W O R K   S E S S I O N

600 NORTHEAST GRAND AVENUE | PORTLAND, OREGON 97232 2736
TEL 503 797 1700 | FAX 503 797 1797

METRO

MEETING: METRO COUNCIL WORK SESSION
DATE: February 7, 1995
DAY: Tuesday
TIME: 2:00 PM
PLACE: Metro Council Chamber

Approx. Time *			Staff Presenter	Lead Councilor
2:00 PM		**CALL TO ORDER AND ROLL CALL**		
(5 min.)	1.	**INTRODUCTIONS**		
(5 min.)	2.	**CITIZEN COMMUNICATIONS**		
(5 min.)	3.	**EXECUTIVE OFFICER COMMUNICATIONS**		
	4.	**OTHER BUSINESS**		
2:15 PM (10 min.)	4.1	Review of Feb. 9, 1995 JPACT Agenda.	Brandman	Monroe
2:25 PM (30 min.)	4.2	Discussion of Future Vision Public Outreach.		McLain
2:55 PM (20 min.)	4.2	Update from Solid Waste Enforcement Staff.	Kraten	Kvistad
3:15 PM (20 min.)	4.3	Report on Proposed Recycling Advertising Program.	Gorham	Kvistad
3:35 PM (30 min)	4.4	Report on Council's Performance Audit of the Cost Allocation Plan Presented by Mr. Jack Talbot of Talbot, Korvola and Warwick.		Monroe
4:05 PM (10 min)	5.	**COUNCILOR COMMUNICATIONS**		
4:15 PM (10 min.)	6.	**LEGISLATIVE ISSUES**		
4:25 PM		**ADJOURN**		

Items scheduled at the work session may be continued for further discussion or action at the regular Thursday Council meeting.

For assistance/Services per the Americans with Disabilities Act (ADA), dial TDD 797-1804 or 797-1540 (Council Office)

* All times listed on the agenda are approximate; items may not be considered in the exact order listed.

AGENDA ITEM NO. 4.1
Meeting Date: February 7, 1995
Council Work Session

REVIEW OF FEB. 9, 1995 JPACT AGENDA

600 NORTHEAST GRAND AVENUE | PORTLAND, OREGON 97232 2736
TEL 503 797 1700 | FAX 503 797 1797

METRO

Meeting: **JOINT POLICY ADVISORY COMMITTEE ON TRANSPORTATION**

Date: FEBRUARY 9, 1995

Day: THURSDAY

Time: 7:15 a.m.

Place: METRO, CONFERENCE ROOM 370

*1. MEETING REPORT OF JANUARY 12, 1995 - APPROVAL REQUESTED.

*2. RESOLUTION NO. 95-2089 - AMENDING THE TRANSPORTATION POLICY ALTERNATIVES COMMITTEE (TPAC) BYLAWS - APPROVAL REQUESTED - Andy Cotugno.

*3. RESOLUTION NO. 95-2090 - ESTABLISHING A FINANCING PLAN FOR THE SOUTH/NORTH LIGHT RAIL PROJECT - APPROVAL REQUESTED - Andy Cotugno/Richard Brandman.

#*4. RESOLUTION NO. 95-2094 - AMENDING THE TIP TO INCLUDE A $1.6 MILLION SECTION 3 "LIVABLE COMMUNITIES" PROJECT IN CLACKAMAS COUNTY - APPROVAL REQUESTED - Andy Cotugno/Rod Sandoz.

*5. EVALUATION CRITERIA FOR RTP, ARTERIAL FUND, $27 MILLION ALLOCATION - INFORMATIONAL - Andy Cotugno/Mike Hoglund.

6. UPDATE ON THE GREENSPACES PROGRAM AND BOND MEASURE - INFORMATIONAL - Councilor McCaig.

*Material enclosed.
#Available at meeting.

STAFF REPORT

CONSIDERATION OF RESOLUTION NO. 95-2089 FOR THE PURPOSE OF AMENDING THE TRANSPORTATION POLICY ALTERNATIVES COMMITTEE (TPAC) BYLAWS

Date: January 30, 1995 Presented by: Andrew Cotugno

PROPOSED ACTION

This resolution would amend the TPAC Bylaws as follows:

1. Add implementation of the adopted 2040 growth concept to the requirements to consider in developing the Regional Transportation Plan.

2. Change the reference of the Urban Mass Transportation Administration (UMTA) to the Federal Transit Administration (FTA).

3. Remove reference to the Metro Council Planning Committee to the appointment of citizen members and approval of their alternates since it no longer exists. Selection and appointment of citizen members would remain the responsibility of the Metro Council.

TPAC has reviewed the proposed amendment and recommends approval of Resolution No. 95-2089.

EXECUTIVE OFFICER'S RECOMMENDATION

The Executive Officer recommends approval of Resolution No. 95-2089.

ACC:lmk
95-2089.RES
1-30-95

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF AMENDING THE TRANSPORTATION POLICY ALTERNATIVES COMMITTEE (TPAC) BYLAWS	))))	RESOLUTION NO. 95-2089 Introduced by Rod Monroe, Chair JPACT

WHEREAS, The Transportation Policy Alternatives Committee (TPAC) provides technical and policy input to JPACT and the Metro Council; and

WHEREAS, Amendments to the Bylaws are needed from time to time; now, therefore,

BE IT RESOLVED,

That the Metro Council hereby amends the TPAC Bylaws as reflected in Exhibit A.

ADOPTED by the Metro Council this _____ day of ________, 1995.

J. Ruth McFarland, Presiding Officer

ACC:lmk
95-2089.RES
1-30-95

EXHIBIT A

TRANSPORTATION POLICY ALTERNATIVES COMMITTEE

BYLAWS

Adopted by Metro Council
in Resolution 94-1902 on March 24, 1994

ARTICLE I

This Committee shall be known as the TRANSPORTATION POLICY ALTERNATIVES COMMITTEE (TPAC).

ARTICLE II

The Transportation Policy Alternatives Committee coordinates and guides the regional transportation planning program in accordance with the policy of the Metro Council.

The responsibilities of TPAC with respect to transportation planning are:

a. Review the Unified Work Program (UWP) and Prospectus for transportation planning.

b. Monitor and provide advice concerning the transportation planning process to ensure adequate consideration of regional values such as land use, economic development, and other social, economic and environmental factors in plan development.

c. Advise on the development of the Regional Transportation Plan in accordance with the Intermodal Surface Transportation Efficiency Act (ISTEA), the L.C.D.C. Transportation Planning Rule, ~~and~~ the 1992 Metro Charter and the <u>adopted 2040 Growth Concept</u>.

d. Advise on the development of the Transportation Improvement Program <u>(TIP)</u> in accordance with ISTEA.

e. Review projects and plans affecting regional transportation.

f. Advise on the compliance of the regional transportation planning process with all applicable federal requirements for maintaining certification.

g. Develop alternative transportation policies for consideration by JPACT and the Metro Council.

h. Review local comprehensive plans for their transportation impacts and consistency with the Regional Transportation Plan.

i. Recommend needs and opportunities for involving citizens in transportation matters.

The responsibilities of TPAC with respect to air quality planning are:

a. Review and recommend project funding for controlling mobile sources of particulates, CO, HC and NOx.

b. Review the analysis of travel, social, economic and environmental impacts of proposed transportation control measures.

c. Review and provide advice (critique) on the proposed plan for meeting particulate standards as they relate to mobile sources.

d. Review and recommend action on transportation and parking elements necessary to meet federal and state clean air requirements.

ARTICLE III

MEMBERSHIP, VOTING, MEETINGS

Section 1. Membership

a. The Committee will be made up of representatives from local jurisdictions, implementing agencies and citizens as follows:

City of Portland	1
Clackamas County	1
Multnomah County	1
Washington County	1
Clackamas County Cities	1
Multnomah County Cities	1
Washington County Cities	1
Oregon Department of Transportation	1
Washington State Department of Transportation	1
Southwest Washington Regional Transportation Council	1
Port of Portland	1
Tri-Met	1
Oregon Department of Environmental Quality	1
Metro (non-voting)	2
Citizens	6
	21

In addition, the City of Vancouver, Clark County, C-TRAN, Federal Highway Administration, Federal Aviation Administration (FAA), ~~Urban Mass Transportation Administration (UMTA)~~ Federal

Transit Administration (FTA), and Washington Department of Ecology may appoint an associate member without a vote. Additional associate members without vote may serve on the Committee at the pleasure of the Committee.

b. Each member shall serve until removed by the appointing agency. Citizen members shall serve for two years and can be reappointed.

c. Alternates may be appointed to serve in the absence of the regular member.

d. Unexcused absence from regularly scheduled meetings for three (3) consecutive months shall require the Chairperson to notify the appointing agency with a request for remedial action.

Section 2. Appointment of Members and Alternates

a. Representatives (and alternatives if desired) of the Counties and the City of Portland shall be appointed by the presiding executive of their jurisdiction/agency.

b. Representatives (and alternates if desired) of Cities within a County shall be appointed by means of a consensus of the Mayors of those cities. It shall be the responsibility of the representative to coordinate with the cities within his/her county.

c. Citizen representatives will be nominated by the ~~Planning Committee of the Metro Council,~~ jurisdictions and through a public application process, ~~and through~~ confirmed by the Metro Council, and appointed by the Presiding Officer of the Metro Council. All citizen members shall~~, with the approval of the Chairperson of the Metro Council Planning Committee,~~ appoint an alternate to serve in their absence; if a citizen member fails to appoint an alternate within 30 days of appointment, the Metro Council will make the appointment.

d. Metro representatives (non-voting) shall be appointed one each by the Metro Executive Officer and Council Presiding Officer.

Section 3. Voting Privileges

a. Each member or alternate of the Committee, except associate members, shall be entitled to one (1) vote on all issues presented at regular and special meetings at which the member or alternate is present.

b. The Chairperson shall have no vote.

Section 4. Meetings

a. Regular meetings of the Committee shall be held each month at a time and place established by the Chairperson.

b. Special meetings may be called by the Chairperson or a majority of the Committee members.

Section 5. Conduct of Meetings

a. A majority of the voting members (or designated alternates) shall constitute a quorum for the conduct of business. The act of the majority of the members (or designated alternates) present at meetings at which a quorum is present shall be the act of the Committee.

b. All meetings shall be conducted in accordance with Robert's Rules of Order, Newly Revised.

c. The Committee may establish other rules of procedure as deemed necessary for the conduct of business.

d. An opportunity will be provided at each meeting for citizen comment on agenda and non-agenda items.

ARTICLE IV

OFFICERS AND DUTIES

Section 1. Officers

The permanent Chairperson of the Committee shall be the Metro Planning Director or designee.

Section 2. Duties

The Chairperson shall preside at all meetings he/she attends and shall be responsible for the expeditious conduct of the Committee's business.

Section 3. Administrative Support

a. Metro shall supply staff, as necessary, to record actions of the Committee and to handle Committee correspondence and public information concerning meeting times and places.

ARTICLE V

SUBCOMMITTEES

One (1) permanent subcommittee of the Committee is established to oversee the major functional area in the transportation planning process where specific products are required:

a. Transportation Improvement Program Subcommittee (TIP) -- to develop and update the five-year TIP, including the Annual Element.

b. Transportation Demand Management Subcommittee (TDM) -- to recommend measures to reduce travel demand for inclusion in the Regional Transportation Plan or funding in the Transportation Improvement Program.

Subcommittees may be established by the Chairperson. Membership composition shall be determined according to mission and need. The Chair shall consult with the full committee on membership and charge before organization of subcommittees. Subcommittee members can include TPAC members, alternates and/or outside experts. All such committees shall report to the Transportation Policy Alternatives Committee.

ARTICLE VI

REPORTING PROCEDURES

The Committee shall make its reports and findings and recommendations to the Joint Policy Advisory Committee on Transportation (JPACT). The Committee shall develop and adopt procedures which adequately notify affected jurisdictions on matters before the Committee.

ARTICLE VII

AMENDMENTS

The Bylaws may be amended or repealed only by the Metro Council.

TPACBLAW.3
1-30-95
March 24, 1994 - As approved by Metro Council.

STAFF RECOMMENDATION

CONSIDERATION OF RESOLUTION NO. 95-2090 FOR THE PURPOSE OF ESTABLISHING A FINANCING PLAN FOR THE SOUTH/NORTH LIGHT RAIL PROJECT

Date: January 30, 1995 Presented by: Andrew Cotugno

PROPOSED ACTION

Adoption of the South/North Financing Plan would establish the region's intent to pursue the following funding actions:

1. A minimum 50 percent federal funding share to be sought over the next two Intermodal Surface Transportation Efficiency Acts for a total of $1.4 billion.

2. One-third of the local share from the Tri-Met General Obligation bond measure approved November 1994.

3. One-third of the local share from the State of Washington. One-half of that share is to be provided by C-TRAN and one-half by the Washington Legislature.

4. One-third of the local share from the State of Oregon.

FACTUAL BACKGROUND AND ANALYSIS

The proposed financing plan (Exhibit A) includes details of the scheduling of the South/North LRT project, required cash flow, timing, and amount of anticipated receipt of the various sources of funds and proposed source of funds. As a financing plan, each element is subject to approval by the responsible party, as follows:

1. Federal Section 3 funds subject to authorization by Congress, execution of a Full-Funding Grant Agreement by the Federal Transit Administration and annual funding appropriation by Congress.

2. Tri-Met General Obligation bonds subject to approval by the Tri-Met Board of Directors.

3. C-TRAN funding subject to approval by the voters and the C-TRAN Board of Directors.

4. State of Oregon contribution subject to authorization by the Oregon Legislature, execution of a funding agreement with ODOT and biennial appropriation by the Oregon Legislature.

5. State of Washington contribution subject to authorization by the Washington Legislature, execution of a funding agreement with WSDOT and biennial appropriation by the Washington Legislature.

Due to these many required approvals, many specific details are subject to change.

TPAC has reviewed this financing plan and recommends approval of Resolution No. 95-2090.

EXECUTIVE OFFICER'S RECOMMENDATION

The Executive Officer recommends approval of Resolution No. 95-2090.

ACC:lmk
95-2090.RES
1-30-95

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF ESTABLISHING A FINANCING PLAN FOR THE SOUTH/ NORTH LIGHT RAIL PROJECT)	RESOLUTION NO. 95-2090 Introduced by Rod Monroe, Chair JPACT

WHEREAS, The South/North Light Rail Transit (LRT) project was established as the next regional priority by Resolution No. 93-1784; and

WHEREAS, An overall 5 and 10-year transportation financing strategy was established by Resolution No. 94-2009; and

WHEREAS; That strategy included a federal, State of Oregon, State of Washington and regional funding approach to the South/North LRT project; and

WHEREAS, The voters approved a Tri-Met $475 million General Obligation bond measure as the first funding step toward the South/North LRT project; now, therefore,

BE IT RESOLVED,

That the Metro Council:

1. Adopts the South/North Financing Plan as reflected in Exhibit A.

2. Supports Tri-Met's and ODOT's efforts to pursue innovative funding sources to reduce the need for state and regional sources.

ADOPTED by the Metro Council this _____ day of ________, 1995.

J. Ruth McFarland, Presiding Officer

EXHIBIT A

FINANCING PLAN
FOR THE
SOUTH/NORTH LRT PROJECT

January 30, 1995

State of Oregon Matching Funds for the South/North LRT Project: <u>Executive Summary</u>

- A commitment of matching funds from Tri-Met, C-TRAN and the States of Oregon and Washington is needed during 1995/96 to secure an earmarking of Section 3 funds for the South/North LRT Project in the upcoming federal transportation authorization bill.

- The State of Oregon's share of matching funds for the South/North LRT Project is proposed to be one-sixth of total construction costs which is estimated to be $475 million.

- To attain this State contribution, the JPACT Finance Committee recommends that:

  [a] The 1995 Legislative Assembly authorize a total lottery commitment to light rail transit (LRT) of $40 million per year <u>beginning in FY 2000.</u> This stream of funds would be used to pay the State's share of <u>both</u> the Westside LRT and the South/North LRT. Until FY 2000, the State would continue its current $10 million per year commitment to the Westside LRT.

  [b] The funds made available to the South/North LRT Project by this authorization be used to support about a $95 million cash contribution to the project and to repay a $380 million bond contribution to the project.

  [c] The 1995 Legislative Assembly authorize the issuance of lottery bonds for the South/North LRT Project which are also coupled (or "wrapped") with a "moral obligation" of the State to appropriate other State funds to repay the debt if lottery revenues are insufficient to meet debt service requirements. The "moral obligation" commitment is needed to allow for a long-term (25 - 30 year) lottery bond. Without such a commitment, the maximum term of a bond solely backed by lottery revenues might be 15 years.

- Subsequent to legislative approval, Tri-Met would enter into an agreement with ODOT which commits the state's matching funds, subject to receipt of a federal funding commitment, in order to demonstrate a fully-committed 50% share of non-Section 3 funds prior to the mark-up of the next federal authorization bill.

- In addition to the state matching funds, the State may be asked to provide credit enhancements to support interim borrowing requirements caused by the cash-flow limitations of federal funds.

- The following oversight functions would be established for State:

  [a] The criteria currently required by state statute for the ODOT Director's release of State matching funds for the Westside LRT project will be required for the release of the State's contribution to the South/North LRT project.

[b] A Steering Group and Project Management Group will be established, similar to those in operation on the Westside Project, which will provide ODOT on-going involvement in key project management decisions.

- A task force would be formed to determine if there are other funding sources that can be used for South/North LRT Project which reduce the funding requirements of the State and regional property-owners.

Table of Contents

I. OVERVIEW OF FINANCING PLAN

1.1 Background

In reviewing the proposed financing plan, it is important to consider the unique facets of securing federal funding for LRT projects. The fact that Section 3 New Start funds, the source of federal funding for LRT, are discretionary funds alters the character of the financing plan, the timing of securing funding commitments and the strategy for implementing the financing plan.

In particular, as evidenced by ISTEA, to receive Section 3 funding for an LRT project, it is necessary to have the Section 3 funds earmarked in the transportation authorization bill. If a project is not earmarked in the upcoming authorization bill, it will almost certainly have to wait another five or six years (until the next authorization bill) for another opportunity for federal funding.

Beyond shear political muscle, it will be necessary to demonstrate the local financial commitment to get a project earmarked in the upcoming authorization bill. The existence of local funding commitment was a major consideration in the earmarking within ISTEA, but some projects without local commitments got earmarked. Since that time, most of the earmarked projects which did not have a local funding commitment have faltered. Congress has vented its frustration about tying up federal funds on projects which do not proceed and, as a result, has intensified its requirement that local funding be committed as a pre-condition for future earmarkings.

The current ISTEA terminates on September 30, 1997. However, ODOT and Tri-Met have learned from their federal representatives that the Administration intends on marking-up an authorization bill during calendar 1995 and reporting the bill to Congress in early 1996 for adoption during September 1996. Thus, it is necessary to establish state and local funding commitments in 1995 and seek an earmarking for federal funds in 1996 or delay project funding until the year 2001 or 2002. It is important to note that at this time we need a "commitment" of funds, not "the money in-hand".

There are several worrisome but unavoidable uncertainties which result from these circumstances including:

[a] State and local funding commitments must be made before the project is fully defined and highly reliable cost estimates, based on detailed engineering, exist;

[b] State and local funding commitments must be made based on assumptions about what might included in the mark-up of the federal transportation authorization bill and how congressional deliberations might proceed;

[c] Beyond the authorization bill, the financing plan must also be based on assumptions about future levels of federal transportation appropriations which in turn have a significant impact on the size and nature of the financing plan.

These uncertainties will lead to questions about the financing plan which do not always have definitive answers. Accordingly, the financing plan must be evaluated on its ability to accommodate a variety of circumstances and not on its ability to render static answers to unanswerable questions.

As part of this background, it is also important to introduce the concept of the "Full Funding Grant Agreement (FFGA)" which Tri-Met must enter into with the FTA to receive the federal funds. It is important to note that FTA will only execute FFGAs which fully funds an operable segment of a project. That is, the combination of federal, state and locally committed funds must be sufficient to build an entirely operational line.

If, for example, federal funds are not earmarked in the authorization bill, then FTA will <u>not</u> execute an FFGA which requires the use of federal funds to construct an operational line. If, however, the authorization bill includes an earmarking which is insufficient to fund a full-length project but is sufficient, when added to the committed state and local funding, to build a shorter (but fully operational) line, FTA will execute an FFGA for the shorter line (Minimum Operable Segment (MOS)). The notion of an MOS is important to the financing plan which is proposed later in this report.

1.2 Capital Costs

The total capital cost for the South/North LRT project between Clackamas Town Center and 99th Street in Clark County is estimated to be <u>$2.85 billion in year-of-expenditure dollars</u>. Year-of-expenditure dollars were calculated from a 1994-dollar capital cost estimate using a construction scheduling computer model developed for the Westside LRT project. The preliminary schedule assumes a full funding contract with the Federal Transit Administration would be executed in early 1998, a least-time construction schedule would be followed and construction would be completed in 2007.

It must be noted that the capital cost estimates are based on a pre-Preliminary Engineering level-of-detail. Furthermore, there are a variety of design options in many segments which could effect the construction cost. These uncertainties are addressed in the year-of-expenditure estimate by the inclusion of a 35% contingency on engineering estimates. In sum, by accepting the $2.85 billion construction cost estimate as a basis for making funding requests, the project has, in essence, assumed a maximum budget for capital construction. From this point on, project decisions on design elements and schedule will be made so as to ensure they fit within the maximum budget.

In Section 1.1, the concept of Minimum Operable Segments (MOS) was introduced. It should be noted that the MOS for the South/North LRT project would be an LRT line between downtown Vancouver and downtown Milwaukie. While such a line would not fully address the objectives of the project, it would be a workable line with sizeable benefits. <u>The estimated YOE cost for the Milwaukie CBD-to-Vancouver CBD MOS is $2.10 billion</u>. The relevancy of the MOS and its associated cost will be made apparent below.

1.3 Availability of Federal Funds

1.3.1 Federal Authorization Options

The financing plan for the South/North LRT project is premised on a Section 3 share of 50%, or \$1.425 billion. The reader should note that this is the "Section 3 share" not the "Federal share" which would include any formula flexible funds (STP or NHS) that may be employed in the funding plan. It should be noted that the Portland region already has a need for about a \$100 million earmarking in the upcoming authorization bill for the Westside (system-related costs)/ Hillsboro project. Thus, the total Section 3 authorization request would be about \$1.525 billion.

It is important to consider the three types of authorization that may be available in the next authorization bill: *"outright authorization"*, *"contingent commitment"* and a *"program of interrelated projects"*. <u>Regardless of which type of authorization is ultimately achieved, it will be necessary to demonstrate that there is a sufficient commitment of local and state funds to match the construction of the entire project.</u>

"Outright authorization" implies that the funds allocated the project are legally available to the project over the life of the authorization bill although their actual receipt depends on future decisions by the appropriation committees. While an "outright authorization" is a necessary condition to be able to borrow to meet project cash-flow requirements, it is not sufficient to meet the project's borrowing needs. This is due to the fact that debt markets deeply discount the "outright authorization" when funds are borrowed against it.

A "contingent commitment", on the other hand, represents a commitment of funds subject to a future authorization bill. Thus, while funds are legally obligated to a project, funds are <u>not</u> to be appropriated towards such commitments in the current authorization period. This is a new authority permitted by ISTEA which has not yet been applied in practice, but will be soon be applied to the Hillsboro Extension. In the borrowing program for the Westside LRT, the debt markets gave borrowing credit for the anticipated Hillsboro "contingent commitment" through a formula similar to that used for borrowing against an "outright authorization", but only after an FFGA is signed which includes the "contingent commitment". Until such an FFGA is signed, no borrowing credit is given for the "contingent commitment".

The "program of interrelated projects" differs from the first two options in that it does not afford a legal funding commitment to a portion of the project, instead it establishes a policy regarding a future extension(s). The Westside/Hillsboro LRT project is an example of a "program of interrelated projects" in ISTEA. ISTEA gave an "outright commitment" of funds to the Westside LRT to SW 185th Street. In addition, ISTEA expressed an intent or, at least, an acknowledgement that the Hillsboro Extension would be included in a future amendment to FFGA for the Westside LRT project. While this level of commitment is clearly inferior to the first two, it provides a political basis to bridge authorization bills when a legal commitment was not achievable.

1.3.2 Assessment of Federal Authorization Options

Outright Authorization: Based on previous experience and assuming historic levels of national Section 3 authorization, the total Westside/Hillsboro and South/North request of $1.525 billion is beyond that which can reasonably be expected as an "outright authorization". Thus, a financing plan premised on a fully outright authorized project is not judged to be viable and will not be further considered in this report.

Partial Outright Authorization/Partial Contingent Commitment: As stated earlier, it is possible to get an FFGA for a shorter but operational line (an MOS) with the opportunity to effectuate a contingent clause when additional funding is made available to the project. The best way to implement such a strategy is to secure an "outright authorization" for the MOS and a "contingent commitment" for the extension.

In the case of the South/North LRT project, this would require a $1.15 billion "outright authorization" of Section 3 funds (this includes $1.05 billion for the South/North MOS and $100 million to close-out the Westside/Hillsboro project) and a $375 million "contingent commitment for the extension of the MOS to 99th Street in Clark County and to the Town Center area in Clackamas County would be earmarked in the upcoming authorization bill.

The $1.15 billion Section 3 authorization is probably too large of an "outright authorization" request, so a back-up variation has been identified. Since the MOS is estimated to cost $2.1 billion and the proposed local and state match for the full project is $1.425 billion, only $675 million needs to be "outright authorized" in order to demonstrate sufficient funding commitments to construct the MOS. The overmatch (the amount of state and local funds in excess of 50% of the MOS cost) can be used to construct the MOS and then match the "contingent commitment" when these funds are effectuated. Thus, under the variation, a $775 million "outright authorization" of Section 3 funds ($675 million for the South/North LRT MOS and $100 million for Westside/Hillsboro LRT) and a $750 million "contingent commitment" (for extensions to the South/North LRT MOS) would be earmarked in the upcoming authorization bill.

Partial Outright Authorization/Partial Program of Interrelated Projects: The required dollars would be similar to the above option and variation except that a "contingent commitment" would not be included in the earmarking. Instead some statement of intent, whether as a "program of interrelated projects" as in ISTEA or some similar bill or report language, would be included. While not as powerful as a "contingent commitment", this option is more easily achievable and could provide the basis for a later "contingent commitment" enacted by the Administration.

1.4 Allocation of Non-Section 3 Shares Between the States of Oregon and Washington

Metro, C-Tran and Tri-Met have been working to determine an equitable formula for allocating the local share of the capital costs ($1.425 Billion). Two methods for computing the relative shares of the capital cost were identified: *Ridership* and *Population*.

The "Ridership" methodology assumes that the capital cost of the project should be allocated on the basis of the relative number of South/North LRT trips that have a production and/or attraction in Oregon versus Washington. This is shown below:

	Daily Trips	Per Cent
Number of South/North LRT Trips with a Washington Production and/or Attraction	23,435	31.2%
Number of South/North LRT Trips with an Oregon Production and/or Attraction	51,720	68.8%

The "Population" methodology assumes that the relative populations within the corridor served by LRT correlates well with ridership and benefit and is simpler to understand than "productions and attractions". There are two possible years to use as the basis for determining C-TRAN's share of the South/North :

1994: Because it is the current year and the year agreement is reached.
1998: Because it is the year that the FFGA is projected to be executed and construction becomes real (and starts).

Based on these years, C-TRAN's share of South/North would be as follows:

Base Year to Pro-Rate Share	S/N Corridor Population	Population in Clark Co.	% in Clark County	% in Oregon
1994	552,422	184,525	33.4%	66.6%
1998	578,509	198,829	34.4%	65.6%

Upon consideration of all of these possibilities, it was recommended that the C-Tran/Washington share of the non-Section 3 capital requirements should be one-third or $475 million. As a result, the Tri-Met/Oregon share should be two-thirds or $950 million.

1.5 Allocation of Tri-Met/Oregon Share Between the State of Oregon and Tri-Met

In total, it is proposed that Tri-Met and the State of Oregon contribute two-thirds of the non-Section 3 funds needed to construct the project. This is estimated to amount to $950 million. It is further proposed that this total be split evenly between Tri-Met and the State. As a result, the State is requested to contribute one-sixth of the project cost, or $475 million based on current estimates. The 50/50 split between Tri-Met and the State is the same relationship that was agreed-upon for funding the Westside/Hillsboro LRT project. The rationale for the State's participation includes:

[a] *Oregon Income Tax Derived from Construction of the Project:* About $160 million.

[b] *Oregon Income Tax Derived from Operation of the Project*: About $50 million by 2015.

[c] *Reduced Unemployment and Other Welfare Requirements on the State*: The construction and operation of the South/North LRT Project creates about 60,000 job-years (number of jobs multiplied by the number of years they exist) over a 20-year time horizon.

[d] *Compliance with State Requirements Regarding Urban Sprawl and VMT*: Creates the ability to encourage a compact Portland region with transit-supportive land uses within the urban area and, as a result, achieve a 20% reduction in per capita VMT as required by the State's Transportation Planning Rule.

[e] *State Implementation Plan Benefits*: A major component of the State Implementation Plan (SIP), the federally required air quality plan for the Portland region, is a major transit expansion. Maintenance of air quality standards allows for reduced federal regulations on future development, saving business millions of dollars per year in air pollution control costs. In addition, compliance with the SIP is required to maintain eligibility for federal transportation funds.

[f] *Achievement of Region 2040 Plan Objectives and a Reduced Cost of Urban Sprawl:* The Region 2040 Plan establishes a long-term policy on urban containment and transit-supportive land uses within the urban area. These policies result in massive savings in infrastructure costs, including arterials and collectors. This Plan and its related fiscal benefits would not be feasible without a light rail system.

II. RECOMMENDED FINANCING PLAN

2.1. Implementation Framework

The financing plan is premised on executing a Full Funding Grant Agreement which allows for the staged implementation of the South/North LRT project between the Clackamas Town Center and 99th Street in Clark County. Stage 1, which would start soon after the federal authorization bill passes, would construct an MOS between the Milwaukie CBD and the Vancouver CBD. Stage 2 would construct the extensions from the MOS to the desired termini. Stage 2 would hopefully overlap the latter part of Stage 1 but, depending on events, might be sequential to Stage 1.

To allow for the fastest practical construction schedule, the financing plan would "advance spend" local and state funds (under a Letter of No Prejudice which would ensure such funds would later count as local match) and short-term borrow to fill federal cash-flow gaps.

2.2 Federal Funding Participation

2.2.1 Federal Authorization Strategy

Over the next two authorization bills, Tri-Met will seek a 50% federal share for the South/North LRT project. Based on current estimates, this will amount to $1.425 billion.

To secure the commitment for such funds, Tri-Met would implement a federal authorization strategy consisting, in priority order, of the following request and back-ups:

First Request: Earmark both a $1.15 billion "outright authorization" of Section 3 funds ($1.05 billion for the South/North MOS and $100 million for the Westside/Hillsboro project) and a $375 million "contingent commitment for the extension of the MOS to 99th Street in Clark County and to the Town Center area in Clackamas County in the upcoming authorization bill. It should be understood that this request for authorization is extremely large and not likely to be achievable. However, it provides Tri-Met with the ability to compromise, as part of the congressional deliberations, to *Back-Up 1* which is likely the best achievable option.

If First Request Fails, Back-Up 1: Earmark both a $775 million "outright authorization" of Section 3 funds ($675 million for the South/North LRT MOS and $100 million for Westside/Hillsboro LRT) and a $750 million "contingent commitment" (for extensions to the South/North LRT MOS) in the upcoming authorization bill. It is anticipated that the "contingent commitment" would automatically become an "outright authorization" upon enactment of the authorization bill following the one to be adopted in 1996 (or 1997).

If Back-Up 1 Fails, Back-Up 2: Earmark an "outright authorization" of $775 million of Section 3 funds for the MOS and a "program of interrelated projects-type" commitment for the extensions. Tri-Met would then have to seek an "outright authorization" of $750 million of Section 3 funds (or more if the construction schedule has to be elongated) in the federal authorization bill following the one to be adopted in 1996 (or 1997).

2.2.2 Federal Appropriations Considerations

While the federal authorization level defines the ultimate level of federal financial involvement, the actual amount of funds available to the project at any point at time is a function of the appropriations process. Because (i) the amount of funds earmarked to different projects may exceed the total amount of funds authorized and (ii) congress has regularly chosen not to appropriate the full amount of funds authorized, it is virtually certain that the funds appropriated to the project will not (i) meet the cash flow needs of the project and, (ii) over the period covered by the authorization bill, will not total the amount authorized for the period. Thus:

[a] There will be a need for interim financing, and

[b] The receipt of Federal funding for the project will likely bridge three authorization bills.

The base analysis shown later in this report assumes that federal funds would be appropriated to the project at a uniform rate of $100 million per year. A sensitivity analysis, also shown later, shows the impact of lower federal appropriations.

2.3 C-Tran/State of Washington Funding Participation

It is proposed that, in total, C-Tran and the State of Washington contribute one-sixth of the total capital cost for the project. This is estimated to be $475 million. C-Tran will likely propose to the State of Washington that they evenly split this funding requirement.

C-Tran's $237.5 million funding contribution would come from bonds backed by a 0.3% sales tax and a 0.3% motor vehicle excise tax imposed within Clark County. C-Tran has scheduled an election for February 1995 to seek voter approval of these taxes. This analysis assumes that the bonds would be issued in their entirety at the beginning of the construction period. Current thinking regarding the State of Washington's $237.5 million contribution is that it would be provided in installments over the construction period (this analysis assumes these installments would be equal).

2.4 Tri-Met Funding Participation

It is proposed that Tri-Met would contribute one-sixth of the total project capital cost. Tri-Met's share would be paid from the $475 million bond measure recently approved by 65% of the region's voters. This analysis assumes that these bonds would be issued in their entirety at the beginning of the construction period.

2.5 State of Oregon Funding Participation

It is proposed that the State of Oregon would contribute one-sixth of the total project cost or, based on current estimates, $475 million. The financing plan identified for the State's contribution requires the 1995 Legislative Assembly to authorize a total lottery commitment to light rail transit (LRT) of $40 million per year beginning in FY 2000. <u>There does not have to be an appropriation of lottery funds to the South/North LRT Project until the FY 2000 - 2001 biennium.</u>

Until FY 2000, the State would continue its current $10 million per year commitment to the Westside LRT. Beginning in FY 2000, the $40 million per year stream of funds would be used to pay the State's share of <u>both</u> the Westside LRT and the South/North LRT. The State's commitment to the Westside LRT Project would continue to be $10 million per year until FY 2009 when the Westside LRT bonds are repaid. The remaining funds would be made available to the South/North LRT and would be used to support a cash contribution to the project and to repay a bond.

Bond underwriters view lottery bonds as risky securities, thus they have been reluctant to issue bonds solely backed by lottery proceeds which are long-term. Accordingly, the financing plan calls for legislative authority to issue lottery bonds for the South/North LRT which are coupled (or "wrapped) with a "moral obligation" of the State to appropriate other State funds to repay the debt if lottery revenues are insufficient to meet debt service requirements. Such bonds would be similar to so-called "double-barrel" bonds in that the basic credit obligation upon which the bondholders would rely would be the State's "moral obligation" to cover shortfalls, but the annual debt service would be paid by lottery funds.

The "moral obligation" commitment is needed to allow for a long-term (25 - 30 year) lottery bond. Without such a commitment, the maximum term of a bond solely backed by lottery revenues might be 15 years, which would require significantly higher annual lottery appropriations to support the required bonding.

It should be noted that this assumes that the lottery funds allocated to the South/North LRT project would be given the same priority as those allocated to the Westside LRT project. That is, the South/North LRT would have "first call" on annual lottery proceeds (e.g., the allocation of lottery funds to the South/North LRT project would come before almost all other project allocations), eliminating the need to use some of the funds allocated to the South/North LRT project as "coverage" and, thereby, decreasing their leverage.

It also should be noted that while the $40 million per year of lottery funds would be <u>pledged</u> to repay the debt, the <u>actual</u> funds <u>used</u> to repay the debt could come from any state source or combination of sources. Even if other state funding sources are to be used, the amount of lottery funds <u>pledged</u> should still, in itself, be sufficient to repay the debt. The reason for making such a pledge of lottery funds is to maximize the marketability of the bonds and, thereby, reduce the interest costs to the State.

In order to maximize the likelihood of receiving an earmarking for the project in the upcoming federal authorization bill, a commitment of the State's entire share will have to be in place by the end of 1995 or very early in 1996. To accomplish this, ODOT and Tri-Met will need to enter into an intergovernmental agreement which commits the state contribution to the project, subject to a federal funding commitment and the due diligence criteria already established by statute for the ODOT Director.

2.6 Interim Borrowing Needs

As explained in Section 2.2.2, regardless of the type and level of federal authorization, the amount of federal appropriations will not keep pace with cash-flow needs of the project. As a result, interim borrowing will be required. Since the interim financing requirement is expected to be larger than Tri-Met's credit capacity, credit support will likely be necessary from the State of Oregon, State of Washington and C-TRAN. It should be noted that the interest on interim borrowing is a "project cost" and, thus, 50% is repaid with Section 3 appropriations.

Interim borrowing needs will be met, in part, by "advancing" local, state and federal formula funds. In this context, "advancing" means overmatching Section 3 in the early years of the project followed by an equivalent amount of undermatching in the latter years. In addition, the interim borrowing program will have to be supplemented with lines of credit or other short-term debt instruments (such as commercial paper).

The debt service on credit lines and other debt instruments would be repaid by future Section 3 appropriations. However, a credit enhancement, which is a guaranteed source of funds to repay the short-term debt if the federal funds are not appropriated, will be required by banks, underwriters and the debt market. Tri-Met and C-TRAN will provide credit to support the interim borrowing requirements of the project, but it will not be sufficient. Thus, credit enhancements will be requested from the States of Oregon and Washington in the form of guarantees backed by either (a) identified dedicated revenue streams or (b) "moral obligation" or other similar commitments which meet the requirements and restrictions of state law and are satisfactory to the debt markets.

III. IMPACTS OF FINANCE PLAN ON THE STATE

3.1 Analysis of Proposed Financing Plan

Table 1 illustrates the financing plan which assumes the state and local shares described in Section II and:

[a] Construction of the MOS between Milwaukie CBD and Vancouver CBD starts in 1998 and ends in 2005 and the construction of Extensions to the Town Center and 99th Street in Clark County overlaps the construction of the MOS in the years 2004 and 2005. The Extensions are completed in the year 2007.

[b] Section 3 funds would be appropriated to the project at a 50% rate up to a maximum of $100 million per year until the year 2008 when the federal appropriation begins to rise to a maximum of $115 million per year.

[c] State and local funds are advanced to the project to allow it to maintain its schedule. After they are fully expended, interim borrowing is used to meet cash-flow needs.

Table 2 shows the cash-flow requirements upon the State. The following fiscal impacts and issues are identified for this scenario:

[a] Currently, the State is allocating $10 million per year of lottery funds to repay the debt on the State's share of the Westside LRT Project. The financing plan assumes that, beginning in FY 2000, the State would allocate a total of $40 million per year to LRT projects. At first, the South/North LRT Project would receive $30 million per year of the LRT allocation and the Westside LRT would continue to receive its $10 million per year allocation. Then in FY 2009, when the Westside LRT bonds are fully repaid, the full $40 million allocation would be used by the South/North LRT Project. This $40 million per year allocation would continue until the South/North LRT bonds are fully repaid in FY 2028.

[b] The lottery funds allocated to the South/North LRT Project would be used in two ways. Funds allocated in FY 2000 through FY 2002 (along with any interest earnings) would be provided to the project on a cash flow basis. The remaining lottery funds would be used to repay debt. In total, about $95 million would be available to the project as a cash contribution. The long-term maturity allowed by the "moral obligation" commitment and the annual lottery allocations after FY2002 would support about a $380 bond contribution to the project.

Table 1a: South/North LRT Construction Costs
Millions of Dollars (Year-of-Expenditure Dollars)

Federal FY:	98	99	00	01	02	03	04	05	06	07	08	09	10	11	12	Total
Milwaukie-Vancouver	$ 20	$ 88	$260	$515	$496	$315	$155	$ 23								$1,871
CTC/99th Extensions							$ 77	$288	$322	$159						$ 846
Interim Financing					$ 1	$ 1	$ 2	$ 8	$ 19	$ 27	$ 25	$ 21	$ 16	$ 10	$ 2	$ 133
Total Cost	$ 20	$ 88	$260	$515	$497	$316	$234	$319	$341	$187	$ 25	$ 21	$ 16	$ 10	$ 2	$2,850

Table 1b : South/North LRT Financing Plan
Millions of Dollars (Year-of-Expenditure Dollars)

	ISTEA II						ISTEA III						ISTEA IV			
Federal FY:	98	99	00	01	02	03	04	05	06	07	08	09	10	11	12	Total
Section 3	$ 10	$ 45	$100	$100	$100	$100	$100	$100	$100	$100	$110	$115	$115	$115	$115	$1,425
C-TRAN	$238															$ 238
Washington	$ 24	$ 24	$ 24	$ 24	$ 24	$ 24	$ 24	$ 23	$ 23	$ 23						$ 237
Tri-Met	$475															$ 475
State: Lottery			$ 32[1]	$ 32[1]	$411[2]											$ 475
Total Revenues	$747	$ 69	$156	$156	$535	$124	$124	$123	$123	$123	$110	$115	$115	$115	$115	$2,850

[1] $30 million cash lottery contribution + interest. [2] $30 million cash lottery contribution + interest + $379 million from bond proceeds.

Table 2: Lottery Appropriation Needs and Uses

FY	Total LRT Demands on Lottery	Used by Westside	Available to S/N	S/N Construction Fund Deposit	Interest S/N Construction Fund	S/N Bond Proceeds	S/N Debt Service
00	$40	$10	$30	$30	$2	$0	
01	$40	$10	$30	$30	$2	$0	
02	$40	$10	$30	$30	$2	$379	
03	$40	$10	$30				$30
04	$40	$10	$30				$30
05	$40	$10	$30				$30
06	$40	$10	$30				$30
07	$40	$10	$30				$30
08	$40	$10	$30				$30
09	$40	$10	$30				$30
10	$40	$ 3.4	$36.6				$36.6
11	$40	$0	$40				$40
12	$40	$0	$40				$40
13	$40	$0	$40				$40
14	$40	$0	$40				$40
15	$40	$0	$40				$40
16	$40	$0	$40				$40
17	$40	$0	$40				$40
18	$40	$0	$40				$40
19	$40	$0	$40				$40
20	$40	$0	$40				$40
21	$40	$0	$40				$40
22	$40	$0	$40				$40
23	$40	$0	$40				$40
24	$40	$0	$40				$40
25	$40	$0	$40				$40
26	$40	$0	$40				$40
27	$40	$0	$40				$40
28	$40	$0	$40				$40
29	$40	$0	$40				$40

[c] Section 3 funds must be appropriated to the project over 15 years and three authorization cycles. Moreover, appropriations must occur for five years after the project is complete in order to repay interim borrowing caused by the inability of federal appropriations to keep pace with the project's cash-flow needs.

[d] Maximum interim borrowing occurs in the year 2007 at which time approximately $600 million of short-term debt is incurred. Overall, about $130 million in interest costs accrue to the project.

3.2 Impact of Lower Federal Appropriations

Table 3 illustrates the impacts of a lower level of federal appropriations than that assumed in Section 3.1, above. The number of permutations of lower federal appropriation scenarios is endless. This example shows the impact of a $10 million per year lower appropriations over a six-year period between the years 2000 and 2005, inclusive. The construction assumption in this scenario is the "sequential" option. That is, the MOS (between Milwaukie CBD and Vancouver CBD) is fully constructed before construction starts on the Extensions (to the Town Center and 99th Street).

This scenario is possible under any of the *Federal Authorization Strategies* discussed in Section 2.2.1, but is particularly likely if *Back-Up Strategy 2* is employed ("contingent commitment" is not available to the project, so a "program of interrelated projects-type of earmark is secured for the Extensions). Under such a scenario, the risk may be judged to be too great to proceed with an overlapping construction schedule.

The following fiscal impacts and issues are identified for this scenario:

[a] The extension of the construction schedule results in about a $50 million increase in the overall construction cost. The increase is caused by the fact that the increased inflation costs on the extended construction elements outstrips the savings resulting from reduced interim borrowing needs.

[b] As a result of the increased costs, the State's contribution to the project budget is increased by about $8 million (as is Tri-Met's).

[c] Maximum interim borrowing occurs in the year 2009 when $485 million of short-term debt is incurred, this is about $115 million less than the base scenario shown in Section 3.1. Overall, almost $90 million in interest costs accrue to the project.

[d] Note that the results reported above represent a modest reduction in appropriation levels. Obviously as lower rates are assumed, the impacts get higher.

Table 3a: South/North LRT Construction Costs: Sequential Construction
Millions of Dollars (Year-of-Expenditure Dollars)

Federal FY:	98	99	00	01	02	03	04	05	06	07	08	09	10	11	12	Total
Milwaukie-Vancouver	$ 20	$ 88	$260	$515	$496	$315	$155	$ 13								$1,861
CTC/99th Extensions									$ 87	$324	$363	$180				$ 954
Interim Financing					$ 1	$ 1	$ 3	$ 2	$ 1	$ 2	$ 13	$ 22	$ 19	$ 14	$ 7	$ 86
Total Cost	$ 20	$ 88	$260	$515	$497	$316	$158	$ 15	$ 88	$326	$376	$202	$ 19	$ 14	$ 7	$2,901

Table 3b: South/North LRT Financing Plan: Sequential Construction
Millions of Dollars (Year-of-Expenditure Dollars)

	ISTEA II						ISTEA III						ISTEA IV			
Federal FY:	98	99	00	01	02	03	04	05	06	07	08	09	10	11	12-13	Total
Section 3	$ 10	$ 45	$100	$100	$100	$100	$100	$100	$100	$100	$110	$115	$115	$115	$141	$1,451
C-TRAN	$242															$ 242
Washington	$ 26	$ 24	$ 24	$ 24	$ 24	$ 24	$ 24	$ 24	$ 24	$ 24						$ 242
Tri-Met	$483															$ 483
State: Lottery			$ 32[1]	$ 32[1]	$419[2]											$ 483
Total Revenues	$761	$ 69	$156	$156	$543	$124	$124	$124	$124	$124	$110	$115	$115	$115	$141	$2,901

[1] $30 million cash lottery contribution + interest. [2] $30 million cash lottery contribution + interest + $387 million from bond proceeds.

IV. GOVERNANCE AND MANAGEMENT OF THE PROJECT

4.1 Bi-State Compact

Tri-Met and C-TRAN are in the process of preparing a *Bi-State Compact* for possible submission to the Washington and Oregon legislatures in 1995. The purpose of such a Compact is to establish a cooperative governance and management organization for constructing and operating the South/North LRT system. To accomplish this, three critical steps must be taken:

[a] Tri-Met and C-TRAN must first reach agreement on the form, structure, scope and powers of the "Authority" to be created and prepare legislation defining these elements;

[b] Both the Oregon and Washington legislative assemblies would then have to pass the legislation (which must be, for all intents and purposes, identical);

[c] The legislation approved by both legislatures would then be proposed to the U.S. Congress for enactment.

Once passed by Congress, the Authority would have the powers specified in the legislation.

Based on the current draft of the concept:

[a] The Authority would oversee the construction and operations of the South/North LRT system;

[b] It would be governed by a Board of four members consisting of two Tri-Met Board members and two C-TRAN board members;

[c] The Authority would not directly hire staff but would contract with Tri-Met, C-Tran and private contractors for services;

[d] The Authority would receive and hold funding contributions and would disburse such funds through contracts; and

[e] The legislation would define a uniform set of legislation in both States which apply to the construction and operation of the project.

The last point is critical. The legislation of both States regarding the funding and construction of the project is vastly different. There is concern that the administration of such a project would be difficult and would lead to higher than expected costs. The implementation of a Bi-State Compact provides a vehicle for reconciling these problems.

4.2 Current Statutory Pre-Requisites for State Match

The legislation authorizing the state contribution for the Westside LRT project provided the ODOT Director the authority to release funds to the project if and when he/she was satisfied that:

[a] The local approvals for the project were in place;

[b] There was sufficient assurances that the other funds needed for the project were in place;

[c] The project, or the specific phase of the project in question, was certified by JPACT; and

[d] The capital costs for the elements to be funded by the State were sufficiently known.

Identical criteria will be included in the legislation proposed for the South/North LRT project.

4.3 Steering Group and Project Management Group Role

The Steering Group and Project Management Group to be established for the South/North LRT project would be similar in nature to that currently operating for the Westside LRT project. In particular, ODOT would be invited to actively participate in regularly scheduled meetings for the purpose of making design, budget, scheduling and other project-level decisions.

V. PUBLIC-PRIVATE FINANCING ALTERNATIVES

5.1 Alternative Funding Task Force

A public-private task force would be formed jointly by Tri-Met and ODOT to explore other funding sources than can be used for the South/North LRT Project funding requirements, reducing the requirements on the State and regional taxpayers.

The task force would consist of at least seven members drawn from the Tri-Met Board, the C-TRAN Board, the OTC and private industry. It would be chaired by either a member of the Tri-Met Board or the OTC. It would establish a work program with the help of Tri-Met and ODOT staff, that would analyze all feasible aspects of private sector involvement in funding the Project.

5.2 Allocation of Alternative Funding Resources

The allocation of alternative funding resources should be used whenever possible to offset the burden of the taxpayer's contribution to the Project. This could take the form of:

[a] A reduction in the amount of the Tri-Met General Obligation Bonds issued, to be paid by regional property taxpayers.

[b] A reduction in the amount of C-TRAN Revenue Bonds issued, to be paid by Clark County taxpayers.

[c] A substitution for lottery, General Fund or other funds committed to the Project by the States of Oregon and Washington.

The proportionate distribution of such funds would be decided by the Project Steering Committee, but could be based on the proportion of local match being generated by the potential recipients of these funds and the location (Oregon versus Washington) of the private sector activity which is generating the alternative funding.

M E M O R A N D U M

METRO

DATE: January 31, 1995

TO: Metro Council

FROM: Casey Short CS

RE: JPACT Agenda Item #4

Item #4 on JPACT's February 9 agenda is consideration of Resolution No. 95-2094, "Amending the TIP to include a $1.6 million Section 3 'Livable Communities' project in Clackamas County." This resolution comes from a request outlined in the January 26, 1995 letter from Clackamas County Transportation and Development Director Tom VanderZanden (attached).

The resolution has yet to be drafted as of the printing date for the Council's February 7 work session. It will be available at the JPACT meeting and later filed for Council consideration.

CLACKAMAS COUNTY

Department of Transportation & Development

THOMAS J. VANDERZANDEN
EXECUTIVE DIRECTOR

January 26, 1995

Andy Cotugno
Transportation Director
METRO
600 NE Grand Ave.
Portland, OR 97232-2736

Dear Andy,

I am requesting that TPAC at their January 27, 1995 meeting amend the FY 95 Metro Transportation Improvement Program to include a $1.6 million Section 3 "Livable Communities" project which would implement the Clackamas County East Sunnyside Village Community Improvement Program. This program includes the purchase and development of the Sunnyside Village transit plaza, village green and community/commercial center.

The transit plaza, village green and community/commercial center are sited to provide the shortest walking and bicycling distance to the greatest number of Village residents and employees. Approximately 8.25 acres in size, this Village "hub" includes a community park and a "community service zone" with a public library and a day care center adjacent to the transit plaza.

The Sunnyside Village Plan is incorporated into the County's Comprehensive Plan and is projected to generate between 10-15% fewer external vehicle trips than a typical suburban development containing identical land uses.

Sincerely,

Thomas J. VanderZanden

Thomas J. VanderZanden, Director
Department of Transportation and Development

902 Abernethy Road • Oregon City, OR 97045-1100 • (503) 655-8521 • FAX 650-3351

M E M O R A N D U M

METRO

Date: January 31, 1995

To: JPACT

From: Michael Hoglund, Manager MH
Regional Transportation Planning

Re: Schedule/Criteria for $27 Million Regional Reserve Allocation

At the February 9 JPACT meeting, Metro staff will provide a brief update on the schedule and criteria associated with the proposed allocation of the $27 million regional reserve of federal Surface Transportation Program (STP) funds. The following information is background to that update.

SCHEDULE

The process will conclude in late May with adoption of a resolution to amend the TIP to reflect the programming of the $27 million. Previous direction through JPACT/Metro Council resolution is that $7 million of the total be for alternative mode projects, with the $20 million balance being used for 2040 implementation. Monthly activities will be broken into discrete tasks and products, as follows:

- <u>January</u>. Activities were oriented on the Transportation Fair held January 28. For the $27 million, the Fair was used to generate public comment on projects and criteria. Current planning and programming information was displayed at the various booths and a public survey on land use/transportation priorities was distributed and collected. Staff is tabulating results of the public survey and will summarize findings for JPACT. We are also asking that JPACT members complete the survey (see below and attached).

- <u>February</u>. Results of the Fair will be synthesized with project comments and requests forwarded to appropriate public agency/jurisdiction project sponsor(s). We anticipate receiving comments on already proposed projects, as well as proposals for new projects and strategies. Metro will work with local jurisdictions to ensure an adequate response to public comments and ideas.

  Also in February, and following review of Transportation Fair information, Metro will formally solicit agencies and jurisdictions for projects for use of the $27 million reserve.

Metro will provide an application form defining specific required information <u>with an application deadline of March 9</u> (at the March JPACT meeting). The solicitation will be designed in a manner that will limit the pool of potential projects to a total target of less than $100 million, unless combined with an Arterial Fund solicitation. If determined that a combined Arterial Fund/$27 million reserve solicitation is best, the pool target would likely be higher.

JPACT discussion in February will focus on agreement of overall program objectives and a concept for criteria. The RTP teams will refine specific modal criteria during February; TPAC will review final criteria at its February 24 meeting.

- <u>March</u>. JPACT will be asked to approve final criteria at its March 9 meeting.

  Also in March, projects will be screened and detailed information collected for project technical rankings. Metro staff will formally request from project sponsors the specific information necessary for the ranking. Again, we anticipate having a standard form for requesting any information.

- <u>April</u>. The evaluation and ranking process will conclude and a staff recommendation will be released by April 15 for public hearing and TPAC consideration at its April 28 meeting. The public hearing will be late in April and is proposed to follow a similar format to last year's JPACT hearing on the ODOT STIP cuts.

- <u>May</u>. JPACT and Metro Council adoption.

The final program will require a Conformity Determination. The technical conformity work will be conducted during May and June in conjunction with conformity for the ISTEA RTP update.

CRITERIA/SURVEY

Based on previous TPAC comments, staff is reviewing the criteria methodology for determining the link between the Region 2040 concept and the investment of the $27 million. As mentioned, a survey instrument was developed for distribution and collection at the Transportation Fair and for distribution to other interested transportation groups and to RTP technical work teams. Staff is recommended that the survey also be used for JPACT priority-setting.

Therefore, JPACT members are requested to complete the attached survey by the end of the February 9 meeting. The JPACT responses will be used to assist staff in finalizing and weighting the evaluation criteria. If you have questions about the survey, please call me at 797-1743 or bring them to the meeting.

MH:lmk
Attachment

2040 focus Transportation

METRO

Planning Department
600 NE Grand Ave.
Portland, OR 97232
Tel (503) 797-1790
Fax (503) 797-1794

Affiliation or zipcode:

Transportation Improvement Priorities Survey

Please take a moment to comment on proposed priorities for regional transportation funding. Return completed survey to Metro staff, or mail or fax to the Metro Planning Department, address at left.

Types of Improvement Projects

The following types of improvements to the regional transportation system are proposed to be ranked. Please prioritize (Circle number to indicate priority, 1 high - 6 low) the importance of allocating funds to each type of transportation improvement.

1 2 3 4 5 6 Road and highway expansion and replacement

1 2 3 4 5 6 Road and highway reconstruction

1 2 3 4 5 6 Transit

1 2 3 4 5 6 Stand-alone bike and pedestrian improvements

1 2 3 4 5 6 Transportation Demand Management (TDM) and Transit Oriented Real Estate Developments (TODs) - projects which reduce trips

1 2 3 4 5 6 Transportation System Management (TSM) - projects which improve capacity of existing facilities without building new travel lanes

Do you agree that these are the type of projects that should be evaluated?

☐ Yes ☐ No

Would you suggest any other types of transportation improvements? ____________________

____

____

____

Proposed Funding Criteria and Relative Weight

The projects are proposed to be ranked on how effective they are at addressing the following criteria and maximum weights would be assigned to each:

Criteria: Projects with the highest use or that reduce demand the greatest should be the highest rank. Proposed weight: 25 percent. Agree? Other suggested weight: __________ percent

Criteria: Projects that address the most dangerous conditions receive highest priority. Proposed weight: 25 percent. Agree? Other suggested weight: __________ percent

Criteria: Projects that best promote 2040 land-use planning goals receive highest priority. (Please see below to comment on land use priorities.) Proposed weight: 25 percent. Agree? Other suggested weight: ________ percent

Criteria: Projects that provide the greatest mobility at the least cost receive highest priority. Proposed weight: 15 percent. Agree? Other suggested weight: ________ percent

Criteria: Projects that benefit multiple modes of travel (e.g., bikes, pedestrians, freight movement, transit) receive highest priority. Proposed weight: 10 percent. Agree? Other suggested weight: ________ percent

Would you suggest other criteria? ________________________________

____

____

Land-Use Priorities

1. The following land-use types from the 2040 growth concept are recommended as the priorities for implementing the growth concept:

   High Priority – Central city, regional centers and industrial sanctuaries

   Medium Priority – Town centers, main streets, light rail station communities, bus corridors and neo-traditional neighborhoods

   Low Priority – Mixed-use employment areas and traditional single family neighborhoods

   Do you agree with this ranking? ☐ Yes ☐ No

   If you disagree, what priority would you assign to these uses? Please indicate your ranking below with 1 as the highest priority and 10 as the lowest.

   1. ________________ 6. ________________
   2. ________________ 7. ________________
   3. ________________ 8. ________________
   4. ________________ 9. ________________
   5. ________________ 10. ________________

2. Land uses throughout the region are served by a system of roads. Some such as freeways and arterials serve regional travel. Others serve more localized needs. Do you agree that regional funding should place a higher priority on projects on regional road facilities rather than local facilities?

   ☐ Yes ☐ No

3. The 2040 planning process has shown that transit use and short-distance pedestrian and bicycle travel are critical to effective management of growth, achieving higher densities and reducing travel demand. Do you agree that Metro should use state and regional funds to build these types of improvements to local streets?

   ☐ Yes ☐ No

Clackamas County East Sunnyside Village Community Improvement Program

Commercial Center, Community Service Parcels, Transit Plaza and Village Green		TGM Grants	G.O. Bonds	Section 3 Funds	Lottery Funds
• **Commercial Center (3.15 Acres)**					
Acquisition	$ 450,000			*	
• **Community Service Parcels (2.4 Acres)**					
Acquisition	$ 180,000			*	
Development (Day Care Center, Library)	$ 575,000		*	*	
• **Transit Plaza**					
Design	$ 20,000	*			
Development & Pedestrian Bike Connections	$ 350,000			*	
• **Village Green Improvements (2.7 Acres)**					
Acquisition	$ 160,000				*
Design Plan	$ 15,000	*			
Development	$ 250,000				*
TOTAL	$2,000,000				

AGENDA ITEM NO. 4.2
Meeting Date: February 7, 1995
Council Work Session

Discussion of Future Vision Public Outreach

M E M O R A N D U M

METRO

DATE: January 31, 1995

TO: Metro Council

FROM: Councilor Susan McLain Susan

RE: Future Vision

We will be discussing the public involvement process for Future Vision at our February 7 Council work session. Agenda packet materials include a draft schedule for the Growth Management Division of the Planning Department and the final draft of the Future Vision as approved by the Future Vision Commission at its January 30 meeting. I encourage you to review the Future Vision document, and to note the Future Vision Outreach component of the Growth Management work plan on page 2 of the schedule.

At our work session, I hope to get the Council to agree on preliminary dates and locations for the three scheduled Future Vision listening posts, determine how we want to have the Commission help us in coming to our approved Future Vision, and determine the proper level of public outreach and involvement for this final phase of the Future Vision process.

I look forward to discussing these items with you on February 7.

DRAFT

Growth Management Public Involvement Schedule
January - June, 1995

Spring Newsletter

Deadline for Articles	February 10
Graphics/layout	Feb. 24 - March 14
Copy to Printer	March 15
Mail (to 45,000)	April 3

Video

RFP Released	Feb. 21
Deadline for RFP submittal	March 8
Production	March - April
Final Complete/Duplication	May
Distribution	May 22

Urban Reserves

Letter/flyer to property owners: — February or June

They are included in study area,
What is study area? What does it mean to be included?
What is process for examining areas?
List criteria for determining which areas to include
How can they be involved
Contact and phone number

Meetings with CPOs included in study areas — January - April

Open Houses — April - May or June

Option 1: 2 (1 in Wash Co/1in Clack Co)

Option 2: 5 (3 in Wash Co/2 in Clack C.)
(south, west & north Wash Co; Damascus
& Oregon City/Wilsonville areas, Clack Co)

(Need to set dates, times, and places in February
to include in newsletter; if forums set for later date,
include forum information in flyer)

Newspaper Ads — April - May or June

Respond to Input — May - June or July

Future Vision Outreach

Organize 3 joint commission/council forums	February
Produce final report	March - April
Distribute report to local govts., neighborhood assoc., CPOS, others	April
[Mail newsletter with forum specifics]	April 3
Hold joint forums	April 17 - April 28

Community/Special Events	January - June
Transportation Fair	January 28
Solar & Sustainable Bldg.	March 4
Earth Day	April 21
Speakers Bureau	January - June

FUTURE VISION

Report of Metro's Future Vision Commission

Values, Vision Statements, and Action Steps

January 31, 1995 - **FINAL DRAFT**

CONTENTS

PREAMBLE

In 1805, Lewis and Clark came to this region, sent by President Jefferson on a journey of peace and friendship, scientific exploration, conquest, and discovery. Beginning in the 1840's, thousands of pioneers made an arduous 2,000 mile, eight month trek along the Oregon trail to river valleys with rich farmlands and mountains with vast forests. Today, people are still attracted to this region for its jobs, natural beauty, and culture of livability. Simply put, this is a great place to live. We want to keep it that way.

However, today we are on an equally arduous journey into the future, one that challenges our expectation that this will continue to be a place where people choose to invest their talents and energy to keep what is good and fulfill our hopes for this land and all of its peoples. We must act now and together. We offer this vision of the nine-county region in 2045 as a first step in developing policies, plans, and actions that serve our bi-state region and all its people.

The bi-state metropolitan area has effects on, and is affected by, a much bigger region than the land inside Metro's current boundaries. Our ecologic and economic region stretches from the crest of the Cascades to the crest of the Coast Range, and from Longview on the north to Salem on the south. Any vision for a territory as large and diverse as this must be regarded as both ambitious and a work-in-progress. We offer this document in that spirit.

This vision has been developed with the expectation that individual dreams and effort will matter. Our region is a place that rewards those who commit themselves to keeping and making it a great place to live. Our region is a place where people act to meet the future, rather than waiting to cope with its eccentricities. History teaches the often cruel lesson that a community that does not possess a clear vision of the kind of future it wants is not likely to be satisfied with the one it gets.

Making the effort to identify what we want, and then acting purposefully and collectively to achieve it, is critical.

Your Future Vision Commission has attempted to reflect the hopes and conscience of the people who live here - we are neither oracles nor social engineers. Rather, we affirm differences in thought and ways of life. We celebrate the individual as well as the community. We encourage self-reliance and self-fulfillment as well as civic participation and civic pride.

VALUES

Our way of life in this region embodies a number of interconnected values that are essential to facing the future wisely:

- We value taking purposeful action to advance our aspirations for this region, shaped by the realization that we should not act to meet our needs today in a manner that limits or eliminates the ability of future generations to meet their needs and enjoy this landscape we're privileged to inhabit.

- We value natural systems for their intrinsic value, and recognize our responsibility to be stewards of the region's natural resources.

- We value the greatest possible individual liberty in politics, economics, lifestyle, belief, and conscience, with the full understanding that this liberty cannot be fully realized or long endure unless accompanied by shared commitments for community, civic involvement, and the health of our environment as a whole.

- We believe in the conservation and preservation of natural and historic landscape resources. Widespread land restoration and redevelopment must precede any future conversion of land to urban uses to meet our present and future needs.

- We value economic development because of the opportunities it affords us all, but recognize that there can be true economic development only with unimpaired and sustainable natural ecosystems, and suitable social mechanisms to insure dignity and equity for all, and compassion for those in need

• We value our regional identity, sense of place, and unique reputation among metropolitan areas, and celebrate the identity and accomplishments of our urban neighborhoods and suburban and rural communities as well.

• We value participatory decisionmaking which harnesses the creativity inherent in a wide range of views, dissenting and consenting, about the past, present, and future.

• We value a life close to the beauty and inspiration of nature, incorporated into urban development in a manner that remains a model for metropolitan areas into the next century.

• We value vibrant cities that are both an inspiration and a crucial resource for commerce, cultural activities, politics, and community building.

• We value meeting the needs of our communities through grass-roots initiatives that are always aware of and in harmony with the collective interest of our overall metropolitan community.

• We value a cultural atmosphere and public policy that will insure that every child in every community enjoys the greatest possible opportunities to fulfill his or her potential in life. It is, after all, primarily for them, and for their children, that we propose this vision.

VISION STATEMENTS AND ACTION STEPS

Introduction...

The Metro Charter, approved by voters in 1992, calls for the creation of two new planning products: the Future Vision and the Regional Framework Plan. The Future Vision is described in the Charter as follows:

> "(1) Future Vision. (a) Adoption. The council shall adopt a Future Vision for the region between January 15, 1995 and July 1, 1995. The Future Vision is a conceptual statement that indicates population levels and settlement patterns that the region can accommodate within the carrying capacity of the land, water, and air resources of the region, and its educational and economic resources, and that achieves a desired quality of life. The Future Vision is a long-term, visionary outlook for at least a 50-year period. As used in this section, "region" means the Metro area and adjacent areas.
>
> (b) Matters Addressed. The matters addressed by the Future Vision include but are not limited to: (1) use, restoration, and preservation of regional land and natural resources for the benefit of present and future generations, (2) how and where to accommodate the population growth for the region while maintaining a desired quality of life for its residents, and (3) how to develop new communities and additions to the existing urban areas in well-planned ways.
>
> ...
>
> (e) Effect. The Future Vision is not a regulatory document. It is the intent of this charter that the Future Vision have no effect that would allow court or agency review of it."

Metro is also directed to develop a " Regional Framework Plan" consisting of a number of individual plans for issues of regional significance--the transportation system, urban growth boundary, water resources, air quality, and housing densities, among others. The relationship between the Future Vision and the Regional Framework Plan is explained in the Charter as follows:

> "The Regional Framework Plan shall: (1) describe its relationship to the Future Vision, (2) comply with applicable statewide planning goals, (3) be subject to compliance acknowledgement by the Land Conservation and Development Commission or its successor, and (4) be the basis for coordination of local comprehensive plans and implementing regulations."

Your Future Vision Commission has developed this document in response to both the requirements and the spirit of the Charter. The following vision statements, in concert with the Future Vision Map, provides the "conceptual statement" sought by the framers of the Charter and directly addresses Charter requirements in the following ways:

- The Region - our area of interest is not the "3-county" or "4-county" area, but nine counties (Clackamas, Clark, Columbia, Cowlitz, Marion, Multnomah, Polk, Washington, and Yamhill) which interact now and will interact more completely in the future. We can no longer afford to view ourselves apart from this larger metropolitan context, itself a part of Cascadia, North America, the Pacific Rim, and a truly international economy.
- Population Levels and Settlement Patterns - our work has depended on population projections and scenarios for its allocation developed through existing planning processes in Oregon and Washington. The Future Vision Map depicts the relationship between this written document and the landscape of the 9-county, bi-state region.
- Carrying Capacity - this metropolitan area, like all others, exceeded its physical carrying capacity long ago. Our style of life depends on the importation of energy, materials, capital, and "brain power" from all over the world. We've also found that

traditional biological models of carrying capacity are simply too narrowly drawn to be of much use in a metropolitan setting. Determining the sustainability of current population levels at the current or better quality of life is greatly complicated by uncertainties regarding the consequences of technological change and the effects on our region of global economics. In addition, there are difficult questions of value which must be addressed before we complete such an analysis, since values can be the basis for an analysis but cannot be derived from such analysis. For these reasons, it may not be possible to choose a sustainable population level for the region.

In fact, the question is not so much whether we have or have not exceeded carrying capacity in some absolute sense, but whether our continuing inhabitation of this landscape is occurring in a manner that will allow us to meet established criteria for protecting human health and the environment, and serves our values associated with livability and sustainability. Available information does suggest that increases in population will continue to degrade natural systems, absent significant changes in how we grow. Quite simply, carrying capacity must be viewed and discussed in a cultural and social as well as physical context.

For that reason, and based on our review of the carrying capacity concept, we have chosen to approach carrying capacity as an issue requiring ongoing discussion and monitoring. We believe that the relevant question is not "when" carrying capacity will be exceeded, but "how" we will collectively restore, maintain, and enhance the qualities of the region central to sustaining our health, the quality of the natural environment, and the ability of future generations to take action to meet the issues of their time.

Sustainable communities will come about through the skillful blending of factual data, our values, and new ideas in a public discussion occupying a place of honor in this region, not through blind adherence to numerical thresholds that cannot be specified, much less met. Hence, carrying capacity is not a one-time issue, a single number, a simple answer, but an ongoing question for us all.

- New Communities - this vision does not call specifically for the creation of new communities. We choose, instead, to focus on the restoration and redevelopment of what has already been committed to non-resource use. However, the values, vision statements, and map, taken together, describe the nature of our region in 2045, and as such can be used as a template for what any community, new or old, ought to embody.

- Other Issues - there are a number of issues that will require us, in the future, to rethink some of our assumptions:
    - telecommunications and information technologies are upon us but precise effects on quality of life and urban form are not yet known;
    - some aspects of our quality of life are likely to deteriorate with growth, some will be enhanced;
    - there will almost certainly be a change in the ways we use fossil fuels in the next 50 years;
    - our sense of region will likely change as technology and the economy change.

  After long discussion, we recognize that these issues and more will have profound and largely unknown implications for our vision and this region. Nonetheless, we must move forward with the belief that our region will rise to the challenges as they become apparent.

The vision statements fall logically into three groups, based on our belief that as inhabitants of this bi-state region, we are committed to:

1) Each Individual - the development of each individual as a productive, effective member of this region. We believe that this region must make clear and unambiguous commitments to each individual in order that we all may have a vibrant, healthy place to live. This doesn't mean that our region must be all things to all people. It can't. Rather, our challenge is to speak clearly about what we can and will do to support the ability of individuals to participate fully in the prospering and stewardship of this region, balanced by the responsibility of individuals to their community and region. Three vision statements are presented for our aspirations for individuals under the headings of children, education, and participation.

2) Our Society - the ability to state and act on the collective interest of our communities through civic involvement, a strong economy, and vital societal institutions. The ability to work together, in the truest sense, is the hallmark of great communities and flourishing societies. Engaging people with each other and with our economy, to solve problems and act on dreams, is the cornerstone for how we go forward into the future. Six vision statements are presented for our aspirations for our society under the headings of safety, economy, diversity, civic Life, vital communities, and roots.

3) Our Place - the physical landscape of the nine-county, bi-state region, the settlement patterns that have evolved within it, and the economy that continues to evolve. We live in a landscape of great variety and beauty, a stage for an enviable range of possibilities. Preserving that vast sense of diversity must be the core of our legacy of inhabitation. Eight vision statements are presented for our aspirations for our place under the headings of rural land, variety in our communities and neighborhoods, a life in nature, walking, linkages, downtowns, equity, growth management.

The vision statements have been developed with the elements of the Regional Framework Plan in mind. Clearly, Metro has a critical role to play as planner, convener, monitor, and leader.

However, as in the past, the success we achieve in the future will be a collaborative accomplishment. Keep in mind that the "strength" of this or any Future Vision for advising and guiding policy and regulation is entirely dependent on its scope and persuasiveness. It is an unparalleled opportunity to create an environment of consensus and predictability in the region for what Metro's planning and policymaking ought to accomplish.

EACH INDIVIDUAL (I)

• I-1 CHILDREN - In 2045, the welfare of children is of critical importance to our present and future wellbeing. Creating and sustaining public and private initiatives that support family life are among our highest priorities.

•To Achieve this vision:

--Recognize the needs of children as a critical metropolitan issue, and ensure that responsibility is assigned and assumed for meeting those needs.

--Regularly review surveys of children and families and incorporate the results in all facets of planning and policymaking in the nine-county region.

--Incorporate the needs of children for healthy, safe, and accessible living environments in Regional Framework Plan elements dealing with the transportation system, housing, urban design and settlement patterns, and parks and open space.

--Develop new partnerships involving business, government, citizen, cultural, and educational organizations to incorporate the needs and act on opportunities for children and their families as part of planning, budgeting, and administrative processes.

• I-2 EDUCATION - In 2045, education, in its broadest definition, stands as the core of our commitment to each other. Life-long learning is the critical ingredient that enables the residents of this region to adapt to new ideas, new technologies, and changing economic conditions. Our commitment to education is a commitment to equipping all people with the means to not only survive but to prosper in this landscape.

• To achieve this vision:

--Work with other government entities and with educational and cultural organizations to ensure that:

- parents are aware that the foundation of a child's language is developed in the first six months of life, and that infants should be read to from birth;
- public library policies, staffing, and resources are strong enough to reach out and effectively serve all citizens;
- children receive an education that brings them to the entry level competency of post-secondary education;
- our educational system includes an emphasis on both English literacy and foreign languages, an understanding of evolving information technology, and the ability to engage national and international opportunities at home, in the community, and on the job.

--Provide adequate public and private support for a variety of institutions of higher education to meet needs for life-long learning, including obtaining college degrees, improving job skills, and simply enjoying the excitement of learning.

--Create and enhance cooperative ventures linking public and private enterprises to ensure that:

- community arts and performance centers, community libraries and schools, colleges and universities, concert halls, galleries, museums, nature centers, and theaters are each vital links in an integrated educational system for all residents;
- opportunities exist for all children and community residents, regardless of income, to engage in the visual, literary, and performing arts in community centers close to their homes.

--higher education in the metropolitan area draws its identity and mission from its interaction with the people, communities, economy, and landscape of our nine-county region. Here, higher education is truly a reflection of the needs of our people, the role of the region in an international economy, and the unique opportunities afforded by our landscape and history.

• I-3 PARTICIPATION - In 2045, all residents, old and young, rich and poor, men and women, minority and majority, are supported and encouraged to be well-informed and active participants in the civic life of their communities and the bi-state region. Ours is a region that thrives on interaction and engagement of its people to achieve community objectives.

• To achieve this vision:

--Include citizen involvement and education programs as a core function for all government institutions, including schools.

--Promote an atmosphere of inclusiveness and tolerance of social, political, racial, and economic differences.

--Provide adequate funding to enable broad-based participation by all economic groups.

--Establish objectives for accessibility for all citizens to all civic programs and events, and actively seek their achievement.

--Initiate and facilitate ongoing discussion of this Future Vision in neighborhood and community forums.

--Coordinate a region-wide web for disseminating and collecting information involving public libraries, schools, business and civic organizations, and neighborhood and community groups.

--Strengthen neighborhood, community, and regional public library resources to continue to offer free reader, reference, and information services to all.

OUR SOCIETY (S)

• S-1 SAFETY - In 2045, personal safety within communities and throughout the region is commonly expected as well as a shared responsibility involving citizens and all government agencies. Our definition of personal safety extends from the elimination of prejudice, to the physical protection of life and property from criminal harm. Our hope and expectation is for a society whose residents do not expect safety or protection to rely on guns or physical violence.

- To achieve this vision:
  - --Recognize that true community safety results from a collaborative effort involving citizens, their government, and business. Support local initiatives to address public safety issues in this manner through targeted public investment.
  - --Identify and address public and personal safety issues in the Regional Framework Plan elements dealing with transportation, urban design, and bi-state coordination.
  - --Identify public safety as a metropolitan area issue, rather than simply the concern of a single jurisdiction or agency.
  - --Train community members in alternative means for dispute resolution.
  - --Co-sponsor with community groups activities that are designed to increase community cohesion and the interaction of community members with each other.

• S-2 ECONOMY - In 2045, our bi-state, regional economy is diverse, with urban and rural economies linked in a common frame. Planning and governmental action have created conditions that support the development of family wage jobs in centers in the region.

- To achieve this vision:
  - --Direct all regional planning efforts to incorporate equitable economic progress for communities througout the region as a critical component for modelling and

evaluation.

--Address the further diversification of our economy, the creation of family wage jobs, and the development of accessible employment centers throughout the nine-county region in the Regional Framework Plan elements for transportation, rural lands, urban design, housing, and water resources.

--Actively foster and engage enterprises that are attracted to our landscape and to the human resources already here...those firms that need what we have, not what we're willing to give away.

• S-3 DIVERSITY - In 2045, our communities are known for their openness and acceptance. This region is distinguished by its ability to honor diversity in a manner that leads to civic cohesion rather than a narrow separateness.

• To achieve this vision:

--Focus public policy and investment on the creation of mixed-use communities which include dedicated public space and a broad range of housing types affordable by all citizens.

--Reinforcing cross cultural understanding and tolerance through positive celebration of our region's diverse heritages and support for cultural expressions.

--Publicly recognize efforts, both public and private, that encourage all citizens to be full participants in the civic and economic life of the region.

--Address the creation of community cohesion and a true civic culture in Regional Framework Plan elements concerned with urban design, housing, and bi-state governance.

• S-4 CIVIC LIFE - In 2045, citizens embrace responsibility for sustaining a rich, inclusive civic life. Political leadership is valued and recognized to be in service to community life.

- To achieve this vision:
  - --Enact campaign finance and other reforms which make the pursuit of elective office and the expression of minority views without fear of retribution a realistic goal for all citizens.
  - --Strongly support public involvement in government initiatives, and provide resources needed to develop innovative ways for expanding opportunities for participation and making it more useful and effective for citizens and communities.

• S-5 VITAL COMMUNITIES - In 2045, communities throughout the bi-state region are socially healthy and responsive to the needs of their residents. Government initiatives and services have been developed to empower individual communities to actively meet the needs of their residents. The economic life of the community is inseparable from its social and civic life. Coordinated initiatives for health care and support for meeting basic needs are extended to those in need, where they live.

- To achieve this vision:
  - --Identify needs and solutions to community problems from the neighborhood level, and actively work to enlist all units of government in supporting and acting on these grassroots agendas rather than allowing governmental entities to insulate themselves from participating.
  - --Incorporate specific expectations for a basic standard of living for all citizens in Regional Framework Plan elements concerned with urban design, housing, transportation, and parks and open space.
  - --Recognize the presence of areas of chronic poverty as an issue for metropolitan action. Support regional and local initiatives to address chronic poverty through targeted public investments, revisions in tax codes, and metropolitan tax-base sharing.

• S-6 ROOTS - In 2045, our history serves us well, with the lessons of the past remembered and incorporated in our strategies for the future. Our fellow citizens know our cultural history well, and this knowledge helps them ground social and public policy in the natural heritage we depend on and value so dearly.

- To achieve this vision:

  --Preserve designated historical sites/structures, and use public incentives and investments as necessary to preserve our history.

  --Incorporate historical sites and events in the region in public events, school curricula, and planning.

  --Specifically incorporate historic preservation and landscape ecology in Regional Framework Plan elements concerned with transportation, housing, urban design, rural lands and the urban growth boundary, parks and open space, and bi-state governance.

OUR PLACE (P)

• P-1 RURAL LAND - In 2045, rural land shapes our sense of place by keeping our cities separate from one another, supporting viable farm and forest resource enterprises, and keeping our citizens close to nature, farms, forests, and other resource lands and activities.

• To achieve this vision:

--Develop and implement local plans and the urban growth boundary and rural lands elements of the Regional Framework Plan to:

• actively reinforce the protection of lands currently reserved for farm and forest uses for those purposes. No conversion of such lands to urban, suburban, or rural residential use will be allowed; and

• allow rural residential development only within existing exception areas or their equivalent. Rural residential development shall retain the rural character of the area, and be consistent with nearby farm and forest practices, the ability of natural systems to absorb new development, and the capacity of currently available public services.

--Work with the Departments of Agriculture and Forestry, in both states, to develop a broad program of public education about and contact with this region's agricultural and forest products producers.

• P-2 VARIETY IN OUR COMMUNITIES AND NEIGHBORHOODS - In 2045, our region is composed of numerous, distinct communities, open to all, which together provide a wide variety of healthy, appealing, and affordable housing and neighborhood choices. They are physically compact and have distinct identities and boundaries. Truly public space exists in every community, and serves as the stage for a rich and productive civic dialogue.

• To achieve this vision:

--Continue to provide a choise of neighborhood types, including new neighborhoods with suburban densities, neighborhoods of traditional (pre-WWII) densities, and mixed-use neighborhoods of a more urban design.

--Provide incentives, including preferential funding for the acquisition of greenspaces and development of transportation facilities, to communities which act to provide a range of housing types for all income levels within their boundaries.

--Link the provision of building permits for single family detached structures to the creation of mixed use neighborhood centers.

--Develop and implement community plans to clarify and strengthen distinct identities. To the extent possible, develop boundaries between communities using parks, rivers, streams, floodplains, and other landscape features.

--Make the development of complete, mixed affordable communities the central focus for Regional Framework Plan elements dealing with housing, urban design, and parks and open space.

• P-3 A LIFE IN NATURE - Our place sits at the confluence of great rivers, the Columbia, Lewis, Sandy, and the Willamette and its tributaries, which dominate the landscape. This is a region of water, volcanic buttes, and forest-clad mountains and hills. The metropolitan region is a unique ecosystem, one which encompasses urban, rural, and wild within a common landscape. In 2045, our region is known for the intelligent integration of urban and rural development into this common ecosystem as evidenced by:

-- improved air and water quality, and increasing biodiversity;

-- views of Mt. Hood, Mt. St. Helens, Mt. Rainier, Mt. Adams, Mt. Jefferson, and other Cascade and coastal peaks, unobstructed by either development or air pollution;

-- ribbons of green bringing greenspaces and parks within walking distance of every household;

-- a close and supportive relationship between natural resources, landscape, the built environment, and the economy of the region; and

-- restored ecosystems, complemented by planning and development initiatives that preserve the fruits of those labors.

• To achieve this vision:

--Ensure that Regional Framework Plan elements for transportation, the urban growth boundary, rural lands, urban design and settlement patterns, parks and open space, and bi-state governance positively affect the indicators listed above.

--Work with partners in the region to develop comprehensive interpretive programs for the metropolitan ecosystem.

--Manage watersheds to protect, restore, and manage the integrity of streams, wetlands, and floodplains and their multiple biological, physical, and social values.

--Create an interconnected mosaic of urban forest that provides multiple benefits to neighborhoods, including shading and reduction of temperature extremes, aesthetics, and habitat for local wildlife.

--Value the quality of natural resources and the landscape alongside other variables when assessing the costs and benefits of new development and/or attracting new enterprises to the region.

• P-4 WALKING - In 2045, residents of this region can shop, play, and socialize by walking or biking within their neighborhoods. Walking, biking, or using transit are attractive alternatives for a wide range of trips within neighborhoods, between important regional centers, and outside of the urban area. This region is known for the utility of its non-auto transportation alternatives.

• To achieve this vision:

--Focus the urban design, settlement pattern, housing, transportation, and parks and open space elements of the Regional Framework Plan on the design of new neighborhoods and retrofitting old ones to better support walking, biking, and transit use.

--Design and operate the region's high capacity transit system as the armature for regional development and redevelopment.

--Design and operate public transit systems to complement pedestrian movement.

--Review and continually revise, as necessary, local land use plans and transportation policies to dramatically increase the mode split for walking, and to ensure the close interconnection of land use and transportation planning initiatives.

--Develop new commitments to funding arterial streets and bicycle and pedestrian facilities.

--Focus the transportation element of the Regional Framework Plan on two central issues: the creation of walkable neighborhoods and employment centers, and goods movement.

• P-5 LINKAGES - In 2045, goods, materials, and information move easily throughout the bi-state region. Manufacturing, distribution, and office employment centers are linked to the transportation and communication systems in a comprehensive and coordinated manner.

• To achieve this vision:

--Incorporate goods movement and telecommunications technologies in Regional Framework Plan elements concerned with transportation, urban design and settlement patterns, and bi-state governance.

--Utilize new technologies and targeted public investment to move the work to workers, rather than workers to the work.

• P-6 DOWNTOWNS - In 2045, downtown Portland continues to serve an important, defining role for the entire metropolitan region. In addition, reinvestment, both public and private, has been focused in historic urban centers such as Ridgefield, Camas, Vancouver, Gresham, St. Helens, Beaverton, Hillsboro, Molalla, Woodburn, and others throughout our bi-state region. This pattern of reinvestment and renewal continues to be the centerpiece of our strategy for building and maintaining healthy communities.

- To achieve this vision:

  --Target public and encourage private investment in infrastructure, workforce development, and for other public purposes to existing neighborhoods, town centers and downtown Portland.

  --Address reinvestment in urban center in the Regional Framework Plan elements concerned with the urban growth boundary, transportation, urban design and settlement patterns, and bi-state governance.

• P-7 EQUITY - In 2045, the tradeoffs associated with growth and change have been fairly distributed throughout the region. Our commitment to managing growth with an eye on the future is matched by an equal commitment to social equity for the communities of today and tomorrow. The true environmental and social cost of new growth has been paid by those, both new to the region and already present, receiving the benefits of that new growth.

- To achieve this vision:

  --Identify the presence of pockets of poverty as a metropolitan problem. Address the issues associated with chronic poverty in locations throughout the nine-county region through such mechanisms as tax base sharing, pursuing changes in tax codes, overcoming physical and economic barriers to access, providing affordable housing throughout the area, and targeted public investments.

  --Ensure that the costs of growth and change are borne by those who receive the benefits.

  --Develop fair and equitable funding mechanisms and investment strategies for all public infrastructure needed to support growth and to keep infrastructure and service levels from declining as growth occurs.

--Address issues associated with chronic poverty in locations throughout the region in all Regional Framework Plan elements.

• P-8 GROWTH MANAGEMENT - In 2045, growth in the region has been managed. Our objective has been and still is to live in great cities, not merely big ones. Performance indicators and standards have been established for the Future Vision and all other growth management efforts, and citizens of the bi-state region annually have an opportunity to review and comment on our progress. The results of that review process are used to frame appropriate actions needed to maintain and enhance our regional quality of life.

• To achieve this vision:

--Annually produce a "state of the region" report which concisely points out the trends, strengths, and weaknesses in performance towards the vision statements listed above, followed by a survey to determine whether the public is satisfied with our progress. Short and long-term actions will be shaped by this review, and the results will be reported to the people of the region.

--Use the values and vision statements in this document as the starting point for developing evaluative criteria associated with the development of each element of the Regional Framework Plan.

--Broaden the elements of the Regional Framework Plan to include environmental quality, sustainability, public safety, the welfare of children, and education.

--Create an accountable bi-state, nine-county institutional framework for discussing and addressing issues which extend beyond Metro's jurisdictional boundaries, and incorporating such an institution in the Regional Framework Plan element concerned with bi-state coordination.

IMPLEMENTATION

We recommend that the Metro Council, upon the adoption of the Future Vision, identify and act on measures to implement the vision conscientiously, affirmatively, and proactively. The Metro Charter calls for the Metro Council to adopt a Future Vision, and to "describe the relationship" of the Regional Framework Plan to that Future Vision. Further, the Charter specifically prevents the Future Vision from having any "effect that would allow court or agency review of it".

Clearly, the ambition for implementation of the Future Vision, as expressed in the Charter, is quite modest. However, we live in a landscape which is home to communities of substantially greater ambition. In fact, our participation in this project has impressed on us that our nine-county, bi-state region deserves the attention, affection, and stewardship to which we are singly and collectively called.

We believe that implementing actions could include, but not be limited to, the following:

1) Regional Framework Plan - We have attempted to identify actions to implement individual vision statements in conjunction with Regional Framework Plan elements. The Council should use those proposed actions at the beginning of the process for creating Framework Plan elements in order to ensure that there is a relationship between the Future Vision and the Regional Framework Plan to "describe".

2) Vision Index - The Metro Council can use the vision statements to create a Vision Index for use as a diagnostic or evaluative tool in planning, policymaking and budgeting. The Council could direct that the vision statements be used at the outset of new or ongoing initiatives to guide the formulation of decision criteria. As examples, the following kinds of

questions might get asked:

- Will the action or plan assist in improving the welfare of children?
- Will the action or plan help to extend educational resources to the people of the region more effectively or comprehensively?
- How, if at all, will the action or plan enable improve the ability of people throughout the region to compete for jobs or other opportunities?
- Will the action or plan, through its development and implementation, serve as a vehicle for enabling wider participation in policy formation and planning?
- Does the action or plan support and encourage efforts to engage citizens and business to join with government to improve public safety?
- Will the action or plan add to efforts to diversify our economy and encourage the creation of new enterprises best able to further other regional objectives?

...and so on.

3) Public Discussion of Governance Structures - A public re-evaluation of the appropriateness of the structures of governance in our region to address 21st century problems and issues, especially those at the neighborhood and regional level.

4) Annual State of the Region Review - of critical importance will be efforts to promote, lead, and engage the citizens and communities of the region in an ongoing discussion of our future. The Metro Council and Metro Executive should commit themselves to a cooperative program of monitoring with regional partners that is designed to provide the data needed to evaluate whether Metro is achieving the goals that it has set for itself. The best plans, left unattended and unexamined, will not secure the future for this region that it deserves. In fact, the investment being made in plans must be complemented by a relatively small commitment to monitoring and evaluation, as proposed

here, if the value of that planning is to be realized.

Metro should begin by recruiting a technical advisory team to provide advice and review during the development of a short list of indicators or benchmarks for assessing progress towards implementing the Future Vision and the Regional Framework Plan. Such a list is not meant to be exhaustive. Rather, it should include key indicators that, when discussed in a public forum, would direct attention to issues requiring urgent attention. It is a list of the "canaries" that alert us to hazards ahead. Based on our work, we believe that the initial list of indicators for this task should be:

- I-1 CHILDREN - Readiness to learn (already collected by the Oregon Progress Board)
- I-2 EDUCATION - Adult literacy; student skill achievement; time to rehire and/or to attainment of previous income
- I-3 PARTICIPATION - Voter turnout in local and metro races; number of candidates in local and metro races (available from counties)
- S-1 SAFETY - Crime rates by crime; perception of crime surveys; % of schools with no reported crimes
- S-2 ECONOMY - Household income; Percapita income; business formation; business failures; business license activity by economic sector (much is already in RLIS)
- S-3 DIVERSITY - Bias crime rate; standardized segregation index (census)
- S-4 CIVIC LIFE - Number of active neighborhood associations, CPO's, etc.; number and types of voluntary associations by community
- S-5 VITAL COMMUNITIES - Number of newspapers, radio stations, cable access studios, etc. by community; proximity of public/civic space to households; number of self-nominations for recognition of neighborhood "breakthroughs"

(check benchmarks)

• S-6 ROOTS - Number of designated structures saved/demolished; number of annual celebrations of place and history by community

• P-1 RURAL LAND - Number of acres in farms with gross sales of at least $40,000.00 outside UGB's; number lots less than or equal to five acres in size outside of UGB's; number of acres of land zoned for exclusive farm or forest use converted to other classifications

• P-2 VARIETY IN OUR COMMUNITIES AND NEIGHBORHOODS - number of dwelling units within a quartermile of parks, shopping, transit, and public buildings; percentage of households able to afford the median sale price for housing by community

• P-3 A LIFE IN NATURE - number of rivers and streams that meet instream flow needs during the summer months; number of waterbodies that meet state and federal instream water quality standards; number of rivers and streams in a degraded condition which have active restoration efforts underway; net loss or gain of wetlands compared to 1994 survey; number of species of plants and animals and their distribution compared with 1994 survey; percentage of population living within one quarter mile of both a neighborhood park and a natural area/"greenspace"; number of watersheds managed for multiple values; number of days that region is in compliance with state and federal air quality and visibility standards

• P-4 WALKING - Pedestrian Environment Factor by community/jurisdiction; number of miles of bike lanes by community; mode split for walking by community

• P-5 LINKAGES - commodity flow indicators from 1994 study; intermodal shipping activity at Port

• P-6 DOWNTOWNS - vacancy rates in downtowns by type of use and by downtown; percentage of business in downtowns, by downtown

- P-7 EQUITY - children in poverty by community; percentage of households paying no more than 30% of their monthly gross income for housing by community; new jobs by jurisdiction
- P-8 GROWTH MANAGEMENT - population density regionwide and by community; percentage of urbanized area

Note that in some cases Metro already collects the data required. In addition, a number of these indicators are drawn from the Oregon Benchmarks and are monitored by the state. In some instances Metro will need to initiate new data collection and surveying activities. However, in all cases, the information collected will be of value to to Metro's other planning efforts, and to those of other jurisdictions as well.

The Metro Executive and Metro Council can use these indicators in a public process to discuss the state of the region, and whether we are moving further from or closer to our goals as described by the Future Vision. The outcome of the monitoring effort and discussion, on an annual basis, should be used by Metro to establish priorities for planning and implementing activities in the coming year. In addition to advising the Metro Council and Executive on the development of the list of indications and data collection methods, the technical advisory team could also assit with interpreting the results. It is our belief that the list of indicators should be kept short as a means for focusing attention on the region as a whole, rather than on the status of its individual parts.

5) Regional Study Fellowships - The region needs a consistent and ongoing research program to better inform its planning efforts. One component of that program could be the creation of Regional Study Fellowships, developed in collaboration with academic institutions and funded through corporate donations and foundation grants. Fellows

would develop projects linked to the implementation of the Future Vision and the Regional Framework Plan. The fellows would be chosen through a competitive process and the results of their work would be presented in a public forum. The fellowships would give Metro and the region access to the experience and talents of area professionals, would give the fellows the opportunity to "recharge" and explore an issue or set of issues in depth and with few distractions, and would give area communities access to cutting-edge thinking about the challenges of the future.

Whatever the course that is chosen, the fundamental objectives must always be to ensure that no issue gets dealt with in isolation, and that a broad cross-section of our region's people are involved in discussing, debating, and shaping our path to the future. Undoubtedly there are many more ways to use the Future Vision to achieve these objectives. We offer the three outlined above as proof that it can be done and in an efficient manner. As a region, our aspiration should be to match the spectacular nature of our landscape with an equally spectacular and regular civic celebration of our sense of the region, truly our sense of place. For it is only through the creation of a shared and far-reaching culture of this place that we will be able to gracefully and magnificently rise to our responsibilities for stewardship, and adapt to the dynamism of the world we live in, now and in the future.

AGENDA ITEM NO. 4.4
Meeting Date: February 7, 1995
Council Work Session

Report on Performance Audit of Cost Allocation Plan

METRO

COST ALLOCATION PLAN REVIEW

January 1995

January 1995

Metro Council
600 N.E. Grand Ave.
Portland, Or 97232-2736

We have concluded our review of Metro's Cost Allocation Plan. This report contains our findings and observations.

Generally, our analysis found the current system to be accurate, equitable and accomplishing its design purpose. Current plans to implement relatively minor changes recommended by a mid-1994 federal government audit of Metro's Plan will simplify the cost allocation system and should make it easier to understand.

Although our findings concerning the cost allocation plan are positive, we noted that support service costs are trending higher and certain operating revenues are falling short of historical levels. This will ultimately have an impact on Metro's ability to fund its various component government units.

We wish to express our appreciation to the many people who provided us with information and insight into the cost allocation process and its impact on Metro.

Talbot, Korvola & Warwick

METRO COST ALLOCATION PLAN

TABLE OF CONTENTS

INTRODUCTION

Talbot, Korvola & Warwick, under contract to the Metro Council, has conducted a third-party review of the Metro Cost Allocation Plan. Our methodology and detailed findings are discussed in the body of this report.

We believe the following issue is especially important to the understanding of the role of the Metro cost allocation process.

Unlike most local government entities, Metro does not have a general source of tax revenue to fund its support services. Most of the funding for support functions such as; Finance and Management Information, Personnel, General Counsel, Government Relations and General Services comes from allocations assessed against the revenues generated by Metro's operating departments.

Operating departments pay the bulk of these costs each year. In the Fiscal 1994/95 budget, nearly three-fourths of Support Services' budget was paid by allocations from the Washington Park Zoo, Planning and Solid Waste. General Fund resources have been used, primarily, to pay only for the General Fund Department's share of costs (in 1994/95 approximately 8%)

Extensive reliance on operating department's revenue sources for paying support service costs has significant long term implications for Metro. The cost of support services are rising while revenue sources available to the operating departments are under continuing pressure and in some cases decreasing. This trend will result in difficult choices in the future.

Operating departments will either have to find other revenue sources, spend from reserves or be subsidized by General Fund dollars. This is not an issue that can be solved by the mechanics of the cost allocation process. The problems this issue presents for the future must be addressed by dialog with the Executive Officer and policy decisions of the Council.

The scope of work for this analysis was considerable and covered the following:

1. Assess Metro's allocation basis and application of costs within each operating department.

2. Determine the accuracy of the current Plan's methodology.

3. Determine what, if any, modifications to the current plan should be made to allocate costs in a simpler, more efficient manner.

4. Explore the feasibility and identify the effects of a direct cost plan.

5. Provide third party assurance to Metro Council and management that the current Cost Allocation Plan works as designed.

6. Identify where formalized policies may need to be established.

The following sections detail our approach to reviewing Metro's Cost Allocation Plan and discuss our findings and recommendations.

METHODOLOGY

Understanding the budget process and the application of Metro's Cost Allocation Plan requires an appreciation for the precepts which guide it. The following text illustrates the concepts that are fundamental to the allocation process.

The Methodology:

Cost Allocation Plan Objective -

The Support Services Fund does not have a direct source of revenue. Its operating costs are paid by the other seven areas of Metro that have fund sources, the Zoo, Solid Waste, Planning, Parks and Greenspace, Metro ERC and the General Fund. The Cost Allocation Plan is the <u>mechanism by which Metro funds the costs of internal operations that serve or benefit operating departments and that have no direct sources of revenue.</u>

Cost Follows Benefit -

The central theme of the Cost Allocation Plan is to allocate costs of support functions to the operating departments receiving the use or benefit of all these expenditures.

To illustrate the concept of use or benefit, assume that an attorney in the Office of General Counsel spends 40 hours working on a project for the Solid Waste Department. Because the Solid Waste Department would benefit from this "support service", the cost of that attorney (time and his various overhead costs) would be specifically allocated to Solid Waste.

Basis of allocation -

If costs should be applied to the benefiting department, then an equitable basis must be established for measuring benefit. Implied is that benefit can be quantified consistently over time to assure an *equitable* application of the benefit principle.

In the prior example, the measurement of benefit was the amount of time spent by Counsel attorneys on a Solid Waste Department issue. If activity is a measure of use or benefit, and the activity can be measured, then that activity becomes the basis of allocation.

Each basis for allocation requires the collection of activity statistics - or estimates of activity be developed - to accomplish the primary objective of allocating cost based on use or benefit. In concept, this is straight forward and readily understood. In practice, it becomes difficult to apply because of numerous activities and the cost of accumulating information versus the benefit to be attained.

It is important to keep in mind this is essentially an allocation process, not the discrete "buying" of services. It is not cost effective for Metro, taken as a total entity, to spend significant resources on the process of collecting activity statistics.

Metro currently has 41 different "activities" which are measured and each is used as a basis for allocating a specific set of costs. The Metro cost bases for the 1994-95 year are listed in Appendix A.

"Cost" is more than just salaries -

A support service function's "costs" include personal services (administrative, analytical and clerical support), materials and services (office supplies, training, etc.) and capital outlay (computers, desks, etc.). No renewal and replacement costs are allocated.

For example, the budgeted costs of the General Counsel's office include salary and fringe benefits for four attorneys and two support persons. The budget also includes other items such as supplies, subscriptions, travel and training. Each of these costs must be allocated within the plan and must adhere to the general principle of cost assigned to benefit.

Specific vs. pooled costs -

Support Services departments provide assistance to *all* Metro functions. General Counsel provides support to operating departments such as Solid Waste and to various Support Services Departments such as Personnel.

Costs incurred for an operating department are called specific costs. Costs which which are incurred for other support services functions are referred to as pooled costs.

In the General Counsel example cited previously, hours worked for Solid Waste are specific costs and will be allocated to the Solid Waste Department. Costs incurred for the Personnel Department will be accumulated in a cost "pool".

This process is repeated for all support service functions. Specific costs are allocated to the operating department for whom the activity (basis of allocation) was measured. Pooled costs are accumulated and allocated to a support services cost pool.

Eventually, all pooled costs will be allocated out of the Support Services Fund to the various operating departments under the same basic principle of allocating costs to the benefiting department.

This is further explained in item number 3 of the Findings section.

Historical vs. Current Information -

The Cost Allocation Plan is an essential part of the budget process at Metro. The mechanics of making the system work rely, for the most part, on historical activity measured in the prior year. The process consists of capturing levels of activity during the year and applying those "historical" relationships to budgeted costs for the upcoming year.

The system is used to allocate support costs and to determine revenue requirements. Budgeted amounts are reconciled to actual expenditures at year end. In practice, few budgets are completely spent. This results in most operating departments not paying the full budgeted amount resulting in some carryover funds each year.

FINDINGS

The following describes our findings presented in response to the Scope of Work.

1) **Assess Metro's allocation basis and application of costs within each operating department.**

To assess Metro's allocation bases and application of costs within each operating department, we developed a statistical analysis comparing allocations from department to department and from year to year using cost allocation plan numbers for the past 3 years.

We have reviewed each of the 41 allocation bases to determine if using them resulted in a reasonable representation of each department's use of support services and whether any discernable biases were present. In addition, we spoke with representatives of all major operating and support services departments.

Findings - System Assessment

Our review provided us with a significant appreciation for the process and the complexity of dealing with the sheer magnitude of so many numbers. We believe the system works as designed and results in a fair distribution of costs under the principle of allocating costs to the benefiting departments.

As indicated we reviewed each of the 41 bases developed to allocate costs equitably. One recurring theme heard during our interviews was concern for using prior years activity to forecast (and allocate) costs to future periods. Although there is a perception that this occasionally causes inequities, this was not verified by our analysis.

There have been/are times when history does not adequately forecast the future. However, our analysis indicated that over time, the changes from year to year tended to balance out and were not significant.

In addition, we found that in instances where organizations changed or other significant modifications occurred, exceptions were made to using pure historical numbers for the forecast year. In other words, the system was modified on an exception basis to assure Plan integrity.

The issue here is not that the plan was violated or that the integrity of the plan was compromised. The issue is the perception of things happening "behind closed doors" or without proper review.

To illustrate this point, although it is generally considered that *only* prior years activity is used for allocation, the General Counsel's Department has always forecast its budget year activity based on the best estimate of where time will be required. History is only one factor used in estimating General Counsel activity.

Recommendations -
We believe the current system works and is effective. However, there is a recurring perception of complexity and exceptions. We suggest that to better communicate the system is fair and not biased, the annual budget process include a series of questions where first, the person responsible for accumulating activity data for each of the 41 cost basis respond to the question:

> "Was there anything about the data collected this year, or any changes contemplated for next year that would make this information *significantly* inaccurate for the forecast year."

If the answer is no, then the same question should be asked of each of the operating departments - for all 41 of the allocation basis. The object would be to determine early - on in the process if prior year's activity will be a reasonable predictor of the forecast year. If a potential problem exists, early, open communication between all parties will assure that (a) the problem will be addressed and (b) system integrity will be maintained.

We do not anticipate that implementing this recommendation will result in more changes - or different allocations. The primary reason to implement this recommendation is to improve communication and provide assurance of process integrity.

Findings - Cost Control

A recurring theme which caused us concern was the lack of control operating organizations have over the level of support service costs allocated to their budget. The Cost Allocation Plan, working as designed, results in an assessment of costs to operating budgets. As Support Services managers make prudent business decisions for Metro, the cost (of those decisions) is passed on to the respective operations. However, operating organizations have little direct input in the decision making process or in the control of those costs. The issue is not that Support Services are inefficient or wasteful but *is* that the costs must be born by budgets which are already under spending pressure.

For example, in the 1994-95 budget year, the Zoo was charged for a total of 15.4% of the Support Services budget. Assuming no changes in allocation relationships, an increase of $100,000 in the Support Service budget would "cost" the Zoo $15,400.

In the above situation, the Zoo must either generate incremental revenue, spend reserves or find cost savings through efficiency and/or expense reductions. In the 1994-95 year the total Support Services budget increased, for various reasons, $866,000 and the Zoo's allocation increased $130,000.

Some of these cost increases were due to management decisions that increased the levels of service provided. Others were simply the impact of inflation and others were the result of making organizational changes which moved functions previously designated as general government to support services.

Recommendations -

The impact of rising central support costs on specific departments should be considered as part of the overall budget process. The Executive Officer should continue to review the level of support and make specific decisions based on the most economic and effective use of funds for Metro taken as a total entity.

The Council should include the impact on operating departments budgets and programs when it approves budgets <u>or</u> proposes organizational changes. If the Council decides to provide budget relief, it should not directly subsidize the support costs through the Support Services budget. If revenue relief is a preferred option, the funds should be provided to the operating department through its operating budget from the General Fund. This will maintain the integrity of the Cost Allocation Plan and will allow the Council to direct limited funds to those specific programs Council members support.

2) **Determine the accuracy of the current Plan's methodology.**

We have reviewed the total methodology employed to implement the Plan. We reviewed assumptions, analyzed three years of data and examined the outcome of the Plan application. In addition we "tested" the Plan by running various scenarios within Support Services departments to compare our answers with anticipated results.

Findings - Accuracy

We found the Plan design and the implemented result to be accurate and to meet stated objectives for internal purposes and for Federal grants.

Recommendations -

We believe accuracy and related integrity to be satisfactory and have no related recommendations.

3) **Determine what, if any, modifications to the current plan should be made to allocate costs in a simpler, more efficient manner.**

We examined extensive data as we accomplished the analysis required in the preceding two scope statements. In addition, we interviewed Department heads and other applicable personnel in all major operating and Support Services Departments.

Findings - Plan Modifications

During 1994, an auditor on behalf of the Federal Highway Administration reviewed the Cost Allocation Plan and accepted it (under OMB Circular A-87) for purposes of applying overhead to Federal Grant funds on Metro projects. As a result of the audit, Metro is implementing a recommendation in regard to the application of pooled costs within the Cost Allocation Plan which will make the process simpler.

In prior years, each division within the Support Services Fund was grouped for pooling purposes. For example, the Financial Planning Division would allocate its specific costs to the respective benefiting operating departments and all pooled costs would be accumulated in a "Financial Planning Division" pool. These pooled costs would then in turn be allocated to operating departments based on the same percentage relationship of the specific costs of the Financial Planning Division.

This process worked, it was consistent and it met the objective of the Plan. However, it resulted in a pool being established for every Support Services Division. It contributed to the appearance of complexity because of the large number of calculations and the resulting numbers generated during the allocation process.

In the 1995/96 plan year, Metro will adopt the Federal auditor's recommendation to accumulate all support services pooled costs in one pool. These costs will then be applied to operating departments in the same relationship as the total dollars of specific support services were applied. This "simplified" method meets the same standards of consistency and costs being allocated according to benefit. It appears to simplify the system without sacrificing integrity.

The following depicts the percentage relationship of a Department's specific cost to total specific costs as applied to total pooled costs. This is calculated, using the "new" method, for the Solid Waste Department using 1994-95 numbers.

Solid Waste Specific Costs	$2,073,413
Total Agency-wide Specific Costs	$6,600,298
Percentage of Solid Waste to Total	31.4%
Total Pooled Costs	$1,930,227
Pooled Costs Allocated to Solid Waste (31.4%)	$ 606,360

Total Support Service Costs Allocated to Solid Waste:

Specific	$2,073,413
Pooled	$ 606,360
Total	$2,679,773

All departmental costs can be found in Appendix B, Schedule B-1. The shaded areas depict Solid Waste costs. Schedule B-2 represents specific and pooled costs for each department. Schedule B-2 closely resembles the schedules published in prior years using the previous methodology. Previously a detailed schedule had to be prepared for all 41 of the allocation bases.

Recommendation -
Continue to implement the change.

4) **Explore the feasibility and identify the effects of a direct cost plan.**

One of the anticipated benefits of a direct costing system is improved information provided to management. The assumption is that by having information on the cost of an item or service prior to or at the time a decision is made to use the service, prudent expenditure decisions can be made.

The functions that lend themselves to effective direct costing should meet the criteria of whether operating management can make well informed economic decisions as a result of having the information available *and* management must have an alternative to using the service.

To test the feasibility of direct costing at Metro we explored the nature of the support services costs incurred and the basic accounting and management information systems available in light of the Cost Allocation Plan.

Findings - Direct Costing
The Metro Cost Allocation Plan is a system crafted to equitably allocate costs based on benefit or use. It is designed for budget purposes and to meet government requirements

for allocating overhead costs. It is *not* a system designed to impact or modify spending behavior, a concept which is fundamental to a direct costing system.

For most Metro Support Services Departments, direct costing would not be beneficial. The primary reason for drawing this conclusion is that most Metro support services functions are best characterized as general overhead. For example, the direct costing of most of the general accounting functions would not result in improved efficiency or "better", more economic decisions.

No matter what allocation process is used, Metro must account for its revenues and costs. The determination of the amount of detail collected, the internal controls used, etc. should not be made by operating organizations. This is a technical decision best left to the Finance Department.

Another important issue is the cost of capturing data. Compiling and reporting information takes time. Unless the data will result in improved operating decisions, the cost may not support the required effort.

Recommendations -

Direct costing should be considered on a case by case basis. A direct cost plan would only be feasible for a few departments within Metro. The departments that would lend themselves to direct costing are General Counsel, Fleet Management and Graphic Arts. Unfortunately, the potential benefits of direct costing of the three above areas does not appear practical for the following reasons:

- Applicable to each of the three departments

  Metro does not currently have an accounting system which could adequately accommodate the bookkeeping for a direct costing system. The feasibility of a new automated accounting system is currently being studied. Metro should explore the possibility of direct cost accounting in the system specifications for a new system. Implementing changes as an interim process would not be prudent.

- General Counsel

The dollars allocated under the current system are not considered excessive by operating departments. Most believe the services provided by the department are delivered efficiently and effectively. We do not believe implementing a direct costing plan for General Counsel would reduce costs or improve service delivery.

- Fleet Management and Graphics Services

A significant portion of the costs would simply be applied to other Support Services functions and find their way into the Support Services pool. In 1994-95, 40% of Graphics and 24% of Fleet costs were used by Support Services functions.

MERC and the Zoo did not use Metro's fleet and these two operating departments were only allocated $22.00 of graphic services charges for the full year.

- Miscellaneous areas within departments

There are opportunities for establishing direct charges for specific "services" which could be charged directly to an entities budget. Examples include postage and copying costs.

We recommend Metro continue to consider these opportunities for economies on a case by case basis. However, in every instance the cost of accumulating information, maintaining the system and applying the charges should be carefully reviewed prior to implementing the change. Too often the cost of implementation approaches or exceeds the anticipated savings.

5) **Provide third party assurance to Metro Council and management that the current Cost Allocation Plan works as designed.**

We conducted our engagement through review of available data, analysis and a significant number of pertinent interviews. Our work was conducted independently and to standards similar to those we apply to performance audits, i.e., the Comptroller General's "Yellow Book", Standards for Audit of Governmental Organizations, Programs, Activities and Functions.

Findings - Plan Operation

In our judgement the Cost Allocation Plan achieves its design objectives in all material aspects. Our third party assurance report prepared in conjunction with requirements of certain Metro bond covenents is enclosed as Appendix C.

6) **Identify where formalized policies may need to be established.**

We assessed the Metro Cost Allocation Plan methodology and its application as described in the above sections. In addition we reviewed applicable documentation such as the plan description, administrative requests for annual information and the published plan.

Findings - Policy Changes

The Plan is well documented and generally no policy changes related directly to the plan are recommended. However, because of its complexity and its impact on so many aspects of the Metro mission, it is important the Plan and its use be understood. Our interviews generally found a number of people who did not fully appreciate the limitations of the Plan. Too many persons confuse the allocation plan with a management control tool.

Recommendations -

We believe a better appreciation for the concepts that govern the cost allocation and budget system would help prepare Metro for the limited resource period ahead.

Annually, in October-November, and prior to detailed budget hearings the Metro Council and Executive Officer should reaffirm its policy direction for the budget. The objective would be to "air" the issues and to reach wider agreement on how to fund programs in the light of limited resources.

This period, when policies are being discussed and reaffirmed, would also provide operating departments an opportunity for early input. They could discuss key issues and have input prior to when difficult specific allocation decisions are required.

The concept is to reach wider agreement from all parties as policies are annually reviewed, re-affirmed and adopted. We would not anticipate that significant change would result each year. However, most persons affected by the total budget and allocation process would likely be better informed and be more likely to support a system in which they had been a participant.

APPENDIX

A - Allocation Basis

Cost Allocation Plan "Basis"

	Department	Description	Measure	% Budget Allocated
1	General Services	Avg Specific Allocation	Time	2.0%
2	Accounting	Accounting Mgr Avg	Time	1.0%
3	Accounting	Senior Accountant #1	Time	0.7%
4	Accounting	Senior Accountant #2	Time	0.7%
5	Accounting	Senior Accountant #3	Time	0.7%
6	Accounting	Accountant #1	Time	0.5%
7	Accounting	Accountant #2	Time	0.5%
8	Accounting	Accounting Supe (Clerical)	Time	0.7%
9	Accounting	Accounting Supe (Pro)	Time	0.7%
10	Accounting	Weighted Avg Accounting Trans	Trans	7.0%
11	Office Services	Office Services Avg	Time	3.0%
12	Office Services	Postage Used	Dollars	1.0%
13	Office Services	Copies (Print Shop/Satellite)	Copies	0.9%
14	Office Services	Copies (Satellite)	Copies	0.2%
15	Office Services	Copies (Print Shop)	Copies	0.6%
16	Finance & Mgmt Info	Finance Div Weighted Avg	Dollars	6.0%
17	Information Services	Number of Accounting Trans	Trans	6.0%
18	Information Services	Number of Personnel Computers	Computers	5.0%
19	Information Services	Number of UNIX Users	Users	1.0%
20	Facilities Management	Facilities Management Avg	Time	0.8%
21	Facilities Management	Auto Use (Miles Driven)	Miles	0.5%
22	Facilities Management	Number of Telephones	Phones	0.9%
23	Procurement	Procurement Div Weighted Avg	Time	4.0%
24	Construction Support	Total Project Dollars	Dollars	1.0%
25	Personnel	Personnel Weighted Avg	Time	7.0%
26	Office of General Counsel	Estimate of Project Time	Time	6.0%
27	Graphics & Public Affairs	Percentage of Time/Project	Time	8.0%
28	General Government	Operating Budget	Dollars	2.0%
29	Development Services	Estimate of Time	Time	0.9%
30	Metro Center Operations	Metro Center Square Footage	Sq Feet	0
31	Regional Center Operations	Metro Head Square Footage	Sq Feet	23.0%
32	Liability/Property Program	Total Property Values	Dollars	1.0%
33	Liability/Property Program	Number of Applicable Employees	Empl'es	0.2%
34	Liability/Property Program	Attendance (25%)	Attndce	0.8%
35	Liability/Property Program	Operating Budgets (25%)	Dollars	0.8%
36	Liability/Property Program	FY 90/93 Incurred Losses (40%)	Dollars	1.0%
37	Liability/Property Program	Number of Losses (10%)	Dollars	0.3%
38	Liability/Property Program	Actuarial Determination	Dollars	0
39	Worker's Comp Program	Payroll (50%)	Dollars	2.0%
40	Worker's Comp Program	3 Year Paid Losses (30%)	Dollars	1.0%
41	Worker's Comp Program	Number of Losses (20%)	Dollars	0.6%

Total Support Services (1994/95) $8,530,525 100%

B - Cost Allocation Plan

COST ALLOCATION PLAN
FY 1994-95
SCHEDULE B-1
SPECIFIC COSTS BY OPERATING DEPARTMENT

DESCRIPTION	PLANNING	S.W.	ZOO	GEN. FUND	MERC	EXPO CTR.	GREEN.	REG. PARK	CONV. CTR.	TOTAL INDIRECT Specific	TOTAL INDIRECT Pooled	TOTAL INDIRECT Combined
Contingency	$44,011	$69,019	$36,422	$14,698	$21,714	$3,598	$3,882	$4,822	$1,833	$200,000	$0	$200,000
Accounting	160,117	266,223	256,505	58,628	253,387	6,260	13,150	13,833	744	1,028,845	172,795	1,201,640
Office Services	165,060	98,848	20,962	72,498	1,120	0	8,520	8,028	0	375,036	124,096	499,132
Financial Planning	33,893	283,038	41,757	16,075	56,888	2,691	4,608	5,007	20,673	464,628	36,211	500,839
Information Services	194,993	271,959	208,979	65,446	74,748	4,213	8,067	14,187	430	843,021	237,489	1,080,510
Facilities Services	58,027	41,513	0	21,953	0	0	2,970	3,538	0	128,001	67,317	195,318
Contract Services	77,146	108,345	60,872	1,890	9,800	576	4,602	2,563	0	265,794	48,889	314,683
Construction Services	0	0	0	0	0	0	0	0	0	0	0	0
Personnel	60,322	77,546	173,343	7,215	36,052	7,365	1,581	11,829	0	375,254	70,320	445,574
Office of General Counsel	81,825	144,397	24,066	38,506	33,693	38,506	24,066	24,066	0	409,125	72,198	481,323
Graphics Services	65,204	72,347	255	21,161	357	255	7,653	3,189	0	170,421	118,457	288,878
General Gov't. Costs	19,771	114,694	22,631	3,518	30,598	2,016	2,942	3,590	0	199,760	10,490	210,250
Public & Gov't. Relations	91,262	101,259	357	29,617	500	357	10,712	4,463	0	238,528	165,796	404,324
Development Services	0	0	24,152	0	0	20,127	0	16,101	20,127	80,507	0	80,507
Bldg. Mgmt. Reg. Op.	183,875	135,364	0	120,545	0	0	14,939	17,432	0	472,156	299,692	771,848
Bldg. Mgmt. Debt Svc.	279,542	205,792	0	183,262	0	0	22,712	26,501	0	717,810	455,617	1,173,427
Risk Mgmt-Liability	15,508	52,489	70,378	3,244	158,301	17,548	1,937	56,907	0	376,312	27,810	404,122
Risk Mgmt-W/C	18,542	30,580	107,101	6,008	78,402	2,122	1,756	10,589	0	255,100	23,050	278,150
Total Indirect Costs	1,549,098	2,073,413	1,047,780	664,264	755,560	105,634	134,097	226,645	43,807	$6,600,298	$1,930,227	$8,530,525
% of Total Specific	23.5%	31.4%	15.9%	10.1%	11.4%	1.6%	2.0%	3.4%	0.7%	100.0%		
Total Pooled Costs allocated	453,027	606,360	306,418	194,261	220,960	30,892	39,216	66,281	12,811	$1,930,227	($1,930,227)	
Total Combined Costs	$2,002,125	$2,679,773	$1,354,198	$858,525	$976,520	$136,526	$173,313	$292,926	$56,618	$8,530,525		

COST ALLOCATION PLAN
FY 1994-95
SCHEDULE B-2
COMBINED SPECIFIC AND POOLED COSTS BY OPERATING DEPARTMENT

DESCRIPTION	PLANNING		SOLID WASTE		ZOO		GENERAL FUND		MERC	
	Specific	Pooled @ 23.5%	Specific	Pooled @31.4%	Specific	Pooled @15.9%	Specific	Pooled @10.1%	Specific	Pooled @11.4%
Contingency	$44,011	$0	$69,019	$0	$36,422	$0	$14,698	$0	$21,714	$0
Accounting	160,117	40,555	266,223	54,282	256,505	27,431	58,628	17,390	253,387	19,780
Office Services	165,060	29,125	98,848	38,983	20,962	19,700	72,498	12,489	1,120	14,206
Financial Planning	33,893	8,499	283,038	11,375	41,757	5,748	16,075	3,644	56,888	4,145
Information Services	194,993	55,739	271,959	74,605	208,979	37,701	65,446	23,901	74,748	27,186
Facilities Services	58,027	15,799	41,513	21,147	0	10,686	21,953	6,775	0	7,706
Contract Services	77,146	11,474	108,345	15,358	60,872	7,761	1,890	4,920	9,800	5,597
Construction Services	0	0	0	0	0	0	0	0	0	0
Personnel	60,322	16,504	77,546	22,090	173,343	11,163	7,215	7,077	36,052	8,050
Office of General Counsel	81,825	16,945	144,397	22,680	24,066	11,461	38,506	7,266	33,693	8,265
Graphics Services	65,204	27,802	72,347	37,212	255	18,805	21,161	11,922	357	13,560
General Gov't. Costs	19,771	2,462	114,694	3,295	22,631	1,665	3,518	1,056	30,598	1,201
Public & Gov't. Relations	91,262	38,913	101,259	52,083	357	26,320	29,617	16,686	500	18,979
Development Services	0	0	0	0	24,152	0	0	0	0	0
Bldg. Mgmt. Reg. Op.	183,875	70,338	135,364	94,145	0	47,575	120,545	30,161	0	34,307
Bldg. Mgmt. Debt Svc.	279,542	106,934	205,792	143,127	0	72,328	183,262	45,854	0	52,156
Risk Mgmt-Liability	15,508	6,527	52,489	8,736	70,378	4,415	3,244	2,799	158,301	3,184
Risk Mgmt-W/C	18,542	5,410	30,580	7,241	107,101	3,659	6,008	2,320	78,402	2,639
Total Indirect Costs	1,549,098	453,027	2,073,413	606,360	1,047,780	306,418	664,264	194,261	755,560	220,960
% of Total Specific	23.5%		31.4%		15.9%		10.1%		11.4%	
Total Pooled Costs allocated	453,027		606,360		306,418		194,261		220,960	
Total Combined Costs	$2,002,125		$2,679,773		$1,354,198		$858,525		$976,520	
Indirect Cost Rate	23.5%		31.4%		15.9%		10.1%		11.4%	

DESCRIPTION	EXPO CENTER		GREENSPACES		REGIONAL PARKS		CONVENTION CENT		TOTAL INDIRECT		
	Specific	Pooled @1.6%	Specific	Pooled @2.0%	Specific	Pooled @3.4%	Specific	Pooled @0.7%	Specific	Pooled	Combined
Contingency	$3,598	$0	$3,882	$0	$4,822	$0	$1,833	$0	$200,000	$0	$200,000
Accounting	6,260	2,765	13,150	3,511	13,833	5,934	744	1,147	1,028,845	172,795	1,201,640
Office Services	0	1,986	8,520	2,521	8,028	4,261	0	824	375,036	124,096	499,132
Financial Planning	2,691	580	4,608	736	5,007	1,243	20,673	240	464,628	36,211	500,839
Information Services	4,213	3,801	8,067	4,825	14,187	8,155	430	1,576	843,021	237,489	1,080,510
Facilities Services	0	1,077	2,970	1,368	3,538	2,312	0	447	128,001	67,317	195,318
Contract Services	576	782	4,602	993	2,563	1,679	0	324	265,794	48,889	314,683
Construction Services	0	0	0	0	0	0	0	0	0	0	0
Personnel	7,365	1,125	1,581	1,429	11,829	2,415	0	467	375,254	70,320	445,574
Office of General Counsel	38,506	1,155	24,066	1,467	24,066	2,479	0	479	409,125	72,198	481,323
Graphics Services	255	1,896	7,653	2,407	3,189	4,068	0	786	170,421	118,457	288,878
General Gov't. Costs	2,016	168	2,942	213	3,590	360	0	70	199,760	10,490	210,250
Public & Gov't. Relations	357	2,653	10,712	3,368	4,463	5,693	0	1,100	238,528	165,796	404,324
Development Services	20,127	0	0	0	16,101	0	20,127	0	80,507	0	80,507
Bldg. Mgmt. Reg. Op.	0	4,796	14,939	6,089	17,432	10,291	0	1,989	472,156	299,692	771,848
Bldg. Mgmt. Debt Svc.	0	7,292	22,712	9,257	26,501	15,645	0	3,024	717,810	455,617	1,173,427
Risk Mgmt-Liability	17,548	445	1,937	565	56,907	955	0	185	376,312	27,810	404,122
Risk Mgmt-W/C	2,122	369	1,756	468	10,589	792	0	153	255,100	23,050	278,150
Total Indirect Costs	105,634	30,892	134,097	39,216	226,645	66,281	43,807	12,811	$6,600,298	$1,930,227	$8,530,525
% of Total Specific	1.6%		2.0%		3.4%		0.7%		100.0%		
Total Pooled Costs allocated	30,892		39,216		66,281		12,811		$1,930,227	($1,930,227)	
Total Combined Costs	$136,526		$173,313		$292,926		$56,618		$8,530,525		
Indirect Cost Rate	1.6%		2.0%		3.4%		0.7%		100.0%		

C - Certification

Talbot, Korvola & Warwick
Certified Public Accountants

6420 S.W. Macadam, Suite 300
Portland, Oregon 97201-3519
(503) 452-7172, FAX (503) 452-7174

January 16, 1995

Ms. Jennifer Sims, Finance Director
600 N.E. Grand Ave.
Portland, Oregon 97232-2736

RE: Determination of Department Assessments and General Assessments pursuant to certain bond covenants.

Dear Ms. Sims:

We have concluded our detailed review of Metro's Cost Allocation Plan and delivered our report there on. In conjunction with meeting the requirements of our Contract No. 902742, dated October 17, 1994 we submit the following:

Metro allocates its central support costs according to a written Cost Allocation Plan which is published annually. The Plan is designed to accumulate and equitably assess costs based on the principle of use or benefit derived by the department receiving the support.

We reviewed the Plan documentation and related support materials. We examined certain detail activity records, traced them to appropriate summary documents and verified accuracy where appropriate. We analyzed the use of the accumulated information in allocation formulas and calculations to assure that plan objectives were implemented in practice.

During the course of our engagement we used such other tests and methodologies as we deemed prudent and reasonable. In our opinion, we examined sufficient, relevant and competent materials that support our conclusion.

We believe the Plan, as implemented, equitably and consistently allocates costs on the principle of use or benefit derived in all material respects. No exceptions came to our attention during our review and analysis that would indicate the system is deficient or should be modified other than the following.

During our examination, we reviewed a Federal Government audit which had recently been concluded for the plan period July 1, 1994 through June 30, 1995. We reviewed the auditor's findings and believe the conclusions reached support our independent study.

The Federal auditor recommended certain modifications of the Plan which will result in simplification of the process where pooled costs are assessed to benefitting departments. We concur in those recommendations and Metro is currently implementing them in connection with the 1995-96 Cost Allocation Plan.

Talbot, Korvola & Warwick

Talbot, Korvola & Warwick

From: Ken Gervais
To: Casey Short
Date: 2/6/95 3:13pm
Subject: Council Review of Future Vision portion of March Newsletter

Per our discussion of today about when Council makes it's check on the Future Vision map and text for the newsletter it looks like the following schedule would work.

Feb. 20 Draft text & map to Council
Feb 21 Council informal discusses "whose draft is this?" and makes any suggestions it wants considered.
Feb 27 Future Vision Commission meets to discuss draft and Council's questions, comments.
Feb. 28 Council informal gives final comment.

This schedule will provide minimum time for Sue Gemmel to format and finalize prior to sending document to printer on March 15.

Please check with Councilor McLain and confirm this schedule.

CC: John Fregonese, Sherry Oeser, Heather Nelson, Lisa...

FISCAL YEAR 1994-95 COST ALLOCATION PLAN

DEFINITION OF TERMS

All Support Services fund expenses can be divided into two types: Direct or Indirect.

Direct Costs: Those costs that can be identified with a specific function or purpose of a particular department and benefit only that area.

Indirect Costs: Those costs incurred for a common or joint purpose benefiting more than one area and not readily assignable to a benefiting area without effort disproportionate to the results achieved.

An example of direct costs is the personal services expense for MERC personnel support which is budgeted in the Personnel department. These costs directly benefit only MERC and are easily identifiable. As such they are considered a direct cost to MERC.

Accounting costs, however, are incurred for the common purpose of, among other things, paying employees and vendors, providing financial reports and billing customers, and clearly benefit more than one area. It would be very difficult to budget and administer these expenses in each benefiting department. The effort required to do so would be disproportionate to the results achieved. These costs are correctly defined as indirect costs.

Indirect costs are then divided into two types: Specific and Pooled costs.

Specific costs: Those indirect costs which can be allocated to a specific functional area based on actual usage or benefit.

Pooled costs: Those indirect costs which cannot be allocated to a specific functional area based on actual usage of benefit. These are the support services costs incurred by the Support Services fund.

PURPOSE OF THE COST ALLOCATION PLAN

The Metro budget includes six operational areas plus the Support Services Fund. The operational areas - Zoo, Solid Waste, Planning, Parks and Recreation, Metro ERC and the General Fund - have direct sources of revenue. The Support Services Fund does not have a direct source of revenue. Its operating costs are paid by the other six areas. The "Cost Allocation Plan" is the mechanism by which Metro funds the costs of internal operations that serve or benefit operating departments and that have no direct sources of revenue (or the revenue does not cover expenses).

The Cost Allocation Plan serves two purposes. It determines the amount of the interfund transfers by systematically identifying and distributing the support services costs (including Metro Regional Center and Risk Management) to those department benefiting from the services. It also determines the indirect cost rate which Metro may apply as overhead to federal grants. Because of this, the plan adheres to federal regulations for setting indirect cost rates. In 1994, the Oregon Department of Transportation, on behalf of the Federal Highway Administration, Metro's cognizant agency, examined and approved Metro's cost allocation plan. The plan was found in compliance with the policies and procedures of the Office of Management and Budget, Circular A-87.

PROCESS OF DISTRIBUTING COSTS

Before any costs may be distributed to benefiting departments, an accurate method or basis of allocation is determined. To the maximum extent possible, these methods are based on actual data. Records on actual use are kept throughout the year to be used in this process. Once all bases have been determined, the data is collected and analyzed to compute the specific cost percentages for each department. A basis of allocation may be applied to as large a category as an entire appropriation level, as is the case of the Accounting Division, or it may be applied to as small a category as part of one line item, as in the case of Maintenance & Repair-Copiers under the Office Services Division.

The process for distributing the support services costs to the benefiting departments is accomplished in two steps. The first step identifies and distributes the specific costs for each operational area based on the method of allocation determined the most accurate for that cost.

The second step allocates the cost of each support services item that cannot be distributed to an operational area. These are the costs of the central services used by the Support Services Fund departments. These "pooled" costs are allocated to the operating departments based on the average of the departments' total specific cost for all support service fund usage and benefit.

In addition to providing the basis for "internal" cost allocation, the plan also is used for federal grant purposes. For federal reporting certain costs are disallowed. Disallowed costs are paid from excise taxes.

Where a direct cost is involved, the amount of the direct cost is deducted from the budgeted amount before any specific or pooled percentages are applied. The sum of all specific and pooled costs for each operational area makes up one component of each area's total transfer to the Support Services Fund.

BUILDING AND RISK MANAGEMENT FUND ALLOCATION

The Building and Risk Management fund costs are allocated using the same method as already described. However, the method used to determine the amount to be allocated and the manner in which the transfers are portrayed in the budget varies slightly from the Support Services Fund.

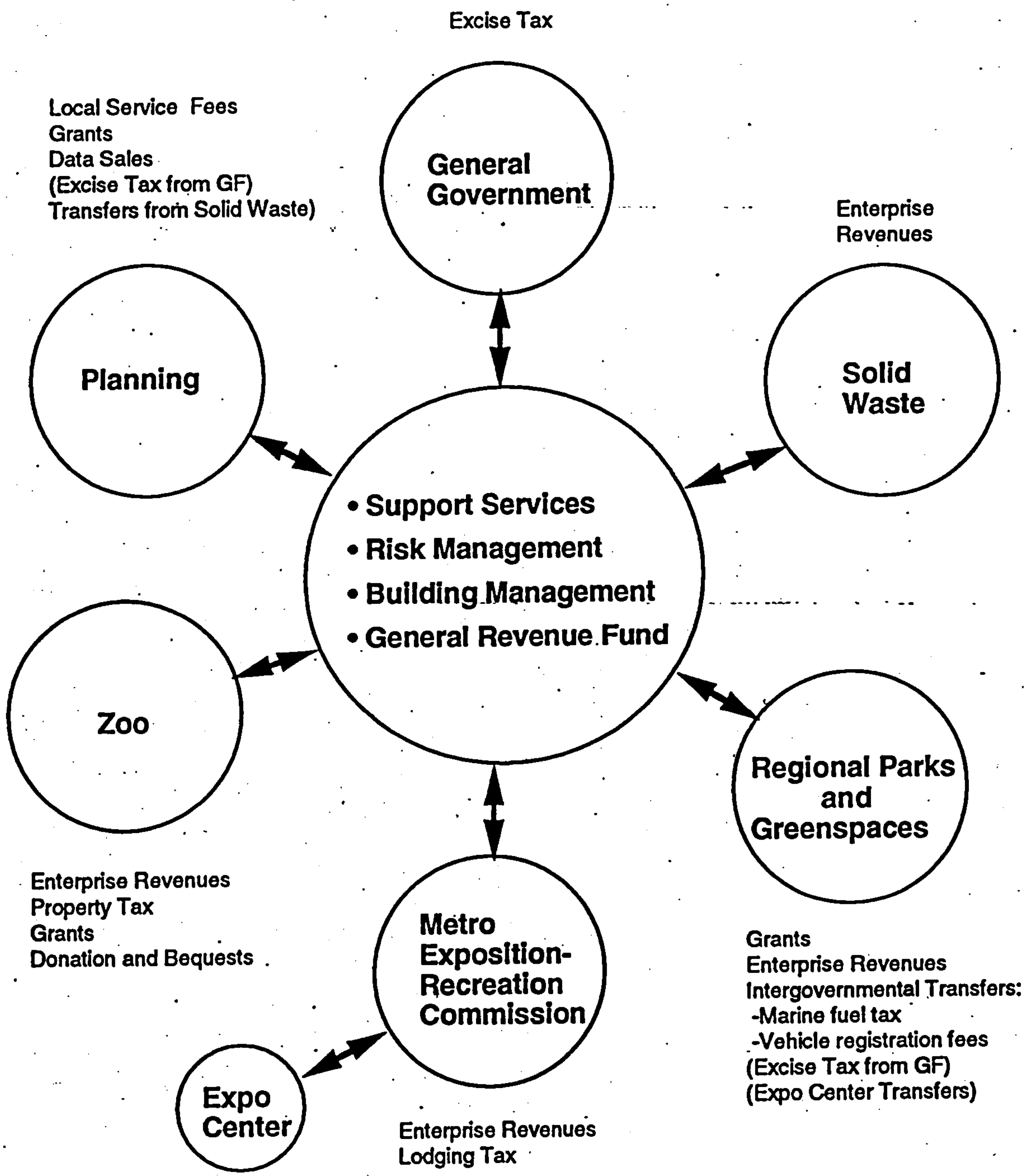
In both cases, the amount to be allocated is determined by subtracting the estimated revenues to be received other than transfers from the total anticipated requirements of the fund. This is done to ensure that only the remaining amount needed to cover all expenditures is received through transfers.

In all operational areas, the amounts shown in the budget as Indirect Transfer to the Building or Risk Management fund reflect only the specific costs for building and risk management needs for each fund. The Support Service Fund's building and risk needs, or "pooled" costs, become another component of each operational area's total transfer to the Support Service Fund. The Support Service fund then transfers the "pooled" costs to the Building and Risk Management funds. This properly portrays the true costs of the Support Service Fund where the expense is incurred.

COMPONENTS OF THE SUPPORT SERVICE FUND TRANSFER

The transfers to the Support Service Fund are made up of up to four components. These components are:

1. The sum of the Support Service Fund specific and pooled costs
2. The Building fund "pooled" costs
3. The Risk Management fund "pooled" costs
4. Direct costs, if any


Excise Tax
Local Service Fees
Grants
Data Sales
(Excise Tax from GF)
Transfers from Solid Waste)
General Government
Enterprise Revenues
Planning
Solid Waste
• Support Services
• Risk Management
• Building Management
• General Revenue Fund
Zoo
Regional Parks and Greenspaces
Enterprise Revenues
Property Tax
Grants
Donation and Bequests
Metro Exposition-Recreation Commission
Grants
Enterprise Revenues
Intergovernmental Transfers:
-Marine fuel tax
-Vehicle registration fees
(Excise Tax from GF)
(Expo Center Transfers)
Expo Center
Enterprise Revenues
Lodging Tax

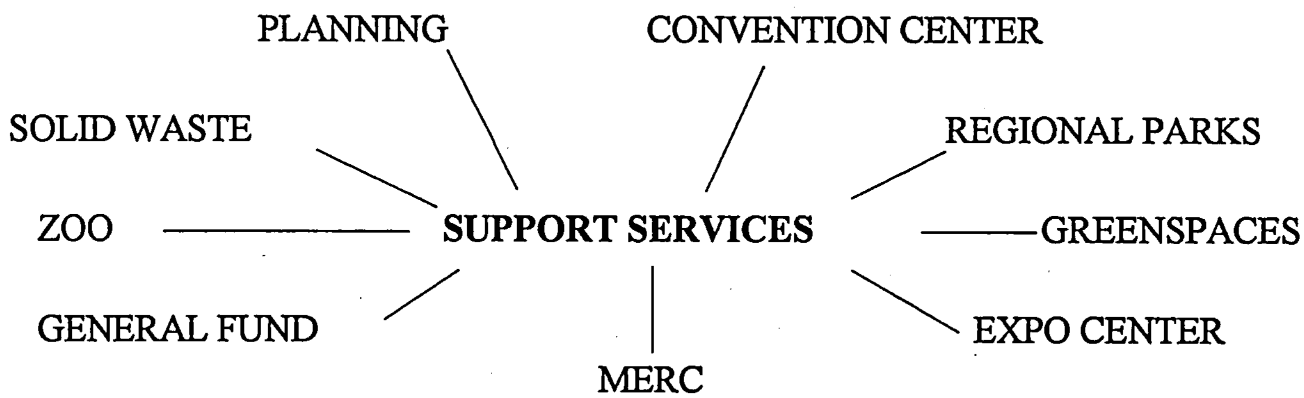
FY 1994-95 Cost Allocation Plan Summary

Adopted Budget

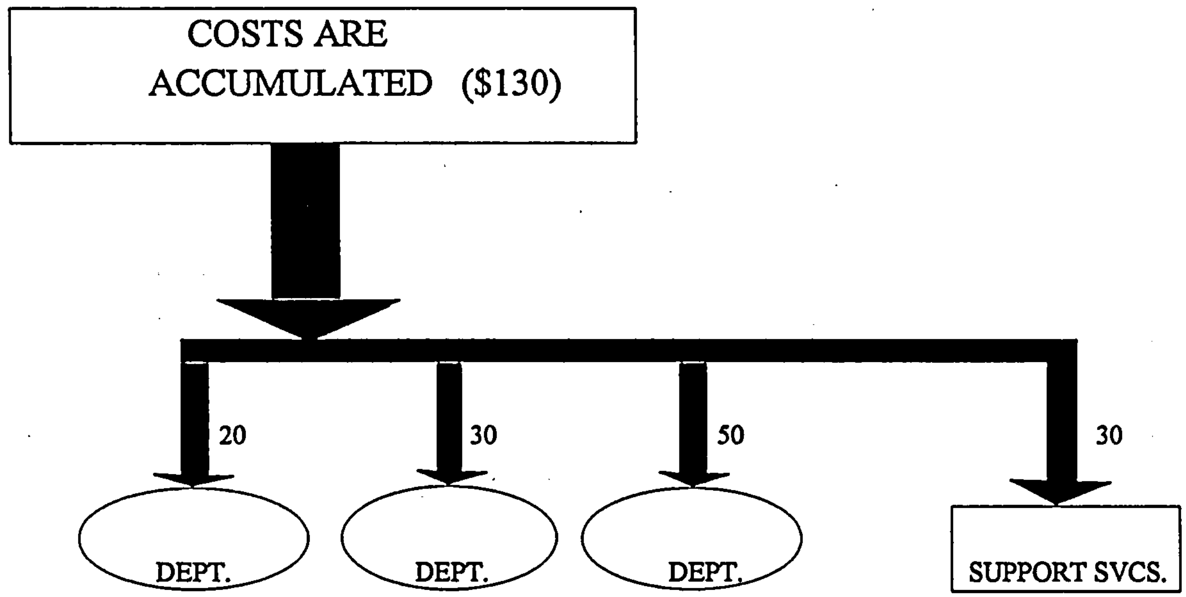
DESCRIPTION	PLANNING DEPARTMENT	SOLID WASTE OPERATIONS FUND	ZOO OPERATIONS FUND	GENERAL FUND	MERC FUND	REGIONAL PARKS & EXPO FUND	CONVENTION CENTER CAPITAL PROJECT	DIRECT	TOTAL COST
Accounting	$187,009	$310,935	$299,585	$68,475	$295,943	$38,825	$869	$0	$1,201,640
Office Services	219,677	131,556	27,898	96,487	1,490	22,023	0	0	499,132
Financial Planning	36,534	305,097	45,011	17,328	61,322	13,264	22,284	0	500,839
Information Services	249,925	348,574	267,850	83,883	95,806	33,923	551	0	1,080,510
Facilities Management	88,544	63,345	0	33,499	0	9,931	0	0	195,318
Contract Services	91,337	128,273	72,068	2,238	11,603	9,165	0	0	314,683
Construction Services	0	0	0	0	0	0	0	0	0
Personnel	71,626	92,077	205,826	8,567	42,808	24,669	0	160,228	605,802
Office of General Counsel	96,265	169,879	28,313	45,301	39,638	101,927	0	0	481,323
Graphics Services	110,526	122,634	432	35,869	605	18,810	0	0	288,878
Office of Citizen Involvement/Elections	20,809	120,717	23,819	3,702	32,205	8,997	0	0	210,250
Office of Public & Gov't Relations	154,697	171,643	605	50,204	847	26,328	0	28,130	432,454
Development Services	0	0	24,152	0	0	36,228	20,127	0	80,507
Contingency	44,011	69,019	36,422	14,698	21,714	12,301	1,833	0	200,000
Building - Metro Regional Center (Pooled)	166,211	260,655	137,551	55,508	82,006	46,456	6,924	0	755,310
Risk Management - Liability/Property (Pooled)	6,120	9,597	5,065	2,044	3,019	1,710	255	0	27,810
Risk Management - Workers' Comp (Pooled)	5,072	7,954	4,198	1,694	2,503	1,418	211	0	23,050
SUPPORT SERVICES FUND TRANSFER	$1,548,361	$2,311,955	$1,178,797	$519,495	$691,510	$405,977	$53,053	$188,358	$6,897,506
Percent of Total	22.45%	33.52%	17.09%	7.53%	10.03%	5.89%	0.77%	2.73%	100.00%
BUILDING MGMT TRANSFER - Metro Regional Center	$463,418	$341,156	$0	$303,807	$0	$81,585	$0	$0	$1,189,965
RISK MANAGEMENT TRANSFER - Liability	$15,508	$52,489	$70,378	$3,244	$158,301	$76,392	$0	$15,758	$392,070
RISK MANAGEMENT TRANSFER - Workers' Comp	$18,542	$30,580	$107,101	$6,008	$78,402	$14,467	$0	$0	$255,100
TOTAL TRANSFERS	$2,045,829	$2,736,180	$1,356,276	$832,554	$928,213	$578,421	$53,053	$204,116	$8,734,641

Explanation of Direct Costs

- Personnel - $160,228 from MERC Operating Funds for 1.0 FTE Senior Administrative Services Analyst, 2.0 FTE Administrative Support, 0.50 FTE Associate Administrative Services Analyst
- Office of Public and Government Relations - $28,130 from General Fund for 0.50 Senior Public Affairs Specialist
- Risk Management - $15,758 from the General Fund for 0.25 FTE Senior Management Analyst to provide regional emergency planning coordination

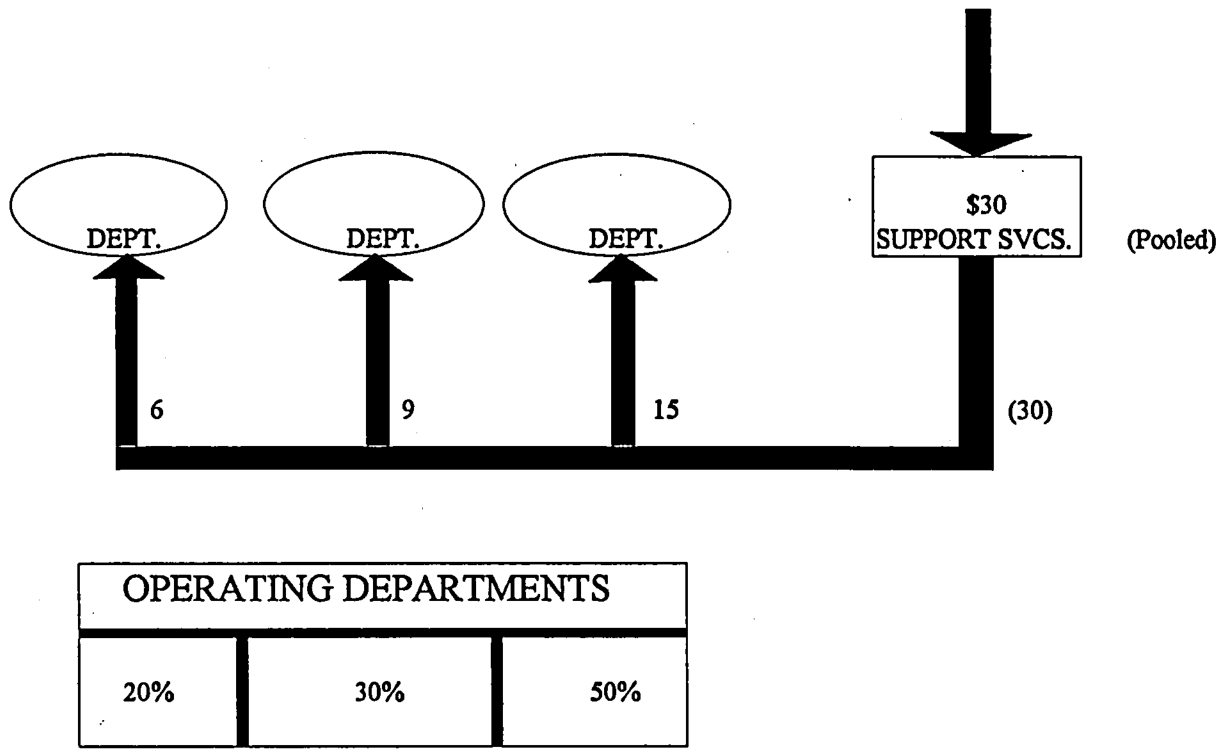

SUPPORT SERVICES
PLANNING
CONVENTION CENTER
SOLID WASTE
REGIONAL PARKS
ZOO
GREENSPACES
GENERAL FUND
EXPO CENTER
MERC

ALLOCATED BASED ON BENEFIT AND USE

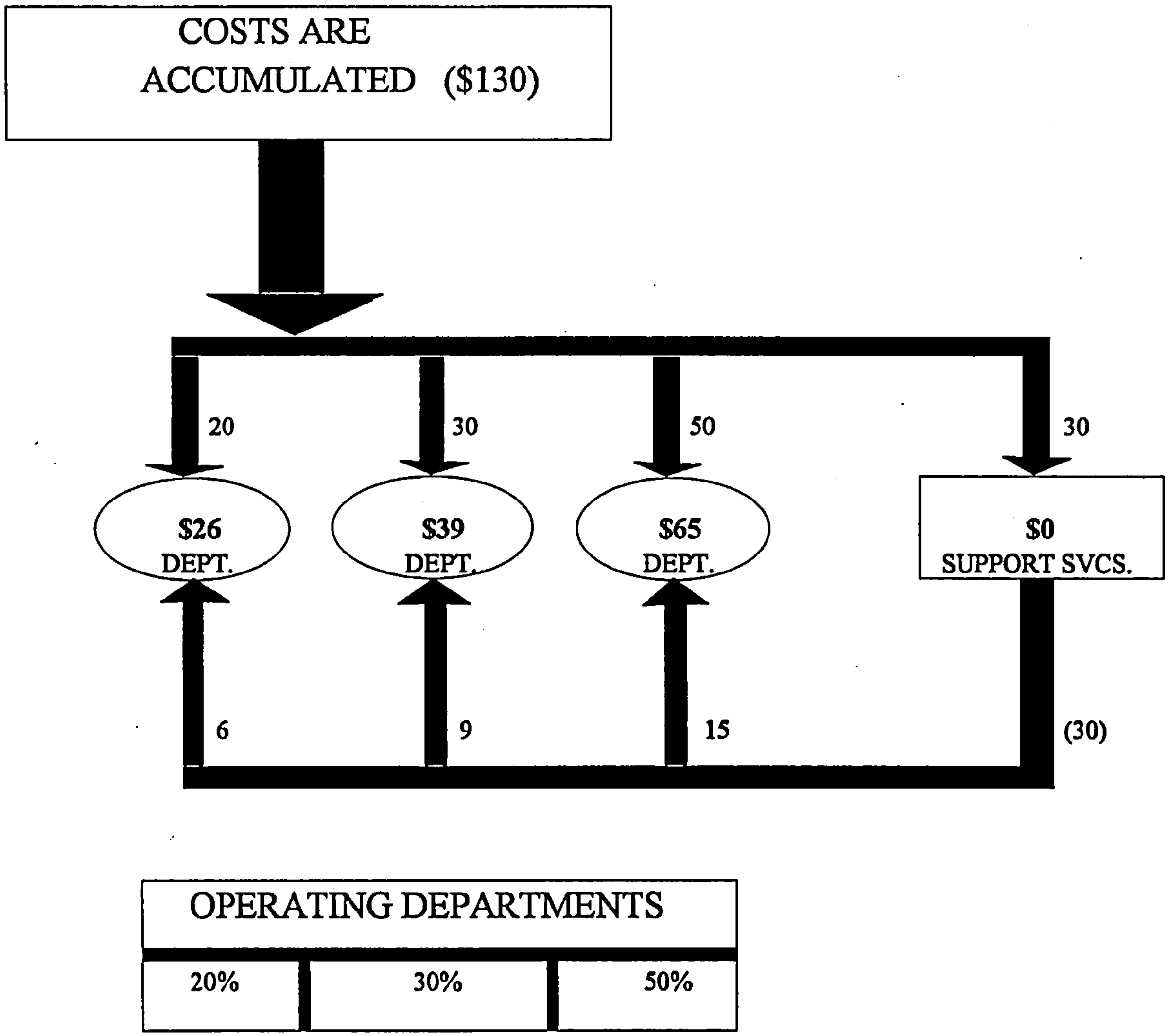


OPERATING DEPARTMENTS		
20%	30%	50%

ALLOCATION OF POOLED COSTS



METRO COST ALLOCATION PLAN



BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF EXPRESSING APPRECIATION TO SAM BROOKS FOR SERVICES RENDERED TO THE REGION AS A MEMBER OF THE METROPOLITAN EXPOSITION-RECREATION COMMISSION	)))))	RESOLUTION NO. 95-2098 Introduced by Councilor Ed Washington

WHEREAS, the Metropolitan Exposition-Recreation Commission (MERC) was created by the Metro Council to operate a system of convention, trade and spectator facilities which include the Oregon Convention Center, the Civic Stadium, the Portland Center for Performing Arts and the Portland Expo Center;

WHEREAS, Sam Brooks has served as a valuable member of the MERC from December 22, 1987 to January 15, 1995;

WHEREAS, Sam Brooks provided his expertise to the MERC as a member of the following: the Headquarters Hotel Committee, the Organizational Structure Committee, the Convention Center Grand Opening Steering Committee, the Personnel Advisory Committee, the Food and Beverage Committee, the Finance and Budget Committee, the Executive Committee, the Affirmative Action Committee, and the Advisory Committee on the Development of Economic Opportunity;

WHEREAS, under Sam Brooks leadership the MERC initiated a Business Plan for all of its facilities which included an extensive public review process and adoption of the Plan by the MERC and the Metro Council;

WHEREAS, Sam Brooks has ably led MERC as it's Chair from January 15, 1991 to January 15, 1995;

WHEREAS, Sam Brooks has served tirelessly for eight years as both a Commissioner and as the Chair leading MERC through some of its most difficult transitions; now, therefore,

BE IT RESOLVED,

That the Metro Council hereby expresses its sincere appreciation to Sam Brooks for his invaluable service to the region and wishes him good health, happiness and success in all his future endeavors.

ADOPTED by the Metro Council this 7th day of February, 1995.

____
J. Ruth McFarland, Presiding Officer

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF EXPRESSING APPRECIATION TO SAM BROOKS FOR SERVICES RENDERED TO THE REGION AS A MEMBER OF THE METROPOLITAN EXPOSITION-RECREATION COMMISSION	RESOLUTION NO. 95-2098 Introduced by Councilor Ed Washington

WHEREAS, the Metropolitan Exposition-Recreation Commission (MERC) was created by the Metro Council to operate a system of convention, trade and spectator facilities which include the Oregon Convention Center, the Civic Stadium, the Portland Center for Performing Arts and the Portland Expo Center;

WHEREAS, Sam Brooks has served as a valuable member of the MERC from December 22, 1987 to January 15, 1995;

WHEREAS, Sam Brooks provided his expertise to the MERC as a member of the following: the Headquarters Hotel Committee, the Organizational Structure Committee, the Convention Center Grand Opening Steering Committee, the Personnel Advisory Committee, the Food and Beverage Committee, the Finance and Budget Committee, the Executive Committee, the Affirmative Action Committee, and the Advisory Committee on the Development of Economic Opportunity;

WHEREAS, under Sam Brooks leadership the MERC initiated a Business Plan for all of its facilities which included an extensive public review process and adoption of the Plan by the MERC and the Metro Council;

WHEREAS, Sam Brooks has ably led MERC as it's Chair from January 15, 1991 to January 15, 1995;

WHEREAS, Sam Brooks has served tirelessly for eight years as both a Commissioner and as the Chair leading MERC through some of its most difficult transitions; now, therefore,

BE IT RESOLVED,

That the Metro Council hereby expresses its sincere appreciation to Sam Brooks for his invaluable service to the region and wishes him good health, happiness and success in all his future endeavors.

ADOPTED by the Metro Council this 7th day of February, 1995.

J. Ruth McFarland, Presiding Officer

UPCOMING HEARINGS

TUESDAY, FEB 7

1 PM: Senate Government Finance and Tax Policy. SB 327, imposes moratorium on new or increased tax on sale, service or furnishing of transient lodging. Room A.

WEDNESDAY, FEB 8

1PM: Senate Government Finance and Tax Policy. SB 327 (See Above). Also, SB 329, places moratorium on local real estate transfer taxes. Room A.

1PM: Senate Water and Land Use. SB 244, Requires LCDC to assess certain impacts of rule and goal amendments. SB 245, establishes rules if local government does not approve permits within 120 days as required by law. Room B.

1:30 PM House Natural Resources Subcommittee. HB 2115 and HB 2116, authority of LCDC to set minimum lot sizes by rule. Room 50.

THURSDAY, FEB 9

1PM: Senate Government Finance and Tax Policy. SB 329 (See Above). Room A.

TUESDAY, FEB 14

8:30 AM: House State and School Finance. HJR 26, amends constitution upon elector approval at special election to limit increases in assessed values of single-family residential property to six percent. Room A.

METRO SOLID WASTE ENFORCEMENT UNIT MATERIALS LIST

DATE______________________________ CASE #______________________________

ADDRESS:____

PUTRESCIBLE

[ ] ANIMAL CARCASSES/PARTS
[ ] DIAPERS
[ ] FOOD
[ ] OTHER PUTRESCIBLES

NON-PUTRESCIBLE

[ ] APPLIANCE(small)#__________
[ ] APPLIANCE(large)#__________
[ ] CLOTHING /RAGS
[ ] FREON UNIT(S)#__________
[ ] FURNITURE
[ ] GLASS FOOD CONTAINER(S)
[ ] METAL FOOD CONTAINER(S)
[ ] MOTOR VEHICLE PARTS
[ ] PAPER MATERIALS
[ ] PLASTIC FOOD CONTAINER(S)
[ ] TIRE(S)#OFF________ #ON________
(LGR THAN 16.5)#T-OFF______ #T-ON______
(LGR THAN 21)#BIG________

YARD DEBRIS

[ ] BRUSH/LIMBS
[ ] LEAVES/GRASS
[ ] STUMPS

CONSTRUCTION/DEMOLITION

[ ] ASPHALT
[ ] BRICK
[ ] CEMENT
[ ] FILL DIRT
[ ] GYPSUM BOARD
[ ] INSULATION
[ ] LUMBER
[ ] METALS
[ ] PAINT
[ ] ROOF MATERIAL
[ ] SIDING/WINDOWS/HOUSE PARTS

HAZARDOUS WASTE

[ ] ASBESTOS
[ ] BATTERIES
[ ] CLEANERS(chemical)
[ ] GASOLINE/DIESEL/PETROLEUM
[ ] WASTE OIL
[ ] OTHER CHEMICALS
[ ] 55 GAL. DRUMS

MEDICAL WASTE

[ ] SYRINGE(S)
[ ] RX DRUGS

[ ] OTHER MATERIALS:

[ ] OTHER INFO:

*APPLIANCE SMALL-TV,STEROS,MICROWAVES,ECT
APPLIANCE LARGE-DISH WASHER,WASHER,DRYER,STOVE,WATER HEATER
FREON UNIT-REFREG. FREEZER, AIR CONDITIONER

AFFIDAVIT

MCSO#__________________
MSD#___________________
CITATION#______________

I (print)____DO AFFIRM AND ATTEST THAT ON (date)__________________________I CONDUCTED THE FOLLOWING ACTIVITY(S):

[ ] I TOOK (#)__________ PHOTOGRAPHS AT (location) ______________________________ TO BE USED AS EVIDENCE IN THIS CASE;

[ ] I COLLECTED (#)____________ PIECES OF IDENTIFICATION TO BE USED AS EVIDENCE IN THIS CASE;

I FURTHER AFFIRM THAT I DELIVERED ALL THE ABOVE LISTED ITEMS OF EVIDENCE TO THE MCSO/METRO UNIT FOR SAFE KEEPING.

____________________________________ ____________________
SIGNATURE DATE

____________________________________ ____________________
SIGNATURE OF DETECTIVE RECEIVING EVIDENCE DATE

Minutes of the Metro Council Work Session
February 7, 1995
Council Chamber

Councilors Present: Ruth McFarland (Presiding Officer), Rod Monroe (Deputy Presiding Officer), Jon Kvistad, Patricia McCaig, Susan McLain, Don Morissette, Ed Washington

Councilors Absent: None

Presiding Officer McFarland called the work session to order at 2:00 p.m.

1. Introductions

None.

2. Citizen Communications

None.

3. Executive Officer Communications

None.

4. Other Business
4.1 Review of Feb. 9, 1995 JPACT Agenda.

Councilor Monroe noted the Open Spaces Bond Measure discussion scheduled for the JPACT meeting would be rescheduled to March, 1995. He noted Councilor McLain would be chairing the meeting in his absence.

Richard Brandman, Assistant Planning Director, reviewed items on the JPACT agenda. He explained the proposed changes to the TPAC Bylaws. Councilor Kvistad proposed an amendment to the bylaws related to the citizen alternates. He called for alternates to be selected by the Council, not the citizen member. Councilor Monroe noted the amendment needed to be presented at the JPACT meeting for consideration.

Motion: Councilor Kvistad moved to recommend JPACT amend section 2c by replacing the language with the following: Citizen representatives and their alternates will be nominated by the jurisdictions and through a public application process, confirmed by the Metro Council, and appointed by the Presiding Officer of the Metro Council.

Councilor McLain expressed concern about the proposed language achieving the desired result. In response to Councilor Washington, Mr. Brandman noted on advisory committees most citizen appointees select their own alternate. Casey Short, Senior Council Analyst, noted the MCCI alternates were selected by the Council.

Peggy Lynch, citizen, 3840 SW 102nd Ave., Beaverton, 97005 appeared to testify. She noted selection of alternates should be performed with predetermined guidelines to achieve the goals of the agency. She expressed concern about continuity if members did not self select their alternates. She stated if the alternate served as a voting member in the absence of the member, the alternate should have interests similar to the member.

The Council discussed how to deal with the proposed amendment at JPACT. The consensus was to bring the concern to JPACT for discussion.

Councilor Washington noted perhaps the members should be appointed by Councilors according to District. Councilor McLain noted she was not comfortable with the proposed language and favored additional discussion of the proposal.

Advisory Vote: Councilors Kvistad, Monroe, Morissette, Washington, and McFarland voted aye. Councilors McCaig and McLain voted nay. The vote was 5/2 and the advisory motion passed.

Councilor Washington noted his favorable vote was a desire to encourage additional discussion of the issue at JPACT.

Mr. Brandman reviewed Resolution No. 95-2090, Establishing a Finance Plan for the South/North Light Rail Project; and Resolution No. 95-2094, Amending the TIP to Include a $1.6 Million Section 3 "Livable Communities" Project in Clackamas County, copies of which are included in the record of this meeting.

Mike Hoglund, Transportation Planning Manager, reviewed the evaluation criteria for the RTP, Arterial Fund, $27 million allocation.

4.5 Report on Council's Performance Audit of the Cost Allocation Plan Presented by Mr. Jack Talbot of Talbot, Korvola and Warwick.

Mr. Talbot presented an update on the audit of the cost allocation plan, a copy of which is included in the record of the meeting. He distributed and summarized a handout, a copy of which is included in the record of this meeting.

Jennifer Sims, Director of Finance and Management Information, distributed and summarized a cost allocation plan handout, a copy of which is included in the record of this meeting.

Councilor Monroe noted the most important component of the report was the need to provide budget subsidy to those programs unable to directly support the Support Services Fund.

Councilor McCaig noted the recommendations would be incorporated into the 1995-96 Metro budget.

4.2 Discussion of Future Vision Public Outreach.

Councilor McLain noted three issues were identified for discussion: citizen outreach, the continued function of the Future Vision Commission, and the timing of Council review of the content of the Future Vision document.

Ken Gervais, Senior Management Analyst, discussed a copy of the timelines for the Future Vision, a copy of which is included in the record of this meeting.

Councilor McLain referred to the public involvement schedule, a copy of which is included in the record of this meeting. In response to Councilor McCaig, Sherry Oeser, Senior Public Involvement Specialist, noted approximately $35,000 remained in the budget to complete the work plan of the Future Vision for the current fiscal year.

Councilor Morissette noted he had comments with regard to the draft document. He called for an overall statement of the intent of the document. He stated some of the language sounded regulatory and might need to be adjusted to reflect the appropriate tone.

Councilor Kvistad noted the Future Vision Commission had taken a direction different from the original intent. He stated he found the first version objectionable. He stated the document was supposed to be an overview document, not a guiding document. He said the Future Vision Commission should present the document to the Council and then the Council should revise the document and move forward.

Councilor McCaig stated she did not agree with dismissing the work of the Future Vision Commission.

Councilor Washington noted the document was not regulatory and the intent was clear in the language.

Councilor Morissette noted his intent was to work together with the Future Vision Commission. He noted while the language intended to be visionary not regulatory, it was not always clear. He noted members of the commission had supported working on document to change any regulatory tone to visionary.

Councilor Kvistad noted a disagreement about policy did not indicate any disrespect to any individual group.

Councilor McLain spoke to the history of the development of the Future Vision.

The Council approved an advisory vote to have the newsletter and listening post at the end of April to mid May, asking Future Vision support to the Council. Councilors McCaig, McLain, Morissette, Washington, and McFarland voted aye. Councilor Kvistad voted nay. Councilor Monroe was absent.

The Council approved an advisory vote to have the document be a combined document, with review in February of the map and document. Councilors McCaig, McLain, Morissette, Washington, and McFarland voted aye. Councilor Kvistad voted nay. Councilor Monroe was absent.

The Council approved an advisory vote to have the Future Vision Commission attend and participate in the February 21, 1995 listening post/work session. Councilors McCaig, McLain, Morissette, Washington, and McFarland voted aye. Councilor Kvistad voted nay. Councilor Monroe was absent.

The Council approved and advisory vote to have the Future Vision Commission invited informally to meeting on February 21, 1995. Councilors Kvistad, McCaig, McLain, Morissette, Washington, and McFarland voted aye. Councilor Monroe was absent.

Councilor Kvistad stated he objected to the method of voting used.

4.3 Update from Solid Waste Enforcement Staff.

Councilor Kvistad introduced the staff.

Sam Chandler, Solid Waste Facilities Manager and Steve Kraten, Senior Solid Waste Planner, distributed and summarized the activities of the Solid Waste Enforcement Staff, copies of which are included in the record of this meeting.

4.4 Report on Proposed Recycling Advertising Program.

Debbie Gorham, Waste Reduction Manager, stated the most recent campaign was complete and a new campaign was underway. She noted the curbside recycling programs were coordinated throughout the region. She stated industry sponsors had also contributed to the campaign. She said numerous complaints were received, specifically with regard to the creative side of the campaign, causing the need to start over.

In response to Councilor McLain, Ms. Gorham noted the review committee consisted of industry members. Councilor McLain suggested lay person representation on the review committee.

6. Legislative Issues

Burton Weast, Western Advocates, distributed a list of hearings for the next week, a copy of which are included in the record of this meeting. He discussed recent activity at the Legislature.

5. Councilor Communications

Councilor Washington introduced Resolution No. 95-2098, Expressing Appreciation to Sam Brooks for Services Rendered to the Region as a member of the Metropolitan Exposition-Recreation Commission, a copy of which is included in the record of this meeting.

Motion: Councilor Washington moved, seconded by Kvistad suspend the rules and allow introduction of the resolution.

Vote: Councilors Kvistad, McCaig, McLain, Morissette, Washington, and McFarland voted aye. Councilor Monroe was absent. The vote was 6/0 and the motion passed.

Motion: Councilor Washington moved, seconded by Kvistad to adopt the resolution.

Vote: Councilors Kvistad, McCaig, McLain, Morissette, Washington, and McFarland voted aye. Councilor Monroe was absent. The vote was 6/0 and the motion passed.

With no further business before the Council, Presiding Officer adjourned the meeting at 5:20 p.m.

Prepared by,

Susan Lee, CMC
Council Assistant

h:\misc\020795M.DOC