

## **STAFF REPORT**

### **IN CONSIDERATION OF RESOLUTION NO. 18-4882, FOR THE PURPOSE OF AUTHORIZING A TECHNICAL ASSISTANCE COMPONENT FOR THE 2040 PLANNING AND DEVELOPMENT GRANT PROGRAM**

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Date: March 30, 2018

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## **BACKGROUND**

In 2006, the Metro Council adopted new provisions in Chapter 7.04 of the Metro Code establishing a construction excise tax (CET) to generate revenue for providing grants to local governments for regional and local planning. Since that time, the Metro Council has adopted several ordinances that, among other things, extend the CET through December 2020 and rename the program as the 2040 Planning and Development Grant Program (the “Program”).

Specific details regarding how the Program is operated and implemented are set forth in Administrative Rules promulgated by the Metro Chief Operating Officer (COO). Although the Administrative Rules do not necessarily require review and approval by the Metro Council, the Council has historically reviewed amendments that involve major policy-based changes to the Program, including the recent shift to an annual grant cycle, the renaming of the Program, and revisions to the percentages of funds being targeted for specific types of projects in each new grant cycle.

In October of 2017, the Grant Screening Committee for the recent Cycle 5 grant awards recommended to the Metro COO that a balance of \$138,254 of unallocated CET funds that were not being recommended for award to grant applications should be utilized to “provide additional technical assistance at the Council’s discretion for scope development and additional support to local staff and project managers who will be overseeing the grant work and supervising consultant teams. Especially for some of the more complex projects and for jurisdictions that have limited available staff resources, the additional expert assistance will help ensure that the grant projects successfully achieve their stated goals.” However, the remaining balance of funds was ultimately reduced to only \$13,000 due to the award of a second grant to the City of Portland.

The need for additional technical assistance for some grant projects has also been recognized by the COO and Metro Council in prior grant rounds, particularly to support grants to smaller cities that lack full-time planning staff. In prior grant cycles, the Metro Council has approved additional grant funds at the time of the grant award to enable the grantee to hire a project manager to oversee implementation of the grant and direct the work of other technical consultants.

Resolution No. 18-4882 authorizes the COO’s amendments to the administrative rules in order to allow for the creation of a technical assistance reserve fund and new component of the Program allowing Metro to provide additional consultant expertise in order to support jurisdictions that may not have sufficient staff resources to adequately manage a grant.

Under the revised rules, the award of additional technical assistance will be at the discretion of the COO. Metro will directly contract with consultants for the additional expertise required, with a cap of \$25,000 of technical assistance funds per grant. A technical assistance reserve fund will be established to support technical assistance for future grants. Funds not allocated in any future round of grant awards, as well as any unspent grant funds, will be allocated to the reserve fund at the discretion of the COO.

The COO's amendments to the Administrative Rules also include two minor revisions that will provide Metro more flexibility regarding the management of grant awards. First, section IV.G.2 is amended to allow, rather than require, the COO to cancel a grant award if an IGA is not signed within six months of the award. Second, section IV.H.3 is amended to allow grant funds to be used for local government expenses that pre-date the execution of an IGA, so long as those expenses are specifically contemplated by the local government and Metro and are expressly referenced in the IGA.

## **ANALYSIS/INFORMATION**

### **1. Known Opposition**

It is possible that there may be opposition to the proposed program adjustments, but the technical assistance proposed would help to successfully implement the grants and help achieve Metro's stated policies and goals.

### **2. Legal Antecedents**

- Metro Ordinance 06-1115 ("2006 CET Ordinance) established the construction excise tax
- Metro Ordinance 09-1220 extended the CET for an additional five year period (through September 2014).
- Metro Ordinance 14-1328 extended the CET for an additional five year period (through December 2020) and directed the Metro COO to propose amendments to the existing administrative rules.
- Metro resolution 15-4595 approved the Metro COO's proposed amendments to the administrative rules
- Metro resolution 15-4640 directed the Metro COO's to propose a possible use for unallocated funds in Cycle 4
- Metro resolution 17-4782 revised administrative rules and set the investment targets to promote equitable development
- Metro resolution 17-4846 awarded \$1.99 million in 2040 Planning and Development Grants, of which \$984,000 (49.5%) was awarded to equitable development projects.

### **3. Anticipated Effects**

Approval of the resolution will provide a clear policy and administrative framework for future technical assistance to support successful implementation of 2040 Planning and Development Grant projects.

### **4. Budget Impacts**

Exact funding levels for any grant cycle is subject to the projected excise tax revenues collected. Funding for technical assistance would be taken only from those portions of revenues that are allocated by the Council for a round of grants, but are either not awarded, or not used by the grantee.

## **5. Attachments**

Attachment 1: March 2018 Revised Administrative Rules (strikethrough version)

## **RECOMMENDED ACTION**

The Chief Operating Officer recommends adoption of the resolution to authorize the creation of a technical assistance component for the 2040 Planning and Development Grants Program.