

# **FY 2010-11 Proposed Budget – PDF User’s Guide**

This guide is intended to assist readers in finding information in the Adobe Acrobat® Portable Document Format (PDF) version of the FY 2010-11 Metro proposed budget. This PDF has several features to assist readers in locating information quickly including: bookmarks and searchable text.

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The Bookmarks provided in this document on the left side of the window represent each section of the budget. To navigate using a bookmark:

Click the Bookmarks tab on the left side of the window, or choose View> Navigate> Tabs> Bookmark

To go to a section by using its bookmark, click the bookmark. If applicable, you can also click the plus sign (+) next to the bookmark to expand the bookmark to display more detailed divisions in each section. Click the minus sign (-) next to the bookmark to hide its contents.

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The budget and other financial information is available at [www.oregonmetro.gov/budget](http://www.oregonmetro.gov/budget).



www.oregon**metro.gov**

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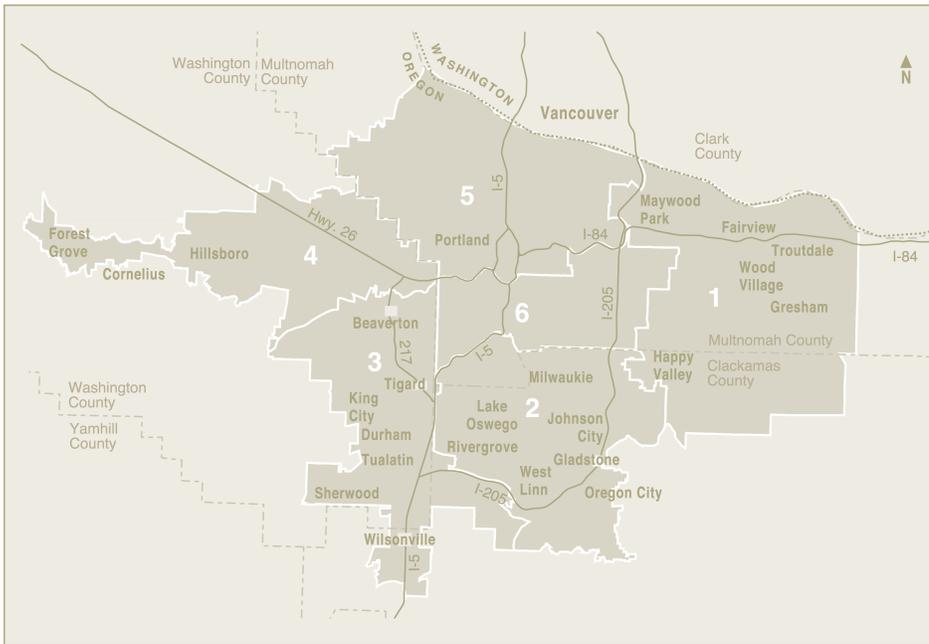
# 2010-11

## PROPOSED BUDGET

### Summary



Metro | *People places. Open spaces.*



Your Metro representatives

Council President  
**David Bragdon**  
 503-797-1889

District 1  
**Rod Park**  
 503-797-1547

District 2  
**Carlotta Collette**  
 503-797-1887

District 3  
**Carl Hosticka**  
 503-797-1549

District 4  
**Kathryn Harrington**  
 503-797-1553

District 5  
**Rex Burkholder**  
 503-797-1546

District 6  
**Robert Liberty**  
 503-797-1552

Auditor  
**Suzanne Flynn, CIA**  
 503-797-1891

**Metro**

*People places • open spaces*

Clean air and clean water do not stop at city limits or county lines. Neither does the need for jobs, a thriving economy and good transportation choices for people and businesses in our region. Voters have asked Metro to help with the challenges that cross those lines and affect the 25 cities and three counties in the Portland metropolitan area.

A regional approach simply makes sense when it comes to protecting open space, caring for parks, planning for the best use of land, managing garbage disposal and increasing recycling. Metro oversees world-class facilities such as the Oregon Zoo, which contributes to conservation and education, and the Oregon Convention Center, which benefits the region's economy.

# 2010-11

**PROPOSED BUDGET – SUMMARY**

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## **Budget summary**

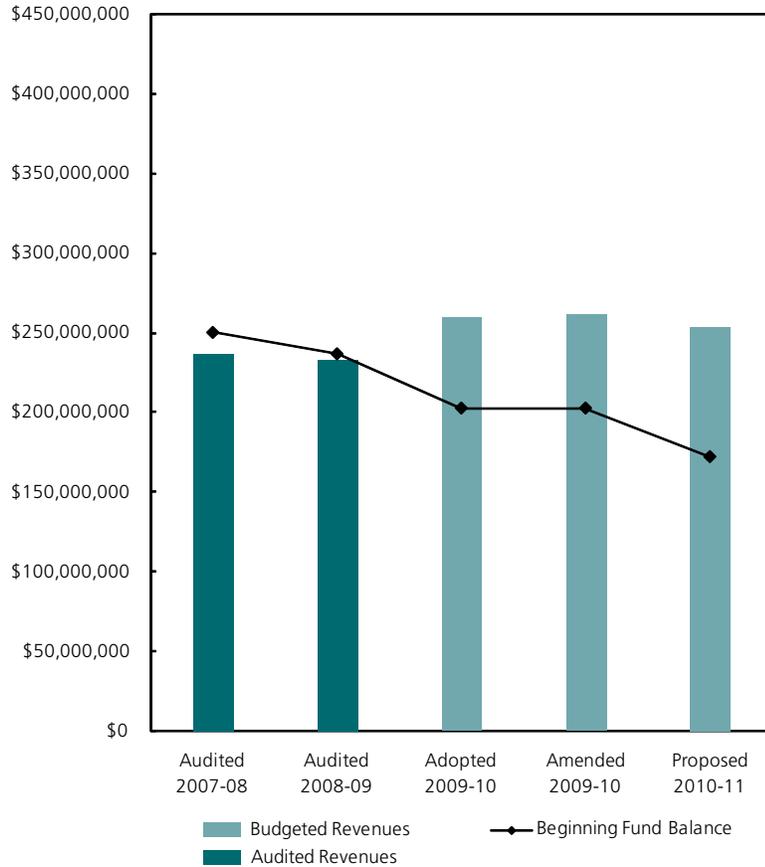


## Budget summary by year

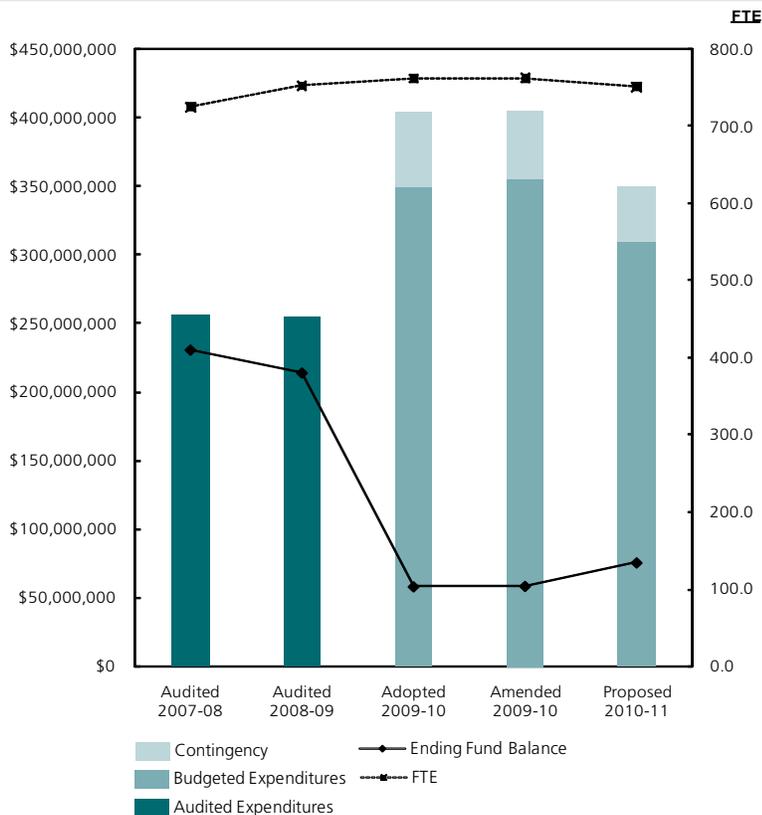
	Audited FY 2007-08	Audited FY 2008-09	Adopted FY 2009-10	Amended FY 2009-10	Proposed FY 2010-11	Approved FY 2010-11	Adopted FY 2010-11	Change from FY 2009-10 Amended
<b>RESOURCES</b>								
<i>Beginning Fund Balance</i>	\$249,586,416	\$236,190,428	\$202,203,722	\$202,203,722	\$171,784,588			(15.04%)
<b>Current Revenues</b>								
Real Property Taxes	46,312,638	44,897,096	50,910,057	50,910,057	48,483,349			(4.77%)
Excise Tax	16,824,900	14,705,646	14,865,381	14,865,381	16,403,937			10.35%
Other Derived Tax Revenue	23,267	24,168	23,300	23,300	23,300			0.00%
Grants	13,665,634	14,306,069	15,457,165	16,886,590	13,763,029			(18.50%)
Local Gov't Shared Revenues	11,701,562	11,202,982	11,547,484	11,547,484	11,173,508			(3.24%)
Contributions from other Gov'ts	732,876	1,001,028	1,124,240	1,124,240	2,361,371			110.04%
Enterprise Revenue	110,626,376	109,086,690	115,313,595	115,545,595	118,636,299			2.67%
Interest Earnings	11,984,290	6,675,487	5,070,383	5,070,383	1,611,106			(68.23%)
Donations	3,666,252	8,324,043	4,387,600	4,245,600	1,703,430			(59.88%)
Other Misc. Revenue	2,254,082	2,758,599	2,124,294	2,149,294	2,014,169			(6.29%)
Bond and Loan Proceeds	0	5,000,000	10,000,000	10,000,000	15,000,000			50.00%
Interfund Transfers:								
Interfund Reimbursements	6,849,723	7,474,080	8,212,657	8,212,657	8,396,573			2.24%
Internal Service Transfers	870,759	944,972	2,847,999	2,847,999	3,122,488			9.64%
Interfund Loan	0	0	10,916,250	10,916,250	0			(100.00%)
Fund Equity Transfers	11,760,993	6,389,113	6,587,953	6,715,953	10,637,853			58.40%
<b>Subtotal Current Revenues</b>	<b>237,273,352</b>	<b>232,789,973</b>	<b>259,388,358</b>	<b>261,060,783</b>	<b>253,330,412</b>			<b>(2.96%)</b>
<b>TOTAL RESOURCES</b>	<b>\$486,859,768</b>	<b>\$468,980,401</b>	<b>\$461,592,080</b>	<b>\$463,264,505</b>	<b>\$425,115,000</b>			<b>(8.23%)</b>
<b>REQUIREMENTS</b>								
<b>Current Expenditures</b>								
Personal Services	\$64,653,039	\$70,830,852	\$76,552,050	\$76,639,289	\$76,717,193			0.10%
Materials and Services	99,560,686	92,331,784	121,293,629	122,015,793	118,479,978			(2.90%)
Capital Outlay	30,626,417	31,685,901	80,878,286	82,619,211	59,854,158			(27.55%)
Debt Service	41,572,723	45,100,347	45,115,921	45,250,921	41,954,002			(7.29%)
Interfund Transfers:								
Interfund Reimbursements	6,849,722	7,474,080	8,212,657	8,212,657	8,396,573			2.24%
Internal Service Transfers	870,760	944,972	2,847,999	2,847,999	3,122,488			9.64%
Interfund Loan	0	0	10,916,250	10,916,250	0			(100.00%)
Fund Equity Transfers	11,760,993	6,389,113	6,587,953	6,715,953	10,637,853			58.40%
Contingency	0	0	51,168,293	49,694,972	30,473,585			(38.68%)
<b>Subtotal Current Expenditures</b>	<b>255,894,340</b>	<b>254,757,049</b>	<b>403,573,038</b>	<b>404,913,045</b>	<b>349,635,830</b>			<b>(13.65%)</b>
<i>Ending Fund Balance</i>	<i>230,965,428</i>	<i>214,223,352</i>	<i>58,019,042</i>	<i>58,351,460</i>	<i>75,479,170</i>			<i>29.35%</i>
<b>TOTAL REQUIREMENTS</b>	<b>\$486,859,768</b>	<b>\$468,980,401</b>	<b>\$461,592,080</b>	<b>\$463,264,505</b>	<b>\$425,115,000</b>			<b>(8.23%)</b>
<b>FULL-TIME EQUIVALENTS</b>	<b>725.40</b>	<b>753.06</b>	<b>761.98</b>	<b>762.84</b>	<b>752.60</b>			<b>(1.34%)</b>

# Budget summary by year

## Current revenues and fund balance



## Current expenditures and full-time equivalents



## Where the money comes from

Resources to meet Metro's obligations and needs are derived from two primary sources: beginning fund balance and current revenues. Beginning fund balance consists of resources carried forward from previous fiscal years, including proceeds from voter-approved bonds (e.g., Natural Areas and Oregon Zoo Infrastructure), reserves for specific purposes (e.g., self insurance, debt reserves) and monies used for cash flow. Current revenues are those earned from Metro operations or taxes levied during the fiscal year. The principal sources of current revenues are user fees and charges from individuals and organizations that pay to use Metro facilities or buy its services.

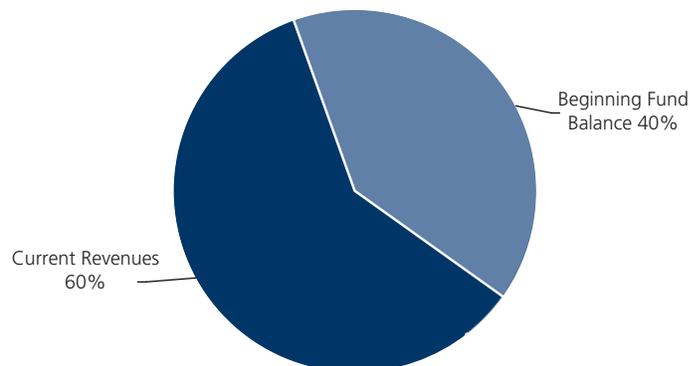
### BEGINNING FUND BALANCE

The beginning fund balance for each fund consists of unspent resources carried forward from the previous fiscal year. Primary among these are resources in the Natural Areas Fund for bond proceeds authorized by the voters in November 2006 and issued in spring 2007, and Solid Waste Revenue Fund for operations, capital projects and other dedicated accounts. These funds account for 50 percent of the beginning fund balance. Another element of the beginning fund balance includes reserves for specific purposes (e.g., self-insurance, future capital reserves, debt reserves and trust reserves), which are generally required by law, policy or operating agreements. The beginning fund balance also provides cash flow for specific operations until current year revenues are received.

The General Fund's \$24.8 million beginning fund balance accounts for 14.5 percent of the total beginning balances and is a combination of designated and undesignated reserves. Designated reserves include grant funds, construction excise tax for local development grants, PERS reserves and debt service reserves. The Council also designated reserve funds for multi-year projects in Planning and Development, future elections costs and participation in a development opportunity fund. The FY 2010-11 proposed budget sets side \$2.82 million for a new multi-year cross functional project called the Regional Investment Strategy. Finally, as part of its financial policies, the Council also directed that undesignated reserves be maintained for contingency and stabilization reserves, available for any lawful purpose in the event of sudden and unforeseen revenue drops or unplanned expenditures. For FY 2010-11 about \$5.7 million of the General Fund's beginning fund balance is funding these financial reserves.

Metro's beginning fund balance constitutes 40 percent of its total resources.

### FY 2010-11 Total resources



Total resources \$425,115,000

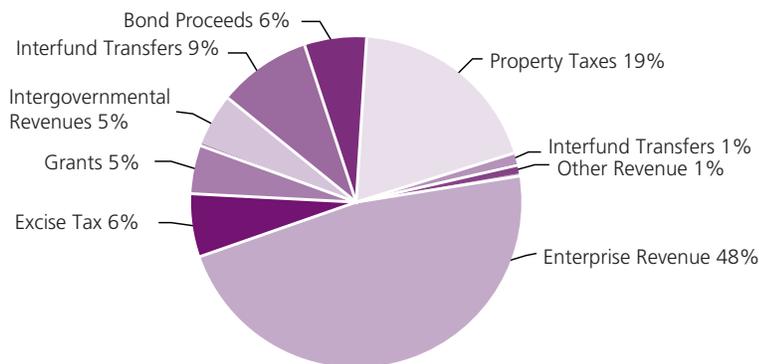
## CURRENT REVENUES

Current revenues account for 60 percent of Metro's total resources. Metro's enterprise activities provide the largest amount of fee-generated revenues, constituting 48 percent of current revenues. Property tax revenues provide the next largest amount of total current revenues at 19 percent, followed by bond proceeds and excise tax at 6 percent each. The major elements of current revenues and the percentage of total current revenues they represent include the following:

### Enterprise revenues– 48 percent

Enterprise activities account for the largest piece of current revenues at \$118.6 million. Metro's largest enterprise activity is solid waste disposal, generating \$56.3 million, which comes from fees charged on solid waste deposited at Metro's transfer stations or several other designated solid waste facilities. This is about a 6.75 percent increase over the FY 2009-10 budget driven in part by expanded latex paint recycling services offered to meet new statewide recycling requirements. Tonnage related disposal fees are anticipated to increase about 3.85 percent. Metro saw a dramatic decline in tonnage in the past two years due to the economic downturn. Forecasts now indicate that the decline has flattened out and will remain at this lower level through the end of FY 2010-11. However, costs related to new disposal facility operating contracts have resulted in higher disposal charges. The Metropolitan Exposition Recreation Commission (MERC) facilities (Oregon Convention Center, Portland Center for the Performing Arts and Portland Expo Center) provide \$30.0 million, the Oregon Zoo generates \$18.5 million and regional parks facilities another \$2.8 million. In spite of record attendance at the Oregon Zoo, per capita spending by visitors has declined. Revenues that initially continued to grow in the earlier part of the recession are now experiencing a decline. Regional park revenues are projected to remain flat for FY 2010-11, but for the first time, Glendoveer golf course is showing a decline in greens fees. Careful monitoring will be necessary to determine if this is a short term event or an indication of a longer term trend requiring modification to revenue projections. The Risk Management Fund generates \$9.4 million in internal charges for services to Metro centers and services for health and welfare premium costs. Parking fees, business license fees and Data Resource Center revenues account for the remainder of enterprise revenues. Parking fees will increase by \$1 for daily parking and \$10 for monthly parking.

### FY 2010-11 Current revenues



Total current revenues \$253,330,412

### RESOURCES

Beginning Fund Balance \$171,784,588

#### Current Revenues

Real Property Taxes	\$48,483,349
Excise Tax	16,403,937
Other Derived Tax Revenue	23,300
Grants	13,763,029
Local Gov't Shared Revenues	11,173,508
Contributions from other Gov'ts	2,361,371
Enterprise Revenue	118,636,299
Interest Earnings	1,611,106
Donations	1,703,430
Other Misc. Revenue	2,014,169
Bond and Loan Proceeds	15,000,000
Interfund Transfers:	
Interfund Reimbursements	8,396,573
Internal Service Transfers	3,122,488
Interfund Loan	0
Fund Equity Transfers	10,637,853

Subtotal Current Revenues \$253,330,412

**TOTAL RESOURCES \$425,115,000**

### **Property taxes– 19 percent**

Metro expects to receive \$48.8 million in property tax revenues in FY 2010-11. This includes current year tax receipts to the General Fund directed toward operations (\$11.0 million) and debt service levies for outstanding general obligation bond issues for the Open Spaces Acquisition program, the original Oregon Convention Center construction, the zoo's Great Northwest project, the Natural Areas program and the Oregon Zoo Infrastructure and Animal Welfare Bond projects (\$36.4 million). The remainder, approximately \$1.4 million, will be received in the form of delinquent property taxes, levied in prior years but received in the current year, and interest and penalties on those late payments.

### **Interfund Transfers– 9 percent**

Metro budgets its resources in separate and distinct funds. Transfers between funds are made to pay for internal services provided by one center or service to another, and to pay interfund reimbursements (e.g., building management, printing, fleet) determined through the indirect cost allocation plan. Interfund reimbursements (indirect services) and internal service transfers (direct services) total \$11.5 million in FY 2010-11. The transfer classification also includes \$6.6 million in Fund Equity Transfers (revenue sharing between funds) such as the transfer of excise tax from the General Fund to assist in capital development and renewal and replacement activities. Interfund transfers appear in the budget as both a resource to the receiving fund and a requirement for the transferring fund.

### **Excise Taxes– 6 percent**

The Metro excise tax is paid by users of Metro facilities and services in accordance with the Metro Charter and Metro Code. The tax is recorded as revenue in the General Fund. It supports the costs of general government activities, such as the Council Office, elections expense and lobbyist functions. The tax also supports various planning, parks and natural areas activities.

The Metro excise tax is levied as a flat rate per-ton tax on solid waste activities and as a percentage on all other authorized revenues. For budgeting purposes, the amount of excise tax raised by the flat rate per-ton may be increased based on an annual Consumer Price Index factor. The rate for all other authorized revenues remains the same from year to year unless amended by the Metro Council by ordinance. The current percentage rate for all other authorized revenue is 7.5 percent.

In addition to the base per-ton amount generated on solid waste activities, an additional per-ton amount is levied. The additional levy was initially set at \$3.00 per ton in FY 2004-05 and increased annually based on Consumer Price Index. The FY 2010-11 budget proposes to combine the additional tax with the base tax, altering the method of calculation for the additional tax. In FY 2006-07, the dedications were removed from Metro code and became subject to the annual budget process. The FY 2010-11 proposed budget implements a companion proposal to combine the "additional tax" into a single per-ton base rate. This will increase predictability and moderate revenue swings in times of either increasing or decreasing tonnage. The newly combined base rate will be modified by the CPI indicator, not tonnage, in future years; the charter limitation on expenditures is unaffected by this change. The combined rate would result in a flat fee of \$10.94 per ton on solid waste tonnage. The collection of excise tax on revenues generated by the Oregon Zoo was eliminated effective Sept. 1, 2008, a reduction of about \$1.4 million annually. The decline in solid waste tonnage, mirroring the economic downturn in construction, has resulted in a lower forecast for general excise tax receipts during FY 2009-10. The FY 2010-11 budget projects a relatively flat tonnage base for the year.

The Metro excise tax is projected to raise \$14.9 million from these sources during FY 2010-11.

In 2006, the Metro Council adopted a construction excise tax to provide funding for expansion area planning. Effective July 1, 2006, the 0.12 percent tax is levied on building permit values of the new construction. Local jurisdictions collect the tax on behalf of Metro as part of the permit process. In June 2009 the Metro Council extended the tax for an additional five years, until Sept. 30, 2014, to provide funding for planning of future expansion areas, future urban reserves and planning that enables redevelopment of centers, corridors and employment areas within the existing Urban Growth Boundary. The Construction Excise Tax is expected to generate \$1.5 million in FY 2010-11.

#### **Bond proceeds– 6 percent**

In November 2008 the voters of the Metro region approved a \$125 million general obligation bond measure for Oregon Zoo infrastructure and projects related to animal welfare. A small issue of \$15 million under this authorization is anticipated in early FY 2010-11.

#### **Grants– 5 percent**

Grants are anticipated to provide \$13.8 million to the revenue mix. The primary planning functions of the agency – Planning and Development and the Research Center – receive approximately \$10.4 million in grant funds, about 89 percent of all General Fund grants. These functions rely on federal, state and local grants to fund most of the transportation planning and modeling programs. The delay in the federal reauthorization of transportation funding has placed a portion of these grants funds at risk. However, new funding from the State of Oregon related to the study of green house gas emissions may provide substitute or bridge funding until such time as the federal funding is reauthorized. The department is currently negotiating an intergovernmental agreement with the Oregon Department of Transportation. An intergovernmental agreement is anticipated in late spring 2010. Metro also receives grants for projects planned at regional parks and natural areas, Oregon Zoo and solid waste facilities.

#### **Intergovernmental Revenues– 5 percent**

Metro receives revenue from both state and local agencies. Among these are hotel/motel tax receipts from Multnomah County, funds from the City of Portland to support the Portland Center for the Performing Arts (PCPA), state marine fuel tax revenues and a portion of the recreational vehicle registration fees passed through Multnomah County from the State of Oregon to support the regional parks.

#### **Other miscellaneous revenues– 1 percent**

In FY 2010-11 other revenues include \$1.2 million in operating and capital donations to the zoo and \$0.5 million in donations and sponsorship revenue to MERC. It also includes \$1.5 million in reimbursement charges to centers and services to pay debt service on the Series 2005 Pension Obligation Bonds sold to fund Metro's pension unfunded actuarial liability.

#### **Interest– 1 percent**

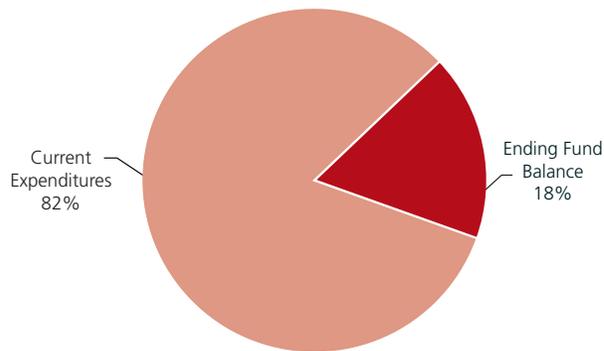
Interest earnings are projected at \$1.6 million. Interest earned is based upon investing cash balances throughout the year. This revenue source influenced by the planned spending of bond proceeds and the current rates earned by investments, estimated at 1.0 percent for FY 2010-11. The earnings rate is considerably lower than prior years' rates due to current market conditions. In FY 2008-09, the most recent audited year, Metro earned \$6.7 million.

# Where the money goes

Metro uses its resources for a variety of purposes prescribed by state law and Metro Charter. Ending fund balances are resources that are not spent during the year but carried over to subsequent year(s). They include reserves, monies for cash flow purposes and bond proceeds that will be spent in ensuing years for capital projects. Resources to be spent during the year can be categorized in one of several current expenditure categories.

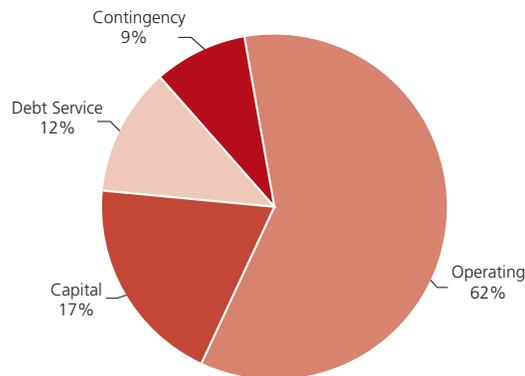
Metro's total current expenditures are allocated for the specific programs and functions described in the Organizational Summaries section contained in the body of this budget document. Sixty-two percent of current expenditures is in support of the operations of Metro facilities such as the Oregon Zoo, the Oregon Convention Center, the Portland Expo Center, Portland Center for the Performing Arts, regional park facilities and solid waste disposal facilities, as well as programs such as waste reduction, recycling information and regional transportation and growth management planning. Another 12 percent is dedicated to debt service on outstanding general obligation and revenue bonds, and 17 percent is allocated for capital outlay and improvements to various facilities. Contingencies for unforeseen needs, such as unexpected increases in costs or drops in revenue, make up the balance of current expenditures.

## FY 2010-11 Total requirements



Total requirements \$425,115,000

## FY 2010-11 Current expenditures by purpose

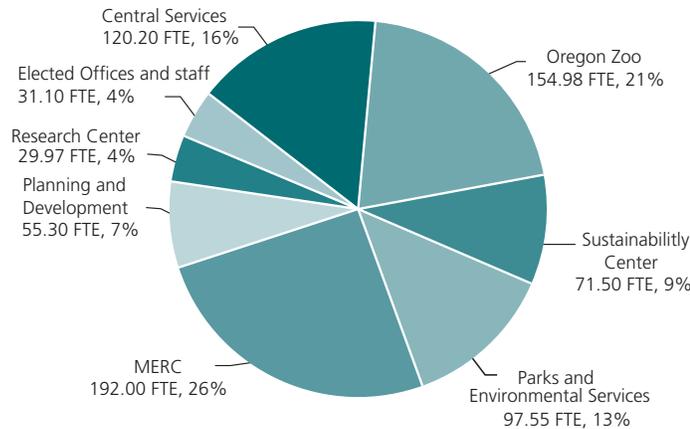


Total expenditures by purpose \$349,635,830

Full-time equivalent staff (FTE) totals 752.60 positions for Metro. Sixty percent of these staff work for three organizational units: the Oregon Zoo, MERC and Parks and Environmental Services.

Metro uses its resources for a variety of programs and functions related to its primary goals. Those programs and functions are explained in detail in the Organizational Summaries section contained in the body of this budget document and in the program budget narratives contained in the FY 2010-11 Program Budget. The chart on page B-10 and the following explanation give the information by expenditure classification.

### FY 2010-11 FTE positions by function



Total FTE 752.60

## CURRENT EXPENDITURES

Current expenditures consist of amounts to be paid out in the current fiscal year by categories defined in budget law. This includes payments for operations, capital improvements and acquisitions and transfers to other funds. The major elements of current expenditures and the percentage of total current expenditures they represent include the following:

### Personal services– 22 percent

Metro plans to spend about \$76.7 million for salaries and wages and related expenditures for its employees in FY 2010-11. Personal services includes employee related benefit costs such as health and welfare and pension contributions. Fringe benefits are about 36 percent of salaries and wages, and 26 percent of total personal services costs. For a more detailed discussion of fringe benefits refer to the appendices “Fringe benefit rate calculation.” A ten-year comparison of salaries, wages and benefits is provided later in this section.

The FY 2010-11 budget includes 752.60 full-time equivalent positions. “FTE” means regular, benefit-eligible full or part-time positions. While temporary, seasonal and event-related labor costs are reflected in the total personal services expenditures, these employees are not considered as FTE. A discussion of staff levels is provided later in this section.

### Materials and Services– 34 percent

Metro plans to spend about \$118.5 million on materials and services in FY 2010-11. Large expenditures in this area include solid waste transfer station operations and the

transfer of solid waste to the Columbia Ridge Landfill in Gilliam County (about \$27.5 million). Materials and services also includes costs for contracted operations of the Oregon Convention Center, the Oregon Zoo, the Portland Center for the Performing Arts, the Portland Expo Center and the regional parks.

**Capital outlay– 17 percent**

Approximately \$59.9 million is provided for capital expenditures. These funds provide for land acquisitions under the Natural Areas program and major capital improvement projects at various facilities. The largest uses of capital funds are \$33.0 million for land acquisition and capital expenditures related to the Natural Areas program, \$5.0 million for solid waste facility capital projects, \$14.7 million for capital improvements at the Oregon Zoo under the Zoo Infrastructure and Animal Welfare bond measure, and \$4.0 million for capital improvements at MERC facilities. Capital expenditures include purchases of land and equipment, improvements to facilities and other capital related expenditures. Projects that are more than \$100,000 are included in Metro’s capital improvement plan, updated and adopted annually.

**Debt service– 12 percent**

Debt service provides for payments on general obligation and full faith and credit bonds sold for the Oregon Convention Center, Metro Regional Center, the Open Spaces Acquisition program, the Natural Areas program, the Expo Center and the Oregon Zoo. Refer to the Debt Summary portion of this budget for the debt service schedules.

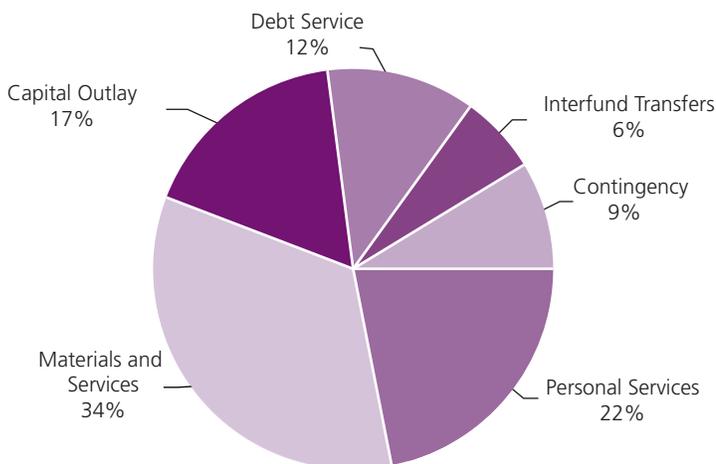
**Interfund transfers– 6 percent**

Metro budgets its resources in separate and distinct funds. Transfers between funds are made to pay for the cost of services provided in one fund for the benefit of another (e.g., printing, fleet, etc.) or to share resources between funds. Interfund transfers in FY 2010-11 total about \$22.2 million. Interfund transfers appear as both a resource to the receiving fund and a requirement for the transferring fund in the budget.

**Contingency– 9 percent**

Contingencies in each fund are created to provide for unforeseen requirements such as unexpected increases in costs or drops in revenue. These funds may be spent only after an action of the Metro Council authorizes transferring appropriations from contingency to an expenditure line item.

**FY 2010-11 Current expenditures by budget category**



<b>REQUIREMENTS</b>	
<b>Current Expenditures</b>	
Personal Services	\$76,717,193
Materials and Services	118,479,978
Capital Outlay	59,854,158
Debt Service	41,954,002
Interfund Transfers:	
Interfund Reimbursements	8,396,573
Internal Service Transfers	3,122,488
Interfund Loan	0
Fund Equity Transfers	10,637,853
Contingency	30,473,585
<b>Subtotal Current Expenditures</b>	<b>\$349,635,830</b>
Ending Fund Balance	75,479,170
<b>TOTAL REQUIREMENTS</b>	<b>\$425,115,000</b>

**Total current expenditures \$349,635,830**

## PROGRAM BUDGET

Another way to consider the budget is by program, organized by Council goals and program performance measures. The detailed program budget can be found in FY 2010-11 Proposed Program Budget.

The four Council goals areas – Great Communities, Healthy Environment, Vital Economy and Responsible Operations – are an expression of Metro’s strategic intent for the region. In some cases Metro has a direct service aligned with a particular goal; in others, Metro serves as the convener or facilitator, working collaboratively with its local partners and regional residents toward the outcome.

The program budget also includes both agency-wide measures and program specific measures that look at how Metro operates: its business practices, its relationships inside the organization and its relationships within the region. These measures have evolved from the former “critical success factors” and are now included under Responsible Operations.

Metro’s budget and appropriations schedules have been organized under state law by fund, by organizational unit and by specific budget categories of expense. Metro’s goals rise above and cross over fund and organizational unit boundaries. The program budget demonstrates the ways in which our programs interrelate and support Metro’s strategic intent for the region.

### FY 2010-11 Program expenditures by Council goal



Total program expenditures \$260,268,000

The above chart shows the respective operational spending, without contingency and general expenses not assigned to particular programs, across all goals areas. The program budget which accompanies the adopted budget gives additional detail about the individual goals, the specific programs aligned with those goals and how Metro measures the activities and performance of the individual programs.

## **Fund balances**

### **BEGINNING FUND BALANCE**

Approximately 40 percent (\$172 million) of Metro's FY 2010-11 total resources comes from beginning fund balances — money carried over from previous fiscal years.

#### **Natural Areas Fund– \$50.6 million**

The Natural Areas Fund's beginning fund balance of \$50.6 million comprises the largest piece of the beginning fund balance resource. In November 2006 the voters of the Metro region approved a \$227.4 million general obligation bond measure. In April 2007 Metro issued the first series of bonds under this authorization for \$125.4 million.

#### **Solid Waste Revenue Fund– \$36.1 million**

The Solid Waste Revenue Fund's beginning fund balance of \$36.15 million comprises the second largest piece of the beginning fund balance resource. This amount includes \$6.7 million in reserves for landfill closure; \$7.8 million in the Renewal and Replacement Account; \$6.3 million for capital reserves; \$7.4 million in other dedicated accounts for rate stabilization and pension liability; and \$7.8 million in undesignated fund balance.

#### **General Fund– \$24.8 million**

This is the combined balance for several major operating areas — Oregon Zoo, Planning and Development, Research Center and Parks and Environmental Services — as well as all general government and central service functions such as Metro Council, Metro Attorney, Metro Auditor, Finance and Regulatory Services, Human Resources, Communications and Information Services. It includes several dedicated reserves such as the General Fund Recovery Rate Stabilization Reserve, the PERS Reserve for pension liability and a reserve for future debt service on the full faith and credit bonds issued to refinance the Metro Regional Center. It also includes reserves for cash flow and fund stabilization. In January 2007 Metro performed a comprehensive review of fund balance needs in the General Fund. Based on this historical analysis, the "adequate reserves" financial policies call for a minimum of 7 percent of operating expenditures to be set aside in either a contingency or stabilization reserve to guard against unexpected downturns in revenues and stabilize resulting budget actions. The 7 percent target provides a 90 percent confidence level that revenues might dip below this amount only once in a ten-year period. In both FY 2008-09 and FY 2009-10 Metro tapped into reserves as it reacted to the downward economic spiral. In accordance with the "pay ourselves first" financial policy, these reserves have been replenished before developing spending plans in the subsequent year.

#### **MERC Fund– \$24.3 million**

This is the combined operating and capital balance for the three facilities (Oregon Convention Center, Expo Center and Portland Center for the Performing Arts) managed by MERC.

#### **General Obligation Bond Debt Service Fund– \$12.0 million**

This amount is required to pay debt service due early in FY 2010-11 before property tax revenues are received.

#### **General Renewal and Replacement Fund– \$6.1 million**

The General Renewal and Replacement Fund provides long term funding for the future renewal and replacement of the General Fund's assets.

### **Oregon Zoo Infrastructure and Animal Welfare Fund – \$2.1 million**

In November 2008 the voters of the Metro region approved a \$125 million general obligation bond measure for Oregon Zoo infrastructure and projects related to animal welfare. Five million in bonds were issued under this authorization in December 2008. The fund balance reflects the unspent balance of these proceeds.

### **Remaining Funds– \$15.7 million**

The remainder of the total beginning fund balance is divided among Metro's other funds and includes a combination of reserves for debt, future long-term maintenance needs and funds held in trust. It also includes a one-time recognition of \$5,225,000 in fund balance in the Risk Management Fund in accordance with GASB standards related to environmental impairment liability. This balance is being transferred to the Solid Waste Revenue Fund and will be carried by that fund in future years.

### **ENDING FUND BALANCES**

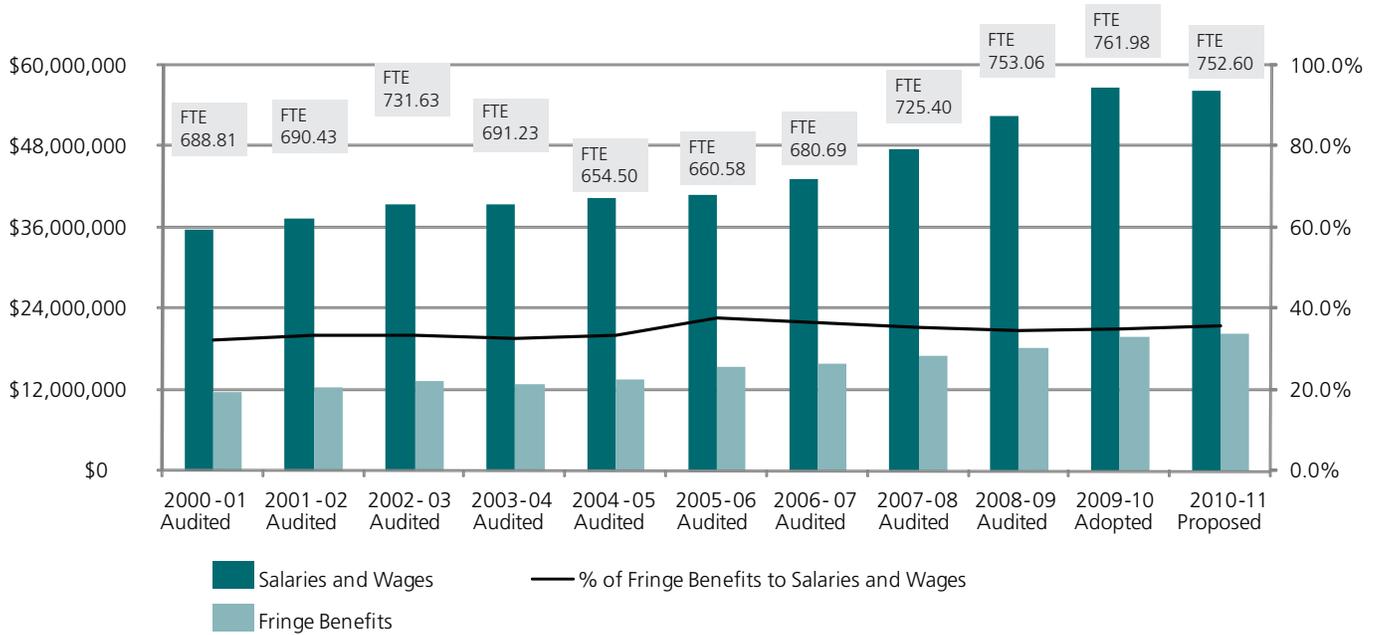
Ending fund balances in one fiscal year become the beginning fund balances of the next fiscal year. Metro plans to carry forward \$74.5 million into FY 2011-12. In addition to the planned carry-over at the end of FY 2010-11, Metro will also carry forward unspent contingency funds and any surplus from operations.

Primary among the planned funds to be carried forward are bond proceeds received in FY 2006–07 for the voter approved Natural Areas acquisition program and reserves for specific purposes (solid waste activities and debt reserves) which are generally required by law, policy or operating agreement. In addition, planned ending balances also include funds to be carried over to provide cash flow for specific operations so that they can operate early in the next fiscal year even though their primary current revenues may not be received until later in that fiscal year.

# Salaries, wages and benefits

The table below provides a ten-year comparison of salaries, benefits and authorized FTE.

FY 2010-11 Comparison of salaries and wages



Over the ten-year period authorized FTE has risen by approximately 66, driven primarily by expansion of enterprise or visitor venue areas such as the Oregon Convention Center, the Oregon Zoo and solid waste or hazardous waste disposal facilities. Decreases in FTE between FY 2002-03 through FY 2004-05 were in response to economic fluctuations seen as a result of world events like the World Trade Center terrorist attack of 9/11 and the fear of the SARS epidemic. As the economy began to stabilize and recover, the visitor venues once again began to grow. The reduction in FTE seen in FY 2010-11 is again in response to the current economic situation.

Salaries are a reflection of authorized FTE and will grow based on cost of living, step or merit awards, and other collective bargaining factors. Non-represented employees are eligible for performance based merit awards annually while represented employees receive a combination of cost of living and annual step awards. Metro performs market-based classification and compensation studies by employee group on a three-year rotating cycle. Salary ranges are adjusted accordingly, and implementation of the study is done on a least cost to the agency basis.

Fringe benefits includes a variety of components such as payroll taxes, pension contribution and health and welfare premiums. Overall costs are driven primarily by two factors – pension contributions and health and welfare. Pension reforms implemented by the State of Oregon in 2003 initially avoided significant pension cost increases. However, the economic downturn and significant investment losses first resulted in an increase of 4.7 percent in Metro’s PERS contribution rate in FY 2005-

06, then a recovery and 3.0 percent reduction in FY 2009-10. The Oregon PERS system has again been negatively impacted by investment losses in the present rate period, and PERS again expects significant rate increases during the next actuarial evaluation to be effective July 1, 2011. Anticipating this outcome, the Metro Council decided in FY 2009-10 to reserve the 3.0 percent rate reduction as a hedge against future rate increase. This policy is continued in FY 2010-11.

Metro provides medical, dental and vision coverage on behalf its employees. The agency's cost is subject to a cap set by the Metro Council for non-represented employees and through collective bargaining for represented employees. Monthly premium costs above the cap are paid by the employee. Historically, the cap increased approximately 5 percent annually. However, collective bargaining agreements negotiated a 10 percent cap increase from FY 2008-09 through FY 2010-11. Actual costs are dependent on provider proposals received each spring, which are reviewed by the agency's Joint Labor Management Committee on health care.

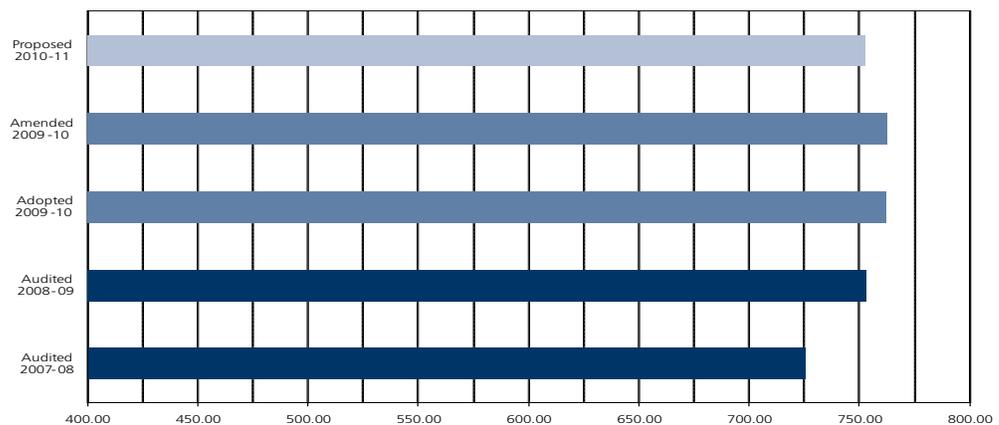
Additional discussion on staffing levels is provided later in this section. The appendices provide more detailed discussion on fringe benefit components.

# Staff levels

Metro counts regular, benefit-eligible staff positions by full-time equivalent (FTE). One FTE equals one person working full-time for one year (2,080 hours). One FTE most often is one person working full-time, but it may also be two people each working half-time, or some other combination of people whose total work time does not exceed 2,080 hours. Temporary, seasonal and MERC part-time, event-related positions are not included in the FTE chart.

From FY 2007-08 to FY 2009-10 (amended), staffing levels initially increased by 5.2 percent. The proposed budget for FY 2010-11 decreases staffing levels by 1.34 percent, although overall the staffing level remains 3.75 percent higher than FY 2007-08.

## Historical staffing levels - overall



## Historical staffing levels by service

	Audited FY 07-08	Audited FY 08-09	Adopted FY 09-10	Amended FY 09-10	Proposed FY 10-11	% Change from FY 09-10	% Change from FY 07-08
Office of the Metro Auditor	5.00	6.00	6.00	6.00	6.00	0.00%	20.00%
Office of the Council	20.42	24.83	26.90	26.90	25.10	(6.69%)	22.92%
Office of Metro Attorney	15.00	15.50	15.50	15.50	15.50	0.00%	3.33%
Communications	20.09	22.25	20.00	21.00	22.00	4.76%	9.51%
Finance and Regulatory Services	38.70	41.70	44.70	44.70	43.70	(2.24%)	12.92%
Human Resources	15.00	15.00	16.00	16.00	15.50	(3.13%)	3.33%
Information Services	22.25	22.50	24.50	24.50	23.50	(4.08%)	5.62%
MERC	186.00	191.00	194.00	194.00	192.00	(1.03%)	3.23%
Oregon Zoo	151.96	155.98	157.98	157.98	154.98	(1.90%)	1.99%
Planning & Development	82.08	54.15	59.60	57.60	55.30	(3.99%)	(32.63%)
Parks & Environmental Services	107.55	112.80	104.55	104.55	97.55	(6.70%)	(9.30%)
Research Center	0.00	29.50	30.65	31.18	29.97	(3.88%)	n/a
Sustainability Center	56.85	61.85	61.60	62.93	71.50	13.62%	25.77%
General Expense	4.50	0.00	0.00	0.00	0.00	n/a	(100.00%)
<b>TOTAL</b>	<b>725.40</b>	<b>753.06</b>	<b>761.98</b>	<b>762.84</b>	<b>752.60</b>	<b>(1.34%)</b>	<b>3.75%</b>

Several key factors have contributed to the overall change in FTE during this period:

### Economy

Several years of economic recovery clearly had a positive impact on Metro's operations. Initially, even with the economic downturn, Metro continued to grow. Metro's revenue sources are more diverse than other local agencies, which are very dependent on one or two primary sources of revenue like property tax or business

income tax, which contract sharply in downturns. People stayed closer to home to take advantage of the local entertainment and visitor attractions in and around the metro region, resulting in record attendance at the Oregon Zoo and the Portland Center for Performing Arts. The Oregon Convention Center, which books major conventions years in advance, continued to do well. As operations increased, the Council authorized additional staff to meet service demands and expectations. However, as the economic downturn persists, Metro is not immune to its effects. Guests continue to visit the Oregon Zoo in record numbers, but they spend less on food and other concessions, producing an anticipated revenue loss in FY 2009-10 and a lower revenue projection for FY 2010-11. The MERC venues have also noticed a decrease in days-per-event and the selection of less costly menus for events that previously selected the premium menus. The notable exception is the increase in the number of Broadway show days at PCPA. The FY 2010-11 proposed budget recognizes the persisting economic impact on revenues, eliminating several positions and redirecting other staffing resources to the Metro Council's highest priorities.

### **Voter approval of Oregon Zoo Infrastructure and Animal Welfare bonds**

In November 2008 the voters of the Metro region authorized the sale of \$125.0 million in general obligation bonds for a variety of capital projects all related to the Oregon Zoo infrastructure or animal welfare. With the approval of the bond measure, the Metro Council approved the addition of three new positions to support the intense demands of the new 10-12 year capital program. In addition, several existing positions were transferred in whole or part from the Oregon Zoo Operating Department or existing Capital Fund to provide administrative and other support to the program. An additional position has been added in FY 2010-11 to provide much needed administrative support in the areas of accounting, finance, contract and procurement.

### **Implementation of the Sustainable Metro Initiative**

In fall 2008 Metro began a major new effort called the Sustainable Metro Initiative (SMI). The goal of the effort was to advance Metro's mission of protecting and enhancing the regional's environment and quality of life by transforming Metro into a modern, mission driven organization equipped to fulfill the promise as the leader in regional conservation and civic innovation. The approach reoriented Metro's management structure by core competencies and functions to align programs with desired regional outcomes. The agency was structured around two broad areas of focus: strategy and services. The new structure promotes collaboration and efficiency among programs with common goals, improves financial transparency and provides for a more strategic approach to solving regional problems and leading regional initiatives. While SMI did not increase the overall agency FTE, it did change the distribution of FTE by service.

The Sustainable Metro Initiative included a major reorganization of Metro departments and functions resulting in the shifting of staff and responsibilities between organizational areas. Where distinct budget sections could be identified they were moved along with the prior year historical data to the new organizational unit under SMI. As a result, not all staff changes resulting from SMI will show as shifts between FY 2008-09 and FY 2009-10.

## New positions in FY 2010-11

The FY 2010-11 budget shows an decrease of 10.38 FTE from the originally adopted FY 2009-10 budget. The changes can be divided into four categories:

- FTE changes approved during FY 2009-10.
- Changes in FTE to increase or decrease existing FTE.
- Positions eliminated during the preparation of the FY 2010-11 budget.
- New position requests.

The following tables provide a summary of FTE changes by organizational unit.

### Full-time equivalent changes by organizational unit

	Approved in FY 2009-10	FY 2010-11 Changes			New Positions	Total FTE Change	Extended Positions
		Changes in FTE	Transfer Positions	Eliminated Positions			
Office of Metro Auditor	-	-	-	-	-	-	-
Council	-	-	(2.90)	(0.75)	1.85	(1.80)	2.00
Office of Metro Attorney	-	-	-	-	-	-	-
Communications	1.00	-	1.00	-	-	2.00	1.00
Finance and Regulatory Services	-	-	-	(1.00)	-	(1.00)	-
Human Resources	-	-	-	(0.50)	-	(0.50)	-
Information Services	-	-	-	(1.00)	-	(1.00)	-
MERC	-	-	-	(2.00)	-	(2.00)	-
Oregon Zoo	-	-	-	(4.00)	1.00	(3.00)	-
Planning and Development	(2.00)	-	-	(2.80)	0.05	(4.30)	-
Parks and Environmental Services	-	-	(6.00)	(1.00)	-	(7.00)	1.00
Research Center	0.53	(0.06)	-	(1.15)	-	(0.68)	-
Sustainability Center	1.33	0.67	7.90	-	-	8.90	1.00
<b>TOTAL</b>	<b>0.86</b>	<b>0.61</b>	<b>-</b>	<b>(14.20)</b>	<b>3.35</b>	<b>(10.38)</b>	<b>5.00</b>

The FY 2010-11 budget continues the reorganizational efforts begun in fall 2008 under the Sustainable Metro Initiative. Parks and Environmental Services transfers 6.0 FTE to the Sustainability Center to more closely align all natural resource management efforts under the Science and Stewardship program. The Council office transfers 1.0 FTE to the Sustainability Center to develop a coordinated approach to the provision of conservation education functions throughout the agency. Several other positions have been transferred between organizations to increase efficiencies in the provision of services such as Communications and the new Metro Storefront.

Labor costs for salaries, wages and benefits such as pension and health insurance continue to rise while revenues to the General Fund and the many visitor venues of the agency remain flat or have begun to experience declines. To avoid unsustainable use of reserves the agency has made selective reductions in staffing levels through the consolidation of functions or the refocusing of staff efforts.

The following FTE changes are made in the FY 2010-11 Proposed Budget:

<b>Action - Misc. action</b>	<b>FTE Change</b>
Increase FTE for Natural Resource Technician added mid-year FY 2009-10	0.67
Decrease FTE for Principal Regional Planner to reflect limited duration assignment	(0.06)
<b>TOTAL</b>	<b>0.61</b>

<b>Action - New positions</b>	<b>FTE Change</b>
Add part-time Records and Information Analyst - limited duration through 06/30/11	0.50
Add part-time GIS Specialist for Regional Investment Strategy - limited duration through 6/30/11	0.60
Add part-time Associate Public Affairs Specialist for Regional Investment Strategy - limited duration 01/01/11 through 06/30/12	0.25
Add full-time Analyst for Regional Investment Strategy - limited duration through 12/31/12	1.00
Add full-time Assistant Management Analyst for Oregon Zoo Bond program	1.00
<b>TOTAL</b>	<b>3.35</b>

<b>Action - Eliminated positions</b>	<b>FTE Change</b>
Eliminate Transportation Planner - grant funded (never filled)	(1.00)
Eliminate limited duration Program Assistant II (completion of assignment)	(0.80)
Eliminate limited duration Assistant GIS Specialist (completion of assignment)	(0.60)
Eliminate limited duration GIS Technician (completion of assignment)	(0.55)
Eliminate limited duration Columbia River Crossing Director (completion of assignment)	(0.75)
Eliminate Assistant Transportation Planner	(1.00)
Eliminate Print Shop Lead	(1.00)
Eliminate Service Supervisor II (Information Services)	(1.00)
Eliminate Exhibit Technicians	(3.00)
Eliminate Service Supervisor II (catering - deferred for one year)	(1.00)
Eliminate Administrative Specialist II (Finance and Regulatory Services)	(1.00)
Eliminate Payroll Technician (Human Resources)	(0.50)
Eliminate Sales Manager (OCC Hotel project)	(1.00)
Eliminate Public Relations Manager (OCC Hotel project)	(1.00)
<b>TOTAL</b>	<b>(14.20)</b>

In addition, the following limited duration positions received extended assignment durations:

<b>Action - Limited duration extensions</b>	<b>FTE Change</b>
Extended Principal Regional Planner through 06/30/11 (parks master planning)	1.00
Extended Program Analyst III through 06/30/11 (climate change)	1.00
Extended Senior Public Affairs Specialist through 06/30/12 (for zoo bond program)	1.00
Extended Program Analyst V through 12/31/12 (Regional Investment Strategy)	1.00
Extended Program Analyst I through 12/31/12 (Regional Investment Strategy)	1.00
<b>TOTAL</b>	<b>5.00</b>

The proceeding actions can also be summarized by organizational unit:

<b>Communications</b>		
Transfer Associate Public Affairs Specialist from Parks & Environmental Services		1.00
Extend Senior Public Affairs Specialist through 6/30/12 (for zoo bond program)		1.00
	<i>Subtotal</i>	2.00
<b>Council</b>		
Add full-time Analyst for Regional Investment Strategy - limited duration through 12/31/12		1.00
Add part-time Associate Public Affairs Specialist for Regional Investment Strategy - limited duration 1/1/11 through 6/30/12		0.25
Add part-time GIS Specialist for Regional Investment Strategy - limited duration through 6/30/12		0.60
Eliminate limited duration Columbia River Crossing Director (completion of assignment)		(0.75)
Transfer Administrative Assistant I to Parks & Environmental Services		(1.00)
Transfer Policy Advisor I to Sustainability Center		(1.00)
Transfer Program Analyst IV to Sustainability Center		(0.90)
Extend Program Analyst V through 12/31/12 (Regional Investment Strategy)		1.00
Extend Program Analyst I through 12/31/12 (Regional Investment Strategy)		1.00
	<i>Subtotal</i>	0.20
<b>Finance &amp; Regulatory Affairs</b>		
Eliminate Administrative Specialist II		(1.00)
	<i>Subtotal</i>	(1.00)
<b>Human Resources</b>		
Eliminate Payroll Technician		(0.50)
	<i>Subtotal</i>	(0.50)
<b>Information Services</b>		
Eliminate Program Supervisor II		(1.00)
	<i>Subtotal</i>	(1.00)
<b>MERC</b>		
Eliminate Public Relations Manager (OCC Hotel project)		(1.00)
Eliminate Sales Manager (OCC Hotel project)		(1.00)
	<i>Subtotal</i>	(2.00)
<b>Oregon Zoo</b>		
Add full-time Assistant Management Analyst for Oregon Zoo bond program		1.00
Eliminate Exhibit Technicians		(3.00)
Eliminate Service Supervisor II (catering - deferred for one year)		(1.00)
	<i>Subtotal</i>	(3.00)
<b>Planning &amp; Development</b>		
Add part-time Records and Information Analyst - limited duration through 6/30/11		0.50
Eliminate Assistant Transportation Planner		(1.00)
Eliminate Transportation Planner - grant funded (never filled)		(1.00)
Eliminated limited duration Program Assistant II (completion of assignment)		(0.80)
	<i>Subtotal</i>	(2.30)
<b>Parks &amp; Environmental Services</b>		
Eliminate Print Shop Lead		(1.00)
Transfer Administrative Assistant I from Council Office		1.00
Transfer Associate Public Affairs Specialist to Communications		(1.00)
Transfer Natural Resources Technicians to Sustainability Center		(5.00)
Transfer Service Supervisor to Sustainability Center		(1.00)
Extend Principal Regional Planner through 6/30/11 (parks master planning)		1.00
	<i>Subtotal</i>	(6.00)
<b>Research Center</b>		
Eliminate limited duration Assistant GIS Specialist (completion of assignment)		(0.60)
Eliminate limited duration GIS Technician (completion of assignment)		(0.55)
Reduce Principal Regional Planner to reflect limited duration status		(0.06)
	<i>Subtotal</i>	(1.21)
<b>Sustainability Center</b>		
Increase Natural Resource Technical Position to full time (added mid-year FY 2009-10)		0.67
Transfer Policy Advisor II from Council Office - Strategy Center		1.00
Transfer Natural Resources Technicians from Parks & Environmental Services		5.00
Transfer Program Analyst IV from Council Office - Strategy Center		0.90
Transfer Service Supervisor from Parks & Environmental Services		1.00
Extend Program Analyst III through 6/30/11 (climate change)		1.00
	<i>Subtotal</i>	9.57
<b>Total FTE Changes (including limited duration extensions)</b>		<b>(5.24)</b>