

**Administrative Rules of Metro Code Chapter 7.04**

**Construction Excise Tax and Grant Programs**

[Revised April 2024]

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## ADMINISTRATIVE RULES – METRO CODE CHAPTER 7.04

### CONSTRUCTION EXCISE TAX AND GRANT PROGRAMS

[Revised April 2024]

Effective July 1, 2006, Metro established as Metro Code Chapter 7.04 a Construction Excise Tax (“CET”) to fund regional and local planning that is required to make land ready for development or redevelopment and to provide funding for plans and projects that will facilitate economic development and/or promote community stabilization in the Metro region. These Administrative Rules establish the procedures for administering this tax as mandated in Metro Code Section 7.04.050 and Metro Code Section 7.04.060. These Administrative Rules also establish the procedures for administering grants funded through this tax. For ease of reference a copy of Metro Code Chapter 7.04 is attached to these administrative rules.

#### I. Metro Administrative Matters

- A. Definitions. These administrative rules incorporate the definitions as set forth in Metro Code Section 7.04.030 of Chapter 7.04, Construction Excise Tax, and Chapter 3.07, the Urban Growth Management Functional Plan.
- B. Designated Representatives (Metro Code Section 7.04.060). The Metro Chief Operating Officer (“COO”) is responsible for the administration and enforcement of the Metro Code Chapter 7.04 and these administrative rules.
  - 1. The COO may delegate their authority in administration and enforcement of the Code chapter and these administrative rules as they determine and as set forth herein.
  - 2. The COO will appoint a Hearings Officer, which appointment will be confirmed by the Metro Council. The Hearings Officer will have the authority to order refunds or rebates of the Construction Excise Tax or waive penalties as a result of the hearings process. Upon appointing a Hearings Officer, the COO will delegate authority to the Hearings Officer to administer oaths, certify to all official acts, to subpoena and require attendance of witnesses at hearings to determine compliance with this chapter, rules and regulations, to require production of relevant documents at public hearings, to swear witnesses, to take testimony of any Person by deposition, and perform all other acts necessary to adjudicate appeals of Construction Excise Tax matters.
- C. Internal Flow of Funds. Funds will be accounted for in a Construction Excise Tax account that will be created by the effective date of Metro Code Chapter 7.04.
- D. Rate Stabilization Reserves. Metro Code Chapter 7.04.200 states that the Council will, each year, as part of the budget process, create reserves from revenues generated by the CET. These reserves are to even out collections thereby stabilizing the funds needed to

support the applicable programs despite industry building activity fluctuation. These reserves can only be drawn on to support the specific budgeted activities as discussed in Section I.E. of these administrative rules. Due to their restricted nature, these reserves will be reported as designations of fund balance in Metro's General Fund.

- E. Dedication of Revenues. Revenues derived from the imposition of this tax, netted after deduction of authorized local jurisdiction costs of collection and administration, will be dedicated to grant funding of regional and local planning for development and redevelopment, and to provide funding for plans and projects that facilitate economic development and/or community stabilization in the Metro region.
- F. Rule Amendment. The COO retains the authority to amend these administrative rules as necessary for the administration of the Construction Excise Tax, after consultation with Metro Council.

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

- A. Imposition of Tax (Metro Code Section 7.04.070).
  - 1. The CET is imposed on every Person who engages in Construction within the Metro jurisdiction, unless an Exemption applies as set forth herein.
  - 2. The tax is due and payable at the time of the issuance of any building permit, or installation permit in the case of a manufactured dwelling, by any building authority, unless an Exemption applies as set forth herein.
  - 3. The CET will be calculated and assessed as of the application date for the building permit.
  - 4. If no permit is issued, then the CET is due at the time the first activity occurs that would require issuance of a building permit under the State of Oregon Building Code.
- B. Calculation of Tax (Metro Code Section 7.04.080). The CET is calculated by multiplying the Value of New Construction by the tax rate of 0.12%.

(0.0012 x Value of New Construction)

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

C. Exemptions (Metro Code Section 7.04.040).

1. Eligibility for Exemption. No obligation to pay the CET is imposed upon any Person who establishes, as set forth below, that one or more of the following Exemptions apply:
  - a. The Value of New Construction is less than or equal to \$100,000; or
  - b. The Person who would be liable for the tax is a corporation exempt from federal income taxation pursuant to 42 U.S.C. 501(c)(3), or a limited partnership the sole general partner of which is a corporation exempt from federal income taxation pursuant to 42 U.S.C. 501(c)(3), the Construction is used for residential purposes AND the property is restricted to being occupied by people with incomes less than 60% of the median income for a period of 30 years or longer; or
  - c. The Person who would be liable for the tax is exempt from federal income taxation pursuant to 42 U.S.C. 501(c)(3) AND the Construction is dedicated for use for the purpose of providing charitable services to disadvantaged people.
2. Procedures for Establishing and Obtaining an Exemption; Exemption Certificates:
  - a. For Exemption (a) above, the exemption will be established at the building permit counter where the Value of New Construction as determined in the building permit is less than or equal to \$100,000.
  - b. For Exemptions (b) and (c) above, prior to applying for a building permit a Person claiming an exemption may apply to Metro for a Metro CET Exemption Certificate by presenting the appropriate documentation for the Exemption as set forth herein, and upon receiving a Metro CET Exemption Certificate the Person may present the certificate to the building permit issuer to receive an exemption from paying the CET; or
  - c. For Exemptions (b) and (c) above, instead of going to Metro to obtain a Metro CET Exemption Certificate, a Person claiming an exemption from the CET when applying for a building permit may submit to the building permit issuer Metro's CET Exemption Certificate application form. Upon receiving a Person's Metro CET Exemption Certificate application, the building permit issuer will preliminarily authorize the Exemption and will not collect the CET. The building permit issuer will forward the Person's Metro CET Exemption Certificate application to Metro along with the quarterly CET report. It is Metro's responsibility to determine the validity of the Exemption and to institute collection procedures to obtain payment of the CET, as well as any other remedy Metro may have under law, if the Person was not entitled to the Exemption;

- d. To receive a Metro CET Exemption Certificate from Metro, or to substantiate to Metro the validity of an exemption received from a local building permit issuer, an applicant must provide the following:
  - i. IRS tax status determination letter evidencing that the Person seeking the building permit is exempt from federal income taxation pursuant to 42 U.S.C. 501(c)(3); and
  - ii. In the case of residential property, proof that the property is to be restricted to low income persons, as defined, for at least 30 years. Proof can be in the form of loan covenants; rental agreements or grant restrictions; a certification from the entity's corporate officer attesting that the Exemption is applicable; or any other information that may allow the Exemption determination to be made; and
  - iii. In the case of a qualified tax-exempt entity providing services to disadvantaged people, the applicant must provide information that will allow such tax exempt status to be verified, and proof that the property will be restricted to such uses. Proof can be in the form of loan covenants; rental agreements or grant restrictions; certification from the entity's corporate officer attesting that the Exemption is applicable; or any other information that may allow the Exemption determination to be made; and
  - iv. In the case of a limited partnership with a tax-exempt sole general partner corporation, verification from the partnership's attorney of that status is required; and
  - v. Authorization to audit the records to verify the legal status and compliance with Metro qualifications of all entities claiming exempt status.
- e. Partial Applicability of Exemption. If an exemption is applicable to only part of the Construction, then only that portion will be exempt from the CET, and CET will be payable for the remainder of the Construction that is not eligible for an exemption, on a pro-rata basis. It is the responsibility of the Person seeking the partial exemption to fill out a Metro CET Exemption Certificate application for the partial Exemption, declaring on that application the proportion of the Construction qualifies for the Exemption. Upon receiving a Person's Metro CET Exemption Certificate application claiming a partial exemption, the building permit issuer will preliminarily authorize the partial exemption and will only collect the pro-rata CET as declared by the applicant. The building permit issuer will forward the Person's Metro CET Exemption Certificate application to Metro along with the quarterly CET report. It is Metro's responsibility to determine the validity of the partial Exemption and to institute collection procedures to obtain payment of the remainder of the CET, as well as any other remedy Metro may have under law, if the Person was not entitled to the partial Exemption.

D. Ceiling (Metro Code Section 7.04.045).

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

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

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



- F. Refunds (Metro Code Section 7.04.150). If a CET has been collected and the Construction was not commenced and the building permit was cancelled, a refund for the CET may be obtained from Metro.
1. Eligibility is determined by the absence of Construction and cancellation of the building permit.
  2. Procedures for obtaining refund:
    - a. Apply in writing to Metro within 30 days of permit cancellation;
    - b. Provide copy of canceled permit; and
    - c. Provide proof of payment of the tax in the form of the paid receipt.
    - d. A refund or a letter of denial will be issued by Metro within 30 days of receipt of the written request for refund provided that the request includes all required information. The refund will be calculated based upon the paid receipt, less the 5% administrative fee already retained by the building permit issuer and the 5% Metro administration fee.
    - e. Failure to seek a rebate within the 30 day time limit will terminate a Person's right to receive a refund.
- G. Appeals. The Hearings Officer will conduct hearings related to enforcement or appeals of the CET. The Tax must be paid prior to filing an appeal. The appeal to the Hearings Officer must be:
1. In writing;
  2. Made within 10 calendar days of denial of a refund, rebate, or exemption request. Notice of denial to the party denied is deemed to have occurred three days after the mailing of the certified denial letter from Metro; and
  3. Directed to the Office of Metro Attorney, who will contact the Hearings Officer to schedule a hearing upon receipt of a written appeal. The Hearings Officer will at that time provide further information as to what documentation to bring to the hearing.
- H. Review. Review of any action of the COO or Hearings Officer taken pursuant to the Construction Excise Tax Ordinance, or the rules and regulations adopted by the COO, will be taken solely and exclusively by writ of review in the manner set forth in ORS 34.010 through 34.100, provided, however, that any aggrieved Person may demand such relief by writ of review.

### III. CET Collection Procedures

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

1. CET Reporting; Information Required. Each quarter (unless a local government prefers to report monthly), along with its CET remittance to Metro, the local government will prepare and submit to the Metro COO a report of the CETs and building permits issued for the previous quarter's construction activities. The report will include: the number of building permits issued that quarter; the aggregate value of construction; the number of building permits for which CET exemptions were given; the aggregate value of construction for the exempted construction; the aggregate amount of CET paid; and the amount of CET administrative fee retained by the local government pursuant to this CET Collection IGA. Each quarter, within 30 days of receiving CET remittances from all collecting local jurisdictions, Metro will issue a written statement of the total CET that Metro has received that quarter and cumulatively.
2. CET Remittance to Metro. Local governments collecting CETs will remit the CETs to Metro on a quarterly or monthly basis, based on the jurisdiction's CET Collection IGAs with Metro. Remittance will be quarterly, unless a jurisdiction prefers to remit the CET monthly, by the 30<sup>th</sup> of the month following the quarter (or month) ending. Quarters end on September 30, December 31, March 31 and June 30 of each year. CET remittance and the CET Report will be sent to Metro, attn. Construction Excise Tax Accounting Specialist, 600 NE Grand Ave., Portland, Oregon 97232.
3. Remuneration to Local Government for Collecting CET. As consideration for collecting the CET, each local government collecting the CET will retain no more than 5% of the tax collected by that local government. This payment is intended to be a reimbursement of costs incurred. Prior to submitting the CET to Metro, the local government will deduct the remuneration agreed upon directly from the collected tax, and the amounts deducted and retained will be identified on the report submitted to Metro.
4. Audit and Control Features. Each local government will allow the COO, or any person authorized in writing by the COO, to examine the books, papers, building permits, and accounting records relating to any collection and payment of the tax, during normal business hours, and may investigate the accuracy of reporting to ascertain and determine the amount of CET required to be paid.
5. Failure to Pay. Upon a Person's refusal to or failure to pay the CET when due, the local government administering that Person's building permit will notify Metro in writing within five business days of such failure, with information adequate for Metro to begin collection procedures against that Person, including the Person's name, address, phone numbers, Value of New Construction, Construction Project, and

building permit number. Upon a Person's refusal or failure to pay the CET, it is Metro's responsibility to institute collection procedures to obtain payment of the CET as well as any other remedy Metro may have under law.

- B. Metro Collection Procedures in Event of Non-payment. The CET is due and payable upon issuance of a building permit. It is unlawful for any Person to whom the CET is applicable to fail to pay all or any portion of the CET. If the tax is not paid when due, Metro will send a letter notifying the non-payer of his obligation to pay the CET along with the following information:
1. Penalty. In addition to any other fine or penalty provided by Chapter 7.04 of the Metro Code, penalty for non-payment will be added to the original tax outstanding. That penalty is equal to \$50 or the amount of the tax owed, whichever is greater.
  2. Misdemeanor. In addition to any other civil enforcement, non-payment of the CET is a misdemeanor and will be punishable, upon conviction, by a fine of not more than \$500. This fine will be charged to any officer, director, partner or other Person having direction or control over any Person not paying the tax as due.
  3. Enforcement by Civil Action. If the tax is not paid, Metro will proceed with collection procedures allowable by law to collect the unpaid tax, penalties assessed and fines due, including attorney fees.

#### **IV. Dedication of Revenue (Metro Code Section 7.04.210)**

CET revenue collected by Metro will be dedicated to the following:

- A. 2040 Planning and Development Grants. The Metro Council has established the following grant investment categories. Grant funding may be altered if the amount of CET revenue remitted to Metro by local governments is less than projected, or if CET revenue projections are modified due to market conditions, or as necessary for effective administration of the grant program.
1. New Urban Area Planning. These funds are allocated for the planning of new urban areas, which will include both Concept Planning Grants and Comprehensive Planning Grants. Funding for Concept Planning Grants will be available for planning projects in urban reserve areas, and Comprehensive Planning Grant funds will be available to cities in conjunction with a Metro Council decision to expand the urban growth boundary (UGB).
  2. Planning Projects within the Urban Growth Boundary. These funds are allocated for planning projects that facilitate development and redevelopment within the existing urban growth boundary, and for plans or projects that facilitate economic development.

- B. Community Placemaking Grants. CET funds will be allocated annually to the Community Placemaking grants program, to be administered and awarded consistent with the established procedures of that program, as described in Section VI of these rules.
- C. Direct Project Support. CET funding may be used as needed to cover the cost of Metro staff and consultant time spent providing direct project support for individual grant awards. Direct project support costs are any costs (personnel services, related overhead, and materials and services) related to activities in support of the objectives of a particular grant project. Direct project support activities include, but are not limited to:
1. Developing and refining scopes of work, budgets, and schedules for individual grant projects;
  2. Reviewing submitted deliverables associated with individual grant projects and approving associated invoices;
  3. Participating in consultant selection processes associated with individual grant projects;
  4. Coordinating with Metro staff and grant recipient project teams about individual grant projects;
  5. Supporting and/or participating in community engagement activities for an individual grant project; and
  6. Other, similar project management activities associated with a particular grant project.
- D. Metro Administrative Fee. To partially reimburse Metro for its costs in implementing and administering the CET program, Metro will retain 5% of the net CET funds remitted by local governments to Metro. For the purposes of this rule, administration of the program includes any costs that support the grant programs but are not tied directly to the objectives of a particular grant project. This includes the following activities:
1. Program development (developing application materials, program outreach, application review, coordination of screening committees, preparation and execution of grant awards);
  2. Program monitoring (tracking award cycles, program evaluation and progress reports);
  3. Communications (website updates, list serve emails, media, meetings);
  4. Execution and management of consultant contracts that support the entire program;
  5. Policy development (analysis, engagement, recommendations);

6. Administration (budgeting, code and administrative rule updates, staff training); and
7. Other, similar activities that support ongoing operation of the grant program.

**V. Revenue Distribution to 2040 Grants (Metro Code Section 7.04.220)**

CET funds dedicated to the 2040 Planning and Development Grants will be distributed according to the following rules and procedures:

A. 2040 Grants Screening Committee.

1. Role. A 2040 Planning and Development Grants Screening Committee (“Committee”) is created, which will review grant requests. The Committee will advise and recommend to the Metro COO the ranking and recommended grant amounts, and whether to grant full, partial, or no awards, in accordance with the grant evaluation criteria set forth below. The Committee’s primary role will be to make recommendations for Planning and Development Grants within the UGB. However, the Metro COO may also request that the Committee review specific Concept Planning Grant applications and make a recommendation regarding grant awards in that category.
2. Committee Members. The COO will appoint seven to eleven members to the Committee, including the Committee Chair. Committee membership will be reviewed and confirmed each year and may include members from the previous Committees. Skill sets to be represented will be composed of the following expertise:
  - a. Economic development;
  - b. Urban planning;
  - c. Real estate and finance;
  - d. Infrastructure finance relating to development or redevelopment;
  - e. Local government;
  - f. Urban renewal and redevelopment;
  - g. Business and commerce;
  - h. Community engagement in public policy related to planning, equity and community livability issues;
  - i. Environmental sustainability relating to development or redevelopment; and

- j. Social equity relating to community development and redevelopment planning.
- B. Eligible Grant Expenses. The following expenses will be considered eligible expenses for reimbursement with 2040 grant funds:
- 1. Technical consultant services and direct project expenses for project planning, program development, and implementation. Direct project expenses may include the cost of meals, travel, printing, virtual communication platforms, and other similar expenses directly related to completing project scopes as determined in grant agreements;
  - 2. Staff time for nonprofit or community partners, if applicable; and
  - 3. City, county, or Tribe staff time, with the limitation that a maximum of 20% of the total grant amount may be used toward paying for staff time spent on direct management or facilitation of the grant project.
- C. Ineligible Grant Expenses. The following expenses will not be considered eligible expenses for reimbursement with 2040 grant funds:
- 1. City, county, or Tribe staff time in excess of the limit established in (B)(3) above; and
  - 2. Expenses for work contracted for or initiated prior to execution of an approved grant agreement unless such expenses are expressly referenced in the agreement or amendments thereto.
- D. Application Guidelines and Timelines. The guidelines and timeline for submitting grant applications will be publicized in the 2040 Grants Handbook. Applicants will have the option to obtain feedback from Metro staff regarding their grant applications prior to submission of a final application.
- E. Rules and Procedures Applicable to Concept Planning Grants (New Urban Area Planning). Concept planning facilitates future development of complete communities and supports work by cities and counties to comply with Title 11 of the Urban Growth Management Functional Plan. This type of grant is intended solely for concept planning in urban reserve areas. Proposals will specifically address how they will seek to comply with Title 11. Award of a Concept Planning Grant does not indicate a commitment by Metro to add the urban reserve area to the UGB in the next growth management decision. The Metro COO will direct Metro staff to organize a fair and efficient process for soliciting Concept Planning Grant requests as follows:
- 1. Eligible Grant Applicants. Grant applicants may be cities or counties within the Metro boundary that have urban reserves within their jurisdiction. Each eligible local government may submit one Concept Planning Grant request per calendar year.

2. General Grant Requirements. Projects must develop a concept plan that is compliant with Functional Plan Title 11. Projects may include planning for a range of land uses, necessary infrastructure services and associated cost estimates, and proposed methods to finance the systems and services. Projects must include a robust community engagement strategy demonstrating best practices for advancing racial equity and involving historically marginalized communities in the planning process. Specific evaluation criteria can be found in the 2040 Grants Handbook.
3. Application Commitments and Grantee Contributions. Applications should reflect commitment by the applicant and key project partners to participate in the planning effort. All grant requests must include a resolution of support by the governing body. The resolution will explicitly confirm the availability of adequate staff resources to successfully implement the proposed project. The resolution will also outline any additional financial contributions the applicant and project partners have committed to the project.
4. Review of Grant Request. Applications for Concept Planning Grants will be reviewed by Metro Planning and Development Staff, who will make a funding recommendation to the Metro COO. The Metro COO will make a recommendation to the Metro Council. The Metro Council will decide, in a public hearing, whether to approve funding of any grants, and the amount of each grant. If a high number of applications for Concept Planning Grants create an unusually competitive grant cycle, the Metro COO may refer the applications to the Grant Screening Committee and request a funding recommendation from the Committee.

F. Rules and Procedures Applicable to Comprehensive Planning Grants (New Urban Area Planning). Comprehensive planning by local cities is required to comply with Title 11 of the Urban Growth Management Functional Plan. This type of grant is intended solely for comprehensive planning of areas recently brought within the UGB. Proposals will specifically address how they will seek to comply with Title 11. The Metro COO will direct the staff to organize a fair and efficient process for soliciting Comprehensive Planning Grant requests as follows:

1. Grant Cycle. Comprehensive Planning Grant proposals from cities will be considered in conjunction with the Metro Council's urban growth management decision process under ORS 197A.362. Grant funds will also be available in the event the Metro Council elects to consider and approve a mid-cycle amendment to the UGB under Metro Code section 3.07.1427, and in the event the Metro Council approves a UGB land exchange.
2. Eligible Grant Applicants. Grant applicants may be cities within the Metro boundary that are seeking Metro Council approval to bring lands designated as Urban Reserves into the UGB. Cities are limited to one Comprehensive Planning Grant proposal per urban growth management decision cycle.

3. General Grant Requirements. Projects must develop a comprehensive plan that is guided by the adopted concept plan and is compliant with Functional Plan Title 11. Projects may include adopting comprehensive plan and zone designations and provisions for annexation to a city and any necessary service districts. Projects must include a robust community engagement strategy demonstrating best practices for advancing racial equity and involving historically marginalized communities in the planning process. Specific evaluation criteria can be found in the 2040 Grants Handbook.
4. Application Commitments and Grantee Contributions. Applications should reflect commitment by the applicant and key project partners to participate in the planning effort. All grant requests must include a resolution of support by the governing body. The resolution will explicitly confirm the availability of adequate staff resources to successfully implement the proposed project. The resolution will also outline any additional financial contributions the applicant and project partners have committed to the project.
5. Review of Grant Request. Proposals for Comprehensive Planning Grants will be reviewed by Metro Planning and Development Staff, who will make a funding recommendation to the Metro COO. The Metro COO will make a recommendation to the Metro Council. The Metro Council will approve final grant awards in conjunction with its urban growth management decision.

G. Rules and Procedures Applicable to Planning Projects within the UGB.

1. Eligible Grant Applicants. The following entities are eligible to apply for and receive grants in this category:
  - a. Cities and counties within the Metro boundary;
  - b. Urban unincorporated area community groups who are seeking to incorporate or annex; and
  - c. Federally recognized Tribes of Oregon.
  - d. Applicant teams may also include community partners and other local governments (as defined in ORS 174.116).
2. Number of applications. Most local governments may submit only one grant request per calendar year; however, the City of Portland will be allowed to submit up to three applications per calendar year, and the cities of Hillsboro, Gresham, and Beaverton, and Washington and Clackamas Counties will each be allowed to submit up to two applications per calendar year.
3. Eligible Projects. The following types of projects are eligible for funding in this category:



- a. Center, main street, corridor, and station area plans
  - b. Community visioning and redevelopment plans
  - c. Equitable development strategies
  - d. Economic development strategies and funding tools
  - e. Site-specific redevelopment plans
  - f. Community engagement for planning and development
  - g. Plans and strategies for industrial land readiness
  - h. Climate mitigation strategies
  - i. Parking studies and management plans
  - j. Other, similar types of projects that support 2040 Growth Concept goals and facilitate development and redevelopment, or that promote economic development.
4. General Grant Requirements. Specific evaluation criteria can be found in the 2040 Grants Handbook. Projects funded through this category are intended to produce planning work that helps facilitate development and redevelopment, supports economic growth and stability, engages communities, and/or implements Metro’s long-term goals for livable and equitable communities as outlined in the 2040 Growth Concept. Those goals include:
- a. Safe and stable neighborhoods for families
  - b. Compact and efficient development patterns
  - c. A healthy economy with job and business opportunities
  - d. Protection of farms, forests, rivers, streams, and natural areas
  - e. A balanced transportation system
  - f. Housing for people of all incomes in every community
5. Applicant Commitment and Grantee Contributions. Applications should reflect commitment by the applicant and any key project partners to participate in the planning effort. All grant requests must include a letter signed by the governing body, Tribal leader, or community group leader, as applicable, confirming support for the effort and their intent to allocate staff and/or resources for the project. Letters of

support from community partners, if applicable, must also be included, confirming their pledge of any contributions and the nature of their involvement in the project.

6. Review of Grant Request. Grant applications in this category will be reviewed and awarded consistent with the following procedure. A detailed timeline of steps and deadlines is available in the 2040 Grants Handbook.
  - a. Complete applications will be reviewed by Metro staff and the Grants Screening Committee; the Screening Committee will recommend finalists to the Metro COO.
  - b. The Metro COO will review the Screening Committee's recommendation and draft a final recommendation to forward to the Metro Council.
  - c. The Metro Council will decide, in a public meeting, whether to approve funding for the recommended finalists. If funding is approved, Council will authorize staff to work with grantees to develop final scopes and project agreements.
  - d. Once scopes and agreements are negotiated, agreements will be executed by the Metro COO.

#### H. General Procedures for Entering into 2040 Grant Agreements.

1. Notification of Grant Award. Upon the award of a grant, the Program Manager will issue a notification to the Grantee specifying the grant amount determined by the Metro Council as well as any conditions placed on the grant award.
2. Negotiation of Grant Agreements. Metro and the Grantee will negotiate the terms of the Grant Agreement or Intergovernmental Agreement ("Agreement"). The scope of work in the grant application as modified by any condition in Metro Council grant award will be the basis for Metro and the grantee to negotiate the Agreement. The Agreement will set forth the role of Metro's project manager or other staff on any project committees, an agreed-upon scope of work and budget, a schedule of milestones and grant payment amounts, and any administrative penalties that may be imposed by Metro for amendments to the Agreement or project timeline that may be requested by the applicant. The Agreement will retain the right of the Metro COO to terminate a grant award if the milestones set forth in the Agreement are not met within the specified timeframes.
3. Approval of Grant Agreements. The governing body, Tribal leader, or community group leader, as applicable, must authorize the approval of the Agreement. Following execution of the Agreement by appropriate personnel on behalf of the grantee, the COO will execute the Agreement. If the Agreement has not been finalized and signed by Metro and grantee within six months of grant award, the COO may exercise the authority to cancel the grant award.

4. Procurement of Project Consultants. Grantee will work with Metro to select an appropriate consultant team as needed to complete all proposed work outlined in the grant Agreement. Metro will be involved as an equal partner in development of any requests for proposals and selection of all project consultants.
  5. Contracting with Project Consultants. Following final selection of project consultants, Grantee will prepare draft contracts with all consultants that fully describe the project milestones, deliverables and timelines and provide maximum costs for consultant tasks. Metro will have the opportunity to review and approve draft contracts with consultants who will perform work prior to the execution of such contracts.
  6. Revision of Agreement Schedule of Milestones. Once the contract terms, including required milestones, timelines, deliverables, and payments have been fully negotiated and agreed, the Agreement schedule of milestones will be updated to fully reflect the final project approach and will be incorporated into an amended Agreement.
- I. Grant Payments. Grant payments will be made upon the completion of those milestones set forth in the Agreement, as determined by Metro in accordance with the requirements of the Metro Code and the Agreement. In general, a portion of the Grant funds may be distributed following execution of the Agreement by Metro, with the remainder of the Grant being paid out as progress payments upon completion of the milestones in the Agreement. Grantees will submit progress reports to Metro documenting the milestone and the completed deliverables for grant payment.
  - J. Additional 2040 Grant Funding. Metro staff will make a recommendation to the Planning, Development and Research Director and the COO when it appears that a particular project requires additional funding in order to successfully achieve the intent of the grant award and implement the proposed project. The COO will have discretion to approve additional funds for the project, up to a cap of \$100,000 per project. Additional funds exceeding \$100,000 per project must be approved by Council.

## **VI. Revenue Distribution to Placemaking Grants (Metro Code Section 7.04.220)**

Community Placemaking grants support equity-centered, community-led arts and culture efforts that build community stability by strengthening people’s connections to each other and places they care about. CET funds allocated to Community Placemaking grants will be distributed by the Community Placemaking program according to the following procedures:

- A. Eligible Applicants. Eligible Community Placemaking applicants include: tax-exempt nonprofit organizations, individuals or community groups partnering with a tax-exempt fiscal sponsor, public agencies, and Tribes. Grant-funded activities must take place within Metro’s urban growth boundary.

- B. Eligible Project Types. Community Placemaking grants fund equity-centered, community-led arts and culture efforts that strengthen people’s connections to each other and places they care about. Projects of this nature are inherently creative and not limited to specific project types but should achieve the program objectives described in the current year’s application handbook.
- C. General Grant Requirements. The grant requirements are established in a contract between Metro and the grantee.
- D. Application Commitments and Grantee Contributions. Applicants will provide sufficient detail and optional supporting material for the advisory group members to make an informed recommendation on grant awards. No matching funds are required.
- E. Evaluation Process. Evaluation of Community Placemaking grant applications includes the following steps:
  - 1. Applications are reviewed by an advisory group comprised of community members and Metro Council liaison(s).
  - 2. The advisory group makes a recommendation for grant awards to Metro’s COO.
  - 3. Staff meets with Metro’s COO to review the recommendation and request endorsement. Metro’s COO decides whether to endorse the staff recommendation.
  - 4. If endorsed, the COO informs the Metro Council of the decision to award Community Placemaking grants by providing a seven-day notice of the intent to award a grant.
  - 5. As part of the seven-day-notice, the Metro Council is invited to request a briefing or work session if there are any questions or concerns.
  - 6. After seven business days, if no Councilor has requested a briefing or work session, the recommendation becomes final and the grant will be awarded.

Attachment: Metro Code Chapter 7.04