3 Year US Treasury Index. The Investment Officer may use other appropriate benchmarks including the Local Government Investment Pool's monthly average yield or a series of appropriate benchmarks consistent with Metro's investment objectives for additional analysis. Metro will use these benchmarks to determine the effectiveness of the investment strategy and return relative to market. The Investment Officer, IAB, and the Investment Advisor will review benchmarks annually for appropriateness and consistency with Metro's investment objectives.

**Deleted:** The performance of Metro's portfolio shall be measured by comparing the average yield of the portfolio at month-end against the performance of the 90-day U.S. Treasury Bill issue maturing closest to 90 days from month-end and the Local Government Investment Pool's monthly average yield.

d) Accounting Method. Metro shall comply with all required legal provisions and Generally Accepted Accounting Principles (GAAP). The accounting principles are those contained in the pronouncements of authoritative bodies, including, but not necessarily limited to, the American Institute of Certified Public Accountants (AICPA); the Financial Accounting Standards Board (FASB); and the Government Accounting Standards Board (GASB).

**Deleted:** The Investment Officer will establish an appropriate benchmark, or series of appropriate benchmarks, consistent with Metro's investment objectives. Metro will use these benchmarks to determine the effectiveness of the investment strategy and return relative to the market.

**Moved (insertion) [4]**

(Ordinance No. 05-1075.)

#### 7.03.010 Policy Adoption and Re-adoption

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- a) The investment policy must be reviewed by the IAB and the Oregon Short-Term Fund Board prior to adoption by the Metro Council. Adoption of this policy supersedes any other previous Council action or policy regarding Metro's investment management practices.
- b) This policy shall be subject to review and re-adoption annually by the Metro Council in accordance with ORS 294.135.

(Ordinance No. 05-1075.)

#### 7.03.011 List of Documents Used in Conjunction with this Policy

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The following documents are used in conjunction with this policy and are available from the investment manager upon request:

- List of Authorized Brokers and Dealers
- List of Primary Dealers
- Calendar of Federal Reserve System Holidays
- Calendar of Local Government Investment Pool Holidays
- Broker/Dealer Request for Information
- Oregon State Treasury's Summary of Liquid Investments Available to Local Governments for Short-Term Fund Investment
- Oregon State Treasury's U.S. Government and Agency Securities for Local Government Investment Under ORS 294.035 and 294.040
- Oregon State Treasury's List of Qualified Depositories for Public Funds

- Attorney General's letter of advice: Certificates of Deposit, ORS 294.035 and ORS Chapter 295
- Oregon Revised Statute Chapter 294 – County and Municipal Financial Administration
- Oregon Revised Statute Chapter 295 – Depositories of Public Funds and Securities
- Government Finance Officers Association Glossary of Cash Management Terms

(Ordinance No. 05-1075).

#### 7.03.012 Definitions

**Accrued Interest.** Interest earned but which has not yet been paid or received.

**Benchmark Notes/Bonds:** Benchmark Notes and Bonds are a series of FNMA “bullet” maturities (non-callable) issued according to a pre-announced calendar. Under its Benchmark Notes/Bonds program, 2, 3, 5, 10 and 30-year maturities are issued each quarter. Each Benchmark Notes new issue has a minimum size of \$4 billion, 30-year new issues having a minimum size of \$1 billion, with reopenings based on investor demand to further enhance liquidity. The amount of non-callable issuance has allowed FNMA to build a yield curve in Benchmark Notes and Bonds in maturities ranging from 2 to 30 years. The liquidity emanating from these large size issues has facilitated favorable financing opportunities through the development of a liquid overnight and term repo market. Issues under the Benchmark program constitute the same credit standing as other FNMA issues; they simply add organization and liquidity to the intermediate- and long-term Agency market.

**Book Value.** The value at which a debt security is reflected on the holder's records at any point in time. Book value is also called “amortized cost” as it represents the original cost of an investment adjusted for amortization of premium or accretion of discount. Also called “carrying value.” Book value can vary over time as an investment approaches maturity and differs from “market value” in that it is not affected by changes in market interest rates.

**Bullet Notes/Bonds.** Notes or bonds that have a single maturity date and are non-callable.

**Callable Bonds/Notes.** Securities which contain an imbedded call option giving the issuer the right to redeem the securities prior to maturity at a predetermined price and time.

**Certificate of Deposit Account Registry Service (CDARS).** A private service that breaks up large deposits (from individuals, companies, nonprofits, public funds, etc.) and places them across a network of banks and savings associations around the United States. Allows depositors to deal with a single bank that participates in CDARS but avoid having funds above the FDIC deposit insurance limits in any one bank.

**Commercial Paper.** Short term unsecured promissory note issued by a company or financial institution. Issued at a discount and matures for par or face value. Usually a maximum maturity of 270 days, and given a short-term debt rating by one or more NRSROs.

**Coupon Rate.** Annual rate of interest on a debt security, expressed as a percentage of the bond's face value.

**Discount Notes.** Unsecured general obligations issued by Federal Agencies at a discount. Discount notes mature at par and can range in maturity from overnight to one year.

**Federal Agency Security.** . . A security issued by a federal agency or certain federally chartered entities (often referred to as government-sponsored enterprises or GSEs). Agency securities typically are not guaranteed by the federal government, particularly those of GSEs.

**Federal Farm Credit Bank (FFCB).** One of the large Federal Agencies. A Government Sponsored Enterprise (GS) system that is a network of cooperatively-owned lending institutions that provide credit services to farmers, agricultural cooperatives and rural utilities. The FFCBs act as financial intermediaries that borrow money in the capital markets and use the proceeds to make loans and provide other assistance to farmers and farm-affiliated businesses. Consists of the consolidated operations of the Banks for Cooperatives, Federal Intermediate Credit Banks, and Federal Land Banks. Frequent issuer of discount notes, agency notes and callable agency securities. FFCB debt is not an obligation of, nor is it guaranteed by the U.S. government, although it is considered to have minimal credit risk due to its importance to the U.S. financial system and agricultural industry.

**Federal Home Loan Bank System (FHLB).** One of the large Federal Agencies. A Government Sponsored Enterprise (GSE) system, consisting of wholesale banks (currently twelve district banks) owned by their member banks, which provides correspondent banking services and credit to various financial institutions, financed by the issuance of securities. The principal purpose of the FHLB is to add liquidity to the mortgage markets. Although FHLB does not directly fund mortgages, it provides a stable supply of credit to thrift institutions that make new mortgage loans. FHLB debt is not an obligation of, nor is it guaranteed by the U.S. government, although it is considered to have minimal credit risk due to its importance to the U.S. financial system and housing market. Frequent issuer of discount notes, agency notes and callable agency securities. Also issues notes under its "global note" and "TAP" programs.

**Federal Home Loan Mortgage Corporation (FHLMC or "Freddie Mac").** One of the large Federal Agencies. A government sponsored public corporation (GSE) that provides stability and assistance to the secondary market for home mortgages by purchasing first mortgages financed by the sale of debt and guaranteed mortgage backed securities. FHLMC debt is not an obligation of, nor is it guaranteed by the U.S. government, although it is considered to have minimal credit risk due to its importance to the U.S. financial system and housing market. Frequent issuer of discount notes, agency notes, callable agency securities and MBS. Also issues notes under its "reference note" program.

**Federal National Mortgage Association (FNMA or "Fannie Mae").** One of the large Federal Agencies. A government sponsored public corporation (GSE) that provides liquidity to the residential mortgage market by purchasing mortgage loans from lenders, financed by the issuance of debt securities and MBS (pools of mortgages packaged together as a security). FNMA debt is not an obligation of, nor is it guaranteed by the U.S. government, although it is considered to have minimal credit risk due to its importance to the U.S. financial system and housing market. Frequent issuer of discount notes, agency notes, callable agency securities and MBS. Also issues notes under its "benchmark note" program.

**Federal Reserve Bank.** One of the 12 distinct banks of the Federal Reserve System.

**Global Notes:** Notes designed to qualify for immediate trading in both the domestic U.S. capital market and in foreign markets around the globe. Usually large issues that are sold to investors worldwide and therefore have excellent liquidity. Despite their global sales, global notes sold in the U.S. are typically denominated in U.S. dollars.

**Government National Mortgage Association (GNMA or "Ginnie Mae").** One of the large Federal Agencies. Government-owned Federal Agency that acquires, packages, and resells mortgages and mortgage purchase commitments in the form of mortgage-backed securities. Largest issuer of mortgage pass-through securities. GNMA debt is guaranteed by the full faith and credit of the U.S. government (one of the few agencies that is actually full faith and credit of the U.S.).

**Government Sponsored Enterprise (GSE).** Privately owned entity subject to federal regulation and supervision, created by the U.S. Congress to reduce the cost of capital for certain borrowing sectors of the economy such as students, farmers, and homeowners. GSEs carry the implicit backing of the U.S. Government, but they are not direct obligations of the U.S. Government. For this reason, these securities will offer a yield premium over Treasuries. Examples of GSEs include: FHLB, FHLMC, and FNMA.

**Market Value.** The fair market value of a security or commodity. The price at which a willing buyer and seller would pay for a security.

**Mortgage Backed Security (MBS).** A type of asset-backed security that is secured by a mortgage or collection of mortgages. These securities must also be grouped in one of the top two ratings as determined by a accredited credit rating agency, and usually pay periodic payments that are similar to coupon payments. Furthermore, the mortgage must have originated from a regulated and authorized financial institution.

**NRSRO.** A "Nationally Recognized Statistical Rating Organization." A designated rating organization that the SEC has deemed a strong national presence in the U.S. NRSROs provide credit ratings on corporate and bank debt issues. Only ratings of a NRSRO may be used for the regulatory purposes of rating. Includes Moody's, Standard and Poor's, Fitch and Duff & Phelps.

**Par Value.** Face value, stated value or maturity value of a security.

**Primary Dealer.** Any of a group of designated government securities dealers designated by to the Federal Reserve Bank of New York. Primary dealers can buy and sell government securities directly with the Fed. Primary dealers also submit daily reports of market activity and security positions held to the Fed and are subject to its informal oversight. Primary dealers are considered the largest players in the U.S. Treasury securities market.

**Primary Market.** Market for new issues of securities, as distinguished from the Secondary Market, where previously issued securities are bought and sold. A market is primary if the proceeds of sales go to the issuer of the securities sold. The term also applies to government securities auctions

**Reference Bills:** FHLMC's short-term debt program created to supplement its existing discount note program by offering issues from one month through one year, auctioned on a weekly or on an alternating four-week basis (depending upon maturity) offered in sizeable volumes (\$1 billion and up) on a cycle of regular, standardized issuance. Globally sponsored and distributed, Reference Bill issues are intended to encourage active trading and market-making and facilitate the development of a term repo market. The program was designed to offer predictable supply, pricing transparency

and liquidity, thereby providing alternatives to Treasury bills. FHLMC's Reference Bills are unsecured general corporate obligations. This program supplements the corporation's existing discount note program. Issues under the Reference program constitute the same credit standing as other FHLMC discount notes; they simply add organization and liquidity to the short-term Agency discount note market.

**Reference Notes:** FHLMC's intermediate-term debt program with issuances of 2, 3, 5, 10 and 30-year maturities. Initial issuances range from \$2 - \$6 billion with reopenings ranging \$1 - \$4 billion. The notes are high-quality bullet structures securities that pay interest semiannually. Issues under the Reference program constitute the same credit standing as other FHLMC notes; they simply add organization and liquidity to the intermediate- and long-term Agency market.

**Secondary Market.** Markets for the purchase and sale of any previously issued financial instrument.

**TAP Notes:** Federal Agency notes issued under the FHLB TAP program. Launched in 6/99 as a refinement to the FHLB bullet bond auction process. In a break from the FHLB's traditional practice of bringing numerous small issues to market with similar maturities, the TAP Issue Program uses the four most common maturities and reopens them up regularly through a competitive auction. These maturities (2,3,5 and 10 year) will remain open for the calendar quarter, after which they will be closed and a new series of TAP issues will be opened to replace them. This reduces the number of separate bullet bonds issued, but generates enhanced awareness and liquidity in the marketplace through increased issue size and secondary market volume.

**Tennessee Valley Authority (TVA):** A federally owned corporation in the United States created by congressional charter in May 1933 to provide navigation, flood control, electricity generation, fertilizer manufacturing, and economic development in the Tennessee Valley, a region particularly impacted by the Great Depression. The enterprise was a result of the efforts of Senator George W. Norris of Nebraska. TVA was envisioned not only as a provider, but also as a regional economic development agency that would use federal experts and electricity to rapidly modernize the region's economy and society.

**Treasury Bills (T-Bills).** Short-term direct obligations of the United States Government issued with an original term of one year or less. Treasury bills are sold at a discount from face value and do not pay interest before maturity. The difference between the purchase price of the bill and the maturity value is the interest earned on the bill. Currently, the U.S. Treasury issues 4-week, 13-week and 26-week T-Bills

**Treasury Bonds.** Long-term interest-bearing debt securities backed by the U.S. Government and issued with maturities of ten years and longer by the U.S. Department of the Treasury.

**Treasury Notes.** Intermediate interest-bearing debt securities backed by the U.S. Government and issued with maturities ranging from one to ten years by the U.S. Department of the Treasury. The Treasury currently issues 2-year, 3-year, 5-year, 7-year and 10-year Treasury Notes.

**U.S. Government Backed Securities.** FDIC-guaranteed corporate debt issued under the Temporary Liquidity Guarantee Program (TLGP) and backed by the full faith and credit of the United States Government with a maximum final maturity of five years.

**Yield to Maturity (YTM) at Cost.** The percentage rate of return paid if the security is held to its maturity date at the original time of purchase. The calculation is based on the coupon rate, length of time to maturity, and original price. It assumes that coupon interest paid over the life of the security is reinvested at the same rate. The Yield at Cost on a security remains the same while held as an investment.

## STAFF REPORT

### IN CONSIDERATION OF ORDINANCE NO. 15-1353 FOR THE PURPOSE OF AMENDING AND RE-ADOPTING METRO CODE 7.03 (INVESTMENT POLICY) FOR FISCAL YEAR 2015-2016 AND DECLARING AN EMERGENCY

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Date: January 28, 2015

Prepared by: Calvin Smith  
Telephone: 503-797-1612

#### BACKGROUND

Metro Code, Chapter 7.03 contains the Investment Policy that applies to all cash-related assets held by Metro. Metro code requires the annual review and readopting with the assistance of the Investment Advisory Board who are appointed on staggered terms by the Council President. This Investment Policy is being submitted to Council for review and re-adoption in accordance with Section 7.03.080 of Metro Code.

The format of Metro's Investment Policy conforms to the Oregon State Treasury's Sample Investment Policy for Local Governments and the Government Finance Officers Association's (GFOA) Sample Investment Policy. This allows Metro's policy to be readily compared to investment policies of other local governments that have adopted the same GFOA format.

Proposed revisions to the Policy reflect three main principles: (i) compliance and consistency with Oregon Revised Statutes, (ii) alignment with Metro's overall investment objectives, and (iii) general organization and clarity of the Policy. As part of the process, we consulted and incorporated best practices found in the GFOA sample policy, the OSTF Board's sample investment policy, Investment Advisory Board feedback, input from PFM, Metro's investment advisors, as well as other industry standards.

The attached Policy shows all changes; below are details and rationale for the proposed material revisions.

**7.03.020. General Objectives:** The previous version of the Policy included "yield" as one of Metro's investment objectives, along with safety and liquidity. The new Policy instead references "Return on Investment" as the third objective. This is consistent with OSTF Board sample policy and Metro's investment objectives. In this section we also edited language to more explicitly state that securities will be purchased with the intent to hold to maturity; however, they may be sold prior to maturity to improve the quality, net yield, or maturity characteristic of the portfolio.

**7.03.030. Standards of Care:** Added a section on *Ethics and Conflicts of Interest* as a best practice measure using language in the OSTF Board's sample policy. The paragraph on Internal Controls was moved into this section from the *Safekeeping and Custody* section, consistent with the OSTF sample policy.

**7.03.040. Transaction Counterparties, Investment Advisers, and Depositories:** In the previous version of the Policy, counterparties were discussed in the *Safekeeping and*

*Custody* section and in broad terms. The new version of the Policy follows the OSTF Board's sample policy, creating a new section and separately referencing broker/dealers, investment advisers, and depositories, as well as competitive transactions.

The paragraph on competitive transactions was changed to be more consistent with the OSTF Board's sample policy and consistent with the OSTF Board's 2013 comments. In addition, Metro recently hired PFM Asset Management LLC to assist with Metro's investment program and to provide non-discretionary management services; as such we added language in this section to address the use of an investment adviser.

**7.03.050. *Safekeeping and Custody.*** As discussed above, the paragraph titled *Authorized Financial Dealers and Institutions* was expanded and moved to the newly created section, *Transaction Counterparties, Investment Advisers, and Depositories*. Also, as mentioned above, the Internal Controls paragraph has been moved to the *Standards of Care* section.

**7.03.060. *Suitable and Authorized Investments:*** The objectives of the proposed changes in this section are to achieve greater consistency with Oregon Revised Statutes (ORS) language and to align the investment parameters with Metro's objectives. Material changes include:

- Revising language for the following allowable investments: lawfully issued general obligations of the United States, the agencies and instrumentalities; repurchase agreements; bankers' acceptances, corporate indebtedness; lawfully issued debt obligations of the agencies and instrumentalities of the State of Oregon, Washington, California and Idaho.
- Allowing for investment in A-rated corporate indebtedness if a corporation is headquartered in Oregon, per ORS 294.035 (i)(C).
- Allowing for investment in A-rated municipal obligations if they are lawfully issued debt obligations of the agencies and instrumentalities of the State of Oregon and its political subdivisions as described in ORS 294.035 (b).
- Limiting the maximum per issuer for non-government investments to 5% of the portfolio.
- Limiting the maximum amount of callable securities to 35% of Metro's funds.

In this section we also added a summary table, listing all of the permitted investments, maximum maturity, maximum sector and issuer allocations, and minimum rating requirements. In the previous version of the Policy these parameters had been referenced in two different tables in the *Investment Parameters* section. Combining these parameters into one table at the end of the *Suitable and Authorized Investments* section creates greater clarity and readability.

The paragraph on Collateralization was moved to the *Investment Parameters* section.

**7.03.070. *Investment Parameters.*** We have revised the maturity table to allow for Metro's ability to maintain sufficient liquidity while also allowing Metro to invest additional funds beyond 18 months to capture greater value along the yield curve. Funds will be invested to



coincide with projected cash needs or with the following serial maturity: 20% minimum to mature under three months; 25% minimum to mature under 18 months; 100% minimum to mature under five years.

The maximum maturity of investments is 5 years and the effective duration of the portfolio will not exceed 2.5 years.

The two diversification tables in the previous version of the Policy have been deleted and the information has been incorporated into the newly created table in the *Suitable and Authorized Investments* section.

**7.03.080. Prohibited Investments.** This section was added to explicitly state the investment types that Metro is prohibited from purchasing. Prohibited investments include private placement or 144A securities, mortgage-backed securities, and securities lending.

**7.03.090. Reporting.** Paragraphs on the quarterly report and accounting methods were moved from the *Standards of Care* section. Metro has changed its benchmarks and the language in the Policy has been changed to reflect this. Language was also added to explain how the benchmark will be used and a process to review the appropriateness of the benchmark on an ongoing basis. In addition, in response to the OSTF Board's 2013 comments, a paragraph was added from the OSTF Board's sample policy regarding compliance.

## ANALYSIS/INFORMATION

1. **Known Opposition:** None.
2. **Legal Antecedents:** Metro Code, Chapter 7.03, Investment Policy, Section 7.030.080(b) proscribes that the policy shall be subject to review and re-adoption annually by the Metro Council in accordance with ORS 294.135.

Chapter 7.03 was formerly Chapter 2.06 (readopted April 9, 1998; amended December 10, 1998; readopted April 15, 1999; readopted April 27, 2000; readopted December 11, 2001; readopted October 3, 2002; renumbered by Ordinance No. 02-976, Sec. 1; readopted June 12, 2003; amended and readopted April 7, 2005, by Ordinance No. 05-1075; readopted April 20, 2006, by Ordinance 06-1114; readopted June 21, 2007 by Ordinance 07-1149; readopted June 26, 2008 by Ordinance 08-1190; readopted June 25, 2009 by Ordinance 09-1216.;readopted June 17, 2010 by Ordinance 10-1243; readopted by Resolution 11-4272 June 23,2011; readopted by Ordinance 12-1280 June 21, 2012; readopted by Ordinance 13-1303 May 2,2013; readopted by Ordinance 14-1339 July 17,2014.)

3. **Anticipated Effects:** N/A
4. **Budget Impacts:** N/A

**RECOMMENDED ACTION:** Staff recommends re-adoption as amended of Metro Code Chapter 7.03 by Ordinance No. 15-1353.

Agenda Item No. 3.2

**Ordinance No. 15-1352, For the Purpose of Adopting Solid  
Waste Charges and User Fees for FY 2015-16**

*Ordinances (Second Read)*

Metro Council Meeting  
Thursday, March 19, 2015  
Metro, Council Chamber

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF ADOPTING SOLID WASTE CHARGES AND USER FEES FOR FY 2015-16. ) ORDINANCE NO. 15-1352 ) Introduced by Chief Operating Officer ) Martha Bennett with the concurrence of ) Council President Tom Hughes

WHEREAS, Metro Code Chapter 5.02 establishes charges for the acceptance of solid waste at Metro Central and Metro South transfer stations; and,

WHEREAS, Metro Code chapters 5.01 and 5.02 establish user fees on solid waste accepted at all disposal sites in the system; and,

WHEREAS, Metro Code Section 5.06.030 establishes a community enhancement fee in an amount not to exceed \$1.00 on solid waste delivered to eligible solid waste facilities in the Metro region; and,

WHEREAS, Metro’s costs for solid waste services and programs have changed; now therefore,

THE METRO COUNCIL ORDAINS AS FOLLOWS:

Section 1. Solid Waste Fees and Charges. The schedule of solid waste fees and charges attached hereto as Exhibit “A” is approved, and shall be implemented on the Effective Date of this ordinance.

Section 2. Effective Date. This ordinance shall become effective on July 1, 2015.

ADOPTED by the Metro Council this 19th day of March, 2015.

Tom Hughes, Council President

Attest:

Approved as to Form:

Alexandra Eldridge, Recording Secretary

Alison R. Kean, Metro Attorney

**Exhibit “A” to Ordinance No. 15-1352**

**SCHEDULE OF SOLID WASTE FEES AND CHARGES**

Effective July 1, 2015

**Charges at Metro Central Station and Metro South Station**

Tonnage Charges by waste class

The rates per ton pursuant to Metro Code sections 5.02.025(a)(1) and 5.02.029 shall be:

- (1) Mixed solid waste .....\$ 62.87
- (2) Wood waste or yard debris (separated or comingled).....50.56
- (3) Residentially generated organic waste.....59.45
- (4) Commercially generated organic waste (Metro Central only).....65.23

Transaction Charges by transaction class

The rates per transaction pursuant to Metro Code 5.02.025(a)(3) shall be:

- (1) For users of staffed scales .....\$ 12.00
- (2) For users of automated scales .....3.00

Minimum Charges

Minimum tonnage charges pursuant to Metro Code sections 5.02.025(b) and 5.02.029(h)(2) shall be based on 340 pounds for all classes of solid waste.

**Fees on Disposal of Solid Waste**

Regional System Fees by waste class

The rates per ton pursuant to Metro Code sections 5.01.150, 5.02.045 and 5.02.047 shall be:

- (1) Cleanup material contaminated by hazardous substances .....\$ 2.50
- (2) All other solid wastes.....18.39

Community Enhancement Fees

The rates per ton pursuant to Metro Code sections 5.06.030 shall be:

- (1) Putrescible solid waste.....\$ 1.00
- (2) Non-putrescible solid waste (as authorized by Metro Chief Operating Officer) .....1.00

## STAFF REPORT

### IN CONSIDERATION OF ORDINANCE NO. 15-1352 FOR THE PURPOSE OF ADOPTING SOLID WASTE CHARGES AND USER FEES FOR FY 2015-16.

Date: March 19, 2015

Presented by: Brian Kennedy, FRS (Ext. 1908)

### Summary

Each year, the Chief Operating Officer proposes new solid waste rates as part of the budget process. The changes are needed to keep current with costs and tonnage flows.

Main points of this legislation.

- This is the second year where the Metro Council will adopt the new solid waste rates via the rate schedule and makes the rates effective July 1, 2015.
- Metro's tip fee for garbage is proposed to be \$94.98 in FY 2015-16. This is an increase of \$1.65 (1.77%) from the current rate. It will result in a small increase every month to ratepayers. The increase is driven by the change in the Community Enhancement Fee from \$0.50 to \$1.00, an increase in the regional system fee of \$0.18, and an increase in the tonnage charge of \$1.25. (More information on the Regional System Fee is provided on the next page.)
- Tip fee increases are proposed for two of the three organic waste streams accepted at Metro regional transfer stations –residential organics and commercial organics. These increases stem from increases in Metro's per-ton contract cost. The tip fee for clean wood and yard debris is decreasing by \$1.07 per ton.
- Even with these changes, the organics rates remain \$28 to \$34 per ton below the price of disposal, and remain a powerful economic incentive for recovery.

Adoption of Ordinance No. 15-1352 would authorize the following charges at Metro regional transfer stations, effective July 1, 2015.

**Table 1. Proposed Solid Waste Charges at Metro Regional Transfer Stations**  
Rates Effective July 1, 2014

<b>Rates</b>	<b>Current</b>	<b>Proposed</b>	<b>Change</b>
<b>Fees per transaction</b>			
Users of staffed scales	\$12.00	<b>\$12.00</b>	- 0 -
Users of automated scales	3.00	<b>3.00</b>	- 0 -
<b>Fees per ton (Tip Fees)</b>			
Mixed solid waste ("refuse")	\$93.33	<b>\$94.98</b>	\$1.65
Clean wood	52.13	<b>51.56</b>	(0.62)
Yard Debris	52.13	<b>51.56</b>	(0.62)
Residential organics	58.78	<b>60.45</b>	1.62
Commercial organics	64.17	<b>66.23</b>	2.01

Adoption of this ordinance would also leave the following rate unchanged from current levels:

- Minimum load charge. This is the main rate paid by household self-haulers at the Metro stations. It would remain unchanged at \$28 for loads of 340 pounds and under.

## Background Part 1. Overview of Metro’s Solid Waste Rates

Metro maintains two classes of solid waste rates. One class, the Regional System Fee, is charged on all disposal. The second class is a suite of charges for services at Metro regional transfer stations only.

1. **Regional System Fee** is a universal charge on the disposal of garbage. It is levied at all landfills, the Marion County waste to energy facility, Forest Grove Transfer Station, and the Metro stations. There are two levels of system fee: one for mixed solid waste, and a reduced rate for environmental cleanup materials. The proposed rates are \$18.39 and \$2.50 per ton, respectively. System fees raise about \$20 million per year and pay for Metro’s regional solid waste programs and services: household hazardous waste, latex paint recovery, St. Johns Landfill management, facility regulation, illegal dumpsite cleanup, and resource conservation and recycling.
2. **Charges for services at the Metro stations** cover the costs of Metro’s transfer station operations, transport, processing and disposal. Each customer pays a two-part fee: a fixed charge for the transaction costs, and a variable charge (“tip fee”) for each ton in the load.
  - **“Transaction Charges”** are the fixed fees for each load of waste accepted. There are two levels of transaction fee: one for users of the staffed scales (mainly self-haulers), and another for users of the automated scales (mainly commercial haulers). Together they raise about \$2.8 million dollars per year and pay for the cost of operating the scalehouses and related functions.
  - **“Tip Fees”** are different for each waste stream – garbage, residential organics, commercial organics, and wood/yard debris – and reflect the costs that are specific to each stream. The current and proposed rates are shown in Table 1.

Every tip fee is made up of a **Tonnage Charge** and various pass-throughs (Table 2). The tonnage charge pays for the costs of doing the work. In this region, the Regional System Fee, Metro excise tax, and DEQ fees are charged on all disposal. Together, Metro’s tonnage charges raise about \$31 million per year, and pay for the costs of station operations, recovery, transport, processing, disposal, capital, and management.

Of the add-on components, the Regional System Fee is increasing slightly and the excise tax is set to fall. The Regional System Fee is increasing by 18 cents and the excise tax is decreasing by 28 cents. These changes, combined with an increase in the tonnage charge of \$1.25 results in the Metro tip fee increasing by \$1.65 \$94.98 per ton from \$93.33 per ton.

**Table 2. Components of Proposed Metro Tip Fees by Waste Stream**  
Rates Effective July 1, 2015

Rate Component	Mixed Solid Waste	Organic Waste		
		Clean Wood or Yard Debris	Residential Organics	Commercial Organics
Tonnage Charge <i>Covers costs of transfer, transport, recovery, disposal.</i>	\$62.87	\$50.56	\$59.45	\$65.23
<b>Pass-Throughs</b> <i>Government fees and taxes levied at disposal sites.</i>				
Regional System Fee	\$18.39	-*	-*	-*
Metro excise tax	11.48	-*	-*	-*
DEQ fees	1.24	-*	-*	-*
Enhancement Fee	1.00	1.00	1.00	1.00
<b>Total = Tip Fee</b>	<b>\$94.98</b>	<b>\$51.56</b>	<b>\$60.45</b>	<b>\$66.23</b>

\* It is the policy of Metro and DEQ to support material recovery and recycling by levying solid waste surcharges and taxes on the waste that is ultimately disposed. For this reason, the Regional System Fee, Metro excise tax, and DEQ fees are not included in the tip fees

for organic wastes.

## **Background Part 2. Understanding the Proposed FY 2015-16 Rates**

There are four main reasons for the changes in the proposed FY 2015-16 rates.

1. **Tonnage.** After five years of decline, tonnage has stabilized and begun to rebound at Metro stations. Staff expects this trend to continue through FY 2015-16. Tonnage at Metro stations has been increasing faster than regional tonnage, but staff expects this trend to slow through FY 2015-16.
2. **Capital Reserves.** Increases in contract and labor costs at Metro stations have resulted in some increased costs, however, increasing tonnage at Metro stations has helped offset that trend. Required contributions to capital reserves are the primary driver of increases in the tonnage charge at Metro stations.
3. **Setting organics charges at the cost of service.** The rates for residential and commercial organics continue to be set at a level that covers their costs. The rate increase for residential and commercial organics is driven by underlying costs and tonnage. However, the larger tonnage base for fixed costs continues to remove upward pressure on the mixed waste rate.
4. **The excise tax.** The tax rate is set automatically by a formula in the Code each year, and is never a formal part of the rate ordinance. However, it is related to the rate actions because it is part of the tip fee (Table 2). For FY 2015-16, the excise tax rate will fall 28 cents to \$11.48 per ton.

### **Information/Analysis**

1. **Known Opposition.** There is no known opposition. The majority of ratepayers at Metro stations will experience a small increase in Metro's tip fee.
2. **Legal Antecedents.** The process for setting Metro's solid waste rates are set forth in Metro Code Chapter 5.02. Ordinance 14-1323 removed the specific Metro solid waste rates from Metro Code Chapter 5.02 and requires adoption of the rates via a separate ordinance and rate schedule. Metro reviews solid waste rates annually. The proposed FY 2015-16 rates comply with the restriction set forth in Chapter III, Section 15 of the Metro Charter limiting user charges to the amount needed to recover the costs of providing goods and services.

The excise tax rate is established automatically by a passive mechanism set forth in Metro Code sections 7.01.020 and 7.01.022 and does not require council action to take effect.

3. **Anticipated Effects:** If adopted, this ordinance would increase the tip fee for solid waste at Metro transfer stations by \$1.65 per ton. It would also increase the tip fees for organic wastes by the amounts set forth in Table 1.
4. **Budget Impacts.** The rates established by this ordinance are designed to raise \$59 million in enterprise revenue during FY 2015-16. This revenue would cover the cash requirements of the proposed FY 2015-16 solid waste budget.

### **RECOMMENDATION**

The Chief Operating Officer recommends adoption of Ordinance No. 15-1352.

Agenda Item No. 4.1

**Resolution No. 15-4615**, For the Purpose of Amending the FY 2014-15 Budget and Appropriations Schedule and FY 2014-15 through FY 2018-19 Capital Improvement Plan to Provide for a Change in Operations

*Resolutions*

Metro Council Meeting  
Thursday, March 19, 2015  
Metro, Council Chamber



BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF AMENDING THE FY 2014-15 BUDGET AND APPROPRIATIONS SCHEDULE AND FY 2014-15 THROUGH FY 2018-19 CAPITAL IMPROVEMENT PLAN TO PROVIDE FOR A CHANGE IN OPERATIONS )

RESOLUTION NO 15-4615

Introduced by Martha Bennett, Chief Operating Officer, with the concurrence of Council President Tom Hughes

WHEREAS, the Metro Council has reviewed and considered the need to increase appropriations within the FY 2014-15 Budget; and

WHEREAS, Metro Code chapter 2.02.040 requires Metro Council approval to add any new position to the budget; and

WHEREAS, the need for the increase of appropriation has been justified; and

WHEREAS, adequate funds exist for other identified needs; and

WHEREAS, ORS 294.463(1) provides for transfers of appropriations within a fund, including transfers from contingency that do not exceed 15 percent of a fund’s appropriations, if such transfers are authorized by official resolution or ordinance of the governing body for the local jurisdiction, and

WHEREAS, ORS 294.463(3) provides for transfers of appropriations or of appropriations and a like amount of budget resources between funds of the municipal corporation when authorized by an official resolution or ordinance of the governing body stating the need for the transfer, now, therefore,

BE IT RESOLVED,

- 1. That the FY 2014-15 Budget and Schedule of Appropriations are hereby amended as shown in the column entitled “Revision” of Exhibits A and B to this Resolution for the purpose of recognizing new grant funds, acknowledging new revenue, transferring funds from contingency to provide for increased appropriations, and adding 6.05 FTE to the total budget.
2. That the FY 2014-15 through FY 2018-19 Capital Improvement Plan is hereby amended accordingly.

ADOPTED by the Metro Council this 19th day of March, 2015.

Tom Hughes, Council President

APPROVED AS TO FORM:

Alison Kean, Metro Attorney

**Exhibit A**  
**Resolution No. 15-4615**

ACCT	DESCRIPTION	Current Budget	Revision	Amended Budget
<b>General Fund</b>				
<b>General Fund Resources</b>				
<u><b>Beginning Fund Balance</b></u>				
326100	Fund Bal-Restr by TOD IGA	8,106,564	-	8,106,564
330300	Fund Bal-Comm for CET	5,071,398	-	5,071,398
340000	Fund Bal-Unassigned/Undesignated	5,997,946	-	5,997,946
340300	Fund Bal-Dsg Debt Service	749,735	-	749,735
340500	Fund Bal-Dsg Comm Invest Initiative	300,000	-	300,000
340900	Fund Bal-Desg Future Expenditure	2,038,119	-	2,038,119
341500	Fund Bal-Dsg PERS	4,191,403	-	4,191,403
349000	Fund Balance-Unassigned/Reserved	3,187,806	-	3,187,806
<b>Total Beginning Fund Balance</b>		<b>29,642,971</b>	<b>-</b>	<b>29,642,971</b>
<u><b>Current Revenue</b></u>				
401000	Real Property Taxes-Current Yr	12,398,972	-	12,398,972
401500	Real Property Taxes-Prior Yrs	342,000	-	342,000
405000	Excise Taxes	16,597,648	-	16,597,648
405500	Construction Excise Tax	1,950,000	-	1,950,000
405600	CET - 2.5%	50,000	-	50,000
410000	Federal Grants - Direct	2,566,273	-	2,566,273
410500	Federal Grants - Indirect	4,916,884	-	4,916,884
411000	State Grants - Direct	225,000	-	225,000
412000	Local Grants - Direct	2,926,163	-	2,926,163
413500	Marine Board Fuel Tax	71,152	-	71,152
413700	Gain Share-OR Str Invest Prog	200,000	-	200,000
413900	Other Local Govt Shared Rev.	483,135	-	483,135
414200	Intergovernmental Misc Revenue	150,000	-	150,000
414500	Government Contributions	3,017,288	-	3,017,288
415000	Contractor's Business License	380,000	-	380,000
416500	Boat Launch Fees	163,095	-	163,095
418000	Contract & Professional Servic	256,904	625,000	881,904
423000	Product Sales	214,289	-	214,289
428000	Cemetery Service Sales	124,275	-	124,275
428500	Cemetery Property Sales	155,725	-	155,725
428800	Cemetery Merchandise Sales	47,875	-	47,875
450000	Admission Fees	7,476,047	-	7,476,047
450100	Conservation Surcharge	196,875	-	196,875
450200	Admission - Memberships	1,950,000	-	1,950,000
450300	Admission - Special Concerts	1,776,000	-	1,776,000
451000	Rentals - Equipment	831,254	-	831,254
452000	Rentals - Space	100,000	-	100,000
452100	Rentals - Building	-	4,752	4,752
453000	Golf Course Revenues	3,001,928	-	3,001,928
455000	Food & Beverage Service Revenue	5,286	-	5,286
455100	Food Service Revenue - Alcohol	555,109	-	555,109
455500	Food Service Revenue - Food	5,151,506	-	5,151,506
456000	Retail Sales	93,905	-	93,905
457100	Gift Shop Sales	2,495,000	-	2,495,000
458000	Utility Services	2,114	-	2,114
459100	Commissions - ATM	9,000	-	9,000
459940	Commissions - Vending Machine	15,000	-	15,000
461000	Contract Revenue	55,584	-	55,584
462000	Parking Fees	668,134	-	668,134
463000	Tuition and Lectures	1,248,960	-	1,248,960
463500	Exhibit Shows	33,895	-	33,895
464000	Railroad Rides	568,353	-	568,353
464900	Reimbursed Labor	230,936	-	230,936
465000	Miscellaneous Charges for Svc	388,788	-	388,788
470000	Interest on Investments	301,000	-	301,000

**Exhibit A**  
**Resolution No. 15-4615**

ACCT	DESCRIPTION	Current Budget	Revision	Amended Budget
<b>General Fund</b>				
<b>General Fund Resources</b>				
475000	Donations & Bequests - Oper	284,622	-	284,622
476000	Sponsorship Revenue	385,572	-	385,572
489000	Miscellaneous Revenue	136,272	-	136,272
489100	Refunds/Reimbursements	589,506	-	589,506
<b>Total Current Revenue</b>		<b>75,787,324</b>	<b>629,752</b>	<b>76,417,076</b>
<b><i>Interfund Transfers</i></b>				
496000	Interfund Loan - Principal	220,000	-	220,000
496500	Interfund Loan - Interest	8,800	-	8,800
497000	Transfer of Resources	1,145,706	-	1,145,706
497500	Transfer for Indirect Costs	10,398,696	-	10,398,696
498000	Transfer for Direct Costs	2,008,433	-	2,008,433
<b>Total Interfund Transfers</b>		<b>13,781,635</b>	<b>-</b>	<b>13,781,635</b>
<b>TOTAL RESOURCES</b>		<b>\$119,211,930</b>	<b>\$629,752</b>	<b>\$119,841,682</b>

**Exhibit A**  
**Resolution No. 15-4615**

ACCT	DESCRIPTION	Current Budget	Revision	Amended Budget
<b>General Fund</b>				
<b>General Fund - Communications</b>				
<b><u>Expenditures</u></b>				
<i><b>Personnel Services</b></i>				
501000	Reg Employees-Full Time-Exempt	1,941,053	-	1,941,053
502000	Reg Employees-Part Time-Exempt	78,907	-	78,907
508000	Overtime	-	9,050	9,050
511000	Fringe - Payroll Taxes	169,419	-	169,419
512000	Fringe - Retirement PERS	264,873	-	264,873
513000	Fringe - Health & Welfare	360,300	-	360,300
514000	Fringe - Unemployment	10,900	-	10,900
515000	Fringe - Other Benefits	7,946	-	7,946
519000	Pension Oblig Bonds Contrib	20,147	-	20,147
<b>Total Personnel Services</b>		<b>2,853,545</b>	<b>9,050</b>	<b>2,862,595</b>
<b>Total Materials and Services</b>		<b>232,800</b>	<b>-</b>	<b>232,800</b>
<b>TOTAL REQUIREMENTS</b>		<b>\$3,086,345</b>	<b>\$9,050</b>	<b>\$3,095,395</b>
<b>TOTAL FTE</b>		<b>25.00</b>		<b>25.00</b>

**Exhibit A**  
**Resolution No. 15-4615**

ACCT	DESCRIPTION	Current Budget	Revision	Amended Budget
<b>General Fund</b>				
<b>General Fund - Council</b>				
<b><u>Expenditures</u></b>				
<i><b>Personnel Services</b></i>				
500000	Elected Official Salaries	365,904	-	365,904
501000	Reg Employees-Full Time-Exempt	1,983,309	-	1,983,309
501500	Reg Empl-Full Time-Non-Exempt	77,640	-	77,640
503000	Temporary Employees - Hourly	78,000	-	78,000
508000	Overtime	5,000	42,340	47,340
508600	Mobile Comm Allowance	12,600	-	12,600
511000	Fringe - Payroll Taxes	211,192	-	211,192
512000	Fringe - Retirement PERS	273,463	-	273,463
513000	Fringe - Health & Welfare	417,948	-	417,948
515000	Fringe - Other Benefits	9,504	-	9,504
519000	Pension Oblig Bonds Contrib	22,406	-	22,406
<b>Total Personnel Services</b>		<b>3,456,966</b>	<b>42,340</b>	<b>3,499,306</b>
<b>Total Materials and Services</b>		<b>1,377,382</b>	<b>-</b>	<b>1,377,382</b>
<b>TOTAL REQUIREMENTS</b>		<b>\$4,834,348</b>	<b>\$42,340</b>	<b>\$4,876,688</b>
<b>TOTAL FTE</b>		<b>30.00</b>	<b>-</b>	<b>30.00</b>

**Exhibit A**  
**Resolution No. 15-4615**

ACCT	DESCRIPTION	Current Budget	Revision	Amended Budget
<b>General Fund</b>				
<b>General Fund - Finance and Regulatory Services</b>				
<b><u>Expenditures</u></b>				
<i><b>Personnel Services</b></i>				
501000	Reg Employees-Full Time-Exempt	2,171,609	-	2,171,609
501500	Reg Empl-Full Time-Non-Exempt	376,543	-	376,543
502000	Reg Employees-Part Time-Exempt	108,154	-	108,154
502500	Reg Empl-Part Time-Non-Exempt	15,615	-	15,615
508000	Overtime	-	7,220	7,220
508600	Mobile Comm Allowance	1,200	-	1,200
511000	Fringe - Payroll Taxes	226,857	-	226,857
512000	Fringe - Retirement PERS	361,909	-	361,909
513000	Fringe - Health & Welfare	533,725	-	533,725
514000	Fringe - Unemployment	3,549	-	3,549
515000	Fringe - Other Benefits	10,853	-	10,853
519000	Pension Oblig Bonds Contrib	26,968	-	26,968
<b>Total Personnel Services</b>		<b>3,836,982</b>	<b>7,220</b>	<b>3,844,202</b>
<b>Total Materials and Services</b>		<b>714,320</b>	<b>-</b>	<b>714,320</b>
<b>TOTAL REQUIREMENTS</b>		<b>\$4,551,302</b>	<b>\$7,220</b>	<b>\$4,558,522</b>
<b>TOTAL FTE</b>		<b>37.00</b>	<b>-</b>	<b>37.00</b>

**Exhibit A**  
**Resolution No. 15-4615**

ACCT	DESCRIPTION	Current Budget	Revision	Amended Budget
<b>General Fund</b>				
<b>General Fund - Human Resources</b>				
<b><u>Expenditures</u></b>				
<i><b>Personnel Services</b></i>				
501000	Reg Employees-Full Time-Exempt	1,162,943	-	1,162,943
501500	Reg Empl-Full Time-Non-Exempt	264,400	-	264,400
503000	Temporary Employees - Hourly	5,000	-	5,000
508000	Overtime	1,000	76,050	77,050
511000	Fringe - Payroll Taxes	121,303	-	121,303
512000	Fringe - Retirement PERS	176,234	-	176,234
513000	Fringe - Health & Welfare	273,828	-	273,828
514000	Fringe - Unemployment	13,772	-	13,772
515000	Fringe - Other Benefits	5,707	-	5,707
519000	Pension Oblig Bonds Contrib	14,277	-	14,277
<b>Total Personnel Services</b>		<b>2,038,464</b>	<b>76,050</b>	<b>2,114,514</b>
<b>Total Materials and Services</b>		<b>438,968</b>	<b>-</b>	<b>438,968</b>
<b>TOTAL REQUIREMENTS</b>		<b>\$2,477,432</b>	<b>\$76,050</b>	<b>\$2,553,482</b>
<b>TOTAL FTE</b>		<b>19.00</b>		<b>19.00</b>

**Exhibit A**  
**Resolution No. 15-4615**

ACCT	DESCRIPTION	Current Budget	Revision	Amended Budget
<b>General Fund</b>				
<b>General Fund - Oregon Zoo</b>				
<b><u>Expenditures</u></b>				
<b><u>Personnel Services</u></b>				
501000	Reg Employees-Full Time-Exempt	4,785,273	69,508	4,854,781
501500	Reg Empl-Full Time-Non-Exempt	4,652,019	5,305	4,657,324
502000	Reg Employees-Part Time-Exempt	63,668	-	63,668
502500	Reg Empl-Part Time-Non-Exempt	1,083,230	-	1,083,230
503000	Temporary Employees - Hourly	1,562,720	(18,345)	1,544,375
504000	Seasonal Employees	1,138,493	(8,788)	1,129,705
508000	Overtime	275,786	30,730	306,516
511000	Fringe - Payroll Taxes	1,147,121	4,010	1,151,131
512000	Fringe - Retirement PERS	1,246,612	4,572	1,251,184
513000	Fringe - Health & Welfare	2,589,456	15,853	2,605,309
514000	Fringe - Unemployment	93,664	-	93,664
515000	Fringe - Other Benefits	44,909	306	45,215
519000	Pension Oblig Bonds Contrib	108,139	341	108,480
<b>Total Personnel Services</b>		<b>18,791,090</b>	<b>103,492</b>	<b>18,894,582</b>
<b><u>Materials and Services</u></b>				
520100	Office Supplies	58,112	-	58,112
520110	Computer Equipment	39,450	-	39,450
520120	Meetings Expenditures	20,420	-	20,420
520130	Postage	17,680	-	17,680
520140	Promotion/Consulting Supplies	17,995	-	17,995
520500	Operating Supplies	827,457	-	827,457
520510	Operating Supplies - Small Tools, Equip	42,750	-	42,750
520535	Operating Supplies - Food for Prg Part	47,800	-	47,800
520540	Operating Supplies - Medical & Veterinary	207,300	-	207,300
520545	Exhibit Materials - Habitat/Exh Mat H	19,450	-	19,450
520546	Enrichment Materials - Zoo An/Enrich Mat	15,200	-	15,200
520580	Operating Supplies - Uniforms	81,760	-	81,760
520600	Animal Food	466,800	-	466,800
520610	Animal Food - Enrichment	9,200	-	9,200
521000	Subscriptions and Dues	600	-	600
521100	Membership & Professional Dues	61,439	-	61,439
521200	Publicaitons and Subscriptions	6,225	-	6,225
521400	Fuels and Lubricants - General	82,600	-	82,600
521500	Maintenance & Repairs Supplies	29,600	-	29,600
521520	Maintenance & Repairs Supplies - Building	90,000	-	90,000
521521	Maintenance & Repairs Supplies - HVAC	36,779	-	36,779
521540	Maintenance & Repairs Supplies - Electrical	40,000	-	40,000
521550	Maintenance & Repairs Supplies - Grounds/Landscape	9,000	-	9,000
521560	Maintenance & Repairs Supplies - Equipment	160,885	-	160,885
521570	Maintenance & Repairs Supplies - Vehicles	50,000	-	50,000
522000	Food	1,364,128	-	1,364,128
522105	Cost of Food-Tableware Supplies	113,727	-	113,727
524000	Contracted Professional Svcs	1,723,451	-	1,723,451
524040	Contracted Prof Svcs - Promotion & Public Relations	1,000	-	1,000
524050	Contracted Prof Svcs - Advertising	587,176	-	587,176
524060	Contracted Prof Svcs - Information Technology Services	24,600	-	24,600
524070	Contracted Prof Svcs - Management, Consulting & Communication Services	70,000	-	70,000



**Exhibit A**  
**Resolution No. 15-4615**

ACCT	DESCRIPTION	Current Budget	Revision	Amended Budget
<b>General Fund</b>				
<b>General Fund - Oregon Zoo</b>				
524080	Contracted Prof Svcs - Architectural and Design (non-cap)	32,000	-	32,000
524600	Sponsorship Expenditures	5,000	-	5,000
525120	Utility Services - Telecommunications	42,054	-	42,054
525130	Utility Services - Electricity	655,500	-	655,500
525140	Utility Services - Natural Gas	250,000	-	250,000
525150	Utility Services - Sanitation & Refuse Removal	76,000	-	76,000
525160	Utility Services - Water & Sewer	1,000,000	-	1,000,000
525500	Cleaning Services	38,000	-	38,000
526000	Maintenance & Repair Services	39,750	-	39,750
526010	Maintenance & Repair Services - Building	150,000	-	150,000
526012	Maintenance & Repair Services - Electricity	20,000	-	20,000
526014	Maintenance & Repair Services - HVAC	30,000	-	30,000
526020	Maintenance & Repair Services - Equipment	230,050	-	230,050
526030	Maintenance & Repair Services - Grounds	85,700	-	85,700
526040	Maintenance & Repair Services - Technology	15,000	-	15,000
526050	Maintenance & Repair Services - Vehicles	10,000	-	10,000
526200	Capital Maintenance - Non-CIP	25,000	-	25,000
526500	Rentals	77,000	-	77,000
526510	Rentals - Building	43,700	-	43,700
526520	Rentals - Equipment	55,500	-	55,500
526540	Rentals - Vehicle	6,000	-	6,000
526560	Rentals - Parking Space	3,000	-	3,000
526570	Rentals - Parking Space	-	-	-
526580	Rentals - Audio Visual	5,000	-	5,000
528000	Other Purchased Services	347,400	(21,506)	325,894
528030	Other Purchased Services - Delivery, Shipping & Courier	3,450	-	3,450
528070	Other Purchased Services - Trade Shows	5,000	-	5,000
528210	Credit Card Fees	229,000	-	229,000
528400	Other Purchased Services - Printing & Graphics	119,910	-	119,910
529000	Operations Contracts	1,636,900	-	1,636,900
530000	Payments to Other Agencies	10,330	-	10,330
530010	License & Permit Fees	35,635	-	35,635
544500	Grants & Loans	113,300	-	113,300
545000	Travel	49,475	-	49,475
545100	Travel and Lodging	84,900	-	84,900
545200	Mileage, Taxi and Parking	1,000	-	1,000
545500	Staff Development	34,620	-	34,620
545510	Tuition Reimbursement	800	-	800
545520	Conference Fees	18,650	-	18,650
549000	Miscellaneous Expenditures	146,457	-	146,457
549020	Misc. Exp - Animal Purchases	8,000	-	8,000
549025	Misc. Exp - Animal Shipments	75,000	-	75,000
<b>Total Materials and Services</b>		<b>12,136,665</b>	<b>(21,506)</b>	<b>12,115,159</b>
<b>TOTAL REQUIREMENTS</b>		<b>\$30,927,755</b>	<b>\$81,986</b>	<b>\$31,009,741</b>
<b>TOTAL FTE</b>		<b>176.60</b>	<b>3.05</b>	<b>179.65</b>

**Exhibit A**  
**Resolution No. 15-4615**

ACCT	DESCRIPTION	Current Budget	Revision	Amended Budget
<b>General Fund</b>				
<b>General Fund - Parks and Environmental Services</b>				
<b><u>Expenditures</u></b>				
<b><u>Personnel Services</u></b>				
501000	Reg Employees-Full Time-Exempt	1,253,745	-	1,253,745
501500	Reg Empl-Full Time-Non-Exempt	996,747	-	996,747
502500	Reg Empl-Part Time-Non-Exempt	55,357	-	55,357
503000	Temporary Employees - Hourly	416,675	-	416,675
508000	Overtime	39,136	5,560	44,696
511000	Fringe - Payroll Taxes	194,472	-	194,472
512000	Fringe - Retirement PERS	270,748	-	270,748
513000	Fringe - Health & Welfare	549,109	-	549,109
514000	Fringe - Unemployment	31,411	-	31,411
515000	Fringe - Other Benefits	9,681	-	9,681
519000	Pension Oblig Bonds Contrib	23,096	-	23,096
<b>Total Personnel Services</b>		<b>3,840,177</b>	<b>5,560</b>	<b>3,845,737</b>
<b>Total Materials and Services</b>		<b>4,728,464</b>	<b>-</b>	<b>4,728,464</b>
<b><u>Capital Outlay</u></b>				
572000	Buildings & Related	-	10,500	10,500
575000	Office Furn & Equip	-	39,000	39,000
<b>Total Capital Outlay</b>		<b>-</b>	<b>49,500</b>	<b>49,500</b>
<b>TOTAL REQUIREMENTS</b>		<b>\$8,568,641</b>	<b>\$55,060</b>	<b>\$8,623,701</b>
<b>TOTAL FTE</b>		<b>38.10</b>	<b>-</b>	<b>38.10</b>

**Exhibit A**  
**Resolution No. 15-4615**

ACCT	DESCRIPTION	Current Budget	Revision	Amended Budget
<b>General Fund</b>				
<b>General Fund - Research Center</b>				
<b><u>Expenditures</u></b>				
<b><u>Personnel Services</u></b>				
501000	Reg Employees-Full Time-Exempt	2,187,612	-	2,187,612
502000	Reg Employees-Part Time-Exempt	284,033	-	284,033
508000	Overtime	-	15,480	15,480
511000	Fringe - Payroll Taxes	209,716	-	209,716
512000	Fringe - Retirement PERS	328,677	-	328,677
513000	Fringe - Health & Welfare	408,339	-	408,339
515000	Fringe - Other Benefits	9,683	-	9,683
519000	Pension Oblig Bonds Contrib	24,948	-	24,948
<b>Total Personnel Services</b>		<b>3,453,008</b>	<b>15,480</b>	<b>3,468,488</b>
<b><u>Materials and Services</u></b>				
520100	Office Supplies	106,413	-	106,413
520500	Operating Supplies	16,768	-	16,768
521000	Subscriptions and Dues	13,052	-	13,052
524000	Contracted Professional Svcs	117,630	625,000	742,630
524060	Contracted Prof Svcs - Information Technology Services	195,000	-	195,000
526040	Maintenance & Repair Services - Technology	63,342	-	63,342
545000	Travel	13,354	-	13,354
545500	Staff Development	16,732	-	16,732
<b>Total Materials and Services</b>		<b>542,291</b>	<b>625,000</b>	<b>1,167,291</b>
<b>TOTAL REQUIREMENTS</b>		<b>\$3,995,299</b>	<b>\$640,480</b>	<b>\$4,635,779</b>
<b>TOTAL FTE</b>		<b>28.50</b>	<b>-</b>	<b>28.50</b>

**Exhibit A**  
**Resolution No. 15-4615**

ACCT	DESCRIPTION	Current Budget	Revision	Amended Budget
<b>General Fund</b>				
<b>General Fund - Sustainability Center</b>				
<b><u>Expenditures</u></b>				
<i><b>Personnel Services</b></i>				
501000	Reg Employees-Full Time-Exempt	1,064,307	-	1,064,307
501500	Reg Empl-Full Time-Non-Exempt	299,697	-	299,697
502000	Reg Employees-Part Time-Exempt	9,803	-	9,803
502500	Reg Empl-Part Time-Non-Exempt	57,510	-	57,510
503000	Temporary Employees - Hourly	39,797	-	39,797
508000	Overtime	2,782	3,470	6,252
511000	Fringe - Payroll Taxes	120,345	-	120,345
512000	Fringe - Retirement PERS	179,508	-	179,508
513000	Fringe - Health & Welfare	256,534	-	256,534
515000	Fringe - Other Benefits	5,652	-	5,652
519000	Pension Oblig Bonds Contrib	14,312	-	14,312
<b>Total Personnel Services</b>		<b>2,050,247</b>	<b>3,470</b>	<b>2,053,717</b>
<b>Total Materials and Services</b>		<b>1,334,288</b>	<b>-</b>	<b>1,334,288</b>
<b>TOTAL REQUIREMENTS</b>		<b>\$3,384,535</b>	<b>\$3,470</b>	<b>\$3,388,005</b>
<b>TOTAL FTE</b>		<b>17.80</b>		<b>17.80</b>

**Exhibit A**  
**Resolution No. 15-4615**

ACCT	DESCRIPTION	Current Budget	Revision	Amended Budget
<b>General Fund</b>				
<b>General Fund - General Expenses</b>				
<b><u>Expenditures</u></b>				
<b><u>Interfund Transfers</u></b>				
580000	Transfer for Indirect Costs	768,868	-	768,868
581000	Transfer of Resources	6,048,663	475,817	6,524,480
586000	Interfund Loan - Principal	-	-	-
586500	Interfund Loan - Interest	16,140	-	16,140
586900	Internal Loan Advances	-	-	-
<b>Total Interfund Transfers</b>		<b>6,833,671</b>	<b>475,817</b>	<b>7,309,488</b>
<b><u>Contingency</u></b>				
701001	Contingency - Opportunity Account	300,000	-	300,000
701002	Contingency - Operating	2,296,413	(920,408)	1,376,005
701004	Contingency - Rsv One Time Exp	807,878	(471,065)	336,813
<b>Total Contingency</b>		<b>3,404,291</b>	<b>(1,391,473)</b>	<b>2,012,818</b>
<b><u>Unappropriated Fund Balance</u></b>				
800000	Unappropriated Fund Balance	150,000	629,752	779,752
801002	Unapp FB - Restricted CET	3,117,868	-	3,117,868
801003	Unapp FB - Restricted TOD	5,308,354	-	5,308,354
805000	Unapp FB - Reserves	-	-	-
805100	Unapp FB - Stabilization Reserve	2,259,000	-	2,259,000
805300	Unapp FB - Reserve for one-time expenditures	1,357,528	-	1,357,528
805400	Unapp FB - Reserve for Future Debt Service	826,556	-	826,556
805450	Unapp FB - PERS Reserve	3,838,528	-	3,838,528
805900	Unapp FB - Other Reserves & Designations	1,172,620	-	1,172,620
<b>Total Unappropriated Fund Balance</b>		<b>18,030,454</b>	<b>629,752</b>	<b>18,660,206</b>
<b>TOTAL REQUIREMENTS</b>		<b>\$28,268,416</b>	<b>(\$285,904)</b>	<b>\$27,982,512</b>

**Exhibit A**  
**Resolution No. 15-4615**

ACCT	DESCRIPTION	Current Budget	Revision	Amended Budget
<b>General Asset Management Fund</b>				
<b>Revenues</b>				
<i><b>Beginning Fund Balance</b></i>				
320500	Fund Bal-Restr for Capital	3,437,408	-	3,437,408
340000	Fund Bal-Unassigned/Undesignated	6,026,683	-	6,026,683
350000	Fund Balance-Assigned	584,778	-	584,778
	<b>Total Beginning Fund Balance</b>	<b>10,048,869</b>	<b>-</b>	<b>10,048,869</b>
<i><b>Current Revenue</b></i>				
411000	State Grants - Direct	73,250	-	73,250
412000	Local Grants - Direct	-	100,000	100,000
470000	Interest on Investments	31,324	-	31,324
475500	Capital Contrib & Donations	1,965,000	-	1,965,000
	<b>Total Current Revenue</b>	<b>2,069,574</b>	<b>100,000</b>	<b>2,169,574</b>
<i><b>Interfund Transfers</b></i>				
496900	Internal Loan Proceeds	3,228,000	-	3,228,000
497000	Transfer of Resources	3,006,231	475,817	3,482,048
	<b>Total Interfund Transfers</b>	<b>6,234,231</b>	<b>475,817</b>	<b>6,710,048</b>
<b>TOTAL RESOURCES</b>		<b>18,352,674</b>	<b>575,817</b>	<b>18,928,491</b>
<b>Expenditures</b>				
<i><b>Materials and Services</b></i>				
520110	Computer Equipment	227,615	-	227,615
520500	Operating Supplies	15,777	-	15,777
520540	Operating Supplies - Medical & Veterinary	5,743	-	5,743
524000	Contracted Professional Svcs	-	100,000	100,000
526100	Capital Maintenance - CIP	951,293	-	951,293
526200	Capital Maintenance - Non-CIP	526,333	-	526,333
	<b>Total Materials and Services</b>	<b>1,726,761</b>	<b>100,000</b>	<b>1,826,761</b>
<i><b>Capital Outlay</b></i>				
570000	Land	1,400,000	-	1,400,000
571000	Improve-Other than Bldg	754,022	-	754,022
572000	Buildings & Related	200,000	615,500	815,500
573000	Exhibits and Related	4,597,190	-	4,597,190
574000	Equipment & Vehicles	1,676,710	-	1,676,710
574500	Vehicles	270,929	-	270,929
575000	Office Furn & Equip	236,620	-	236,620
576000	Railroad Equip & Facilities	1,699,166	-	1,699,166
579000	Intangible Assets	204,000	-	204,000
	<b>Total Capital Outlay</b>	<b>11,038,637</b>	<b>615,500</b>	<b>11,654,137</b>
<i><b>Contingency</b></i>				
700000	Contingency	5,405,368	(139,683)	5,265,685
	<b>Total Contingency</b>	<b>5,405,368</b>	<b>(139,683)</b>	<b>5,265,685</b>
<i><b>Unappropriated Fund Balance</b></i>				
801000	Unapp FB - Restricted	181,908	-	181,908
	<b>Total Unappropriated Fund Balance</b>	<b>181,908</b>	<b>-</b>	<b>181,908</b>
<b>TOTAL REQUIREMENTS</b>		<b>18,352,674</b>	<b>575,817</b>	<b>18,928,491</b>

**Exhibit A**  
**Resolution No. 15-4615**

ACCT	DESCRIPTION	Current Budget	Revision	Amended Budget
<b>Parks and Natural Areas Local Option Levy Fund</b>				
<b>Parks and Environmental Services</b>				
<i><b>Personnel Services</b></i>				
501000	Reg Employees-Full Time-Exempt	434,682	20,810	455,492
501500	Reg Empl-Full Time-Non-Exempt	139,660	22,264	161,924
511000	Fringe - Payroll Taxes	48,364	3,625	51,989
512000	Fringe - Retirement PERS	54,738	3,532	58,270
513000	Fringe - Health & Welfare	139,316	10,809	150,125
515000	Fringe - Other Benefits	2,419	184	2,603
519000	Pension Oblig Bonds Contrib	5,742	430	6,172
	<b>Total Personnel Services</b>	<b>824,921</b>	<b>61,654</b>	<b>886,575</b>
<i><b>Materials and Services</b></i>				
524000	Contracted Professional Svcs	579,248	-	579,248
525000	Contracted Property Services	200,000	-	200,000
526100	Capital Maintenance - CIP	256,500	-	256,500
526200	Capital Maintenance - Non-CIP	25,000	-	25,000
	<b>Total Materials and Services</b>	<b>1,060,748</b>	<b>-</b>	<b>1,060,748</b>
<i><b>Capital Outlay</b></i>				
571000	Improve-Other than Bldg	1,175,000	-	1,175,000
572000	Buildings & Related	875,000	-	875,000
574000	Equipment & Vehicles	-	-	-
	<b>Total Capital Outlay</b>	<b>2,050,000</b>	<b>-</b>	<b>2,050,000</b>
<b>TOTAL REQUIREMENTS</b>		<b>3,935,669</b>	<b>61,654</b>	<b>3,997,323</b>
<b>TOTAL FTE</b>		<b>10.00</b>	<b>3.00</b>	<b>13.00</b>

**Exhibit A**  
**Resolution No. 15-4615**

ACCT	DESCRIPTION	Current Budget	Revision	Amended Budget
<b>Parks and Natural Areas Local Option Levy Fund</b>				
<b>General Expenses</b>				
<i><b>Interfund Transfers</b></i>				
580000	Transfer for Indirect Costs	318,789	-	318,789
581000	Transfer of Resources	17,000	-	17,000
582000	Transfer for Direct Costs	1,301,558	-	1,301,558
	<b>Total Interfund Transfers</b>	<b>1,637,347</b>	<b>-</b>	<b>1,637,347</b>
<i><b>Contingency</b></i>				
701002	Contingency - Operating	1,120,802	(61,654)	1,059,148
	<b>Total Contingency</b>	<b>1,120,802</b>	<b>(61,654)</b>	<b>1,059,148</b>
<b>TOTAL REQUIREMENTS</b>		<b>2,758,149</b>	<b>(61,654)</b>	<b>2,696,495</b>



**Exhibit A**  
**Resolution No. 15-4615**

ACCT	DESCRIPTION	Current Budget	Revision	Amended Budget
<b>Solid Waste Revenue Fund</b>				
<b>Revenues</b>				
<i><b>Beginning Fund Balance</b></i>				
340000	Fund Bal-Unassigned/Undesignated	35,127,810	-	35,127,810
340600	Fund Bal-Dsg Closure	6,182,556	-	6,182,556
341500	Fund Bal-Dsg PERS	301,000	-	301,000
<b>Total Beginning Fund Balance</b>		<b>41,611,366</b>	<b>-</b>	<b>41,611,366</b>
<i><b>Current Revenue</b></i>				
417000	Fines and Forfeits	5,000	-	5,000
421000	Documents and Publications	950	-	950
423000	Product Sales	1,100,000	-	1,100,000
430000	Disposal Fees	27,276,771	1,631,000	28,907,771
430500	Regional System Fee	20,884,475	-	20,884,475
433000	Transaction Fee - Manual	2,671,164	-	2,671,164
433100	Transaction Fee - Automation	289,440	-	289,440
434000	Tire Disposal Fee	4,000	-	4,000
434200	Organics Fee - Commercial	1,195,532	-	1,195,532
434300	Organics Fee - Residential	3,847,354	-	3,847,354
434500	Yard Debris Disposal Fee	260,783	-	260,783
435000	Orphan Site Account Fee	57,546	-	57,546
435500	DEQ Promotion Fee	491,354	-	491,354
436000	Refrigeration Unit Disposal Fee	31,913	-	31,913
436500	H2W Disposal Fee	120,000	-	120,000
436900	Paint Care Revenue	1,300,000	-	1,300,000
437000	Conditionally Exempt Gen. Fees	80,000	-	80,000
441000	Franchise Fees	15,000	-	15,000
442000	Natural Gas Recovery Revenue	10,000	-	10,000
470000	Interest on Investments	202,976	-	202,976
489000	Miscellaneous Revenue	22,000	-	22,000
<b>Total Current Revenue</b>		<b>59,866,258</b>	<b>1,631,000</b>	<b>61,497,258</b>
<i><b>Interfund Transfers</b></i>				
496500	Interfund Loan - Interest	16,140	-	16,140
497000	Transfer of Resources	139,777	-	139,777
498000	Transfer for Direct Costs	58,951	-	58,951
<b>Total Interfund Transfers</b>		<b>214,868</b>	<b>-</b>	<b>214,868</b>
<b>TOTAL RESOURCES</b>		<b>101,692,492</b>	<b>1,631,000</b>	<b>103,323,492</b>

**Exhibit A**  
**Resolution No. 15-4615**

ACCT	DESCRIPTION	Current Budget	Revision	Amended Budget
<b>Solid Waste Revenue Fund</b>				
<b>Parks and Environmental Services</b>				
<i><u>Materials and Services</u></i>				
520100	Office Supplies	25,200	-	25,200
520130	Postage	11,000	-	11,000
520500	Operating Supplies	616,200	-	616,200
521000	Subscriptions and Dues	4,800	-	4,800
521300	Fuels - Waste Transport	2,556,038	287,912	2,843,950
521400	Fuels and Lubricants - General	33,100	-	33,100
521500	Maintenance & Repairs Supplies	334,190	-	334,190
522500	Retail	30,000	-	30,000
524000	Contracted Professional Svcs	871,400	-	871,400
524040	Contracted Prof Svcs - Promotion & Public Relations	45,000	-	45,000
525100	Utility Services	112,700	-	112,700
525150	Utility Services - Sanitation & Refuse Removal	88,000	-	88,000
525500	Cleaning Services	23,000	-	23,000
526000	Maintenance & Repair Services	358,040	-	358,040
526500	Rentals	143,140	-	143,140
528000	Other Purchased Services	264,800	-	264,800
528030	Other Purchased Services - Delivery, Shipping & Courier	2,300	-	2,300
528210	Credit Card Fees	11,000	-	11,000
528300	Other Purchased Services - Temporary Help Services	522,000	-	522,000
528400	Other Purchased Services - Printing & Graphics	4,300	-	4,300
529300	Disposal Fees - Landfill	9,096,118	413,653	9,509,771
529400	Special Waste Disposal Fees	1,064,000	-	1,064,000
529500	Waste Transport	7,871,295	887,292	8,758,587
529600	Transfer Station Operations	7,878,171	-	7,878,171
529700	Organics Processing Fees	4,467,039	-	4,467,039
530000	Payments to Other Agencies	418,852	42,143	460,995
531000	Taxes (Non-Payroll)	500	-	500
545000	Travel	18,200	-	18,200
545500	Staff Development	35,980	-	35,980
<b>Total Materials and Services</b>		<b>36,906,363</b>	<b>1,631,000</b>	<b>38,537,363</b>
<b>TOTAL REQUIREMENTS</b>		<b>43,544,598</b>	<b>1,631,000</b>	<b>45,175,598</b>
<b>TOTAL FTE</b>		<b>63.30</b>	<b>0.00</b>	<b>63.30</b>

**Exhibit A**  
**Resolution No. 15-4615**

ACCT	DESCRIPTION	Current Budget	Revision	Amended Budget
<b>Solid Waste Revenue Fund</b>				
<b>General Expenses</b>				
<i><b>Interfund Transfers</b></i>				
580000	Transfer for Indirect Costs	4,899,722	-	4,899,722
581000	Transfer of Resources	301,000	-	301,000
582000	Transfer for Direct Costs	469,686	-	469,686
586900	Internal Loan Advances	3,228,000	-	3,228,000
	<b>Total Interfund Transfers</b>	<b>8,898,408</b>	<b>-</b>	<b>8,898,408</b>
<i><b>Contingency</b></i>				
701002	Contingency - Operating	2,000,000	(1,631,000)	369,000
705000	Contingency - Landfill Closure	5,154,969	-	5,154,969
706000	Contingency - Renew & Replacement	8,730,191	-	8,730,191
	<b>Total Contingency</b>	<b>15,885,160</b>	<b>(1,631,000)</b>	<b>14,254,160</b>
<i><b>Unappropriated Fund Balance</b></i>				
805200	Unapp FB - Renew & Replace Reserve	-	-	-
805539	Unapp FB - Landfill Closure Reserve	-	-	-
805900	Unapp FB - Other Reserves & Designations	19,237,927	1,631,000	20,868,927
	<b>Total Unappropriated Fund Balance</b>	<b>19,237,927</b>	<b>1,631,000</b>	<b>20,868,927</b>
<b>TOTAL REQUIREMENTS</b>		<b>44,021,495</b>	<b>-</b>	<b>44,021,495</b>

**Exhibit B**  
**Resolution 15-4615**  
**Schedule of Appropriations**

	<b>Current Appropriation</b>	<b>Revision</b>	<b>Revised Appropriation</b>
<b>GENERAL FUND</b>			
Council	4,834,348	42,340	4,876,688
Office of the Auditor	748,190	-	748,190
Office of Metro Attorney	2,202,018	-	2,202,018
Information Services	4,269,697	-	4,269,697
Communications	3,086,345	9,050	3,095,395
Finance and Regulatory Services	4,551,302	7,220	4,558,522
Human Resources	2,477,432	76,050	2,553,482
Parks and Environmental Services	8,568,640	55,060	8,623,700
Sustainability Center	3,384,535	3,470	3,388,005
Visitor Venues - Oregon Zoo	30,927,755	81,986	31,009,741
Planning and Development Department	15,094,485	-	15,094,485
Research Center	3,995,299	640,480	4,635,779
Special Appropriations	5,017,085	-	5,017,085
Non-Departmental			
Debt Service	1,786,381	-	1,786,381
Interfund Transfers	6,833,672	475,817	7,309,489
Contingency	3,404,291	(1,391,473)	2,012,818
<i>Total Appropriations</i>	101,181,475	-	101,181,475
Unappropriated Balance	18,030,454	629,752	18,660,206
<b>Total Fund Requirements</b>	<b>\$119,211,929</b>	<b>\$629,752</b>	<b>\$119,841,681</b>
<b>GENERAL ASSET MANAGEMENT FUND</b>			
Asset Management Program	12,765,398	715,500	13,480,898
Non-Departmental			
Contingency	5,405,368	(139,683)	5,265,685
<i>Total Appropriations</i>	18,170,766	575,817	18,746,583
Unappropriated Balance	181,908	-	181,908
<b>Total Fund Requirements</b>	<b>\$18,352,674</b>	<b>\$575,817</b>	<b>\$18,928,491</b>
<b>PARKS AND NATURAL AREAS LOCAL OPTION LEVY</b>			
Sustainability Center	6,903,738	-	6,903,738
Parks and Environmental Services	3,935,669	61,654	3,997,323
Visitor Venues - Oregon Zoo	312,244	-	312,244
Special Appropriations	1,500,000	-	1,500,000
Non-Departmental			
Interfund Transfers	1,637,347	-	1,637,347
Contingency	1,120,802	(61,654)	1,059,148
<i>Total Appropriations</i>	15,409,800	-	15,409,800
<b>Total Fund Requirements</b>	<b>15,409,800</b>	<b>-</b>	<b>15,409,800</b>
<b>SOLID WASTE FUND</b>			
Sustainability Center	7,920,141	-	7,920,141
Parks and Environmental Services	47,168,798	1,631,000	48,799,798
Finance and Regulatory Services	2,582,058	-	2,582,058
Non-Departmental			
Interfund Transfers	8,898,408	-	8,898,408
Contingency	15,885,160	(1,631,000)	14,254,160
<i>Total Appropriations</i>	82,454,565	-	82,454,565
Unappropriated Balance	19,237,927	1,631,000	20,868,927
<b>Total Fund Requirements</b>	<b>\$101,692,492</b>	<b>\$1,631,000</b>	<b>\$103,323,492</b>

**All Other Appropriations Remains as Previously Adopted**

## STAFF REPORT

### FOR THE PURPOSE OF AMENDING THE FY 2014-15 BUDGET AND APPROPRIATIONS SCHEDULE AND FY 2014-15 THROUGH FY 2018-19 CAPITAL IMPROVEMENT PLAN TO PROVIDE FOR A CHANGE IN OPERATIONS

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Date: February 23, 2015

Presented by: Tim Collier 503-797-1913

## BACKGROUND

Several items have been identified that necessitate amendment to the budget.

### Willamette Falls Project Grant

The RISE program with the support of the Sustainability Center applied for and was awarded the Clackamas County Tourism and Cultural Affairs development grant for 2014-15. This grant supports the Willamette Falls Legacy Project Riverwalk Schematic Design and Multidisciplinary Site Analysis in the amount of \$100,000. The Willamette Falls Legacy Project is a collaboration among Metro, Oregon City, Clackamas County and the State of Oregon. It seeks to revitalize the site of the former Blue Heron paper mill in Oregon City, which went into Chapter 7 bankruptcy in February 2011. The four project goals are to bring people to the falls, restore habitat, honor the history and culture of the site and drive economic development. The Parks Capital Account within the General Asset Management Fund will be utilized for revenues and expenditures related to the Willamette Falls Riverwalk project. This action will recognize the grant funds and provide additional appropriation for the project.

### Solid Waste Tonnage Increase

Metro transfer stations, primarily Metro South station, are on track to increase tonnage received by about 10 percent (44,000 tons of mixed solid waste) over that projected for the FY 2014-15 Budget. This increase is due to enhanced economic activity in the region. As a result, Metro will incur contractual transfer, transport, and disposal costs in excess of the amounts appropriated in the FY 2014-15 Budget. The Parks and Environmental Services Department requests an additional appropriation of \$1,631,000 for FY 2014-15, in anticipation that full-year expenditures will exceed the FY 2014-15 by this amount. The amount requested takes into consideration reductions in the costs to process residential organics waste, which is trending lower than originally anticipated due to a portion of the collected material being hauled to a recently opened private facility.

Oregon Budget Law does not allow the direct recognition and appropriation of this additional revenue without a supplemental budget. This action acknowledges the receipt of the additional revenue but transfers the requested additional appropriation from the Solid Waste Revenue Fund contingency. There are no further financial implications of this budget amendment, as the revenue to pay for these costs is collected from current user charges (tip fee and transaction fee) on the additional mixed solid waste that arrives at the transfer stations.

### Oregon Zoo Staffing Requests

This amendment proposes an increase of 3.05 FTE at the Oregon Zoo: a new 1.0 FTE Program Director, a new 1.0 FTE Service Supervisor II, conversion of seasonal staffing budget to a 0.8 FTE Food Service Worker 1, and conversion of temporary staffing budget to increase a current position 0.25 FTE. These positions are necessary to meet operational and strategic needs of the department.

The 1.0 FTE Program Director will oversee the Strategic Initiatives Program and is responsible for planning, organizing, and directing the launch and implementation of a 5-year Oregon Zoo organizational analysis and improvement project. This new position is funded from the General Fund general operating contingency.

A 1.0 FTE Service Supervisor II is requested to develop new revenue-generating events and to assume responsibility for planning major events, such as the Summer Concert Series and ZooLights. The position would provide important coordination across zoo divisions and additional management support for the guest services team. The new position will be funded from operational savings in other aspects of the budget.

The on-going analysis of temporary and seasonal staff usage has identified work that should be shifted to regular staffing in the food service team. An additional 0.8 FTE of regular staffing is proposed to perform back-of-house duties at the major restaurants. Adding consistent, year-round staff in this area will increase operational efficiency and further a culture of organizational excellence.

The Education division wishes to increase a current 0.75 FTE Education Specialist III by 0.25 FTE to create a full-time position. The increased FTE will give the division the opportunity to more fully develop its formal education programs. Specific activities include increased partnership building, expansion of teacher professional development opportunities, increased outreach to schools, and planning for education center programming. The increase is funded by an equivalent reduction in temporary staffing however increased future revenues through grants and program fees are anticipated from this change.

#### *Parks and Natural Areas Local Option Levy Program Staffing Requests*

This amendment proposes an additional 3.00 FTE limited duration positions in the Parks and Natural Areas Local Option Levy Program. The anticipated start date of these positions is April 1, 2015 and the duration of the positions are tied to the duration of the Local Option Levy funding availability through Fiscal Year 2018.

In order to meet the Parks and Environmental Services goals for the levy, additional staffing is required. These positions are part of a larger package of staffing changes in Parks and Property Services and are based on furthering Parks and Environmental Services Goal #1, Delivery of Exemplary Customer Service and Goal #2, Offering High Quality Public Facilities.

The new 3.00 FTE includes 1.00 FTE Service Supervisor IV and 2.00 FTE Park Rangers. The Service Supervisor will be located at Blue Lake Park. One Park Ranger will be added to Oxbow Park, and one Ranger will be added to the team of Rangers that cares for other sites including Graham Oaks, Scouters Mountain Nature Park, Sauvie Island Boat Ramp, Howell Territorial Park, and others.

The total annual cost, salary and fringe benefits, of the 1.00 FTE Service Supervisor for FY 2014-15 is \$112,635. This amendment requests approximately \$28,160 to cover the cost of this position from April 2015 through June 2015.

The total annual cost of the 2.00 FTE Park Rangers for FY 2014-15 is \$130,990. This amendment requests approximately \$33,500 to cover the cost of these positions from April 2015 through June 2015.

This budget amendment transfers current appropriation authority from the Local Option Levy Fund Contingency to the Personnel Services in the Parks and Environmental Services Department to fund the additional costs associated with the addition of 3.00 FTE effective April 2015.

FLSA Status Review, Phase 1

Beginning in June of 2014, Human Resources and OMA performed a review of several job classifications and ultimately recommended changes to the overtime exemption status of some. For the classifications whose status was changing, managers were asked to estimate the overtime hours they thought employees worked. Employees then reviewed and/or augmented those estimates based on their records and recollection. Once hours were finalized by employees, they were provided to Human Resources, and HR staff calculated the value of overtime based on the salaries of the employees over a two-year period. Overtime was paid to the impacted employees.

The total budget impact of this Phase 1 study is about \$215,000. Approximately 88 percent of the cost, about \$190,000, impacts General Fund departments. The remaining cost impact the Natural Areas Bond Fund or the Solid Waste Revenue Fund. This action provides additional appropriation for the General Fund departments only. The Natural Areas and Solid Waste Funds currently have sufficient appropriation to absorb the additional cost. This action requests the transfer of \$189,900 from the General Fund contingency to the departments listed below.

<u>Department</u>	<u>Amount</u>
Communications	9,050
Council	42,340
Finance and Regulatory Services	7,220
Human Resources	76,050
Parks & Environmental Services	5,560
Sustainability Center	3,470
Oregon Zoo	30,730
Research Center	15,480
<b>Total General Fund Impact</b>	<b>189,900</b>

LiDAR Consortium Project

Annually, Metro organizes and pays its share of costs for regional orthophotos (aerial photographs). In 2014-15 this project was scoped to also include high accuracy elevation data collection (LiDAR), which provides increased project costs. This regional LiDAR data will provide Metro and its partners with a more precise ground surface model, more accurate orthophoto imagery this year and in future years, tree canopy and building heights, and additional derived regional data. Consortium partners have committed to funding the increased project costs and are contributing these funds to Metro this year. The budget authority needs to be increased \$625,000 to reflect the contract amount. No additional General Fund commitment is required for this amendment as the increased costs will ultimately be paid for by LiDAR consortium participants.

Oregon Budget Law does not allow for the direct recognition and appropriation of the additional revenue without the benefit of a supplemental budget. This action acknowledges the revenue from the consortium partners but funds the additional appropriation required through a transfer of \$625,000 from the General Fund contingency. At year end, the General Fund's ending balance will be reimbursed by the revenue from the consortium partners.

### Human Resources Remodel

This amendment proposes additional capital costs for a reconfiguration of HR work space. The current configuration does not provide sufficient room for existing staff levels. The proposal includes amounts for building remediation (data and electrical upgrades) and furniture replacements. Existing furniture and work station panels have been used when possible to minimize the costs of the reconfiguration. The action requests the transfer of \$49,500 from the General Fund contingency to the Property Services budget, which will manage the project on behalf of the department.

### Restaurant Renovation: Ringside Grill Project

In November 2012, Metro Council approved entering into a lease with the Ringside East restaurant, which is located at the Glendoveer Golf and Tennis Center. The lease, which expires December 31, 2022, addresses a variety of common lease terms and conditions, including capital improvements that could be made to the property. A significant renovation to the restaurant was assumed to take place at some point in the future and that renovation was further detailed in a subsequent lease amendment approved in June 2014.

The lease amendment specifies which portions of the renovation will be financed by Ringside East as the tenant and which will be financed by Metro as the landlord. During late 2014 a design was completed and cost estimates were generated for each of those areas of financial responsibility.

Ringside East will fund the majority of the improvements to be made to the property. However, under the lease, Metro agreed to fund several key components including windows, exterior patio and wall renovations, exterior landscaping improvements, a jointly-used utility connection, and ADA restroom renovations and access alterations. Of the five areas which Metro is financing at a total cost estimate of \$375,500, two areas will be paid back by Ringside through an increase in rent over the term of their lease:

- 1) The exterior North Patio and Wall Renovations Project (\$83,595). Ringside East will repay Metro the cost of the construction of a new patio with 5% interest through an increase of \$1,578 in the monthly rent starting May 2015 until April 2020 for a total of 60 months.
- 2) The South Windows Project (\$60,840). Ringside East will repay the cost of this project with 5% interest through an increase of \$798 in the monthly rent starting May 2015 until December 2022 for a total of 92 months.

These two financed projects comprise approximately one-third (\$144,435) of the items that are Metro funded. The renovation of the restaurant began in January 2015 and is anticipated to be completed in April 2015.

This budget amendment seeks to fund the improvements Metro is responsible for as a part of its landlord obligation under the lease with Ringside East. The funding for the projects identified above will come from two sources:

1. The two projects that will be repaid from increased rent payments will be funded via a transfer from the Renewal and Replacement Account contingency in the General Asset Management Fund. The increase in lease payments will be transferred to this account to reimburse the Account for the contingency draw.
2. All other projects will be funded via a transfer from the General Fund contingency to the Renewal and Replacement Account in the General Asset Management Fund.



All projects will be expensed against the Renewal and Replacement Account in the General Asset Management Fund. The FY 2014-15 through FY 2018-19 Capital Improvement Plan is also amended as part of this action to reflect these additional projects.

The following actions are necessary to implement this request:

1. Transfer \$231,065 from the General Fund contingency to the Renewal and Replacement Account in the General Asset Management Fund. Additional expenditure appropriation authority is provided in a like amount.
2. Transfer \$144,435 from the Renewal and Replacement Account contingency in the General Asset Management Fund to provide expenditure authority for the two projects that will be reimbursed through increased lease proceeds over a 5 or 8 year period.
3. Acknowledge \$4,572 in increased lease payments for the Ringside Grill (two months of increased lease payments) and provide a transfer from the General Fund to the Renewal and Replacement Account in the General Asset Management Fund. Increase the contingency by a like amount.

#### Heating and Cooling System/HVAC for the Ringside Restaurant

The heating and cooling system for the Ringside Restaurant was scheduled for replacement in FY 2014-15. However, due to an oversight, the project was not included in the FY 2014-15 Capital Improvement Plan. The cost estimate for this project is \$240,000 based on bids received and a contract is already in place to perform the work on this project. This amendment requests a transfer of \$240,000 from the General Fund Contingency to the Renewal & Replacement Account of the General Asset Management fund to finance the total estimated cost of this project.

The FY 2014-15 through FY 2018-19 Capital Improvement Plan is also amended as part of this action to reflect these additional projects.

#### **ANALYSIS/INFORMATION**

1. **Known Opposition:** None known.
2. **Legal Antecedents:** ORS 294.463(1) provides for transfers of appropriations within a fund, including transfers from contingency that do not exceed 15 percent of a fund's appropriation, if such transfers are authorized by official resolution or ordinance of the governing body for the local jurisdiction. ORS 294.463(3) provides for transfers of appropriations or of appropriations and a like amount of budget resources between funds of the municipal corporation when authorized by an official resolution or ordinance of the governing body stating the need for the transfer. Metro code chapter 2.02.040 requires the Metro Council to approve the addition of any position to the budget. Metro's adopted financial policies require any project exceeding \$100,000 or an existing CIP project increasing greater than 20 percent to receive Council approval.
3. **Anticipated Effects:** This action provides for changes in operations as described above – acknowledges new revenue; recognizes and appropriates new grant funds; provides additional appropriations for changes in operations due to increased solid waste tonnage, FLSA compliance review, and LiDAR consortium project; adds 3.05 FTE at the Oregon Zoo and 3.0 FTE in the Parks and Natural Areas Local Option Levy Fund; provides funding for several capital project at the Ringside Grill Restaurant located at Glendoveer Golf and Tennis Center; and amends the five year capital improvement plan.

4. **Budget Impacts:** This action has the following impact on the FY 2014-15 budget:

- Recognizes \$100,000 in new grant and appropriation to support the Willamette Falls Legacy Project Riverwalk schematic design and multidisciplinary site analysis.
- Acknowledges \$1,631,000 in new revenues and provides for increased expenditures associated with increased solid waste tonnage
- Adds 1.0 FTE Strategic Initiatives Program Director at the Oregon Zoo transferring approximately \$51,250 from the General Fund contingency
- Adds 1.0 FTE Service Supervisor II (events manager) at the Oregon Zoo funded from operational savings in other areas of the Zoo
- Adds 0.80 FTE Food Service Worker 1 and increases an Education Specialist III by 0.25 FTE at the Oregon Zoo. Both FTE increases funded by a corresponding decrease in temporary staffing.
- Adds 1.0 FTE Service Supervisor IV and 2.0 FTE Parks Rangers to the Parks and Environmental Services Department funded by a reduction in the Parks and Natural Areas Local Option Levy Fund contingency.
- Transfers approximately \$190,000 from the General Fund contingency to various departments within the General Fund to implement phase 1 of the FLSA status review
- Acknowledges \$625,000 in revenue from the LiDAR consortium partners and funds additional associated appropriation via a transfer from the General Fund contingency.
- Transfers approximately \$50,000 from the General Fund contingency to provide for reconfiguration of the Human Resource Department offices
- Transfers approximately \$471,000 from the General Fund Contingency-Reserve for Future One-Time Expenditures and approximately \$144,000 from the Renewal and Replacement Account contingency in the General Asset Management Fund to provide for a variety of capital projects at the Ringside Grill Restaurant at the Glendoveer Golf and Tennis Center.
- Amends the FY 2014-15 through FY 2018-19 Capital Improvement Plan to reflect the projects added in this Resolution.

**RECOMMENDED ACTION**

The Chief Operating Office recommends adoption of this Resolution.

Agenda Item No. 4.2

**Resolution No. 15-4595**, For the Purpose of Approving  
Amended Construction Excise Tax Administrative Rules  
Proposed by the Metro Chief Operating Officer for the  
Community Planning and Development Grant Program

*Resolutions*

Metro Council Meeting  
Thursday, March 19, 2015  
Metro, Council Chamber

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF APPROVING	)	RESOLUTION NO. 15-4595
AMENDED CONSTRUCTION EXCISE TAX	)	
ADMINISTRATIVE RULES PROPOSED BY	)	Introduced by Chief Operating Officer Martha
THE METRO CHIEF OPERATING OFFICER	)	Bennett in concurrence with Council
FOR THE COMMUNITY PLANNING AND	)	President Tom Hughes
DEVELOPMENT GRANT PROGRAM	)	

WHEREAS, in 2006 the Metro Council adopted Ordinance 06-1115, titled, “An Ordinance Creating a New Metro Code Chapter 7.04 Establishing a Construction Excise Tax,” which ordinance created a construction excise tax (“CET”) to generate revenue for providing grants to local governments for regional and local planning (“2006 CET Ordinance”); and

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

WHEREAS, on recommendation of an advisory group and the Metro Chief Operating Officer (“COO”) regarding the continuing need for funding regional and local planning, on June 11, 2009, the Metro Council adopted Ordinance 09-1220, extending the CET for an additional five year period, with a sunset date of September 30, 2014; and

WHEREAS, the CET has successfully raised approximately \$14 million in revenue that has been distributed by Metro to local governments through the Community Planning and Development Grant (“CPDG”) program for planning work across the region that otherwise could not have been funded; and

WHEREAS, on recommendation of an advisory group and the Metro COO, on June 19, 2014, the Metro Council adopted Ordinance 14-1328, extending the Metro CET for an additional five year period (“2014 CET Ordinance”), with a new sunset date of December 31, 2020; and

WHEREAS, the 2014 CET Ordinance directed the Metro COO to propose amendments to the existing administrative rules implementing the CET and CPDG programs under Metro Code Chapter 7.04 (“Administrative Rules”) and to return to the Metro Council for its approval of the revised Administrative Rules prior to promulgating them; and

WHEREAS, the Metro COO presented her proposed Administrative Rule amendments to the Metro Policy Advisory Committee (“MPAC”) on February 25, 2015, and MPAC voted to recommend approval of the Administrative Rule amendments; and

WHEREAS, the Metro Council finds that the amendments to the Administrative Rules proposed by the Metro COO and recommended for approval by MPAC are consistent with the 2014 CET Ordinance and Metro Code Chapter 7.04, and will improve the process for implementing the CET and CPDG programs; now therefore

THE METRO COUNCIL RESOLVES AS FOLLOWS:

1. The amendments to the Administrative Rules proposed by Metro COO Martha Bennett attached hereto as Exhibit A are hereby approved; and

2. The Metro COO is directed to promulgate the amended Administrative Rules consistent with Chapter 7.04 of the Metro Code.

ADOPTED by the Metro Council this 19th day of March 2015.

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Tom Hughes, Council President

Approved as to form:

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Alison R. Kean, Metro Attorney

**ADMINISTRATIVE RULES: METRO CODE CHAPTER 7.04**  
**[Revised March 2015]**

Effective July 1, 2006, and extended through December 31, 2020, Metro has established as Metro Code Chapter 7.04 a Construction Excise Tax (“CET”) to fund Community Planning and Development Grants (“CPDG”). These Administrative Rules establish the procedures for administering this tax as mandated in Metro Code Section 7.04.050 and Metro Code Section 7.04.060. For ease of reference a copy of Metro Code Chapter 7.04 is attached to these administrative rules.

**I. Metro Administrative Matters.**

- A. Definitions. These administrative rules incorporate the definitions as set forth in Metro Code Section 7.04.030 of Chapter 7.04, Construction Excise Tax, and Chapter 3.07, the Urban Growth Management Functional Plan.
- B. Designated Representatives (Metro Code Section 7.04.060). The Metro Chief Operating Officer (“COO”) is responsible for the administration and enforcement of the Metro Code Chapter 7.04 and these administrative rules.
1. The COO may delegate his authority in administration and enforcement of the Code chapter and these administrative rules as he determines and as set forth herein.
  2. The COO shall appoint a Hearings Officer(s), which appointment shall be confirmed by the Metro Council. The Hearings Officer(s) shall have the authority to order refunds or rebates of the Construction Excise Tax or waive penalties as a result of the hearings process. Upon appointing a Hearings Officer, the Chief Operating Officer shall delegate authority to the Hearings Officer to administer oaths, certify to all official acts, to subpoena and require attendance of witnesses at hearings to determine compliance with this chapter, rules and regulations, to require production of relevant documents at public hearings, to swear witnesses, to take testimony of any Person by deposition, and perform all other acts necessary to adjudicate appeals of Construction Excise Tax matters.
- C. Internal Flow of Funds. Funds will be accounted for in a Construction Excise Tax account that will be created by the effective date of Metro Code Chapter 7.04.
- D. Rate Stabilization Reserves. Metro Code Chapter 7.04.200 states that the Council will, each year, as part of the Budget process, create reserves from revenues generated by the CET. These reserves are to even out collections thereby stabilizing the funds needed to support the applicable programs despite industry building activity fluctuation. These reserves can only be drawn on to support the specific budgeted activities as discussed in Section I.E. of these administrative rules. Due to their restricted nature, these reserves shall be reported as designations of fund balance in Metro’s General Fund.
- E. Dedication of Revenues. Revenues derived from the imposition of this tax, netted after deduction of authorized local jurisdiction costs of collection and administration will be solely dedicated to grant funding of the regional and local planning that is required to make land ready for development after inclusion in the Urban Growth Boundary.
- F. Rule Amendment. The Chief Operating Officer retains the authority to amend these administrative rules as necessary for the administration of the Construction Excise Tax, after consultation with Metro Council.

## II. Construction Excise Tax Administration.

### A. Imposition of Tax (Metro Code Section 7.04.070).

1. The CET is imposed on every Person who engages in Construction within the Metro jurisdiction, unless an Exemption applies as set forth herein.
2. The tax shall be due and payable at the time of the issuance of any building permit, or installation permit in the case of a manufactured dwelling, by any building authority, unless an Exemption applies as set forth herein.
3. The CET shall be calculated and assessed as of the application date for the building permit. Persons obtaining building permits based on applications that were submitted prior to July 1, 2006 shall not be required to pay the CET, unless the building permit issuer normally imposes fees based on the date the building permit is issued.
4. If no permit is issued, then the CET is due at the time the first activity occurs that would require issuance of a building permit under the State of Oregon Building Code.

### B. Calculation of Tax (Metro Code Section 7.04.080). The CET is calculated by multiplying the Value of New Construction by the tax rate of 0.12%

(0.0012 x Value of New Construction)

- a. In the case of a Manufactured Dwelling for which no Exemption is applicable, and for which there is no building code determination of valuation of the Manufactured Dwelling, the applicant's good faith estimate of the Value of New Construction for the Manufactured Dwelling shall be used.

### C. Exemptions (Metro Code Section 7.04.040).

1. Eligibility for Exemption. No obligation to pay the CET is imposed upon any Person who establishes, as set forth below, that one or more of the following Exemptions apply:
  - a. The Value of New Construction is less than or equal to One Hundred Thousand Dollars (\$100,000); or
  - b. The Person who would be liable for the tax is a corporation exempt from federal income taxation pursuant to 42 U.S.C. 501(c)(3), or a limited partnership the sole general partner of which is a corporation exempt from federal income taxation pursuant to 42 U.S.C. 501(c)(3), the Construction is used for residential purposes AND the property is restricted to being occupied by Persons with incomes less than fifty percent (50%) of the median income for a period of 30 years or longer; or
  - c. The Person who would be liable for the tax is exempt from federal income taxation pursuant to 42 U.S.C. 501(c)(3) AND the Construction is dedicated for use for the purpose of providing charitable services to Persons with income less than fifty

percent (50%) of the median income.

2. Procedures for Establishing and Obtaining an Exemption; Exemption Certificates:

- a. For exemption (a) above, the exemption will be established at the building permit counter where the Value of New Construction as determined in the building permit is less than or equal to One Hundred Thousand Dollars (\$100,000).
- b. For exemptions (b) and (c) above, prior to applying for a building permit a Person claiming an exemption may apply to Metro for a Metro CET Exemption Certificate, by presenting the appropriate documentation for the exemption as set forth herein, and upon receiving a Metro CET Exemption Certificate the Person may present the certificate to the building permit issuer to receive an exemption from paying the CET; or
- c. For exemptions (b) and (c) above, instead of going to Metro to obtain a Metro CET Exemption Certificate, a Person claiming an exemption from the CET when applying for a building permit may submit to the building permit issuer Metro's CET Exemption Certificate application form. Upon receiving a Person's Metro CET Exemption Certificate application, the building permit issuer shall preliminarily authorize the exemption and shall not collect the CET. The building permit issuer shall forward the Person's Metro CET Exemption Certificate application to Metro along with the quarterly CET report. It shall be Metro's responsibility to determine the validity of the exemption and to institute collection procedures to obtain payment of the CET, as well as any other remedy Metro may have under law, if the Person was not entitled to the exemption;
- d. To receive a Metro CET Exemption Certificate from Metro, or to substantiate to Metro the validity of an exemption received from a local building permit issuer, an applicant must provide the following:
  - i. IRS tax status determination letter evidencing that the Person seeking the building permit is exempt from federal income taxation pursuant to 42 U.S.C. 501(c)(3); and
  - ii. In the case of residential property, proof that the property is to be restricted to low income persons, as defined, for at least 30 years. Proof can be in the form of loan covenants; rental agreements or grant restrictions; a certification from the entity's corporate officer attesting that the exemption is applicable; or any other information that may allow the exemption determination to be made; and
  - iii. In the case of a qualified tax-exempt entity providing services to Persons with incomes less than 50 percent of the median income, the applicant must provide information that will allow such tax exempt status to be verified, and proof that the property will be restricted to such uses. Proof can be in the form of loan covenants; rental agreements or grant restrictions; certification from the entity's corporate officer attesting that the exemption is applicable; or any other information that may allow the exemption determination to be made; and



- iv. In the case of a limited partnership with a tax-exempt sole general partner corporation, verification from the partnership's attorney of that status is required; and
  - v. Authorization to audit the records to verify the legal status and compliance with Metro qualifications of all entities claiming exempt status.
- e. Partial Applicability of Exemption. If an exemption is applicable to only part of the Construction, then only that portion shall be exempt from the CET, and CET shall be payable for the remainder of the Construction that is not eligible for an exemption, on a pro-rata basis. It shall be the responsibility of the Person seeking the partial exemption to fill out a Metro CET Exemption Certificate application for the partial exemption, declaring on that application the proportion of the Construction qualifies for the exemption. Upon receiving a Person's Metro CET Exemption Certificate application claiming a partial exemption, the building permit issuer shall preliminarily authorize the partial exemption and shall only collect the pro-rata CET as declared by the applicant. The building permit issuer shall forward the Person's Metro CET Exemption Certificate application to Metro along with the quarterly CET report. It shall be Metro's responsibility to determine the validity of the partial exemption and to institute collection procedures to obtain payment of the remainder of the CET, as well as any other remedy Metro may have under law, if the Person was not entitled to the partial exemption.

D. Ceiling (Metro Code Section 7.04.045).

1. If the CET imposed would be greater than \$12,000.00 (Twelve Thousand Dollars) as measured by the Value of New Construction that would generate that amount of tax, then the CET imposed for that Construction is capped at a Ceiling of \$12,000.00 (Twelve Thousand Dollars).
2. The Ceiling applies on a single structure basis, and not necessarily on a single building permit basis. For example:
  - a. If a single building permit is issued where the Value of New Construction is greater than or equal to Ten Million Dollars (\$10,000,000), then the CET for that building permit is capped at Twelve Thousand Dollars (\$12,000.00).
  - b. If Construction in a single structure will require multiple building permits during the pendency of the CET program, and the total CET that would be imposed for those building permits would add up to more than Twelve Thousand Dollars (\$12,000.00), then the total CET for those building permits within the same structure during the pendency of the CET program is capped at Twelve Thousand Dollars (\$12,000.00). Once a total of \$12,000.00 has been paid in CET for a particular structure, then no additional CET will be collected for that structure during the pendency of the CET program.

- E. Rebates (Metro Code Section 7.04.120). If a CET has been collected and a CET Exemption or the CET Ceiling was applicable, a rebate for the CET may be obtained from Metro.
1. Procedures for obtaining rebate are:
    - a. Within thirty (30) days of paying the CET, the Person who believes that the CET was not applicable due to a CET exemption or CET Ceiling, shall apply for a rebate in writing to Metro and provide verification that the exemption eligibility provisions of Metro Code Section 7.04.040, or that the CET Ceiling provisions of Metro Code Section 7.04.045, have been met. Failure to seek a rebate within the thirty (30) day time limit will terminate a Person's right to seek a rebate.
    - b. Applicant shall provide proof that the CET was paid, in the form of a paid receipt from the building permit issuer showing the tax was paid. All supporting documentation for the exemption or ceiling shall be submitted at the time of the rebate claim. The rebate will only be made to the name that is listed on the receipt unless the applicant has a written assignment of rebate.
    - c. A rebate or a letter of denial shall be issued by Metro within thirty (30) days of receipt of a written request for rebate provided that the request includes all required information. The rebate will be calculated based upon the paid receipt, less the five percent (5%) administrative fee already retained by the building permit issuer and the five percent (5%) Metro administration fee.
- F. Refunds (Metro Code Section 7.04.150). If a CET has been collected and the Construction was not commenced and the building permit was cancelled, a refund for the CET may be obtained from Metro.
1. Eligibility is determined by the absence of Construction and cancellation of the building permit.
  2. Procedures for obtaining refund:
    - a. Apply in writing to Metro within thirty (30) days of permit cancellation.
    - b. Provide copy of canceled permit.
    - c. Provide proof of payment of the tax in the form of the paid receipt.
    - d. A refund or a letter of denial shall be issued by Metro within thirty (30) days of receipt of the written request for refund provided that the request includes all required information. The refund will be calculated based upon the paid receipt, less the five percent (5%) administrative fee already retained by the building permit issuer and the five percent (5%) Metro administration fee.
    - e. Failure to seek a rebate within the thirty (30) day time limit will terminate a Person's right to receive a refund.

G. Appeals. The Hearings Officer shall conduct hearings related to enforcement or appeals of the CET. The appeal to the Hearings Officer must be:

1. In writing;
2. Made within ten (10) calendar days of denial of a refund, rebate, or exemption request. Notice of denial to the party denied, is deemed to have occurred three days after the mailing of the certified denial letter from Metro;
3. Tax must be paid prior to appeal;
4. Directed to the Office of Metro Attorney, who will contact the Hearings Officer to schedule a hearing upon receipt of a written appeal. The Hearings Officer will at that time provide further information as to what documentation to bring to the hearing.

H. Review. Review of any action of the Chief Operating Officer or Hearings Officer, taken pursuant to the Construction Excise Tax Ordinance, or the rules and regulations adopted by the Chief Operating Officer, shall be taken solely and exclusively by writ of review in the manner set forth in ORS 34.010 through 34.100, provided, however, that any aggrieved Person may demand such relief by writ of review.

I. CET Sunset (Metro Code Section 7.04.230).

1. The CET shall not be imposed on and no person shall be liable to pay any tax for any Construction activity that is commenced pursuant to a building permit issued on or after December 31, 2020.
2. Local governments collecting CETs shall remit the CETs to Metro on a quarterly or monthly basis, based on the jurisdiction's CET Collection IGAs with Metro. Each quarter, within thirty days of receiving CET remittances from all collecting local jurisdictions, Metro will issue a written statement of the total CET that Metro has received that quarter and cumulatively.
3. CET remittance to Metro shall be net of the local government's administrative expenses in collecting the CET, up to five percent (5%) of the CET collected by the local government as set forth in the Metro CET Collection IGA. This net amount of CET remitted to Metro shall be the basis for Metro's calculations of CET cumulative totals.
4. The CET shall cease to be imposed by local governments on December 31, 2020, and shall be remitted by the local governments to Metro as soon thereafter as possible.

### **III. CET Collection Procedures.**

A. Local Government CET Collection and Remittance Via Intergovernmental Agreements (Metro Code Section 7.04.110). For those local governments collecting the CET pursuant to Intergovernmental Agreements with Metro, the following procedures shall apply:

1. CET Report; Information Required. Each quarter (unless a local government prefers to report monthly), along with its CET remittance to Metro, the local government shall prepare and submit to the Metro Chief Operating Officer a report of the CETs and building permits issued for the previous quarter's construction activities. The report shall include: the number of building permits issued that quarter; the aggregate value of construction; the number of building permits for which CET exemptions were given; the aggregate value of

construction for the exempted construction; the aggregate amount of CET paid; and the amount of CET administrative fee retained by the local government pursuant to this CET Collection IGA.

2. CET Remittance to Metro. Local governments collecting CET via IGAs with Metro shall remit the collected CET to Metro. Remittance shall be quarterly, unless a jurisdiction prefers to remit the CET monthly, by the 30<sup>th</sup> of the month following the quarter (or month) ending. Quarters end on September 30, December 31, March 31 and June 30 of each year. CET remittance and the CET Report shall be sent to Metro, attn Construction Excise Tax Accounting Specialist, 600 NE Grand, Portland, Oregon 97232.
  3. Remuneration to Local Government for Collecting CET. As consideration for collecting the CET, each local government collecting the CET shall retain no more than five percent (5%) of the tax collected by that local government. This payment is intended to be a reimbursement of costs incurred. Prior to submitting the CET to Metro, the local government shall deduct the remuneration agreed upon directly from the collected tax, and the amounts deducted and retained shall be identified on the report submitted to Metro.
  4. Metro Administrative Fee. To partially reimburse Metro for its costs in implementing and administering the CET program, Metro will retain five percent (5%) of the net CET funds remitted by local governments to Metro.
  5. Audit and Control Features. Each local government shall allow the Chief Operating Officer, or any person authorized in writing by the Chief Operating Officer, to examine the books, papers, building permits, and accounting records relating to any collection and payment of the tax, during normal business hours, and may investigate the accuracy of reporting to ascertain and determine the amount of CET required to be paid.
  6. Failure to Pay. Upon a Person's refusal to or failure to pay the CET when due, the local government administering that Person's building permit shall notify Metro in writing within five (5) business days of such failure, with information adequate for Metro to begin collection procedures against that Person, including the Person's name, address, phone numbers, Value of New Construction, Construction Project, and building permit number. Upon a Person's refusal or failure to pay the CET, it shall be Metro's responsibility to institute collection procedures to obtain payment of the CET as well as any other remedy Metro may have under law.
- B. Metro Collection Procedures in Event of Non-payment. The CET is due and payable upon issuance of a building permit. It is unlawful for any Person to whom the CET is applicable to fail to pay all or any portion of the CET. If the tax is not paid when due, Metro will send a letter notifying the non-payer of his obligation to pay the CET along with the following information:
1. Penalty. In addition to any other fine or penalty provided by Chapter 7.04 of the Metro Code, penalty for non- payment will be added to the original tax outstanding. That penalty is equal to fifty dollars (\$50.00) or the amount of the tax owed, whichever is greater.
  2. Misdemeanor. In addition to any other civil enforcement, non- payment of the CET is a misdemeanor and shall be punishable, upon conviction, by a fine of not more than five hundred dollars (\$500.00). This fine shall be charged to any officer, director, partner or other Person having direction or control over any Person not paying the tax as due.

3. Enforcement by Civil Action. If the tax is not paid, Metro will proceed with collection procedures allowable by law to collect the unpaid tax, penalties assessed and fines due, including attorney fees.

**IV. Revenue Distribution (Metro Code Section 7.04.220).**

**A. Grant Cycles.** CET funds collected pursuant to the 2014 extension of the CET shall be allocated in three new application assessment cycles (Cycle 4, Cycle 5 and Cycle 6).

1. The Cycle 1 fund distribution took place in March 2006, which allocated up to \$6.3 million in grants. Grant requests in this cycle were made for planning only in new areas that were brought into the Urban Growth Boundary (UGB) between 2002 and 2005.
2. The Cycle 2 grant allocation through the Community Planning and Development Grant program (CPDG) took place in June 2010, which allocated up to \$3.57 million in CET Grant revenue. Grant requests in this cycle were made for planning in all areas inside the UGB as of December 2009.
3. The Cycle 3 grant allocation took place in August 2013, which allocated \$4.5 million in grants. Grant requests in this cycle were made for planning in all areas that are in the UGB as of December 2009, plus areas added to the UGB since 2009 and Urban Reserves. This cycle earmarked fifty percent (50%) of projected CET revenues for planning in areas added to the UGB since 2009 and Urban Reserves, and required that if the amount of qualified Grant Requests for areas added to the UGB since 2009 and Urban Reserves does not equal or exceed the earmarked amounts, the remainder of funds may be allocated to Grant Requests for planning in other areas.
4. The Cycle 4 grant allocation shall take place in 2015-2016 for planning in all areas that are in the UGB and Urban Reserves. This grant allocation shall earmark seventy percent to seventy five percent (70% to 75%) of projected revenue for planning within the existing UGB, and earmark twenty five percent to thirty percent (25% to 30%) of projected revenue for concept planning and comprehensive planning for urban reserves and new urban areas, and require that if the amount of qualified Grant Requests for areas added to the UGB since 2009 and Urban Reserves does not equal or exceed the earmarked amounts, the remainder of funds may be allocated to Grant Requests for planning in other areas.
5. The Cycle 5 grant allocation shall take place in 2017-2018 for planning in all areas that are in the UGB and Urban Reserves. This grant allocation shall earmark seventy percent to seventy five percent (70% to 75%) of projected revenue for planning within the existing UGB, and earmark twenty five percent to thirty percent (25% to 30%) of projected revenue for concept planning and comprehensive planning for urban reserves and new urban areas, and require that if the amount of qualified Grant Requests for areas added to the UGB since 2009 and Urban Reserves does not equal or exceed the earmarked amounts, the remainder of funds may be allocated to Grant Requests for planning in other areas.
6. The Cycle 6 grant allocation shall take place in 2019-2020 for planning in all areas that are in the UGB and Urban Reserves. This grant allocation shall earmark seventy percent to seventy five percent (70% to 75%) of projected revenue for planning within the existing UGB, and earmark twenty five percent to thirty percent (25% to 30%) of projected revenue for concept planning and comprehensive planning for urban reserves and new urban areas, and require that if the amount of qualified Grant Requests for areas added to the UGB since

2009 and Urban Reserves does not equal or exceed the earmarked amounts, the remainder of funds may be allocated to Grant Requests for planning in other areas.

7. These cycles may be delayed or amounts reduced if the actual CET receipts remitted by the local governments are not as high as projected, or if CET revenue projections are modified due to market conditions, or if required by Metro's spending cap limitations.
8. Metro may conduct additional allocation cycles if the Metro Chief Operating Officer finds that CET receipts are projected to exceed the grant amounts awarded in Cycle 4 and Cycle 5 and Cycle 6.

B. CPDG Screening Committee.

1. Role. A CPGD Screening Committee ("Committee") shall be created, which Committee shall review Grant Requests submitted by local governments. The Committee shall advise and recommend to the Metro Chief Operating Officer ("COO") the ranking and recommended grant amounts, and whether to grant full, partial, or no awards, in accordance with the grant Evaluation Criteria set forth below. The COO shall review the Committee's recommendations and shall forward her/his own grant recommendations, along with the recommendations of the Committee, to the Metro Council. The Metro Council shall make final grant decisions in a public hearing. A new CPGD Screening Committee shall be established for Cycle 4, Cycle 5 and Cycle 6 grants, but may include members from the previous Committees.
2. CPDG Screening Committee Members. The COO shall appoint six to nine members to the Committee, including the Committee Chair. Skill sets to be represented will be composed of the following expertise:
  - Economic development;
  - Urban planning;
  - Real estate and finance;
  - Infrastructure finance relating to development or redevelopment;
  - Local government;
  - Urban renewal and redevelopment;
  - Business and commerce;
  - Neighborhood Association or Community Planning Commission with an understanding of community livability issues; and
  - Environmental sustainability relating to development or redevelopment.
  - Social equity relating to community development and redevelopment planning

C. CPDG Screening Committee Review of Grant Requests.

1. Metro staff shall forward the letters of intent and Grant Requests to the members of the Committee, and will provide staff assistance to the Committee.
2. The Committee shall then review the Grant Requests and evaluate them based on the CPGD Evaluation Criteria set forth below. The Committee shall use the criteria as guidelines for evaluating applications. The Committee may consult with the proponent of the Grant Request or any others in reviewing the request.
3. After analyzing the Grant Requests, the Committee shall forward to the Metro COO the Committee's recommended ranking and grant amounts for each of the Grant Requests.

4. The Metro COO shall review the Committee's recommendations and shall forward her/his own grant recommendations, based on the CPDG Requests Evaluation Criteria set forth below, along with the recommendations of the Screening Committee, to the Metro Council. The Metro Council shall decide, in a public hearing, whether or not to approve funding of any grants, and the amount of each grant.

D. Metro Council Grant Approval. The Metro COO shall review the Committee's recommendations and shall forward her/his own grant recommendations, along with the recommendations of the Screening Committee, to the Metro Council. The Metro Council shall make final grant decisions in a public hearing.

E. Procedures for Distribution.

1. **Step One: Pre-Grant-Letter of Intent.** Prior to making a request to Metro for CPDG funds, each Grant Applicant that anticipates requesting CPDG funds in Cycle 4, Cycle 5 and Cycle 6 shall submit electronic Letter of Intent to the Metro COO.

a. Grant Applicant. CPDG applicants shall be cities or counties within the Metro boundary. Other local governments, as defined in ORS 174.116, may apply for a CPDG only in partnership with a city or county within the Metro boundary.

b. Letter of Intent Content. The Letter of Intent shall set forth the local government's proposed planning project, the requested grant amount, how the project will address the CPDG Request Evaluation Criteria, and proposed milestones for grant payments. Metro staff and the grant applications Screening Committee shall review the Letter of Intent and Metro staff will send comments to the local governments.

2. **Step Two: Grant Request.** After submitting the Letter of Intent, and after working with Metro staff and Screening Committee if necessary, to revise the proposal, Grant Applicants shall submit an electronic Grant Request to the Metro Chief Operating Officer. The grant request shall include support of the governing body and matching fund commitment with allocation of fund and/or staff resources for the proposed project.

**A) Grant Request Evaluation Criteria for proposed projects within the current UGB.**

For proposed projects within the UGB, the Grant Request shall specifically address how the proposed grant achieves, does not achieve, or is not relevant to, the following criteria ("CPDG Grant Evaluation Criteria"), consistent with the intent of the Urban Growth Management Functional Plan. Applicants should refer to the Application Handbook for information and guidance regarding how to address specific evaluation criteria set forth below.

1) Expected Development Outcomes: Explain what planning activities are proposed to be undertaken with the planning and development grant, and how those activities will identify and reduce the barriers to developing complete communities. Address:

a) Identification of opportunity site/s within the boundary of the proposed project area with catalyst potential that focus on jobs growth and/or housing. Explain the characteristics of the site/s and how the proposed project will lead to a catalytic investment strategy with private and public sector support.

b) Clearly articulated and realistic desired outcomes from the planning grant that increase community readiness for development.

- c) The level of community readiness and local commitment to the predicted development outcomes; considerations include:
    - i. Track record of successful implementation of community development projects and/or past CPDG plan implementation
    - ii. Development sites of adequate scale to generate critical mass of activity;
    - iii. Existing and proposed transportation infrastructure to support future development;
    - iv. Existing urban form provides strong redevelopment opportunities;
    - v. Sound relationship to adjacent residential and employment areas;
    - vi. Compelling vision and long-term prospects;
  - d) Describe the roles and responsibilities of the applicant and county or city, and relevant service providers for accomplishing the goals of the proposed project.
- 2) Regionally Significant: Clearly identify how the proposed planning grant will benefit the region in achieving established regional development goals and outcomes, including sustainability practices, expressed in the 2040 Growth Concept and the six Desired Outcomes, adopted by the region to guide future planning, which include:
- a) People live and work in vibrant communities where their everyday needs are easily accessible;
  - b) Current and future residents benefit from the region's sustained economic competitiveness and prosperity;
  - c) People have safe and reliable transportation choices that enhance their quality of life;
  - d) The region is a leader in minimizing contributions to climate change;
  - e) Current and future generations enjoy clean air, clean water and healthy ecosystems;
  - f) The benefits and burdens of growth and change are distributed equitably.
- 3) Centers, Corridors, Station Communities and Main Streets: Areas identified on the 2040 Growth Concept Map in the Metro Regional Framework Plan as Centers, Corridors, Station Communities and Main Streets have been recognized as the principal centers of urban life in the region. These areas are at different stages of development and each has its own character. For planning projects proposed for or within these areas, describe how the planning actions identified in Title 6 of the Metro Urban Growth Management Functional Plan have been previously addressed or will be addressed as part of the proposed project. This includes establishing an area boundary, performing an assessment of the areas, and adopting a plan of actions and investments.
- 4) Other locations: Discuss how the proposed planning grant facilitates development or redevelopment of the following areas, as applicable:
- a) Employment and industrial areas;
  - b) Areas recently brought into the UGB where concept planning has been completed but where additional planning and implementation work is needed in order to make these areas development ready; and/or



- c) Areas with concentrations of underserved or underrepresented groups.
- 5) Best Practices Model: Consideration will also be given to applications that can be easily replicated in other locations and demonstrate best practices. Discuss how lessons learned from the planning project will be shared with other communities in the region.
- 6) Leverage: Discuss whether and how the proposed planning grant will leverage outcomes across jurisdictions and service providers, or create opportunities for additional private/public investment. Investments can take the form of public or private in-kind or cash contributions to the overall planning activity.
- 7) Matching Fund/Potential: A ten percent (10%) local match is required either as a direct financial contribution or as an in-kind contribution. Discuss whether any portion of the total project cost will be incurred by the applicant and/or its partners. Explain specific portions of the work scope the match money would fund.
- 8) Growth Absorption: Discuss how this project will create opportunities to accommodate expected population and employment growth consistent with local planning.
- 9) Public Involvement: Discuss whether and how the public, including neighbors of the project, businesses, property owners, key stakeholders, and disadvantaged communities including low income and minority populations, will be involved in the project and how their input will be used to strengthen the project outcomes and increase the likelihood of implementation.
- 10) Governing Body: Describe the role of the governing body in relation to:
  - a) The type of action to be taken to implement the final product; and
  - b) Where applicable, how public voting requirements for annexation and transit improvements will be addressed so that the outcome of proposed planning projects can be realized.
- 11) Capacity of applicant: Describe the skill set needed and the qualifications of the staff and/or consulting teams proposed to carry out the planning project.

**B) Grant Request Evaluation Criteria for proposed projects within areas added to the UGB since 2009 and Urban Reserves.**

Grant requests for projects in areas added to the UGB since 2009 and Urban Reserves shall specifically address how the proposed grant achieves, does not achieve, or is not relevant to the following criteria, drawn from the Urban Growth Management Functional Plan (UGMFP). While the UGMFP's Title 11 (Planning for New Urban Areas) calls for completion of a concept plan prior to Council decision to add the area to the UGB, award of a grant for concept planning in urban reserves by the Metro Council should not be interpreted as a commitment by Metro to add the area to the UGB in the next cycle. Applications should note whether the planning project includes an Urban Reserve area. The Screening Committee shall emphasize using available funds to spur development. Applicants should refer to the Application Handbook for information and guidance regarding how to address specific evaluation criteria set forth below.

- 1) Address Title 11 requirements for a concept plan or comprehensive plan. Describe how the proposed planning grant will address the requirements for either a concept plan or comprehensive plan or both as described in Title 11.

- a) If not proposing to complete a full plan, describe how the portion proposed will result in an action that secures financial and governance commitment that facilitates the next steps in the planning process.
  - b) If not proposing a planning grant for the full Urban Reserve area, describe how the proposal will still allow for coordinated development of the entire area as a complete community and address any applicable principles for concept planning of urban reserves contained in the urban and rural reserve intergovernmental agreement between Metro and the county.
- 2) Regionally Significant: Unless addressed in criteria #1, describe how the proposed planning grant will benefit the region in achieving established regional development goals and outcomes, including sustainability practices, as expressed in the 2040 Growth Concept and the Six Desired Outcomes adopted by the Metro Council to guide future planning in the region, which include:
- a) People live and work in vibrant communities where their everyday needs are easily accessible;
  - b) Current and future residents benefit from the region's sustained economic competitiveness and prosperity;
  - c) People have safe and reliable transportation choices that enhance their quality of life;
  - d) The region is a leader in minimizing contributions to climate change;
  - e) Current and future generations enjoy clean air, clean water and healthy ecosystems; and
  - f) The benefits and burdens of growth and change are distributed equitably.
- 3) Address how the proposed project will meet local needs and contribute solutions to regional needs. Describe whether and how the proposal will meet a variety of community needs, including land uses such as mixed use development and large lot industrial sites that are anticipated to continue to be regional needs.
- 4) Demonstrate jurisdictional and service provider commitments necessary for a successful planning and adoption process. Applications should reflect commitment by county, city and relevant service providers to participate in the planning effort and describe how governance issues will be resolved through or prior to the planning process. Describe the roles and responsibilities of the county, city and relevant service providers for accomplishing the commitments.
- 5) Address readiness of land for development in areas added to the UGB since 2009 and Urban Reserves. For applications in areas added to the UGB since 2009, demonstrate that market conditions would be ready to support development and efficient use of land or define the steps that the project would undertake to influence market conditions.
- 6) Best Practices Model: Consideration will also be given to applications that can be easily replicated in other locations and demonstrate best practices. Discuss how lessons learned from the planning project will be shared with other communities in the region.

- 7) Leverage: Discuss whether and how the proposed planning grant will leverage outcomes across jurisdictions and service providers, or create opportunities for additional private/public investment. Investments can take the form of public or private in-kind or cash contributions to the overall planning activity.
- 8) Matching Fund/Potential: A ten percent (10%) local match is required either as a direct financial contribution or in-kind contribution. Discuss whether any portion of the total project cost will be incurred by the applicant and/or its partners. Explain specific portions of the work scope the match money would fund.
- 9) Growth Absorption: Explain how this project will create opportunities to accommodate expected population and employment growth consistent with local planning.
- 10) Public Involvement: Discuss whether and how the public, including neighbors to the project, businesses, property owners, key stakeholders, and disadvantaged communities including low income and minority populations, will be involved in the project and how their input will be used to strengthen the project outcomes and increase the likelihood of implementation.
- 11) Governing Body: Describe the role of the governing body in relation to:
  - a) The type of action to be taken to implement the final product; and
  - b) Where applicable, how public voting requirements for annexation and transit improvements will be addressed so that the outcome of proposed planning projects can be realized.
- 12) Capacity of applicant: Describe the skill set needed and the qualifications of the staff and/or consulting teams proposed to carry out the planning project.

**C) Proposed Scope of Work, Milestones and Budget.**

The Grant Request shall include a proposed scope of work and budget, setting forth the expected completion dates and costs for achieving the milestones proposed in the Grant Request. The Grant Request shall include also outcome measures specific to the project and source of data and information for Metro’s use for evaluation of the progress of the CPDG program Milestones and grant payment allocations should follow the following general guidelines:

- 1) Execution of the CPDG IGA;
- 2) Grant Applicant staff’s draft or proposed plan, report, code change, zoning change, redevelopment plan, Urban Growth Diagram, Concept Plan, urban services delivery plan, or other plan or agreement consistent with the CPDG;
- 3) Grant Applicant staff’s final recommended plan, report, code change, redevelopment plan, zoning change, Comprehensive Plan or Comprehensive Plan amendment, development agreement, urban services delivery plan, or other plan or agreement consistent with the CPDG award, addressing compliance with the Urban Growth Management Functional Plan, the applicable conditions of the CPDG award, and applicable state laws and regulations; and
- 4) Grant Applicant’s action on the final plan, report, code change, redevelopment plan, zoning change, Comprehensive Plan or Comprehensive Plan amendment, urban services

delivery plan, or other plan or agreement consistent with the CPDG award, consistent with the Functional Plan, the applicable conditions of the CPDG award, and applicable state law. The governing body of the applicant shall authorize the action on the final products.

- 5) Grant Applicant's proposed outcome measures specific for the project and source of data and information for Metro's use for evaluation of the progress of this grant program.
- 6) Grant Applicant's proposed method of sharing lessons learned during the planning project for the purpose of benefiting other jurisdictions in the region.

**3. Step Three: Grant Intergovernmental Agreement ("IGA").** Upon the award of a grant, the Metro COO shall issue a Grant Letter for the grant amount determined by the Metro Council. Metro and the Grant Applicant shall enter into a Grant Intergovernmental Agreement ("IGA") The governing body of the Grant applicant jurisdiction shall authorize the approval of the IGA. The IGA shall set forth an agreed-upon scope of work and budget, completion dates of expected milestones and deliverables, and Grant payment dates and payment amount for each milestone. The scope of work in the grant application and guidelines above as modified by any condition in Metro Council grant award shall be the basis for Metro and grantee to negotiate the IGA.

- a. **Deadline for Signing IGA:** If the IGA has not been signed by Metro and grantee within six months of grant award, the COO shall exercise the authority to cancel the grant award.
- b. **Grant Payments:** The grant payment amount and marching fund shall be stated in the IGA. Grant payments shall be made upon the completion of those milestones set forth in the IGA, as determined by Metro in accordance with the requirements of the Metro Code and the IGA. In general, a portion of the Grant funds shall be distributed upon execution of a IGA with Metro, with the remainder of the Grant being paid out as progress payments upon completion of the milestones in the IGA. Grantees shall submit progress reports to Metro documenting the milestone and the completed deliverables for grant payment.
- c. **Eligible Expenses.**
  1. The following expenses shall be considered Eligible Expenses for CPDG consideration for eligible direct costs, which will have priority for funding over indirect costs:
    - a) Materials directly related to project;
    - b) Consultants' work on project;
    - c) Grant Applicant staff support directly related to project; and
    - d) Overhead directly attributable to project;
  2. Grant requests to reimburse local governments for planning work already completed shall not be considered.
  3. If the total Grant Requests from participating Grant Applicants exceed the total CET actual revenues, Metro shall first consider awarding funds for eligible direct costs, which will have priority for funding over indirect costs.

- d) Metro staff liaison: Grantees shall work closely with the Metro staff liaison, and include them in the appropriate advisory committee for the project.
  - e) Completion of grant project: The COO shall retain the right to terminate a CPDG award if the milestones set forth in the IGA are not met within the timeframes set forth in the IGA.
4. **Application Handbook:** Before soliciting applications for the planning and development grants, Metro shall publish a handbook with details on how to submit applications, prepare a project budget linked to expected outcomes and milestones, and deadlines for applicants to submit letters of intent and full applications.

## STAFF REPORT

IN CONSIDERATION OF RESOLUTION NO. 15-4595, FOR THE PURPOSE OF APPROVING AMENDED CONSTRUCTION EXCISE TAX ADMINISTRATIVE RULES PROPOSED BY THE METRO CHIEF OPERATING OFFICER FOR THE COMMUNITY PLANNING AND DEVELOPMENT GRANT PROGRAM

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Date: March 9, 2015

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### BACKGROUND

In June 2014, Metro Council adopted Ordinance No. 14-1328 which extended the Construction Excise Tax (CET) through December 2020 and directed the Chief Operating Officer to seek direction from the Metro Council prior to revising the Administrative Rules for implementation of the CET and the Community Planning and Development Grants (CPDG). The COO and Stakeholder Advisory Group for CET extension and CPDG program evaluation had recommended revision of the Administrative Rules to ensure that the purpose of the CET is fully achieved.

Metro Council took two additional actions in June (Ordinance No. 14-1328). It increased Metro's administrative reimbursement from 2.5 percent to 5 percent of the revenues collected to help cover part of Metro's expenses. It also directed the COO to return to the Metro Council for review and adoption of the revised Administrative Rules prior to promulgating them.

On October 7, 2014, The COO sought directions from the Metro Council on revisions to the Administrative Rules. The COO explained how the revision will be conducted:

- A. Gather stakeholder input on the revision through Metro Technical Advisory Committee (MTAC) instead of creating another stakeholder advisory group for this project (see Attachments A and B for MTAC membership in 2014 and 2015)
- B. Review and discuss amendments to the Administrative Rules recommended by the Stakeholder Advisory Group
  - 1) Allocation of projected revenue between projects within existing UGB and projects within urban reserves and new urban areas
  - 2) Core criteria recommended for refinement:
    - Likelihood of project implementation
    - Capacity of applicant
    - Social equity

- Growth absorption
  - Best practices
- C. Use MTAC for revisions to the Administrative Rules, focusing on:
- 1) Future grant cycles
  - 2) Types of planning activities that should be eligible
  - 3) Refinement of other criteria for evaluating project proposals which were not discussed by the previous stakeholder group
  - 4) Weighting the criteria
- D. MTAC discussion will be informed with the result of ECONorthwest “Logic Model” for the CPDG program, which will clarify types of planning activities Metro should be encouraging, the desired outcomes and how the program should be evaluated in the future.

Metro Council direction on October 7, 2014:

The Metro Council directed that the COO and MTAC should propose revisions and forward them to MPAC for a recommendation to the Chief Operating Officer and Metro Council. The Metro Council also directed MTAC to consider:

- Regional policy objectives in proposing revisions to the criteria
- Support for maximum breath of planning and development opportunities
- Capacity of local staff to take advantage of the number of future grant cycles
- Likelihood of grant project implementation
- How social equity concerns could be fully addressed
- Effective ways of sharing best practices
- How to encourage small jurisdictions to partner with larger jurisdictions
- How to be more direct about Metro’s expectation of grant recipients.

Metro Council direction of January 20, 2015:

The Metro Council directed the COO to seek MTAC input on one additional item: the relationship between the CPDG program and Title 6 of Metro’s Urban Growth Management Functional Plan (Functional Plan), and forward its recommendations to Metro Policy Advisory Committee (MPAC) for a recommendation to the Metro Council. The Metro Council seeks input on whether some or all Community Planning and Development Grants should be considered “regional investments” for the purposes of Title 6 implementation.

MPAC’s recommendation to the Metro Council

On February 11, 2015 and February 25, 2015, staff presented MTAC’s recommendations and comments on revisions to the Administrative Rules to the MPAC. The recommendations are described below in the “MTAC’s recommendations to the MPAC and COO” section. At the February 25, 2015 meeting, MPAC voted unanimously to recommend to the Metro Council to adopt the revisions in the Administrative Rules for implementation of the CET and CPDG program. See the strikethrough and clean versions of the Administrative Rules in Attachments C and D.

### COO's recommendations to the Metro Council

The following recommendations of the COO are based on the recommendations of the Stakeholder Advisory Group and MTAC.

1. Clarification of the linkage between the CET and CPDG in the rules -- the CET is the source of fund for the CPDG
2. Three new grant cycles between 2015 and 2020, depending on CFO's revenue projection
3. Endorsement of MTAC recommendations to the MPAC
4. Endorsement of MPAC recommendations to the Metro Council

### MTAC's recommendations to the MPAC and COO

In the fall of 2014, the MTAC meet four times in fall 2014 (October 15<sup>th</sup>, November 5<sup>th</sup>, November 19<sup>th</sup>, and December 3<sup>rd</sup>) to review the Administrative Rules, including some proposed revisions. MTAC focused its discussion on the revenue distribution section of the Administrative Rules. Their discussions were partly informed by a "Logic Model" for the CPDG program which Metro contracted with ECONorthwest to produce.

On February 11, 2015, the MTAC discussed the additional directives from the Metro Council to provide input on the relationship between the CPDG programs and Title 6 of the Functional Plan. MTAC recognized the need to implement Title 6 and use the CPDG to encourage planning in Title 6 areas (Center, Corridors, Station Communities and Main Streets). However, there was a consensus that the requirements in Title 6 should not be linked to applications for the CPDG. MTAC pointed to the Administrative Rules and Application Handbook for showing how applications for projects proposed in Title 6 areas will be prioritized with more points for meeting specific Title 6 planning objectives, while maintaining the ability to fund strong projects also in industrial and employment areas. Additional MTAC comment is that Metro should monitor trend in number of applications for projects proposed in Title 6 areas to inform how to balance funding projects between Title 6 related and non-Title 6 areas in future grant cycles.

Below is summary of the revisions to the Administrative Rules recommended by MTAC.

1. Purpose of the grant program for projects proposed inside the UGB is to identify and reduce barriers to developing complete communities.
2. Changes to criteria for proposed projects inside the UGB:
  - a) Expected development outcome:
    - i. Clearer articulation of program goals – seeking projects that increase community readiness for development and reduce the barriers to creating complete communities
    - ii. Describe applicant's track record of successful implementation of community development projects and previous CPDG projects
  - b) Regionally Significant criteria (six desired outcomes are sub-criteria)
    - i. People have safe and reliable transportation choices that enhance their quality of life criteria: the Application Handbook should explain how proposed project will identify and incorporate access by all transportation modes



- ii. Climate change sub-criteria: the Application Handbook should be used to explain how proposed project will identify and apply approaches appropriate to local and regional conditions in reducing greenhouse emission
    - iii. Benefits and burdens of growth and change are distributed equitably sub-criteria: The Application Handbook should explain how applicants can use information in the Regional Equity Atlas to identify and address the need of underserved and underrepresented groups.
  - c) Centers, Corridors, Station Communities and Main Streets criteria: Add new criteria for the purpose of encouraging projects in these areas defined in Title 6 of Metro’s Urban Growth Management Functional Plan as the principal centers of urban life
  - d) Other locations criteria: Add a sub-criteria on whether and how the proposed planning grant facilitates development or redevelopment of “areas with concentration of underserved or underrepresented groups for applications that articulate how planning activities for development and redevelopment will address the needs of these groups”
  - e) Best practices model: Applications should explain how lessons learned from the planning project will be shared with other communities
  - f) Matching fund: Add 10% local match requirement, either direct financial or in-kind.
  - g) Growth absorption criteria: Replaced the “equitable distribution of funds criteria.” The intent of the criteria is for applications to explain how proposed project will create opportunities to accommodate expected population and employment growth.
  - h) Public involvement: The Application Handbook should provide additional information on how to address the criteria.
  - i) Governing body criteria: This new criteria is for applicants to clarify the type of action/s the governing body will take on the final product
  - j) Capacity of applicant criteria: The new criteria is for the purpose of describing the skill set needed to carry out the planning project and how that will match the proposed project team’s skill set
3. Criteria for proposed projects within new urban areas and Urban Reserve Areas
- a) Regional Significant (six desired outcomes): Replicate the criteria for proposed projects within the UGB.  
*(note: b-g below mirror those described in section 1 above)*
  - b) Best practices model: Applications should explain how lessons learned from the planning project will be shared with other communities
  - c) Matching fund: Add 10% local match requirement, either direct financial or in-kind.
  - d) Growth absorption criteria: Replaced the “equitable distribution of funds criteria.” The intent of the criteria is for applications to explain how proposed project will create opportunities to accommodate expected population and employment growth.
  - e) Public involvement: Application Handbook should provide additional information on how to address the criteria.

- f) Governing body criteria: This new criteria is for applicants to clarify the type of action/s the governing body will take on the final product
  - g) Capacity of applicant criteria: The new criteria is for the purpose of describing the skill set needed to carry out the planning project and how that will match the proposed project team's skill set
4. Other issues and sections of the Administrative Rules
- a) Screening Committee membership: Allow the Metro COO to appoint 6-9 members who together represent the skills sets listed.
  - b) Deadline for signing IGA: Incorporate a deadline for projects to start into the grant intergovernmental agreement section.
  - c) Matching Fund: Require applicants to submit information about the allocation of matching fund and/or staff resources for the project. Require also stating the matching fund in the IGA.
  - d) Outcome measures: Grant requests should identify outcome measures specific to each project to allow tracking and evaluation in the future.

## **ANALYSIS/INFORMATION**

### **1. Known Opposition**

There is no known opposition to the proposed legislation. The process of revising the Administrative Rules involved two stakeholder advisory groups which reviewed the CPDG program and the administrative Rules and recommended improvement in the CPDG program and the revisions to the attached Administrative Rules.

### **2. Legal Antecedents**

Upon establishment of the CET in 2006 by Metro Council, Metro Code 7.04(Administrative Rules) was established for implementation of the tax. In 2009, the Metro Council extended the CET (ordinance 09-1220) and directed the COO to promulgate Administrative Rules to govern the extension grant program with input from stakeholders. These Administrative Rules build upon the 2006 Ordinance 06-1115 and Metro Code Chapter 7.04 for the purpose of funding regional and local planning that is required to make land ready for development.

In June 2014, the Metro Council extended the CET to December 2020. As stated earlier, the Metro Council directed the COO to revise the Administrative Rules, and to return to the Metro Council for adoption of the Administrative Rules prior to promulgating them.

### **3. Anticipated Effects**

The revision of the Administrative Rules will improve the overall quality of grant program. The revisions will also encourage grant applicants to propose strong projects which demonstrate understanding of the development market and stated desired outcomes. Outcome measures specific to projects proposed by grant applicants and performance measures for periodic evaluation of the grant program will established.

### **4. Budget Impacts**

As a result of the Metro Council action during extension of the CET and adoption of the revised Administrative Rules, Metro's administrative reimbursement will increase from 2.5 percent of the revenues collected (about \$50,000 per year) to 5 percent (about \$100,000 per year). The increase will help cover those Metro's expenses but still short of direct costs for the grant program (which is over \$150,000 per year).

## **5. Attachments**

- Attachment A: 2014 MTAC Membership
- Attachment B: 2015 MTAC Membership
- Attachment C: Final draft of CET-CPDG Administrative Rules – strikethrough version
- Attachment D: Final draft of CET-CPDG Administrative Rules – clean version

## **RECOMMENDED ACTION**

The Chief Operating Officer recommends adoption of the revised Administrative Rules for Construction Excise tax and Community Planning and Development Grants program.

**ATTACHMENT A**

**MTAC: 2014 Membership**

	<b>Position</b>	<b>Member</b>	<b>Alternate</b>
	<b>Citizens:</b>		
1.	Clackamas County Citizen	Jerry Andersen	Susan Nielsen
2.	Multnomah County Citizen	Kay Durtschi	Carol Chesarek
3.	Washington County Citizen	Bruce Bartlett	Dresden Skees-Gregory
	<b>Cities</b>		
4.	City of Portland	Susan Anderson	Joe Zehnder Tom Armstrong
5.	Largest City in Clackamas County: Lake Oswego	Scot Siegel	Debra Andreades
6.	Largest City in Multnomah County: Gresham	Stacy Humphrey	Ann Pytynia
7.	Largest City in Washington County: Hillsboro	Colin Cooper	Jeanine Rustad
8.	2 <sup>nd</sup> Largest City in Clackamas County: Oregon City	Tony Konkol	Pete Walter
9.	2 <sup>nd</sup> Largest City in Washington County: Beaverton	Todd Juhasz	Steve Sparks
10.	Clackamas County: Other Cities	Denny Egner Milwaukie	Michael Walter Happy Valley
11.	Multnomah County: Other Cities	Bill Peterson Wood Village	Erika Fitzgerald Fairview
12.	Washington County: Other Cities	Jon Holan, Forest Grove	Julia Hajduk, Sherwood Chris Neamtzu, Wilsonville Aquilla Hurd-Ravich, Tualatin
13.	City of Vancouver	Chad Eiken	Vacant
	<b>Counties</b>		
14.	Clackamas County	Dan Chandler	Jennifer Hughes
15.	Multnomah County	Adam Barber	Karen Schilling
16.	Washington County	Chris Deffebach	Theresa Cherniak
17.	Clark County	Matt Hermen	Oliver Orjiako
	<b>State Agencies</b>		
18.	ODOT	Kirsten Pennington	Lidwien Rahman Lainie Smith
19.	DLCD	Jennifer Donnelly	Anne Debbaut
	<b>Service Providers</b>		
20.	Service Providers: Water and Sewer	Kevin Hanway, Hillsboro Water Dept.	Vacant

21.	Service Providers: Parks	Aisha Willits, THPRD	Vacant
22.	Service Providers: School Districts	Ron Stewart, North Clackamas School District	Vacant
23.	Service Providers: Private Utilities	Annette Mattson, PGE	Shanna Brownstein, NW Natural
24.	Service Providers: Port of Portland	Susie Lahsene	Tom Bouillion
25.	Service Providers: TriMet	Eric Hesse	Alan Lehto Steve Kautz
	<b>Private Economic Development Association</b>		
26.	Private Economic Development Organizations	Darci Rudzinski, EMEA, CCBA, WEA & CCBA	Vacant
	<b>Public Economic Development Association</b>		
27.	Public Economic Development Organizations	Eric Underwood, Oregon City	Jamie Johnk, Clackamas County
	<b>Other Organizations</b>		
28.	Land Use	Mary Kyle McCurdy, 1000 Friends of Oregon	Vacant
29.	Environmental	Vacant	Vacant
30.	Housing Affordability	Ramsay Weit, Community Housing Fund	Vacant
31.	Residential	Justin Wood, HBA	Dave Nielsen, HBA
32.	Redevelopment/Urban Design	Joseph Readdy, Architect	Vacant
33.	Commercial/Industrial	Vacant	Vacant
34.	Green Infrastructure, Design & Sustainability	Mike O'Brien AAI Engineering	Kurt Lango Lango Hansen
35.	Public Health & Urban Form	Paul Lewis, Clackamas County	Multnomah County - Vacant Jennifer Vines, Washington County
36.	Non-voting Chair	John Williams Planning & Development, Metro	Various

**ATTACHMENT B**

**MTAC: 2015 Membership**

	<b>Position</b>	<b>Member</b>	<b>Alternate(s)</b>
1.	Clackamas County Citizen	Jerry Andersen	Susan Nielsen
2.	Multnomah County Citizen	Kay Durtschi	Carol Chesarek
3.	Washington County Citizen	Bruce Bartlett	Dresden Skees-Gregory
4.	Largest City in the Region: Portland	Susan Anderson	Joe Zehnder Tom Armstrong
5.	Largest City in Clackamas County: Lake Oswego	Scot Siegel	Debra Andreades
6.	Largest City in Multnomah County: Gresham	Stacy Humphrey	Brian Martin
7.	Largest City in Washington County: Hillsboro	Colin Cooper	Jeannine Rustad
8.	2 <sup>nd</sup> Largest City in Clackamas County: Oregon City	Tony Konkol	Pete Walter
9.	2 <sup>nd</sup> Largest City in Washington County: Beaverton	Todd Juhasz	Steve Sparks
10.	Clackamas County: Other Cities	Denny Egner, Milwaukie	Michael Walter, Happy Valley
11.	Multnomah County: Other Cities	Bill Peterson, Wood Village	Erika Fitzgerald, Fairview
12.	Washington County: Other Cities	Jon Holan, Forest Grove	Julia Hajduk, Sherwood Aquilla Hurd-Ravich, Tualatin Michael Cerbone, Cornelius
13.	City of Vancouver, WA	Chad Eiken	Sandra Towne
14.	Clackamas County	Dan Chandler	Martha Fritzie
15.	Multnomah County	Adam Barber	Karen Schilling
16.	Washington County	Chris Deffebach	Theresa Cherniak Erin Wardell
17.	Clark County	Matt Hermen	Oliver Orijako
18.	ODOT	Kirsten Pennington	Lidwien Rahman Lainie Smith
19.	DLCD	Jennifer Donnelly	Anne Debbaut
20.	Service Providers: Water & Sewer	Kevin Hanway, Hillsboro Water Dept.	Vacant

21.	Service Providers: Parks	Aisha Willitts, THPRD	Vacant
22.	Service Providers: School Districts	Barbara Jorgensen, MESD	Tony Magliano, PPS
23.	Service Providers: Private Utilities	Annette Mattson, PGE	Shanna Brownstein, NW Natural
24.	Service Providers: Port of Portland	Susie Lahsene	Tom Bouillion
25.	Service Providers: TriMet	Eric Hesse	Alan Lehto Steve Kautz
26.	Private Economic Development Associations	Darci Rudzinski – EMEA, CCBA, WEA, & CCBA	Vacant
27.	Public Economic Development Associations	Eric Underwood, Oregon City	Jamie Johnk, Clackamas County
28.	Land Use Advocacy Organization	Mary Kyle McCurdy, 1000 Friends	Sam Diaz, 1000 Friends
29.	Environmental Advocacy Organization	Vacant	Vacant
30.	Housing Affordability Organization	Ramsay Weit, Community Housing Fund	Vacant
31.	Residential Development	Justin Wood, HBA	Jon Kloor, HBA Dave Nielsen, HBA
32.	Redevelopment/Urban Design	Joseph Readdy	Vacant
33.	Commercial/Industrial	Vacant	Vacant
34.	Green Infrastructure, Design & Sustainability	Mike O'Brien, AAI Engineering	Vacant
35.	Public Health & Urban Form	Jae P. Douglas, Multnomah County	Elizabeth Clapp, Multnomah County
36.	Non-Voting Chair, Metro	John Williams, Planning & Development	

1/7/15; 1/14/15;

## ATTACHMENT C

### ADMINISTRATIVE RULES: METRO CODE CHAPTER 7.04 [Revised ~~December~~ March 2012 2015]

Effective July 1, 2006, and extended through ~~September 30, 2014~~ December 31, 2020, Metro has established as Metro Code Chapter 7.04 a Construction Excise Tax (“CET”) to fund Community Planning and Development Grants (“CPDG”). These Administrative Rules establish the procedures for administering this tax as mandated in Metro Code Section 7.04.050 and Metro Code Section 7.04.060. For ease of reference a copy of Metro Code Chapter 7.04 is attached to these administrative rules.

#### I. Metro Administrative Matters.

- A. Definitions. These administrative rules incorporate the definitions as set forth in Metro Code Section 7.04.030 of Chapter 7.04, Construction Excise Tax, and Chapter 3.07, the Urban Growth Management Functional Plan.
- B. Designated Representatives (Metro Code Section 7.04.060). The Metro Chief Operating Officer (“COO”) is responsible for the administration and enforcement of the Metro Code Chapter 7.04 and these administrative rules.
1. The COO may delegate his authority in administration and enforcement of the Code chapter and these administrative rules as he determines and as set forth herein.
  2. The COO shall appoint a Hearings Officer(s), which appointment shall be confirmed by the Metro Council. The Hearings Officer(s) shall have the authority to order refunds or rebates of the Construction Excise Tax or waive penalties as a result of the hearings process. Upon appointing a Hearings Officer, the Chief Operating Officer shall delegate authority to the Hearings Officer to administer oaths, certify to all official acts, to subpoena and require attendance of witnesses at hearings to determine compliance with this chapter, rules and regulations, to require production of relevant documents at public hearings, to swear witnesses, to take testimony of any Person by deposition, and perform all other acts necessary to adjudicate appeals of Construction Excise Tax matters.
- C. Internal Flow of Funds. Funds will be accounted for in a Construction Excise Tax account that will be created by the effective date of Metro Code Chapter 7.04.
- D. Rate Stabilization Reserves. Metro Code Chapter 7.04.200 states that the Council will, each year, as part of the Budget process, create reserves from revenues generated by the CET. These reserves are to even out collections thereby stabilizing the funds needed to support the applicable programs despite industry building activity fluctuation. These reserves can only be drawn on to support the specific budgeted activities as discussed in Section I.E. of these administrative rules. Due to their restricted nature, these reserves shall be reported as designations of fund balance in Metro’s General Fund.
- E. Dedication of Revenues. Revenues derived from the imposition of this tax, netted after deduction of authorized local jurisdiction costs of collection and administration will be solely dedicated to grant funding of the regional and local planning that is required to make land ready for development after inclusion in the Urban Growth Boundary.



- F. Rule Amendment. The Chief Operating Officer retains the authority to amend these administrative rules as necessary for the administration of the Construction Excise Tax, after consultation with Metro Council.

## II. **Construction Excise Tax Administration.**

### A. Imposition of Tax (Metro Code Section 7.04.070).

1. The CET is imposed on every Person who engages in Construction within the Metro jurisdiction, unless an Exemption applies as set forth herein.
2. The tax shall be due and payable at the time of the issuance of any building permit, or installation permit in the case of a manufactured dwelling, by any building authority, unless an Exemption applies as set forth herein.
3. The CET shall be calculated and assessed as of the application date for the building permit. Persons obtaining building permits based on applications that were submitted prior to July 1, 2006 shall not be required to pay the CET, unless the building permit issuer normally imposes fees based on the date the building permit is issued.
4. If no permit is issued, then the CET is due at the time the first activity occurs that would require issuance of a building permit under the State of Oregon Building Code.

### B. Calculation of Tax (Metro Code Section 7.04.080). The CET is calculated by multiplying the Value of New Construction by the tax rate of 0.12%

$$(0.0012 \times \text{Value of New Construction})$$

- a. In the case of a Manufactured Dwelling for which no Exemption is applicable, and for which there is no building code determination of valuation of the Manufactured Dwelling, the applicant's good faith estimate of the Value of New Construction for the Manufactured Dwelling shall be used.

### C. Exemptions (Metro Code Section 7.04.040).

1. Eligibility for Exemption. No obligation to pay the CET is imposed upon any Person who establishes, as set forth below, that one or more of the following Exemptions apply:
  - a. The Value of New Construction is less than or equal to One Hundred Thousand Dollars (\$100,000); or
  - b. The Person who would be liable for the tax is a corporation exempt from federal income taxation pursuant to 42 U.S.C. 501(c)(3), or a limited partnership the sole general partner of which is a corporation exempt from federal income taxation pursuant to 42 U.S.C. 501(c)(3), the Construction is used for residential purposes AND the property is restricted to being occupied by Persons with incomes less than fifty percent (50%) of the median income for a period of 30 years or longer;  
or

- c. The Person who would be liable for the tax is exempt from federal income taxation pursuant to 42 U.S.C. 501(c)(3) AND the Construction is dedicated for use for the purpose of providing charitable services to Persons with income less than fifty percent (50%) of the median income.

2. Procedures for Establishing and Obtaining an Exemption; Exemption Certificates:

- a. For exemption (a) above, the exemption will be established at the building permit counter where the Value of New Construction as determined in the building permit is less than or equal to One Hundred Thousand Dollars (\$100,000).
- b. For exemptions (b) and (c) above, prior to applying for a building permit a Person claiming an exemption may apply to Metro for a Metro CET Exemption Certificate, by presenting the appropriate documentation for the exemption as set forth herein, and upon receiving a Metro CET Exemption Certificate the Person may present the certificate to the building permit issuer to receive an exemption from paying the CET; or
- c. For exemptions (b) and (c) above, instead of going to Metro to obtain a Metro CET Exemption Certificate, a Person claiming an exemption from the CET when applying for a building permit may submit to the building permit issuer Metro's CET Exemption Certificate application form. Upon receiving a Person's Metro CET Exemption Certificate application, the building permit issuer shall preliminarily authorize the exemption and shall not collect the CET. The building permit issuer shall forward the Person's Metro CET Exemption Certificate application to Metro along with the quarterly CET report. It shall be Metro's responsibility to determine the validity of the exemption and to institute collection procedures to obtain payment of the CET, as well as any other remedy Metro may have under law, if the Person was not entitled to the exemption;
- d. To receive a Metro CET Exemption Certificate from Metro, or to substantiate to Metro the validity of an exemption received from a local building permit issuer, an applicant must provide the following:
  - i. IRS tax status determination letter evidencing that the Person seeking the building permit is exempt from federal income taxation pursuant to 42 U.S.C. 501(c)(3); and
  - ii. In the case of residential property, proof that the property is to be restricted to low income persons, as defined, for at least 30 years. Proof can be in the form of loan covenants; rental agreements or grant restrictions; a certification from the entity's corporate officer attesting that the exemption is applicable; or any other information that may allow the exemption determination to be made; and
  - iii. In the case of a qualified tax-exempt entity providing services to Persons with incomes less than 50 percent of the median income, the applicant must provide information that will allow such tax exempt status to be verified, and proof that the property will be restricted to such uses. Proof can be in the form of loan covenants; rental agreements or grant restrictions; certification from the entity's corporate officer attesting that

the exemption is applicable; or any other information that may allow the exemption determination to be made; and

- iv. In the case of a limited partnership with a tax-exempt sole general partner corporation, verification from the partnership's attorney of that status is required; and
- v. Authorization to audit the records to verify the legal status and compliance with Metro qualifications of all entities claiming exempt status.

- e. Partial Applicability of Exemption. If an exemption is applicable to only part of the Construction, then only that portion shall be exempt from the CET, and CET shall be payable for the remainder of the Construction that is not eligible for an exemption, on a pro-rata basis. It shall be the responsibility of the Person seeking the partial exemption to fill out a Metro CET Exemption Certificate application for the partial exemption, declaring on that application the proportion of the Construction qualifies for the exemption. Upon receiving a Person's Metro CET Exemption Certificate application claiming a partial exemption, the building permit issuer shall preliminarily authorize the partial exemption and shall only collect the pro-rata CET as declared by the applicant. The building permit issuer shall forward the Person's Metro CET Exemption Certificate application to Metro along with the quarterly CET report. It shall be Metro's responsibility to determine the validity of the partial exemption and to institute collection procedures to obtain payment of the remainder of the CET, as well as any other remedy Metro may have under law, if the Person was not entitled to the partial exemption.

D. Ceiling (Metro Code Section 7.04.045).

- 1. If the CET imposed would be greater than \$12,000.00 (Twelve Thousand Dollars) as measured by the Value of New Construction that would generate that amount of tax, then the CET imposed for that Construction is capped at a Ceiling of \$12,000.00 (Twelve Thousand Dollars).
- 2. The Ceiling applies on a single structure basis, and not necessarily on a single building permit basis. For example:
  - a. If a single building permit is issued where the Value of New Construction is greater than or equal to Ten Million Dollars (\$10,000,000), then the CET for that building permit is capped at Twelve Thousand Dollars (\$12,000.00).
  - b. If Construction in a single structure will require multiple building permits during the pendency of the CET program, and the total CET that would be imposed for those building permits would add up to more than Twelve Thousand Dollars (\$12,000.00), then the total CET for those building permits within the same structure during the pendency of the CET program is capped at Twelve Thousand Dollars (\$12,000.00). Once a total of \$12,000.00 has been paid in CET for a particular structure, then no additional CET will be collected for that structure during the pendency of the CET program.

E. Rebates (Metro Code Section 7.04.120). If a CET has been collected and a CET Exemption or the CET Ceiling was applicable, a rebate for the CET may be obtained from Metro.

1. Procedures for obtaining rebate are:

- a. Within thirty (30) days of paying the CET, the Person who believes that the CET was not applicable due to a CET exemption or CET Ceiling, shall apply for a rebate in writing to Metro and provide verification that the exemption eligibility provisions of Metro Code Section 7.04.040, or that the CET Ceiling provisions of Metro Code Section 7.04.045, have been met. Failure to seek a rebate within the thirty (30) day time limit will terminate a Person's right to seek a rebate.
- b. Applicant shall provide proof that the CET was paid, in the form of a paid receipt from the building permit issuer showing the tax was paid. All supporting documentation for the exemption or ceiling shall be submitted at the time of the rebate claim. The rebate will only be made to the name that is listed on the receipt unless the applicant has a written assignment of rebate.
- c. A rebate or a letter of denial shall be issued by Metro within thirty (30) days of receipt of a written request for rebate provided that the request includes all required information. The rebate will be calculated based upon the paid receipt, less the five percent (5%) administrative fee already retained by the building permit issuer and the ~~two and half~~ five percent (~~2.5%~~ 5%) Metro administration fee.

F. Refunds (Metro Code Section 7.04.150). If a CET has been collected and the Construction was not commenced and the building permit was cancelled, a refund for the CET may be obtained from Metro.

1. Eligibility is determined by the absence of Construction and cancellation of the building permit.

2. Procedures for obtaining refund:

- a. Apply in writing to Metro within thirty (30) days of permit cancellation.
- b. Provide copy of canceled permit.
- c. Provide proof of payment of the tax in the form of the paid receipt.
- d. A refund or a letter of denial shall be issued by Metro within thirty (30) days of receipt of the written request for refund provided that the request includes all required information. The refund will be calculated based upon the paid receipt, less the five percent (5%) administrative fee already retained by the building permit issuer and the ~~two and a half~~ five percent (~~2.5%~~ 5%) Metro administration fee.
- e. Failure to seek a rebate within the thirty (30) day time limit will terminate a Person's right to receive a refund.

G. Appeals. The Hearings Officer shall conduct hearings related to enforcement or appeals of the CET. The appeal to the Hearings Officer must be:

1. In writing;
2. Made within ten (10) calendar days of denial of a refund, rebate, or exemption request. Notice of denial to the party denied, is deemed to have occurred three days after the mailing of the certified denial letter from Metro;
3. Tax must be paid prior to appeal;
4. Directed to the Office of Metro Attorney, who will contact the Hearings Officer to schedule a hearing upon receipt of a written appeal. The Hearings Officer will at that time provide further information as to what documentation to bring to the hearing.

H. Review. Review of any action of the Chief Operating Officer or Hearings Officer, taken pursuant to the Construction Excise Tax Ordinance, or the rules and regulations adopted by the Chief Operating Officer, shall be taken solely and exclusively by writ of review in the manner set forth in ORS 34.010 through 34.100, provided, however, that any aggrieved Person may demand such relief by writ of review.

I. CET Sunset (Metro Code Section 7.04.230).

1. The CET shall not be imposed on and no person shall be liable to pay any tax for any Construction activity that is commenced pursuant to a building permit issued on or after ~~September 30, 2014~~ December 31, 2020.
2. Local governments collecting CETs shall remit the CETs to Metro on a quarterly or monthly basis, based on the jurisdiction's CET Collection IGAs with Metro. Each quarter, within thirty days of receiving CET remittances from all collecting local jurisdictions, Metro will issue a written statement of the total CET that Metro has received that quarter and cumulatively.
3. CET remittance to Metro shall be net of the local government's administrative expenses in collecting the CET, up to five percent (5%) of the CET collected by the local government as set forth in the Metro CET Collection IGA. This net amount of CET remitted to Metro shall be the basis for Metro's calculations of CET cumulative totals ~~and for the calculation of when the %6.3 million CET has been reached.~~
4. The CET shall cease to be imposed by local governments on ~~September 30, 2014~~ December 31, 2020, and shall be remitted by the local governments to Metro as soon thereafter as possible.

### **III. CET Collection Procedures.**

A. Local Government CET Collection and Remittance Via Intergovernmental Agreements (Metro Code Section 7.04.110). For those local governments collecting the CET pursuant to Intergovernmental Agreements with Metro, the following procedures shall apply:

1. CET Report: Information Required. Each quarter (unless a local government prefers to report monthly), along with its CET remittance to Metro, the local government shall prepare and submit to the Metro Chief Operating Officer a report of the CETs and building permits issued for the previous quarter's construction activities. The report shall include: the number of building permits issued that quarter; the aggregate value of construction; the number of building permits for which CET exemptions were given; the aggregate value of construction for the exempted construction; the aggregate amount of CET paid; and the amount of CET administrative fee retained by the local government pursuant to this CET Collection IGA.
  2. CET Remittance to Metro. Local governments collecting CET via IGAs with Metro shall remit the collected CET to Metro. Remittance shall be quarterly, unless a jurisdiction prefers to remit the CET monthly, by the 30<sup>th</sup> of the month following the quarter (or month) ending. Quarters end on September 30, December 31, March 31 and June 30 of each year. CET remittance and the CET Report shall be sent to Metro, attn Construction Excise Tax Accounting Specialist, 600 NE Grand, Portland, Oregon 97232.
  3. Remuneration to Local Government for Collecting CET. As consideration for collecting the CET, each local government collecting the CET shall retain no more than five percent (5%) of the tax collected by that local government. This payment is intended to be a reimbursement of costs incurred. Prior to submitting the CET to Metro, the local government shall deduct the remuneration agreed upon directly from the collected tax, and the amounts deducted and retained shall be identified on the report submitted to Metro.
  4. Metro Administrative Fee. To partially reimburse Metro for its costs in implementing and administering the CET program, Metro will retain ~~two and a half~~ five percent (~~2.5%~~ 5%) of the net CET funds remitted by local governments to Metro.
  5. Audit and Control Features. Each local government shall allow the Chief Operating Officer, or any person authorized in writing by the Chief Operating Officer, to examine the books, papers, building permits, and accounting records relating to any collection and payment of the tax, during normal business hours, and may investigate the accuracy of reporting to ascertain and determine the amount of CET required to be paid.
  6. Failure to Pay. Upon a Person's refusal to or failure to pay the CET when due, the local government administering that Person's building permit shall notify Metro in writing within five (5) business days of such failure, with information adequate for Metro to begin collection procedures against that Person, including the Person's name, address, phone numbers, Value of New Construction, Construction Project, and building permit number. Upon a Person's refusal or failure to pay the CET, it shall be Metro's responsibility to institute collection procedures to obtain payment of the CET as well as any other remedy Metro may have under law.
- B. Metro Collection Procedures in Event of Non-payment. The CET is due and payable upon issuance of a building permit. It is unlawful for any Person to whom the CET is applicable to fail to pay all or any portion of the CET. If the tax is not paid when due, Metro will send a letter notifying the non-payer of his obligation to pay the CET along with the following information:
1. Penalty. In addition to any other fine or penalty provided by Chapter 7.04 of the Metro Code, penalty for non- payment will be added to the original tax outstanding. That

penalty is equal to fifty dollars (\$50.00) or the amount of the tax owed, whichever is greater.

2. Misdemeanor. In addition to any other civil enforcement, non- payment of the CET is a misdemeanor and shall be punishable, upon conviction, by a fine of not more than five hundred dollars (\$500.00). This fine shall be charged to any officer, director, partner or other Person having direction or control over any Person not paying the tax as due.
3. Enforcement by Civil Action. If the tax is not paid, Metro will proceed with collection procedures allowable by law to collect the unpaid tax, penalties assessed and fines due, including attorney fees.

#### **IV. Revenue Distribution (Metro Code Section 7.04.220).**

A. Grant Cycles. CET funds collected pursuant to the ~~2009~~ 2014 extension of the CET shall be allocated in ~~two~~ three new application assessment cycles (Cycle ~~2-4~~, ~~and~~ Cycle ~~3-5~~ and Cycle 6).

1. The Cycle 1 fund distribution took place in March 2006, which allocated up to \$6.3 million in grants. Grant requests in this cycle were made for planning only in new areas that were brought into the Urban Growth Boundary (UGB) between 2002 and 2005.

2. The Cycle 2 grant allocation through the Community Planning and Development Grant program (CPDG) took place in ~~FY June 2010~~ 2009, which allocated up to \$3.57 million in CET Grants revenue. Grant requests in this cycle ~~may be~~ were made for planning in all areas that are in the Urban Growth Boundary (UGB) as of December 2009.

3. The Cycle 3 grant allocation ~~shall take~~ took place in ~~FY 2012-~~ August 2013, which allocated \$4.5 million in grants. Grant requests in this cycle were made and ~~shall allocate the remainder of the projected CET collection for this cycle.~~ Grant Requests in this cycle ~~may be~~ for planning in all areas that are in the UGB as of December 2009, plus areas added to the UGB since 2009 and Urban Reserves. This cycle earmarked fifty percent (50%) of projected CET revenues for planning in areas added to the UGB since 2009 and Urban Reserves, and required that if the amount of qualified Grant Requests for areas added to the UGB since 2009 and Urban Reserves does not equal or exceed the earmarked amounts, the remainder of funds may be allocated to Grant Requests for planning in other areas.

~~3. The Cycle 3 grant allocation shall earmark fifty percent (50%) of projected CET revenues for planning in areas added to the UGB since 2009 and Urban Reserves. If the amount of qualified Grant Requests for New Urban Areas and Urban Reserves does not equal or exceed the earmarked amounts, the remainder of funds shall be allocated to Grant Requests for planning in other areas.~~

4. The Cycle 4 grant allocation shall take place in 2015-2016 for planning in all areas that are in the UGB and Urban Reserves. This grant allocation shall earmark seventy percent to seventy five percent (70% to 75%) of projected revenue for planning within the existing UGB, and earmark twenty five percent to thirty percent (25% to 30%) of projected revenue for concept planning and comprehensive planning for urban reserves and new urban areas, and require that if the amount of qualified Grant Requests for areas added to the UGB since 2009 and Urban Reserves does not equal or exceed the earmarked amounts, the remainder of funds may be allocated to Grant Requests for planning in other areas.

5. The Cycle 5 grant allocation shall take place in 2017-2018 for planning in all areas that are in the UGB and Urban Reserves. This grant allocation shall earmark seventy percent to seventy five percent (70% to 75%) of projected revenue for planning within the existing UGB, and earmark twenty five percent to thirty percent (25% to 30%) of projected revenue for concept planning and comprehensive planning for urban reserves and new urban areas, and require that if the amount of qualified Grant Requests for areas added to the UGB since 2009 and Urban Reserves does not equal or exceed the earmarked amounts, the remainder of funds may be allocated to Grant Requests for planning in other areas.

6. The Cycle 6 grant allocation shall take place in 2019-2020 for planning in all areas that are in the UGB and Urban Reserves. This grant allocation shall earmark seventy percent to seventy five percent (70% to 75%) of projected revenue for planning within the existing UGB, and earmark twenty five percent to thirty percent (25% to 30%) of projected revenue for concept planning and comprehensive planning for urban reserves and new urban areas, and require that if the amount of qualified Grant Requests for areas added to the UGB since 2009 and Urban Reserves does not equal or exceed the earmarked amounts, the remainder of funds may be allocated to Grant Requests for planning in other areas.

7. These cycles may be delayed or amounts reduced if the actual CET receipts remitted by the local governments are not as high as projected, or if CET revenue projections are modified due to market conditions, or if required by Metro's spending cap limitations.

8. Metro may conduct additional allocation cycles if the Metro Chief Operating Officer finds that CET receipts are projected to exceed the grant amounts awarded in Cycle 4 and Cycle 5 and Cycle 6.

B. CET CPDG Grant Screening Committee ("Committee").

1. Role. A ~~CET Grant~~ CPDG Screening Committee ("the Committee") shall be created, which Committee shall review Grant Requests submitted by local governments. The Committee shall advise and recommend to the Metro Chief Operating Officer ("COO") the ranking and recommended grant amounts, and whether to grant full, partial, or no awards, in accordance with the ~~CET Grant~~ Evaluation Criteria set forth below. The COO shall review the Committee's recommendations and shall forward her/his own grant recommendations, along with the recommendations of the ~~CET Grant~~ CPDG Screening Committee, to the Metro Council. The Metro Council shall make final grant decisions in a public hearing. A new ~~Grant~~ CPDG Screening Committee shall be established for ~~Cycle 3~~ Cycle 4, Cycle 5 and Cycle 6 grants, but may include members from the ~~Cycle 2~~ previous Committees.
2. CET-CPDG Grant Screening Committee Members. ~~The COO shall appoint six to nine members to the Committee, including the Committee Chair will be selected by the Metro COO. Skill sets to be represented will be composed of the following expertise: In appointing Committee members, the Metro COO shall make every effort so that no one jurisdiction or geographic location is disproportionately represented on the Committee. The Committee will be composed of nine individuals representing a variety of expertise from public and private interests as set forth below, plus one non-voting Metro Councilor to serve as a Metro Council liaison. A committee member may have more than one expertise. The nine member Committee shall include:~~
  - ~~One member with expertise in~~ Economic development;



- ~~One member with expertise in u~~Urban planning;
- ~~At least one member with expertise in r~~Real estate and finance;
- ~~One member with expertise in i~~Infrastructure finance relating to development or redevelopment;
- ~~One member with expertise in l~~Local government;
- ~~One member with expertise in u~~Urban renewal and redevelopment;
- ~~One member with expertise in b~~Business and commerce;
- ~~One member from a~~ Neighborhood Association or Community Planning Commission with an understanding of community livability issues; and
- ~~One member with expertise in e~~Environmental sustainability relating to development or redevelopment.
- Social equity relating to community development and redevelopment planning

C. Grant CPDGD Screening Committee Review of Grant Requests.

1. Metro staff shall forward the letters of intent and Grant Requests to the members of the ~~Grant~~ Screening Committee, and will provide staff assistance to the Committee.
2. The ~~CET Grant~~ Screening Committee shall then review the Grant Requests and evaluate them based on the ~~CET Grant~~ CPDGD Evaluation Criteria set forth below. The Screening Committee shall use the criteria as guidelines for evaluating applications. The Committee may consult with the proponent of the Grant Request or any others in reviewing the request.
3. After analyzing the Grant Requests, the Committee shall forward to the Metro COO the Committee’s recommended ranking and grant amounts for each of the Grant Requests.
4. The Metro COO shall review the Committee’s recommendations and shall forward her/his own grant recommendations, based on the ~~CET Grant~~ CPDGD Requests Evaluation Criteria set forth ~~below~~ above, along with the recommendations of the ~~CET Grant~~ Screening Committee, to the Metro Council. The Metro Council shall decide, in a public hearing, whether or not to approve funding of any grants, and the amount of each grant.

D. Metro Council Grant Approval. The Metro Chief Operating Officer (“Metro COO”) shall review the Committee’s recommendations and shall forward her/his own grant recommendations, along with the recommendations of the ~~CET Grant~~ Screening Committee, to the Metro Council. The Metro Council shall make final grant decisions in a public hearing.

E. Procedures for Distribution.

1. **Step One: Pre-Grant-Letter of Intent.** Prior to making a ~~written~~ request to Metro for ~~CET~~ CPDGD ~~grant~~ funds, each Grant Applicant that anticipates requesting ~~CET grant~~ CPDGD funds in Cycle ~~24~~, Cycle 5 and Cycle ~~36~~ shall submit a ~~written and~~ electronic Letter of Intent to the Metro Chief Operating Officer.
  - a. Grant Applicant. ~~CET Grant~~ CPDGD applicants shall be cities or counties within the Metro boundary. Other local governments, as defined in ORS 174.116, may apply for a ~~CET Grant~~ CPDGD only in partnership with a city or county within the Metro boundary.

~~b. Letter of Intent Submission Date. For Grant Requests in Cycle 2, Letters of Intent shall be submitted to Metro within three (3) months of the effective date of the extension to the CET program, i.e., by December 9th, 2009, unless a different date is mutually agreed upon by Metro and the local government. For Grant Requests in Cycle 3, Letters of Intent shall be submitted to Metro by within three (3) months of the update to this administrative rule.~~

b. Letter of Intent Content. The Letter of Intent shall set forth the local government's proposed planning project, the requested grant amount, how the project will address the ~~CET Grant~~ CPDG Request Evaluation Criteria, and proposed milestones for grant payments. Metro staff and the grant applications Screening Committee shall review the Letter of Intent and ~~work with the proposer, if necessary, to revise the proposal if additional information is needed for the Grant Request.~~ Metro staff will send comments to the local governments.

2. **Step Two: Grant Request.** After submitting the Letter of Intent, and after working with Metro staff and ~~Grant~~ Screening Committee if necessary, to revise the proposal, Grant Applicants ~~seeking distribution of CET expected revenue~~ shall submit a ~~written and an~~ electronic Grant Request to the Metro Chief Operating Officer. The grant request shall include support of the governing body and matching fund commitment with allocation of fund and/or staff resources for the proposed project.

**A. Grant Request Evaluation Criteria for Proposed Projects within the current UGB.**

For proposed projects within the UGB, the Grant Request shall specifically address how the proposed grant achieves, does not achieve, or is not relevant to, the following criteria ("CPDG ~~CET~~ Grant Evaluation Criteria"), ~~drawn from~~ consistent with the intent of the Urban Growth Management Functional Plan. Applicants should refer to the Application Handbook for information and guidance regarding how to address specific evaluation criteria set forth below.

- 1) Expected Development Outcomes: Explain what planning activities are ~~how the proposed to be undertaken with the planning and development grant, and how those will increase ability to achieve on the ground development and redevelopment outcomes~~ activities will identify and reduce the barriers to developing complete communities. Address:

- a) Identification of opportunity site/s within the boundary of the proposed project area with catalyst potential that focus on jobs growth and/or housing. Explain the characteristics of the site/s and how the proposed project will lead to a catalytic investment strategy with private and public sector support.
- b) Clearly articulated and realistic desired outcomes from the planning grant that increase community readiness for development.

~~e) The expected probability that due to this planning and development grant, development permits will be issued within two years;~~

- c) The level of community readiness and local commitment to the predicted development outcomes; considerations include:

1. Track record of successful implementation of community development projects and/or past CPDG plan implementation
2. Development sites of adequate scale to generate critical mass of activity;
3. Existing and proposed transportation infrastructure to support future development;
4. Existing urban form provides strong redevelopment opportunities;
5. Sound relationship to adjacent residential and employment areas;
6. Compelling vision and long-term prospects;

d) Describe the roles and responsibilities of the applicant and county or city, and relevant service providers for accomplishing the goals of the proposed project.

2) Regionally Significant: Clearly identify how the proposed planning grant will benefit the region in achieving established regional development goals and outcomes, including sustainability practices, expressed in the 2040 Growth Concept and the six Desired Outcomes, adopted by the region to guide future planning, which include:

- a. People live and work in vibrant communities where their everyday needs are easily accessible;
- b. Current and future residents benefit from the region's sustained economic competitiveness and prosperity;
- c. People have safe and reliable transportation choices that enhance their quality of life;
- d. The region is a leader in minimizing contributions to climate change;
- e. Current and future generations enjoy clean air, clean water and healthy ecosystems;
- f. The benefits and burdens of growth and change are distributed equitably.

3) Centers, Corridors, Station Communities and Main Streets: Areas identified on the 2040 Growth Concept Map in the Metro Regional Framework Plan as Centers, Corridors, Station Communities and Main Streets have been recognized as the principal centers of urban life in the region. These areas are at different stages of development and each has its own character. For planning projects proposed for or within these areas, describe how the planning actions identified in Title 6 of the Metro Urban Growth Management Functional Plan have been previously addressed or will be addressed as part of the proposed project. This includes establishing an area boundary, performing an assessment of the areas, and adopting a plan of actions and investments.

4) ~~Other~~ Locations: Discuss how the proposed planning grant facilitates development or redevelopment of the following areas, as applicable:

a. ~~Centers;~~

b. ~~Corridors/Main Streets;~~

~~e. Station centers; and/or~~

d. Employment and industrial areas;

e. Areas recently brought into the UGB where concept planning has been completed but where additional planning and implementation work is needed in order to make these areas development ready; and/or

f. Areas with concentrations of underserved or underrepresented groups.

5) Best Practices Model: Consideration will also be given to applications that can be easily replicated in other locations and demonstrate best practices. Discuss how lessons learned from the planning project will be shared with other communities in the region.

6) Leverage: Discuss whether and how the proposed planning grant will leverage outcomes across jurisdictions and service providers, or create opportunities for additional private/public investment. Investments can take the form of public or private in-kind or cash contributions to the overall planning activity.

7) Matching Fund/Potential: A ten percent (10%) local match is required either as a direct financial contribution or as an in-kind contribution. Discuss whether any portion of the total project cost will be incurred by the applicant and/or its partners. Explain specific portions of the work scope the match money would fund.

~~8) Growth Absorption: Discuss how this project will create opportunities to accommodate expected population and employment growth consistent with local planning. Equity: Discuss whether and how the proposed planning grant will further the equitable distribution of funds, based on collections of revenues, past funding, and planning resource needs.~~

9) Public Involvement: Discuss whether and how the public, including neighbors of the project, businesses, property owners, key stakeholders, and disadvantaged communities including low income and minority populations, will be involved ~~formed~~ ~~in the progress of the project~~ and how their input will be used to strengthen the project outcomes and increase the likelihood of implementation.

10) Governing Body: Describe the role of the governing body in relation to:

a. The type of action to be taken to implement the final product; and

b. Where applicable, how public voting requirements for annexation and transit improvements will be addressed so that the outcome of proposed planning projects can be realized.

11) Capacity of applicant: Describe the skill set needed and the qualifications of the staff and/or consulting teams proposed to carry out the planning project.

**B. Grant Request Evaluation Criteria for Proposed Projects within areas added to the UGB since 2009 and Urban Reserves.**

Grant requests for ~~proposed~~ projects in ~~both~~ areas added to the UGB since 2009 and Urban Reserves shall specifically address how the proposed grant achieves, does not achieve, or is not relevant to the following criteria, drawn from the Urban Growth Management Functional Plan (UGMFP). While the UGMFP's Title 11 (Planning for New Urban Areas) calls for completion of a concept plan prior to Council decision to add the area to the UGB, award of a grant for concept planning in urban reserves by the Metro Council should not be interpreted as a commitment by Metro to add the area to the UGB in the next cycle. Applications should note whether the planning project includes an Urban Reserve area. The Screening Committee shall emphasize using available funds to spur development. Applicants should refer to the Application Handbook for information and guidance regarding how to address specific evaluation criteria set forth below.

- 1) Address Title 11 requirements for a concept plan or comprehensive plan. Describe how the proposed planning grant will address the requirements for either a concept plan or comprehensive plan or both as described in Title 11.
  - a. If not proposing to complete a full plan, describe how the portion proposed will result in an action that secures financial and governance commitment that facilitates the next steps in the planning process.
  - b. If not proposing a planning grant for the full Urban Reserve area, describe how the proposal will still allow for coordinated development of the entire area as a complete community and address any applicable principles for concept planning of urban reserves contained in the urban and rural reserve intergovernmental agreement between Metro and the county.
- 2) Regionally Significant: Unless addressed in criteria #1, describe how the proposed planning grant will benefit the region in achieving established regional development goals and outcomes, including sustainability practices, as expressed in the 2040 Growth Concept and the Six Desired Outcomes adopted by the Metro Council to guide future planning in the region, which include:
  - a. People live and work in vibrant communities where their everyday needs are easily accessible;
  - b. Current and future residents benefit from the region's sustained economic competitiveness and prosperity;
  - c. People have safe and reliable transportation choices that enhance their quality of life\*;
  - d. The region is a leader in minimizing contributions to climate change\*;
  - e. Current and future generations enjoy clean air, clean water and healthy ecosystems;
  - f. The benefits and burdens of growth and change are distributed equitably\*.

- 3) Address how the proposed project will meet local needs and contribute solutions to regional needs. Describe whether and how the proposal will meet a variety of community needs, including land uses such as mixed use development and large lot industrial sites are anticipated to continue to be regional needs.
- 4) Demonstrate jurisdictional and service provider commitments necessary for a successful planning and adoption process. Applications should reflect commitment by county, city and relevant service providers to participate in the planning effort and describe how governance issues will be resolved through or prior to the planning process. Describe the roles and responsibilities of the county, city and relevant service providers for accomplishing the commitments.
- 5) Address readiness of land for development in areas added to the UGB since 2009 and Urban Reserves. For applications in areas added to the UGB since 2009, demonstrate that market conditions would be ready to support development and efficient use of land or define the steps that the project would undertake to influence market conditions.
- 6) Best Practices Model: Consideration will also be given to applications that can be easily replicated in other locations and demonstrate best practices. Discuss how lessons learned from the planning project will be shared with other communities in the region.
- 7) Leverage: Discuss whether and how the proposed planning grant will leverage outcomes across jurisdictions and service providers, or create opportunities for additional private/public investment. Investments can take the form of public or private in-kind or cash contributions to the overall planning activity.
- 8) Matching Fund/Potential: A ten percent (10%) local match is required either as a direct financial contribution or as an in-kind contribution. Discuss whether any portion of the total project cost will be incurred by the applicant and/or its partners. Explain specific portions of the work scope the match money would fund.
- 9) Growth Absorption: Discuss how this project will create opportunities to accommodate expected population and employment growth consistent with local planning. ~~Equity: Discuss whether and how the proposed planning grant will further the equitable distribution of funds, based on collections of revenues, past funding, and planning resource needs.~~
- 10) Public Involvement: Discuss whether and how the public, including neighbors of the project, businesses, property owners, key stakeholders, and disadvantaged communities including low income and minority populations, will be involved ~~formed~~ in the progress of the project and how their input will be used to strengthen the project outcomes and increase the likelihood of implementation.
- 11) Governing Body: Describe the role of the governing body in relation to:
  - a. The type of action to be taken to implement the final product; and

b. Where applicable, how public voting requirements for annexation and transit improvements will be addressed so that the outcome of proposed planning projects can be realized.

12) Capacity of applicant: Describe the skill set needed and the qualifications of the staff and/or consulting teams proposed to carry out the planning project.

C. Proposed Scope of Work, Milestones and Budget. The Grant Request shall include a proposed scope of work and budget, setting forth the expected completion dates and costs for achieving the ~~Urban Growth Management Functional Plan~~ milestones proposed in the Grant Request. The Grant Request shall include also outcome measures specific to the project and source of data and information for Metro's use for evaluation of the progress of the CPDG program. Milestones and grant payment allocations should follow the following general guidelines:

- 1) Execution of the ~~CET Grant~~ CPDG IGA;
- 2) Grant Applicant staff's draft or proposed plan, report, code change, zoning change, redevelopment plan, Urban Growth Diagram, Concept Plan, urban services delivery plan, or other plan or agreement consistent with the ~~CET Grant~~ CPDG;
- 3) Grant Applicant staff's final recommended plan, report, code change, redevelopment plan, zoning change, Comprehensive Plan or Comprehensive Plan amendment, development agreement, urban services delivery plan, or other plan or agreement consistent with the ~~CET Grant~~ CPDG award, addressing compliance with the Urban Growth Management Functional Plan, the applicable conditions of the ~~CET Grant~~ CPDG award, and applicable state laws and regulations; and
- 4) Grant Applicant's ~~action adoption of~~ on the final plan, report, code change, redevelopment plan, zoning change, Comprehensive Plan or Comprehensive Plan amendment, urban services delivery plan, or other plan or agreement consistent with the ~~CET Grant~~ CPDG award, consistent with the Functional Plan, the applicable conditions of the ~~CET Grant~~ CPDG award, and applicable state law. The governing body of the applicant shall authorize the action on the final products.
- 5) Grant Applicant's proposed outcome measures specific for the project and source of data and information for Metro's use for evaluation of the progress of this grant program.
- 6) Grant Applicant's proposed method of sharing lessons learned during the planning project for the purpose of benefiting other jurisdictions in the region.

~~e. Grant Screening Committee Review of Grant Request.~~

~~The Screening Committee shall recognize the intent of the grants to lead to on-the-ground development and prioritize projects with broad public and private sector support. The Grant Screening Committee shall review and advise the COO as to the Committee's grant recommendations as set forth in Section IV C above.~~

3. **Step Three: Grant Intergovernmental Agreement (“Grant IGA”).** Upon the award of a grant, the Metro Chief Operating Officer shall issue a Grant Letter for the grant amount determined by the Metro Council. Metro and the Grant Applicant shall enter into a Grant Intergovernmental Agreement (“IGA”) or, at the Grant Applicant’s request, the Metro Chief Operating Officer shall issue a Grant Letter, for the grant amount determined by the Metro Council. The governing body of the Grant applicant jurisdiction shall authorize the approval of the IGA. The IGA shall set forth an agreed-upon scope of work and budget, completion dates of expected milestones completion dates and deliverables, and Grant payment dates and payment amount for each milestone. The scope of work in the grant application and guidelines above in Section IV.E.2.C as modified by any condition in Metro Council grant award shall be the basis for Metro and grantee to negotiate the IGA. The COO shall retain the right to terminate a CET Grant if the milestones set forth in the Grant IGA are not met within the timeframes set forth in the Grant IGA.

a) Deadline for Signing IGA: If the IGA has not been signed by Metro and grantee within six months of grant award, the COO shall exercise the authority to cancel the grant award.

b) Grant Payments: The grant payment amount and marching fund shall be stated in the IGA. Grant payments shall be made upon the completion of those milestones set forth in the Grant Agreement IGA, as determined by Metro in accordance with the requirements of the Metro Code and the Grant Agreement IGA. In general, a portion of the Grant funds shall be distributed upon execution of a Grant Agreement IGA with Metro, with the remainder of the Grant being paid out as progress payments upon completion of the milestones set forth above and in the Grant Agreement IGA. Grantees shall submit progress reports to Metro documenting the milestone and the completed deliverables for grant payment.

c) Eligible Expenses.

1. The following expenses shall be considered Eligible Expenses for ~~CET Grant~~ CPDG consideration for eligible direct costs, which will have priority for funding over indirect costs:

- i. Materials directly related to project;
- ii. Consultants’ work on project;
- iii. Grant Applicant staff support directly related to project; and
- iv. Overhead directly attributable to project;

2. Grant requests to reimburse local governments for planning work already completed shall not be considered.

3. If the total Grant Requests from participating Grant Applicants exceed the total CET actual revenues, Metro shall first consider awarding funds for eligible direct costs, which will have priority for funding over indirect costs.

d) Metro staff liaison: Grantees shall work closely with the Metro staff liaison, and include them in the appropriate advisory committee for the project.



- e) Completion of grant project: The COO shall retain the right to terminate a CPDG award if the milestones set forth in the IGA are not met within the timeframes set forth in the IGA.
4. **Application Handbook:** Before soliciting applications for the planning and development grants, Metro shall publish a handbook with details on how to submit applications, prepare a project budget linked to expected outcomes and milestones, and deadlines for applicants to submit letters of intent and full applications.

## ATTACHMENT D

### ADMINISTRATIVE RULES: METRO CODE CHAPTER 7.04 [Revised March 2015]

Effective July 1, 2006, and extended through December 31, 2020, Metro has established as Metro Code Chapter 7.04 a Construction Excise Tax (“CET”) to fund Community Planning and Development Grants (“CPDG”). These Administrative Rules establish the procedures for administering this tax as mandated in Metro Code Section 7.04.050 and Metro Code Section 7.04.060. For ease of reference a copy of Metro Code Chapter 7.04 is attached to these administrative rules.

#### **I. Metro Administrative Matters.**

- A. Definitions. These administrative rules incorporate the definitions as set forth in Metro Code Section 7.04.030 of Chapter 7.04, Construction Excise Tax, and Chapter 3.07, the Urban Growth Management Functional Plan.
- B. Designated Representatives (Metro Code Section 7.04.060). The Metro Chief Operating Officer (“COO”) is responsible for the administration and enforcement of the Metro Code Chapter 7.04 and these administrative rules.
1. The COO may delegate his authority in administration and enforcement of the Code chapter and these administrative rules as he determines and as set forth herein.
  2. The COO shall appoint a Hearings Officer(s), which appointment shall be confirmed by the Metro Council. The Hearings Officer(s) shall have the authority to order refunds or rebates of the Construction Excise Tax or waive penalties as a result of the hearings process. Upon appointing a Hearings Officer, the Chief Operating Officer shall delegate authority to the Hearings Officer to administer oaths, certify to all official acts, to subpoena and require attendance of witnesses at hearings to determine compliance with this chapter, rules and regulations, to require production of relevant documents at public hearings, to swear witnesses, to take testimony of any Person by deposition, and perform all other acts necessary to adjudicate appeals of Construction Excise Tax matters.
- C. Internal Flow of Funds. Funds will be accounted for in a Construction Excise Tax account that will be created by the effective date of Metro Code Chapter 7.04.
- D. Rate Stabilization Reserves. Metro Code Chapter 7.04.200 states that the Council will, each year, as part of the Budget process, create reserves from revenues generated by the CET. These reserves are to even out collections thereby stabilizing the funds needed to support the applicable programs despite industry building activity fluctuation. These reserves can only be drawn on to support the specific budgeted activities as discussed in Section I.E. of these administrative rules. Due to their restricted nature, these reserves shall be reported as designations of fund balance in Metro’s General Fund.
- F. Dedication of Revenues. Revenues derived from the imposition of this tax, netted after deduction of authorized local jurisdiction costs of collection and administration will be solely dedicated to grant funding of the regional and local planning that is required to make land ready for development after inclusion in the Urban Growth Boundary.

- F. Rule Amendment. The Chief Operating Officer retains the authority to amend these administrative rules as necessary for the administration of the Construction Excise Tax, after consultation with Metro Council.

**II. Construction Excise Tax Administration.**

A. Imposition of Tax (Metro Code Section 7.04.070).

1. The CET is imposed on every Person who engages in Construction within the Metro jurisdiction, unless an Exemption applies as set forth herein.
2. The tax shall be due and payable at the time of the issuance of any building permit, or installation permit in the case of a manufactured dwelling, by any building authority, unless an Exemption applies as set forth herein.
3. The CET shall be calculated and assessed as of the application date for the building permit. Persons obtaining building permits based on applications that were submitted prior to July 1, 2006 shall not be required to pay the CET, unless the building permit issuer normally imposes fees based on the date the building permit is issued.
4. If no permit is issued, then the CET is due at the time the first activity occurs that would require issuance of a building permit under the State of Oregon Building Code.

B. Calculation of Tax (Metro Code Section 7.04.080). The CET is calculated by multiplying the Value of New Construction by the tax rate of 0.12%

$$(0.0012 \times \text{Value of New Construction})$$

- a. In the case of a Manufactured Dwelling for which no Exemption is applicable, and for which there is no building code determination of valuation of the Manufactured Dwelling, the applicant's good faith estimate of the Value of New Construction for the Manufactured Dwelling shall be used.

C. Exemptions (Metro Code Section 7.04.040).

1. Eligibility for Exemption. No obligation to pay the CET is imposed upon any Person who establishes, as set forth below, that one or more of the following Exemptions apply:
  - a. The Value of New Construction is less than or equal to One Hundred Thousand Dollars (\$100,000); or
  - b. The Person who would be liable for the tax is a corporation exempt from federal income taxation pursuant to 42 U.S.C. 501(c)(3), or a limited partnership the sole general partner of which is a corporation exempt from federal income taxation pursuant to 42 U.S.C. 501(c)(3), the Construction is used for residential purposes AND the property is restricted to being occupied by Persons with incomes less than fifty percent (50%) of the median income for a period of 30 years or longer;  
or

- c. The Person who would be liable for the tax is exempt from federal income taxation pursuant to 42 U.S.C. 501(c)(3) AND the Construction is dedicated for use for the purpose of providing charitable services to Persons with income less than fifty percent (50%) of median income.

2. Procedures for Establishing and Obtaining an Exemption; Exemption Certificates:

- a. For exemption (a) above, the exemption will be established at the building permit counter where the Value of New Construction as determined in the building permit is less than or equal to One Hundred Thousand Dollars (\$100,000).
- b. For exemptions (b) and (c) above, prior to applying for a building permit a Person claiming an exemption may apply to Metro for a Metro CET Exemption Certificate, by presenting the appropriate documentation for the exemption as set forth herein, and upon receiving a Metro CET Exemption Certificate the Person may present the certificate to the building permit issuer to receive an exemption from paying the CET; or
- c. For exemptions (b) and (c) above, instead of going to Metro to obtain a Metro CET Exemption Certificate, a Person claiming an exemption from the CET when applying for a building permit may submit to the building permit issuer Metro's CET Exemption Certificate application form. Upon receiving a Person's Metro CET Exemption Certificate application, the building permit issuer shall preliminarily authorize the exemption and shall not collect the CET. The building permit issuer shall forward the Person's Metro CET Exemption Certificate application to Metro along with the quarterly CET report. It shall be Metro's responsibility to determine the validity of the exemption and to institute collection procedures to obtain payment of the CET, as well as any other remedy Metro may have under law, if the Person was not entitled to the exemption;
- d. To receive a Metro CET Exemption Certificate from Metro, or to substantiate to Metro the validity of an exemption received from a local building permit issuer, an applicant must provide the following:
  - i. IRS tax status determination letter evidencing that the Person seeking the building permit is exempt from federal income taxation pursuant to 42 U.S.C. 501(c)(3); and
  - ii. In the case of residential property, proof that the property is to be restricted to low income persons, as defined, for at least 30 years. Proof can be in the form of loan covenants; rental agreements or grant restrictions; a certification from the entity's corporate officer attesting that the exemption is applicable; or any other information that may allow the exemption determination to be made; and
  - iii. In the case of a qualified tax-exempt entity providing services to Persons with incomes less than 50 percent of the median income, the applicant must provide information that will allow such tax exempt status to be verified, and proof that the property will be restricted to such uses. Proof can be in the form of loan covenants; rental agreements or grant restrictions; certification from the entity's corporate officer attesting that

the exemption is applicable; or any other information that may allow the exemption determination to be made; and

- iv. In the case of a limited partnership with a tax-exempt sole general partner corporation, verification from the partnership's attorney of that status is required; and
- v. Authorization to audit the records to verify the legal status and compliance with Metro qualifications of all entities claiming exempt status.

- e. Partial Applicability of Exemption. If an exemption is applicable to only part of the Construction, then only that portion shall be exempt from the CET, and CET shall be payable for the remainder of the Construction that is not eligible for an exemption, on a pro-rata basis. It shall be the responsibility of the Person seeking the partial exemption to fill out a Metro CET Exemption Certificate application for the partial exemption, declaring on that application the proportion of the Construction qualifies for the exemption. Upon receiving a Person's Metro CET Exemption Certificate application claiming a partial exemption, the building permit issuer shall preliminarily authorize the partial exemption and shall only collect the pro-rata CET as declared by the applicant. The building permit issuer shall forward the Person's Metro CET Exemption Certificate application to Metro along with the quarterly CET report. It shall be Metro's responsibility to determine the validity of the partial exemption and to institute collection procedures to obtain payment of the remainder of the CET, as well as any other remedy Metro may have under law, if the Person was not entitled to the partial exemption.

D. Ceiling (Metro Code Section 7.04.045).

- 1. If the CET imposed would be greater than \$12,000.00 (Twelve Thousand Dollars) as measured by the Value of New Construction that would generate that amount of tax, then the CET imposed for that Construction is capped at a Ceiling of \$12,000.00 (Twelve Thousand Dollars).
- 2. The Ceiling applies on a single structure basis, and not necessarily on a single building permit basis. For example:
  - a. If a single building permit is issued where the Value of New Construction is greater than or equal to Ten Million Dollars (\$10,000,000), then the CET for that building permit is capped at Twelve Thousand Dollars (\$12,000.00).
  - b. If Construction in a single structure will require multiple building permits during the pendency of the CET program, and the total CET that would be imposed for those building permits would add up to more than Twelve Thousand Dollars (\$12,000.00), then the total CET for those building permits within the same structure during the pendency of the CET program is capped at Twelve Thousand Dollars (\$12,000.00). Once a total of \$12,000.00 has been paid in CET for a particular structure, then no additional CET will be collected for that structure during the pendency of the CET program.

E. Rebates (Metro Code Section 7.04.120). If a CET has been collected and a CET Exemption or the CET Ceiling was applicable, a rebate for the CET may be obtained from Metro.

1. Procedures for obtaining rebate are:

- a. Within thirty (30) days of paying the CET, the Person who believes that the CET was not applicable due to a CET exemption or CET Ceiling, shall apply for a rebate in writing to Metro and provide verification that the exemption eligibility provisions of Metro Code Section 7.04.040, or that the CET Ceiling provisions of Metro Code Section 7.04.045, have been met. Failure to seek a rebate within the thirty (30) day time limit will terminate a Person's right to seek a rebate.
- b. Applicant shall provide proof that the CET was paid, in the form of a paid receipt from the building permit issuer showing the tax was paid. All supporting documentation for the exemption or ceiling shall be submitted at the time of the rebate claim. The rebate will only be made to the name that is listed on the receipt unless the applicant has a written assignment of rebate.
- c. A rebate or a letter of denial shall be issued by Metro within thirty (30) days of receipt of a written request for rebate provided that the request includes all required information. The rebate will be calculated based upon the paid receipt, less the five percent (5%) administrative fee already retained by the building permit issuer and the five percent (5%) Metro administration fee.

F. Refunds (Metro Code Section 7.04.150). If a CET has been collected and the Construction was not commenced and the building permit was cancelled, a refund for the CET may be obtained from Metro.

1. Eligibility is determined by the absence of Construction and cancellation of the building permit.

2. Procedures for obtaining refund:

- a. Apply in writing to Metro within thirty (30) days of permit cancellation.
- b. Provide copy of canceled permit.
- c. Provide proof of payment of the tax in the form of the paid receipt.
- d. A refund or a letter of denial shall be issued by Metro within thirty (30) days of receipt of the written request for refund provided that the request includes all required information. The refund will be calculated based upon the paid receipt, less the five percent (5%) administrative fee already retained by the building permit issuer and the five percent (5%) Metro administration fee.
- e. Failure to seek a rebate within the thirty (30) day time limit will terminate a Person's right to receive a refund.

G. Appeals. The Hearings Officer shall conduct hearings related to enforcement or appeals of the CET. The appeal to the Hearings Officer must be:

1. In writing;
2. Made within ten (10) calendar days of denial of a refund, rebate, or exemption request. Notice of denial to the party denied, is deemed to have occurred three days after the mailing of the certified denial letter from Metro;
3. Tax must be paid prior to appeal;
4. Directed to the Office of Metro Attorney, who will contact the Hearings Officer to schedule a hearing upon receipt of a written appeal. The Hearings Officer will at that time provide further information as to what documentation to bring to the hearing.

H. Review. Review of any action of the Chief Operating Officer or Hearings Officer, taken pursuant to the Construction Excise Tax Ordinance, or the rules and regulations adopted by the Chief Operating Officer, shall be taken solely and exclusively by writ of review in the manner set forth in ORS 34.010 through 34.100, provided, however, that any aggrieved Person may demand such relief by writ of review.

I. CET Sunset (Metro Code Section 7.04.230).

1. The CET shall not be imposed on and no person shall be liable to pay any tax for any Construction activity that is commenced pursuant to a building permit issued on or after December 31, 2020.
2. Local governments collecting CETs shall remit the CETs to Metro on a quarterly or monthly basis, based on the jurisdiction's CET Collection IGAs with Metro. Each quarter, within thirty days of receiving CET remittances from all collecting local jurisdictions, Metro will issue a written statement of the total CET that Metro has received that quarter and cumulatively.
3. CET remittance to Metro shall be net of the local government's administrative expenses in collecting the CET, up to five percent (5%) of the CET collected by the local government as set forth in the Metro CET Collection IGA. This net amount of CET remitted to Metro shall be the basis for Metro's calculations of CET cumulative totals .
4. The CET shall cease to be imposed by local governments on December 31, 2020, and shall be remitted by the local governments to Metro as soon thereafter as possible.

### **III. CET Collection Procedures.**

D. Local Government CET Collection and Remittance Via Intergovernmental Agreements (Metro Code Section 7.04.110). For those local governments collecting the CET pursuant to Intergovernmental Agreements with Metro, the following procedures shall apply:

1. CET Report; Information Required. Each quarter (unless a local government prefers to report monthly), along with its CET remittance to Metro, the local government shall prepare and submit to the Metro Chief Operating Officer a report of the CETs and

building permits issued for the previous quarter's construction activities. The report shall include: the number of building permits issued that quarter; the aggregate value of construction; the number of building permits for which CET exemptions were given; the aggregate value of construction for the exempted construction; the aggregate amount of CET paid; and the amount of CET administrative fee retained by the local government pursuant to this CET Collection IGA.

2. CET Remittance to Metro. Local governments collecting CET via IGAs with Metro shall remit the collected CET to Metro. Remittance shall be quarterly, unless a jurisdiction prefers to remit the CET monthly, by the 30<sup>th</sup> of the month following the quarter (or month) ending. Quarters end on September 30, December 31, March 31 and June 30 of each year. CET remittance and the CET Report shall be sent to Metro, attn Construction Excise Tax Accounting Specialist, 600 NE Grand, Portland, Oregon 97232.
  3. Remuneration to Local Government for Collecting CET. As consideration for collecting the CET, each local government collecting the CET shall retain no more than five percent (5%) of the tax collected by that local government. This payment is intended to be a reimbursement of costs incurred. Prior to submitting the CET to Metro, the local government shall deduct the remuneration agreed upon directly from the collected tax, and the amounts deducted and retained shall be identified on the report submitted to Metro.
  4. Metro Administrative Fee. To partially reimburse Metro for its costs in implementing and administering the CET program, Metro will retain five percent (5%) of the net CET funds remitted by local governments to Metro.
  5. Audit and Control Features. Each local government shall allow the Chief Operating Officer, or any person authorized in writing by the Chief Operating Officer, to examine the books, papers, building permits, and accounting records relating to any collection and payment of the tax, during normal business hours, and may investigate the accuracy of reporting to ascertain and determine the amount of CET required to be paid.
  6. Failure to Pay. Upon a Person's refusal to or failure to pay the CET when due, the local government administering that Person's building permit shall notify Metro in writing within five (5) business days of such failure, with information adequate for Metro to begin collection procedures against that Person, including the Person's name, address, phone numbers, Value of New Construction, Construction Project, and building permit number. Upon a Person's refusal or failure to pay the CET, it shall be Metro's responsibility to institute collection procedures to obtain payment of the CET as well as any other remedy Metro may have under law.
- E. Metro Collection Procedures in Event of Non-payment. The CET is due and payable upon issuance of a building permit. It is unlawful for any Person to whom the CET is applicable to fail to pay all or any portion of the CET. If the tax is not paid when due, Metro will send a letter notifying the non-payer of his obligation to pay the CET along with the following information:
1. Penalty. In addition to any other fine or penalty provided by Chapter 7.04 of the Metro Code, penalty for non- payment will be added to the original tax outstanding. That penalty is equal to fifty dollars (\$50.00) or the amount of the tax owed, whichever is greater.



2. Misdemeanor. In addition to any other civil enforcement, non- payment of the CET is a misdemeanor and shall be punishable, upon conviction, by a fine of not more than five hundred dollars (\$500.00). This fine shall be charged to any officer, director, partner or other Person having direction or control over any Person not paying the tax as due.
3. Enforcement by Civil Action. If the tax is not paid, Metro will proceed with collection procedures allowable by law to collect the unpaid tax, penalties assessed and fines due, including attorney fees.

#### **IV. Revenue Distribution (Metro Code Section 7.04.220).**

##### **A. Grant Cycles.** CET funds collected pursuant to the 2014 extension of the CET shall be allocated in three new application assessment cycles (Cycle 4, Cycle 5 and Cycle 6).

1. The Cycle 1 fund distribution took place in March 2006, which allocated up to \$6.3 million in grants. Grant requests in this cycle were made for planning only in new areas that were brought into the Urban Growth Boundary (UGB) between 2002 and 2005.
2. The Cycle 2 grant allocation through the Community Planning and Development Grant program (CPDG) took place in June 2010, which allocated up to \$3.57 million in CET Grants revenue. Grant requests in this cycle were made for planning in all areas that are in the Urban Growth Boundary (UGB) as of December 2009.
3. The Cycle 3 grant allocation took place in August 2013, which allocated \$4.5 million in grants. Grant requests in this cycle were made for planning in all areas that are in the UGB as of December 2009, plus areas added to the UGB since 2009 and Urban Reserves. This cycle earmarked fifty percent (50%) of projected CET revenues for planning in areas added to the UGB since 2009 and Urban Reserves, and required that if the amount of qualified Grant Requests for areas added to the UGB since 2009 and Urban Reserves does not equal or exceed the earmarked amounts, the remainder of funds may be allocated to Grant Requests for planning in other areas.
4. The Cycle 4 grant allocation shall take place in 2015-2016 for planning in all areas that are in the UGB and Urban Reserves. This grant allocation shall earmark seventy percent to seventy five percent (70% to 75%) of projected revenue for planning within the existing UGB, and earmark twenty five percent to thirty percent (25% to 30%) of projected revenue for concept planning and comprehensive planning for urban reserves and new urban areas, and require that if the amount of qualified Grant Requests for areas added to the UGB since 2009 and Urban Reserves does not equal or exceed the earmarked amounts, the remainder of funds may be allocated to Grant Requests for planning in other areas.
5. The Cycle 5 grant allocation shall take place in 2017-2018 for planning in all areas that are in the UGB and Urban Reserves. This grant allocation shall earmark seventy percent to seventy five percent (70% to 75%) of projected revenue for planning within the existing UGB, and earmark twenty five percent to thirty percent (25% to 30%) of projected revenue for concept planning and comprehensive planning for urban reserves and new urban areas, and require that if the amount of qualified Grant Requests for areas added to the UGB since 2009 and Urban Reserves does not equal or exceed the earmarked amounts, the remainder of funds may be allocated to Grant Requests for planning in other areas.

6. The Cycle 6 grant allocation shall take place in 2019-2020 for planning in all areas that are in the UGB and Urban Reserves. This grant allocation shall earmark seventy percent to seventy five percent (70% to 75%) of projected revenue for planning within the existing UGB, and earmark twenty five percent to thirty percent (25% to 30%) of projected revenue for concept planning and comprehensive planning for urban reserves and new urban areas, and require that if the amount of qualified Grant Requests for areas added to the UGB since 2009 and Urban Reserves does not equal or exceed the earmarked amounts, the remainder of funds may be allocated to Grant Requests for planning in other areas.

7. These cycles may be delayed or amounts reduced if the actual CET receipts remitted by the local governments are not as high as projected, or if CET revenue projections are modified due to market conditions, or if required by Metro's spending cap limitations.

8. Metro may conduct additional allocation cycles if the Metro Chief Operating Officer finds that CET receipts are projected to exceed the grant amounts awarded in Cycle 4 and Cycle 5 and Cycle 6.

B. CPDG Screening Committee ("Committee").

1. Role. A CPDG Screening Committee ("the Committee") shall be created, which Committee shall review Grant Requests submitted by local governments. The Committee shall advise and recommend to the Metro Chief Operating Officer ("COO") the ranking and recommended grant amounts, and whether to grant full, partial, or no awards, in accordance with the grant Evaluation Criteria set forth below. The COO shall review the Committee's recommendations and shall forward her/his own grant recommendations, along with the recommendations of the CPDG Screening Committee, to the Metro Council. The Metro Council shall make final grant decisions in a public hearing. A new CPDG Screening Committee shall be established for Cycle 4, Cycle 5 and Cycle 6 grants, but may include members from the previous Committees.

2. CPDG Screening Committee Members. The COO shall appoint six to nine members to the Committee, including the Committee Chair. Skill sets to be represented will be composed of the following expertise:

- Economic development;
- Urban planning;
- Real estate and finance;
- Infrastructure finance relating to development or redevelopment;
- Local government;
- Urban renewal and redevelopment;
- Business and commerce;
- Neighborhood Association or Community Planning Commission with an understanding of community livability issues; and
- Environmental sustainability relating to development or redevelopment.
- Social equity relating to community development and redevelopment planning

F. CPDG Screening Committee Review of Grant Requests.

1. Metro staff shall forward the letters of intent and Grant Requests to the members of the Screening Committee, and will provide staff assistance to the Committee.

2. The Screening Committee shall then review the Grant Requests and evaluate them based on the CPDG Evaluation Criteria set forth below. The Screening Committee shall use the criteria as guidelines for evaluating applications. The Committee may consult with the proponent of the Grant Request or any others in reviewing the request.
  3. After analyzing the Grant Requests, the Committee shall forward to the Metro COO the Committee's recommended ranking and grant amounts for each of the Grant Requests.
  4. The Metro COO shall review the Committee's recommendations and shall forward her/his own grant recommendations, based on the CPDG Requests Evaluation Criteria set forth below, along with the recommendations of the Screening Committee, to the Metro Council. The Metro Council shall decide, in a public hearing, whether or not to approve funding of any grants, and the amount of each grant.
- D. Metro Council Grant Approval. The Metro Chief Operating Officer ("Metro COO") shall review the Committee's recommendations and shall forward her/his own grant recommendations, along with the recommendations of the Screening Committee, to the Metro Council. The Metro Council shall make final grant decisions in a public hearing.
- E. Procedures for Distribution.
1. **Step One: Pre-Grant-Letter of Intent.** Prior to making a request to Metro for CPDG funds, each Grant Applicant that anticipates requesting CPDG funds in Cycle 4, Cycle 5 and Cycle 6 shall submit electronic Letter of Intent to the Metro Chief Operating Officer.
    - a. Grant Applicant. CPDG applicants shall be cities or counties within the Metro boundary. Other local governments, as defined in ORS 174.116, may apply for a CPDG only in partnership with a city or county within the Metro boundary.
    - b. Letter of Intent Content. The Letter of Intent shall set forth the local government's proposed planning project, the requested grant amount, how the project will address the CPDG Request Evaluation Criteria, and proposed milestones for grant payments. Metro staff and the grant applications Screening Committee shall review the Letter of Intent and Metro staff will send comments to the local governments.
  2. **Step Two: Grant Request.** After submitting the Letter of Intent, and after working with Metro staff and Screening Committee if necessary, to revise the proposal, Grant Applicants shall submit an electronic Grant Request to the Metro Chief Operating Officer. The grant request shall include support of the governing body and matching fund commitment with allocation of fund and/or staff resources for the proposed project.

**A. Grant Request Evaluation Criteria for Proposed Projects within the current UGB.**

For proposed projects within the UGB, the Grant Request shall specifically address how the proposed grant achieves, does not achieve, or is not relevant to, the following criteria ("CPDG Grant Evaluation Criteria"), consistent with the intent of the Urban Growth Management Functional Plan. Applicants should refer to the Application Handbook for information and guidance regarding how to address specific evaluation criteria set forth below.

1) Expected Development Outcomes: Explain what planning activities are proposed to be undertaken with the planning and development grant, and how those activities will identify and reduce the barriers to developing complete communities. Address:

a) Identification of opportunity site/s within the boundary of the proposed project area with catalyst potential that focus on jobs growth and/or housing. Explain the characteristics of the site/s and how the proposed project will lead to a catalytic investment strategy with private and public sector support.

b) Clearly articulated and realistic desired outcomes from the planning grant that increase community readiness for development.

c) Delete extra subsection (c)

c) The level of community readiness and local commitment to the predicted development outcomes; considerations include:

7. Track record of successful implementation of community development projects and/or past CPDG plan implementation

8. Development sites of adequate scale to generate critical mass of activity;

9. Existing and proposed transportation infrastructure to support future development;

10. Existing urban form provides strong redevelopment opportunities;

11. Sound relationship to adjacent residential and employment areas;

12. Compelling vision and long-term prospects;

d) Describe the roles and responsibilities of the applicant and county or city, and relevant service providers for accomplishing the goals of the proposed project.

2) Regionally Significant: Clearly identify how the proposed planning grant will benefit the region in achieving established regional development goals and outcomes, including sustainability practices, expressed in the 2040 Growth Concept and the six Desired Outcomes, adopted by the region to guide future planning, which include:

g. People live and work in vibrant communities where their everyday needs are easily accessible;

h. Current and future residents benefit from the region's sustained economic competitiveness and prosperity;

i. People have safe and reliable transportation choices that enhance their quality of life;

j. The region is a leader in minimizing contributions to climate change;

k. Current and future generations enjoy clean air, clean water and healthy ecosystems;

l. The benefits and burdens of growth and change are distributed equitably.

3) Centers, Corridors, Station Communities and Main Streets: Areas identified on the 2040 Growth Concept Map in the Metro Regional Framework Plan as Centers, Corridors,

Station Communities and Main Streets have been recognized as the principal centers of urban life in the region. These areas are at different stages of development and each has its own character. For planning projects proposed for or within these areas, describe how the planning actions identified in Title 6 of the Metro Urban Growth Management Functional Plan have been previously addressed or will be addressed as part of the proposed project. This includes establishing an area boundary, performing an assessment of the areas, and adopting a plan of actions and investments.

4) Other locations: Discuss how the proposed planning grant facilitates development or redevelopment of the following areas, as applicable:

- g. Employment and industrial areas;
- h. Areas recently brought into the UGB where concept planning has been completed but where additional planning and implementation work is needed in order to make these areas development ready; and/or
- i. Areas with concentrations of underserved or underrepresented groups.

5) Best Practices Model: Consideration will also be given to applications that can be easily replicated in other locations and demonstrate best practices. Discuss how lessons learned from the planning project will be shared with other communities in the region.

6) Leverage: Discuss whether and how the proposed planning grant will leverage outcomes across jurisdictions and service providers, or create opportunities for additional private/public investment. Investments can take the form of public or private in-kind or cash contributions to the overall planning activity.

7) Matching Fund/Potential: A ten percent (10%) local match is required either as a direct financial contribution or as an in-kind contribution. Discuss whether any portion of the total project cost will be incurred by the applicant and/or its partners. Explain specific portions of the work scope the match money would fund.

8) Growth Absorption: Discuss how this project will create opportunities to accommodate expected population and employment growth consistent with local planning.

9) Public Involvement: Discuss whether and how the public, including neighbors of the project, businesses, property owners, key stakeholders, and disadvantaged communities including low income and minority populations, will be involved in the project and how their input will be used to strengthen the project outcomes and increase the likelihood of implementation.

10) Governing Body: Describe the role of the governing body in relation to:

- a. The type of action to be taken to implement the final product; and
- b. Where applicable, how public voting requirements for annexation and transit improvements will be addressed so that the outcome of proposed planning projects can be realized.

- 11) Capacity of applicant: Describe the skill set needed and the qualifications of the staff and/or consulting teams proposed to carry out the planning project.

**B. Grant Request Evaluation Criteria for Proposed Projects within areas added to the UGB since 2009 and Urban Reserves.**

Grant requests for projects in areas added to the UGB since 2009 and Urban Reserves shall specifically address how the proposed grant achieves, does not achieve, or is not relevant to the following criteria, drawn from the Urban Growth Management Functional Plan (UGMFP). While the UGMFP's Title 11 (Planning for New Urban Areas) calls for completion of a concept plan prior to Council decision to add the area to the UGB, award of a grant for concept planning in urban reserves by the Metro Council should not be interpreted as a commitment by Metro to add the area to the UGB in the next cycle. Applications should note whether the planning project includes an Urban Reserve area. The Screening Committee shall emphasize using available funds to spur development. Applicants should refer to the Application Handbook for information and guidance regarding how to address specific evaluation criteria set forth below.

- 6) Address Title 11 requirements for a concept plan or comprehensive plan. Describe how the proposed planning grant will address the requirements for either a concept plan or comprehensive plan or both as described in Title 11.
- d. If not proposing to complete a full plan, describe how the portion proposed will result in an action that secures financial and governance commitment that facilitates the next steps in the planning process.
  - e. If not proposing a planning grant for the full Urban Reserve area, describe how the proposal will still allow for coordinated development of the entire area as a complete community and address any applicable principles for concept planning of urban reserves contained in the urban and rural reserve intergovernmental agreement between Metro and the county.
- 7) Regionally Significant: Unless addressed in criteria #1, describe how the proposed planning grant will benefit the region in achieving established regional development goals and outcomes, including sustainability practices, as expressed in the 2040 Growth Concept and the Six Desired Outcomes adopted by the Metro Council to guide future planning in the region, which include:
- g. People live and work in vibrant communities where their everyday needs are easily accessible;
  - h. Current and future residents benefit from the region's sustained economic competitiveness and prosperity;
  - i. People have safe and reliable transportation choices that enhance their quality of life\*;
  - j. The region is a leader in minimizing contributions to climate change\*;

- k. Current and future generations enjoy clean air, clean water and healthy ecosystems;
    - l. The benefits and burdens of growth and change are distributed equitably\*.
- 8) Address how the proposed project will meet local needs and contribute solutions to regional needs. Describe whether and how the proposal will meet a variety of community needs, including land uses such as mixed use development and large lot industrial sites are anticipated to continue to be regional needs.
- 9) Demonstrate jurisdictional and service provider commitments necessary for a successful planning and adoption process. Applications should reflect commitment by county, city and relevant service providers to participate in the planning effort and describe how governance issues will be resolved through or prior to the planning process. Describe the roles and responsibilities of the county, city and relevant service providers for accomplishing the commitments.
- 10) Address readiness of land for development in areas added to the UGB since 2009 and Urban Reserves. For applications in areas added to the UGB since 2009, demonstrate that market conditions would be ready to support development and efficient use of land or define the steps that the project would undertake to influence market conditions.
- 11) Best Practices Model: Consideration will also be given to applications that can be easily replicated in other locations and demonstrate best practices. Discuss how lessons learned from the planning project will be shared with other communities in the region.
- 12) Leverage: Discuss whether and how the proposed planning grant will leverage outcomes across jurisdictions and service providers, or create opportunities for additional private/public investment. Investments can take the form of public or private in-kind or cash contributions to the overall planning activity.
- 13) Matching Fund/Potential: A ten percent (10%) local match is required either as a direct financial contribution or in-kind contribution. Discuss whether any portion of the total project cost will be incurred by the applicant and/or its partners. Explain specific portions of the work scope the match money would fund.
- 14) Growth Absorption: Explain how this project will create opportunities to accommodate expected population and employment growth consistent with local planning.
- 15) Public Involvement: Discuss whether and how the public, including neighbors to the project, businesses, property owners, key stakeholders, and disadvantaged communities including low income and minority populations, will be involved in the project and how their input will be used to strengthen the project outcomes and increase the likelihood of implementation.
- 11) Governing Body: Describe the role of the governing body in relation to:
  - a. The type of action to be taken to implement the final product; and

- b. Where applicable, how public voting requirements for annexation and transit improvements will be addressed so that the outcome of proposed planning projects can be realized.

- 12) Capacity of applicant: Describe the skill set needed and the qualifications of the staff and/or consulting teams proposed to carry out the planning project.

D. Proposed Scope of Work, Milestones and Budget. The Grant Request shall include a proposed scope of work and budget, setting forth the expected completion dates and costs for achieving the milestones proposed in the Grant Request. The Grant Request shall include also outcome measures specific to the project and source of data and information for Metro's use for evaluation of the progress of the CPDG program Milestones and grant payment allocations should follow the following general guidelines:

- 7) Execution of the CPDG IGA;
- 8) Grant Applicant staff's draft or proposed plan, report, code change, zoning change, redevelopment plan, Urban Growth Diagram, Concept Plan, urban services delivery plan, or other plan or agreement consistent with the CPDG;
- 9) Grant Applicant staff's final recommended plan, report, code change, redevelopment plan, zoning change, Comprehensive Plan or Comprehensive Plan amendment, development agreement, urban services delivery plan, or other plan or agreement consistent with the CPDG award, addressing compliance with the Urban Growth Management Functional Plan, the applicable conditions of the CPDG award, and applicable state laws and regulations; and
- 10) Grant Applicant's action on the final plan, report, code change, redevelopment plan, zoning change, Comprehensive Plan or Comprehensive Plan amendment, urban services delivery plan, or other plan or agreement consistent with the CPDG award, consistent with the Functional Plan, the applicable conditions of the CPDG award, and applicable state law. The governing body of the applicant shall authorize the action on the final products.
- 11) Grant Applicant's proposed outcome measures specific for the project and source of data and information for Metro's use for evaluation of the progress of this grant program.
- 12) Grant Applicant's proposed method of sharing lessons learned during the planning project for the purpose of benefiting other jurisdictions in the region.

3. **Step Three: Grant Intergovernmental Agreement ("IGA").** Upon the award of a grant, the Metro Chief Operating Officer shall issue a Grant Letter for the grant amount determined by the Metro Council. Metro and the Grant Applicant shall enter into a Grant Intergovernmental Agreement ("IGA") The governing body of the Grant applicant jurisdiction shall authorize the approval of the IGA. The IGA shall set forth an agreed-upon scope of work and budget, completion dates of expected milestones and deliverables, and Grant payment dates and payment amount for each milestone. The scope of work in the grant application and guidelines above in Section



IV.E.2.C as modified by any condition in Metro Council grant award shall be the basis for Metro and grantee to negotiate the IGA.

- b) **Deadline for Signing IGA:** If the IGA has not been signed by Metro and grantee within six months of grant award, the COO shall exercise the authority to cancel the grant award.
  - b) **Grant Payments:** The grant payment amount and marching fund shall be stated in the IGA. Grant payments shall be made upon the completion of those milestones set forth in the IGA, as determined by Metro in accordance with the requirements of the Metro Code and the IGA. In general, a portion of the Grant funds shall be distributed upon execution of a IGA with Metro, with the remainder of the Grant being paid out as progress payments upon completion of the milestones in the IGA. Grantees shall submit progress reports to Metro documenting the milestone and the completed deliverables for grant payment.
  - c) **Eligible Expenses.**
    - 1. The following expenses shall be considered Eligible Expenses for CPDG consideration for eligible direct costs, which will have priority for funding over indirect costs:
      - v. Materials directly related to project;
      - vi. Consultants' work on project;
      - vii. Grant Applicant staff support directly related to project; and
      - viii. Overhead directly attributable to project;
    - 2. Grant requests to reimburse local governments for planning work already completed shall not be considered.
    - 3. If the total Grant Requests from participating Grant Applicants exceed the total CET actual revenues, Metro shall first consider awarding funds for eligible direct costs, which will have priority for funding over indirect costs.
  - d) **Metro staff liaison:** Grantees shall work closely with the Metro staff liaison, and include them in the appropriate advisory committee for the project.
  - e) **Completion of grant project:** The COO shall retain the right to terminate a CPDG award if the milestones set forth in the IGA are not met within the timeframes set forth in the IGA.
- 4. Application Handbook:** Before soliciting applications for the planning and development grants, Metro shall publish a handbook with details on how to submit applications, prepare a project budget linked to expected outcomes and milestones, and deadlines for applicants to submit letters of intent and full applications.

Materials following this page were distributed at the meeting.

Please Complete the "Lake Oswego to Portland Trail" action plan.

R A Fontes

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When it first got started, the Lake Oswego streetcar project was officially the "Lake Oswego to Portland Transit and Trail Study." Accordingly, the project Alternatives Analysis report ("Evaluation Summary, Public Review Draft") included information on the possibility of developing a trail. In its Figure 5-6, staff estimated that, in 2007 dollars, a trail built on the Willamette Shoreline Right-Of-Way (ROW) would cost \$7.4 million, and that the costs would rise to around \$60 million if a streetcar option were chosen. Also, in Table 5-1 and using 2007 data, staff estimated that latent demand for a WSL ROW trail would be about 3600 users, including about 500 to 700 bike commuters.

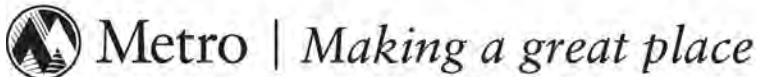
To the best of my knowledge, that was the only public document which showed any trail usage figures or acknowledged that using the ROW for streetcar would radically drive up trail costs. The steering committee decided to split the project so that streetcar wouldn't be held back by trail (ostensibly offering the same benefit to trail.) That move effectively orphaned trail and almost all attention remained with streetcar.

Also in 2007, the first project citizens advisory committee (LOPAC) issued its final report, and by a 10 to 9 majority recommended enhanced bus with the ROW being used for trail. Please note that a Daily Journal of Commerce July 12, 2007 piece found that most of the trail support on the committee came from those living in the area between Lake Oswego and Portland. Streetcar backers on the project steering committee were not amused, and appointed a second committee (CAC), including three of the minority streetcar backers but none from the majority. The CAC reached the "right" decision and the streetcar project moved forward. The CAC delivered its recommendation after the trail from transit separation was completed.

The December 2010 DEIS report estimated for 2035 in Table 4.2-4 that streetcar using Macadam Ave through Johns Landing would carry 11,170 riders daily, and that the no-build bus lines (35 & 36) would together carry 9,300, or 1,870 fewer than streetcar. In Table 2.3-1, the DEIS estimated that streetcar capital costs would come to between \$288.9 million and \$347.4 million. The same month, staff issued the "Lake Oswego to Portland Trail" action plan which had estimates for either usage or capital costs for a ROW based trail without streetcar. However, the estimates for trail constructed around streetcar made it into 2014 RTP project list as #10087 for \$80 million current and \$221.76 million YOE.

**In summary: For an awful lot less money, we could serve more people with a ROW based trail and the existing bus service than with streetcar.**

There is no safe and direct publically available route for cyclists pedestrians between Lake Oswego and the Sellwood Bridge. It's just serendipity that the best possible trail might happen to be the cheapest to develop. We won't know until staff completes the trail action plan by updating with presumably more accurate usage and ROW based trail capital cost estimates.



**METRO COUNCIL MEETING**

Meeting Minutes

March 12, 2015

Metro Regional Center, Council Chamber

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

Councilors Excused: Carlotta Collette

Council President Tom Hughes called the regular council meeting to order at 2:09 p.m.

**1. CITIZEN COMMUNICATIONS**

Art Lewellen, Portland: Mr. Lewellen addressed the Metro Council on the Seattle Tunnel project, specifically on an alternative for Bertha (tunneling machine). He expressed his concern over the project, asking the Council to contact Lynn Peterson, Secretary of the Washington State Department of Transportation, on his behalf.

Matt Tracy, AFSCME 3580, 3580-1: Mr. Tracy thanked the Metro Council for their support of temporary workers, extending his appreciation to the Union bargaining unit, the Metro executive staff, and to Metro's Chief Operating Officer for their hard work during the negotiation process.

Dana Carstensen, Hillsboro: Mr. Carstensen address the Metro Council on temporary workers at the Oregon Zoo, the hours cap, and potential solutions to current inequalities, such as providing limited application seniority for temp workers applying for full-time regular positions with Metro.

Justin Norton-Kertson, 15 NOW PDX: Mr. Norton-Kertson introduced himself as the lead organizer for 15 NOW PDX, a campaign for a \$15/hour minimum wage. He discussed cost of living in the Portland area and explained that this is important to cover basics like housing, food, childcare, health insurance, and transportation; he thanked Metro for recently finished negotiating a contract for temporary workers and providing a \$15/hour starting pay. He also stressed that there are still a lot of Metro staff who are still working below this rate and struggling, asking Metro to keep working on this issue.

Marco Mejia, Portland: Mr. Mejia explained that he was here representing the Jobs with Justice organization, was also here in support of the recently completed contract for temporary workers and wanted to congratulate all involved parties. Mr. Mejia noted that it is difficult for low wage workers to organize without fear of being fired, but it's important to recognize that they have the right to organize just like any other. He thanked Metro for supporting these workers to organize. He also stated that there are still plenty of Metro workers who are earning less than \$15/hour or a living wage, asking that we all continue to work together to get all workers up to a living wage.

Jen Lanphear: Ms. Lanphear introduced herself as a temporary worker at the Oregon Zoo, noting that in her department there are 5 permanent workers and 6 temporary workers; many of the temp

workers have been in the same position for several years. She thanked Metro for taking a first step in improving conditions and wages for the temporary workers, but still said there was work to do so that these staff could continue to provide good care of animals.

**2. CONSENT AGENDA**

2.1 **Resolution No. 15-4607**, For the Purpose of Confirming the Reappointment of Deidra Krysrusoff and Reappointment of Andrew Lonergan to the Investment Advisory Board

2.2 **Resolution No. 15-4614**, For the Purpose of Confirming the Appointment of Casey Camors to the Solid Waste Alternatives Advisory Committee

2.3 Consideration of Council Meeting Minutes for March 5, 2015

Motion:	Councilor Shirley Craddick moved to adopt the consent agenda items.
Second:	Councilor Kathryn Harrington seconded the motion.

Vote:	Council President Hughes, and Councilors Dirksen, Harrington, Craddick, Chase and Stacey voted in support of the motion. The vote was 6 ayes, the motion passed.
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**3. ORDINANCES (FIRST READ)**

3.1 **Ordinance No. 15-1352**, For the Purpose of Adopting Solid Waste Charges and User Fees for FY 2015-16

3.2 **Ordinance No. 15-1353**, For the Purpose of Amending and Readopting Metro Code 7.03 (Investment Policy) for FY 2015-16

**4. RESOLUTIONS**

4.1 **Resolution No. 15-4608**, For the Purpose of Supporting a Policy to “Ban the Box” from Metro’s Job Application Initial Screening Process

Motion:	Councilor Sam Chase moved to approve Resolution 15-4608.
Second:	Councilor Shirley Craddick seconded the motion.

Council President Hughes introduced Councilor Chase to provide a brief statement about the resolution. Councilor Chase explained that this work is in addition to work that is already happening at Metro, including engagement of the Equity Strategy Advisory Committee and the Diversity, Equity and Inclusion program. He stated that removing this part of the job application screening process allows people to have the chance to make the case and apply for a position, while still going through background checks, but takes away a layer of discrimination in the initial process. He introduced Midge Purcell, Director of Advocacy and Public Policy at the Urban League of Portland, to provide additional statements. Ms. Purcell stated that this was a positive step forward towards Metro’s goal of incorporating equity in the way that it does business. She also

discussed how for communities of color, especially African-Americans, there is a disproportionate impact of unemployment even with the economy gets better; she noted that currently black unemployment in the Metro region is around 18%. Ms. Purcell thanked the Council for considering this resolution.

***Council discussion***

Councilors discussed the importance of removing this barrier, why people should be given a second chance after they have paid a debt, and expressed support in moving this forward.

Vote:

Council President Hughes, and Councilors Craddick, Harrington, Dirksen, Chase and Stacey voted in support of the motion. The vote was 6 ayes, the motion passed.
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**5. CHIEF OPERATING OFFICER COMMUNICATION**

Ms. Martha Bennett, COO, provided an update on the following events or items: Willamette Falls Riverwalk request for qualifications design proposals submitted (14 total), Women’s History Month and corresponding internal events and the Zoo Education Center feature story in Daily Journal of Commerce on March 11<sup>th</sup>, 2015.

**6. COUNCILOR COMMUNICATION**

Councilors provided updates on the following events or items: Powell-Division transit project received support for a transit center at the Mt. Hood Community College Board meeting.

**7. ADJOURN**

There being no further business, Council President Hughes adjourned the regular meeting at 2:47 p.m. The Metro Council will convene the next regular council meeting on Thursday, March 19, 2015 at 2 p.m. at the Metro Regional Center, Council Chamber.

Respectfully submitted,



Alexandra Eldridge, Regional Engagement & Legislative Coordinator

**ATTACHMENTS TO THE PUBLIC RECORD FOR THE MEETING OF MAR. 12, 2015**

<b>Item</b>	<b>Topic</b>	<b>Doc. Date</b>	<b>Document Description</b>	<b>Doc. Number</b>
1.0	Testimony	03/12/2015	Testimony handout from AFSCME 3580 members	031215c-01
2.3	Minutes	03/05/2015	Council Meeting minutes from March 5, 2015	031215c-02
4.1	Handout	03/10/2015	ESAC Letter of Support for "ban the box"	031215c-03