

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

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600 NE Grand Ave.
Portland, Oregon
97232-2736

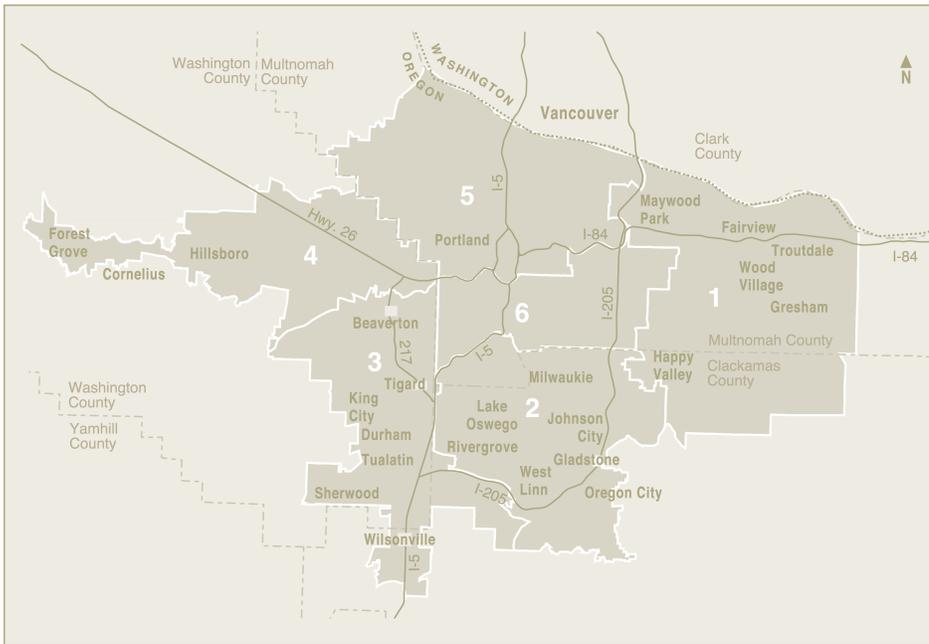
2010-11

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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Summary of all funds

	General Fund	General Obligation Bond Debt Service Fund	General Renewal and Replacement Fund	General Revenue Bond Fund	MERC Fund	Metro Capital Fund	Natural Areas Fund	Open Spaces Fund
RESOURCES								
<i>Beginning Fund Balance</i>	\$24,830,580	\$12,045,000	\$6,084,425	\$222,567	\$24,297,515	\$737,638	\$50,575,000	\$318,942
CURRENT REVENUES								
Real Property Taxes	11,294,190	37,189,159	0	0	0	0	0	0
Excise Tax	16,403,937	0	0	0	0	0	0	0
Other Derived Tax Revenue	0	0	0	0	0	0	0	0
Grants	11,705,714	0	0	0	0	0	913,210	0
Local Gov't Shared Revenues	571,000	0	0	0	10,602,508	0	0	0
Contributions from other Gov'ts	1,604,464	0	0	0	756,907	0	0	0
Enterprise Revenue	22,786,413	0	0	0	30,050,758	0	0	0
Interest Earnings	235,000	100,000	58,777	2,300	235,523	3,900	505,750	3,189
Donations	1,040,100	0	0	0	496,500	136,830	30,000	0
Other Misc. Revenue	1,552,972	0	0	0	123,197	0	0	300,000
Bond and Loan Proceeds	0	0	0	0	0	0	0	0
Interfund Transfers:								
Interfund Reimbursements	7,271,150	0	0	0	0	0	0	0
Internal Service Transfers	3,028,854	0	0	0	0	0	0	0
Fund Equity Transfers	0	0	1,282,635	3,098,747	475,000	0	0	0
Subtotal Current Revenues	77,493,794	37,289,159	1,341,412	3,101,047	42,740,393	140,730	1,448,960	303,189
TOTAL RESOURCES	\$102,324,374	\$49,334,159	\$7,425,837	\$3,323,614	\$67,037,908	\$878,368	\$52,023,960	\$622,131
REQUIREMENTS								
Current Expenditures								
Personal Services	\$46,943,364	\$0	\$0	\$0	\$18,287,048	\$0	\$1,350,698	\$0
Materials and Services	32,894,235	0	426,779	0	20,256,162	0	12,150,000	0
Capital Outlay	0	0	1,878,274	219,090	3,983,460	440,000	33,002,590	622,131
Debt Service	1,529,472	37,325,783	0	3,098,747	0	0	0	0
Interfund Transfers:								
Interfund Reimbursements	476,219	0	0	0	2,492,498	0	883,646	0
Internal Service Transfers	0	0	0	0	0	0	618,595	0
Fund Equity Transfers	3,837,335	0	0	0	1,189,132	0	0	0
Contingency	3,478,009	0	3,000,000	0	2,522,773	438,368	3,988,905	0
Subtotal Current Expenditures	89,158,634	37,325,783	5,305,053	3,317,837	48,731,073	878,368	51,994,434	622,131
<i>Ending Fund Balance</i>	<i>13,165,740</i>	<i>12,008,376</i>	<i>2,120,784</i>	<i>5,777</i>	<i>18,306,835</i>	<i>0</i>	<i>29,526</i>	<i>0</i>
TOTAL REQUIREMENTS	\$102,324,374	\$49,334,159	\$7,425,837	\$3,323,614	\$67,037,908	\$878,368	\$52,023,960	\$622,131
FULL-TIME EQUIVALENTS	444.30	0.00	0.00	0.00	192.00	0.00	13.80	0.00

Summary of all funds, *continued*

	Oregon Zoo Infrastructure & Animal Welfare Fund	Pioneer Cemetery Perpetual Care Fund	Rehab. And Enhancement Fund	Risk Management Fund	Smith and Bybee Wetlands Fund	Solid Waste Revenue Fund	TOTAL
RESOURCES							
<i>Beginning Fund Balance</i>	\$2,121,338	\$316,297	\$1,988,304	\$8,142,227	\$3,987,047	\$36,117,708	\$171,784,588
CURRENT REVENUES							
Real Property Taxes	0	0	0	0	0	0	48,483,349
Excise Tax	0	0	0	0	0	0	16,403,937
Other Derived Tax Revenue	0	23,300	0	0	0	0	23,300
Grants	0	0	0	50,000	0	1,094,105	13,763,029
Local Gov't Shared Revenues	0	0	0	0	0	0	11,173,508
Contributions from other Gov'ts	0	0	0	0	0	0	2,361,371
Enterprise Revenue	0	0	0	9,470,278	1,000	56,327,850	118,636,299
Interest Earnings	21,213	3,163	19,883	25,000	39,870	357,538	1,611,106
Donations	0	0	0	0	0	0	1,703,430
Other Misc. Revenue	0	0	0	5,000	0	33,000	2,014,169
Bond and Loan Proceeds	15,000,000	0	0	0	0	0	15,000,000
Interfund Transfers:							
Interfund Reimbursements	0	0	0	1,125,423	0	0	8,396,573
Internal Service Transfers	0	0	0	60,672	0	32,962	3,122,488
Fund Equity Transfers	0	0	367,984	0	0	5,413,487	10,637,853
Subtotal Current Revenues	15,021,213	26,463	387,867	10,736,373	40,870	63,258,942	253,330,412
TOTAL RESOURCES	\$17,142,551	\$342,760	\$2,376,171	\$18,878,600	\$4,027,917	\$99,376,650	\$425,115,000
REQUIREMENTS							
Current Expenditures							
Personal Services	\$659,562	\$0	\$0	\$267,152	\$0	\$9,209,369	\$76,717,193
Materials and Services	0	0	409,639	12,231,485	130,000	39,981,678	118,479,978
Capital Outlay	14,696,830	0	0	0	0	5,011,783	59,854,158
Debt Service	0	0	0	0	0	0	41,954,002
Interfund Transfers:							
Interfund Reimbursements	190,278	0	0	0	0	4,353,932	8,396,573
Internal Service Transfers	104,637	0	32,962	0	111,379	2,254,915	3,122,488
Fund Equity Transfers	0	0	0	5,225,000	0	386,386	10,637,853
Contingency	1,476,683	0	300,000	528,084	200,000	14,540,763	30,473,585
Subtotal Current Expenditures	17,127,990	0	742,601	18,251,721	441,379	75,738,826	349,635,830
<i>Ending Fund Balance</i>	14,561	342,760	1,633,570	626,879	3,586,538	23,637,824	75,479,170
TOTAL REQUIREMENTS	\$17,142,551	\$342,760	\$2,376,171	\$18,878,600	\$4,027,917	\$99,376,650	\$425,115,000
FULL-TIME EQUIVALENTS	6.25	0.00	0.00	2.80	0.00	93.45	752.60



**General
Fund**

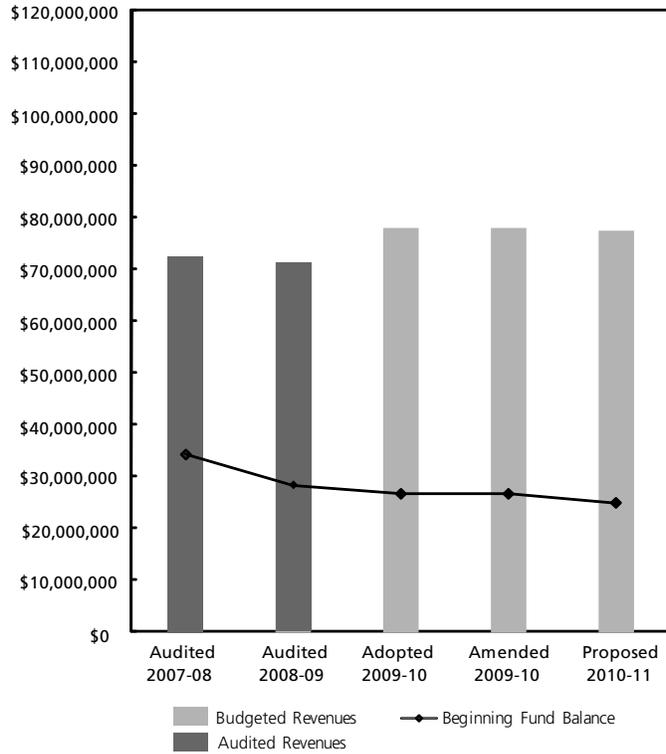


General Fund

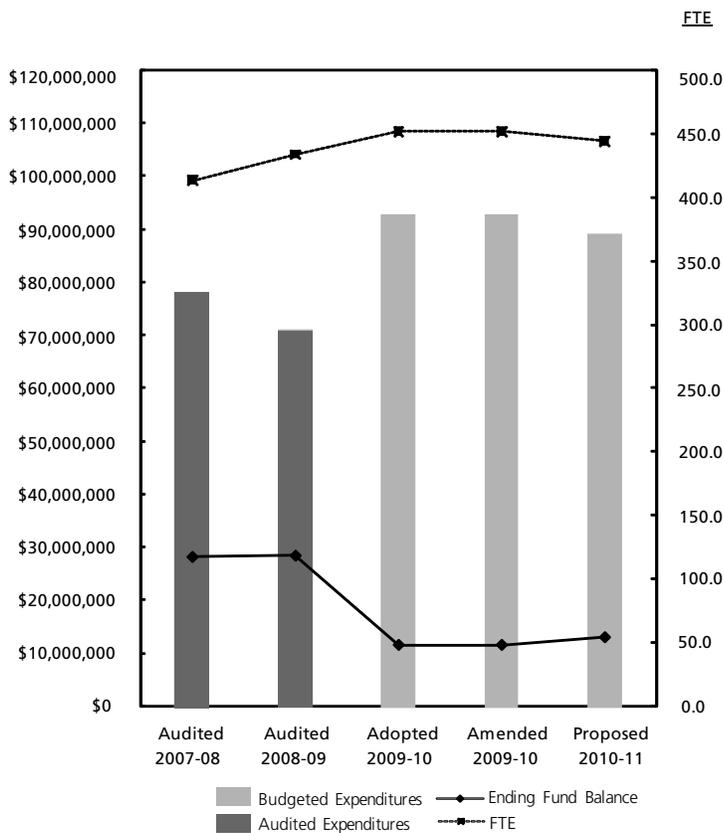
	Audited FY 2007-08	Audited FY 2008-09	Adopted FY 2009-10	Amended FY 2009-10	Proposed FY 2010-11	Approved FY 2010-11	Adopted FY 2010-11	Change from FY 2008-09 Amended
RESOURCES								
<i>Beginning Fund Balance</i>	\$34,355,494	\$28,386,763	\$26,616,367	\$26,616,367	\$24,830,580			(6.71%)
Current Revenues								
Real Property Taxes	10,381,369	10,755,647	11,126,206	11,126,206	11,294,190			1.51%
Excise Tax	16,824,900	14,705,646	14,865,381	14,865,381	16,403,937			10.35%
Grants	13,494,831	11,791,588	13,382,350	13,382,350	11,705,714			(12.53%)
Local Gov't Shared Revenues	545,550	500,473	572,895	572,895	571,000			(0.33%)
Contributions from other Gov'ts	21,500	266,319	313,314	313,314	1,604,464			412.09%
Enterprise Revenue	20,279,556	22,009,056	24,539,994	24,539,994	22,786,413			(7.15%)
Interest Earnings	1,447,955	853,452	544,008	544,008	235,000			(56.80%)
Donations	1,391,695	1,241,569	1,265,100	1,265,100	1,040,100			(17.79%)
Other Misc. Revenue	1,778,327	2,377,196	1,614,068	1,614,068	1,552,972			(3.79%)
Interfund Transfers:								
Interfund Reimbursements	5,376,577	6,076,258	7,062,657	7,062,657	7,271,150			2.95%
Internal Service Transfers	841,364	823,147	2,753,627	2,753,627	3,028,854			10.00%
Fund Equity Transfers	0	97,174	100,000	100,000	0			(100.00%)
Subtotal Current Revenues	72,383,624	71,497,525	78,139,600	78,139,600	77,493,794			(0.83%)
TOTAL RESOURCES	\$106,739,118	\$99,884,288	\$104,755,967	\$104,755,967	\$102,324,374			(2.32%)
REQUIREMENTS								
Current Expenditures								
Personal Services	\$38,385,313	\$42,233,652	\$46,699,388	\$46,762,908	\$46,943,364			0.39%
Materials and Services	26,851,222	21,769,020	36,024,729	36,131,329	32,894,235			(8.96%)
Capital Outlay	307,788	93,924	0	0	0			0.00%
Debt Service	1,876,661	2,010,698	1,472,340	1,472,340	1,529,472			3.88%
Interfund Transfers:								
Interfund Reimbursements	756,115	672,186	467,144	467,144	476,219			1.94%
Internal Service Transfers	0	91,740	0	0	0			0.00%
Interfund Loan	0	0	266,250	266,250	0			(100.00%)
Fund Equity Transfers	10,175,256	4,385,272	4,111,096	4,239,096	3,837,335			(9.48%)
Contingency	0	0	3,998,894	3,700,774	3,478,009			(6.02%)
Subtotal Current Expenditures	78,352,355	71,256,492	93,039,841	93,039,841	89,158,634			(4.17%)
<i>Ending Fund Balance</i>	<i>28,386,763</i>	<i>28,627,796</i>	<i>11,716,126</i>	<i>11,716,126</i>	<i>13,165,740</i>			<i>12.37%</i>
TOTAL REQUIREMENTS	\$106,739,118	\$99,884,288	\$104,755,967	\$104,755,967	\$102,324,374			(2.32%)
FULL-TIME EQUIVALENTS	413.90	434.23	451.73	452.26	444.30			(1.76%)

General Fund

Current revenues and fund balance



Current expenditures



General Fund

The General Fund includes the operating costs of the Council Office, Office of Metro Attorney, Office of Metro Auditor, Communications, Finance and Regulatory Services, Human Resources, Information Services, Oregon Zoo, Planning and Development, Parks and Environmental Services, Research Center, Sustainability Center and special appropriations.

CURRENT REVENUES

Property taxes

Metro receives property tax revenues from a tax levy originally approved by voters in May 1990. Ballot Measure 50, approved by the voters in May 1997, converted the tax levy to a general operating permanent rate levy. Metro's permanent rate is \$0.0966 per \$1,000 of assessed value and cannot be increased even by the voters. Metro expects to receive 93 percent of the property tax levied and approximately \$254,000 in delinquent taxes.

Excise tax

The primary general government source of revenue for the General Fund is an excise tax on the purchase of Metro goods and services. The FY 2010-11 budget includes an excise tax rate of 7.5 percent on non-solid waste tonnage related revenues and a flat fee of \$10.94 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 or only slightly increased tonnage base for the year.

Historically the flat per-ton fee on solid waste tonnage has been in the form of two parts, a "base tax" and an "additional tax." This budget proposes combining the "additional tax" with the "base tax" altering the method of calculation for the "additional tax."

In March 2006 the Metro Council established a Construction Excise Tax to provide funding for regional and local planning that is required to make land ready for development after its inclusion in the urban growth boundary. The tax was initially intended to sunset when a total of \$6.3 million had been collected. This milestone was achieved during FY 2009-10. In June 2009 the Metro Council approved an ordinance extending the Construction Excise Tax for an additional five years until September 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 about \$1.5 million in FY 2010-11.

Grants

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 Research Center is currently negotiating an intergovernmental agreement with the Oregon Department of Transportation. An intergovernmental agreement is anticipated in mid-2010. The

Sustainability Center receives about \$380,000 in grants, primarily for restoration projects on Metro-owned natural areas, and the Oregon Zoo receives about \$154,000 in grants. Grants at the Oregon Zoo support conservation projects performed in cooperation with other jurisdictions. Grant funding fluctuates annually based on project need.

Intergovernmental revenues

This category includes local government shared revenues derived from registration fees for recreational vehicles, county marine fuel taxes and payments from other governmental agencies for services provided by Parks and Environmental Services. In FY 2010-11 revenues received from state shared sources are expected to increase very slightly based on projections from the State of Oregon. This category also includes governmental contributions to Metro programs and projects. In FY 2010-11 a \$1.5 million contribution from TriMet, the region's mass transportation agency, is anticipated for transit oriented development program.

Enterprise revenues

These are revenues derived from the income producing activities of the General Fund such as the Oregon Zoo and Parks and Environmental Services. They include admission fees, parking fees, food and beverage sales, gift shop sales, train rides, education fees, rental income, greens fees at Glendoveer Golf Course and sales and contracted services generated through the Data Resource Center of the Research Center. Most revenue estimates at the Oregon Zoo are based upon per capita revenue projections combined with an estimated attendance of 1.6 million. Revenues at Metro's regional parks are estimated based on a three-year rolling average. Approximately 93 percent of all enterprise revenues is generated at either the Oregon Zoo or regional parks and is heavily dependent on weather conditions. The remaining 7 percent is generated through parking fees at Metro Regional Center and the adjoining parking structure and contracts and sales through the Data Resource Center.

Enterprise revenues in FY 2010-11 are decreasing approximately 7.1 percent, about \$1.7 million, over FY 2009-10. Almost all of this decrease is expected at the Oregon Zoo. The Oregon Zoo has experienced record-breaking attendance the last several years. The budget again projects an annual attendance of 1.6 million. However, while attendance is on the rise, per capita spending has declined. Membership or reduced admission attendance has risen dramatically while at the same time those who do attend are spending much less during the visit. Revenues that were fairly stable during the early part of the economic downturn are now on a decline. Enterprise revenues at the regional parks are currently budgeted to remain fairly stable compared to FY 2009-10. However, for the first time, enterprise revenues are on the decline at Glendoveer golf course. This will require careful monitoring and may require additional modification to future projections. The budget anticipates increases in both public and employee parking fees at Metro Regional Center and the attached public parking garage. Daily fees will increase by \$1, monthly fees by \$10.

Interest earnings

Interest is earned on the unspent portion of the fund balance. Earnings are based on the current rate of Metro's average investment portfolio. In FY 2010-11 the budget assumes an interest rate of 1.0 percent that will generate about \$235,000 to the General Fund.

Donations

This category includes contributions from individuals and organizations in support of general operations or specific projects. Anticipated revenues in FY 2010-11 include \$1.0 million from The Oregon Zoo Foundation for zoo operations and a transfer from the *Predators of the Serengeti* reserve. The Oregon Zoo Foundation holds a permanent reserve dedicated to the support of the *Predators of the Serengeti* exhibit. Contributions will be made from earnings on the reserve.

Interfund transfers

Metro's central services, including the Office of the Chief Operating Officer, Finance and Regulatory Services, Metro Regional Center Property and Office Services, Human Resources, Information Services, Metro Attorney, Creative Services and Metro Auditor, are budgeted in the General Fund. Costs of these services are allocated to operating units through an approved cost allocation plan. Operating units that are budgeted outside the General Fund transfer approximately \$7.3 million in reimbursements. In addition, the Research Center charges for services and maintenance associated with the Data Resource Center; Parks and Environmental Services and the Sustainability Center pay the majority of the charges. Also, to provide more efficient services between organizational units, finance and administrative staff of Parks and Environmental Services and Sustainability Center have been consolidated into one working group in Parks and Environmental Services. Costs are allocated to the various funding sources of the Sustainability Center.

CURRENT EXPENDITURES

Personal services

This category includes salary, wage and fringe benefits for the 444.30 Full-Time Equivalents (FTE) in the various organizational units of the General Fund. Overall FTE have decreased by 7.96 since the FY 2009-10 Amended Budget. A detailed discussion of staff changes can be found in the budget summary. In addition to staffing changes, all organizational units have experienced increases in personal services costs related to salary increases and health and welfare costs. The budget assumptions reviewed by Council included a variety of anticipated salary adjustments for cost of living, merit pay, annual step and other possible changes related to collective bargaining and classification studies. Non-represented salaries and wages were frozen in FY 2009-10, delaying performance based merit increase until July 2010. Also, the budget assumes a 10 percent increase in Metro's contribution to health and welfare premiums as provided for in collective bargaining agreements. A more detailed explanation of fringe benefits is included in the appendices. A ten-year comparison of salary and benefit costs included in the budget summary.

Materials and services

Expenditures in this category for basic operations, maintenance and administration have decreased approximately 5.8 percent over FY 2009-10. Much of this is the result of decreased activity related to attendance, hence variable costs, at regional parks and zoo facilities. Planning and Development expenditures are closely tied to grant funding. About 90 percent of Planning and Development costs, about \$9.3 million, is for contracted professional services, Transit Oriented Development land purchases or pass-through of grant funds to other governments. Overall materials and services decreased by 8.96 percent.

Capital outlay

All major capital projects and renewal and replacement projects are budgeted the Metro Capital Fund or the General Renewal and Replacement Fund.

Debt service

In fall 2005 Metro joined with a pool of other local governments in Oregon to issue limited tax pension obligation bonds to fund its share of the Oregon Public Employees Retirement System's (PERS) unfunded actuarial liability. Metro's share of the total principal will be repaid over a period of 22 years through assessments on operating units in exchange for a lower pension cost. Annual principal and interest costs are funded through assessments to centers and services based on eligible salary and are paid through the general expense section of the General Fund.

Transfers

There are two types of transfers from the General Fund: (1) interfund reimbursements for risk management services, and (2) fund equity transfers of resources. Transfers of resources account for almost 89 percent of expenditures in this category including:

- The transfer of approximately \$1.3 million in annual renewal and replacement contributions to the General Renewal and Replacement Fund.
- The transfer of approximately \$1.9 million to the General Revenue Bond Fund for debt service.
- The transfer of \$475,000 in excise tax to the Metro Exposition Recreation Commission provided to the Oregon Convention Center under the Metro Tourism Opportunity and Competitiveness Account.

Contingency

A contingency provides for unforeseen needs throughout the year. Expenditures from contingency may be made only through Council adoption of an ordinance amending the budget. Any transfer from contingency throughout the year that would exceed a cumulative amount greater than 15 percent of expenditures requires a full supplemental budget amendment. The FY 2010-11 contingency is made up of two types: (1) a general contingency and reserve to provide for unforeseen events through the year, and (2) specific amounts set aside for future needs designated through Council action. Contingency and reserves are budgeted in accordance with Council approved financial policies.

FUND BALANCE

The fund balance of the General Fund is the combined balance for several major operating units — Oregon Zoo, Planning and Development, Research Center, Sustainability 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, Information Services and Communications. It includes several dedicated reserves such as the PERS Reserve for pension liability and a reserve for future debt service on the full faith and credit bonds for the Metro Regional Center. It also includes reserves for cash flow and fund stabilization. Metro performed a comprehensive review of fund balance needs in the General Fund. Based on this analysis, approved policies call for a minimum of 7 percent of operating revenues to be set aside in either a contingency or stabilization reserve to guard against unexpected downturns in revenues and to stabilize resulting budget action. The target was set to provide a 90 percent confidence level that revenues might dip below this amount only once in a 10 year period.



**General
Obligation
Bond Debt
Service
Fund**

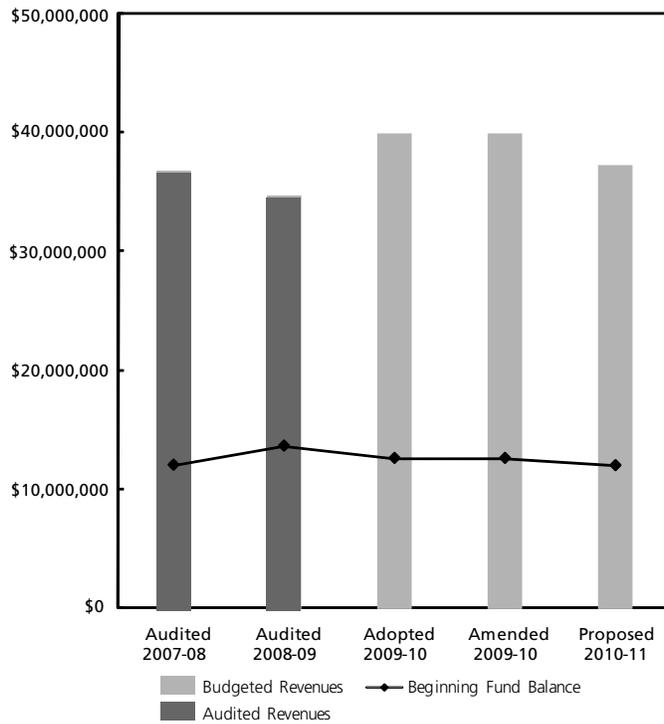


General Obligation Bond Debt Service Fund

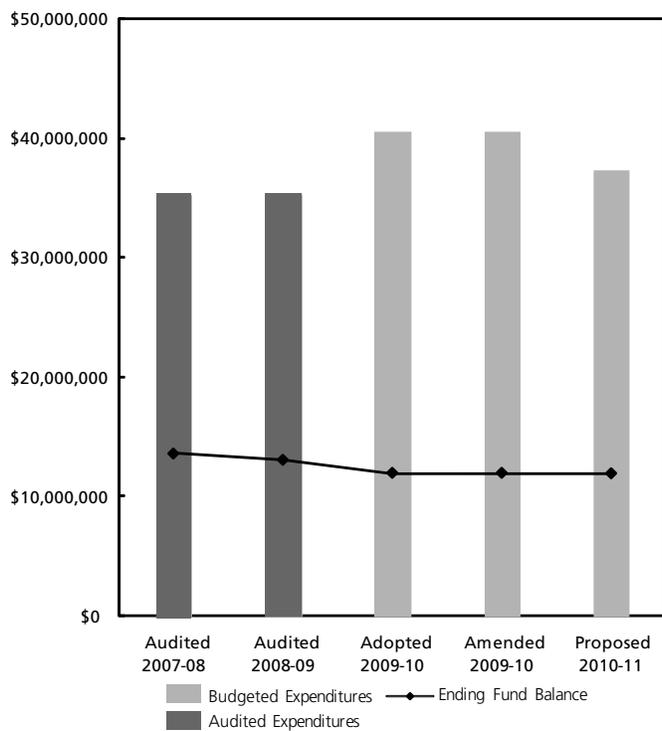
	Audited FY 2007-08	Audited FY 2008-09	Adopted FY 2009-10	Amended FY 2009-10	Proposed FY 2010-11	Approved FY 2010-11	Adopted FY 2010-11	Change from FY 2008-09 Amended
RESOURCES								
<i>Beginning Fund Balance</i>	\$12,082,430	\$13,661,489	\$12,645,000	\$12,645,000	\$12,045,000			(4.74%)
Current Revenues								
Real Property Taxes	35,931,269	34,141,449	39,783,851	39,783,851	37,189,159			(6.52%)
Interest Earnings	887,587	606,851	150,000	150,000	100,000			(33.33%)
Subtotal Current Revenues	36,818,856	34,748,300	39,933,851	39,933,851	37,289,159			(6.62%)
TOTAL RESOURCES	\$48,901,286	\$48,409,789	\$52,578,851	\$52,578,851	\$49,334,159			(6.17%)
REQUIREMENTS								
Current Expenditures								
Debt Service	\$35,239,797	\$35,275,958	\$40,533,022	\$40,533,022	\$37,325,783			(7.91%)
Subtotal Current Expenditures	35,239,797	35,275,958	40,533,022	40,533,022	37,325,783			(7.91%)
<i>Ending Fund Balance</i>	13,661,489	13,133,831	12,045,829	12,045,829	12,008,376			(0.31%)
TOTAL REQUIREMENTS	\$48,901,286	\$48,409,789	\$52,578,851	\$52,578,851	\$49,334,159			(6.17%)
FULL-TIME EQUIVALENTS	0.00	0.00	0.00	0.00	0.00			0.00%

General Obligation Bond Debt Service Fund

Current revenues and fund balance



Current expenditures



General Obligation Bond Debt Service Fund

The General Obligation Bond Debt Service Fund receives property tax revenue from voter-approved levies and pays principal and interest due to holders of Metro's outstanding general obligation bonds. The fund contains debt service payments for each of Metro's existing general obligation bond series.

The Convention Center Project Debt Service Account pays the principal and interest due on the 2001 Series A general obligation refunding bonds (Oregon Convention Center project). In FY 2010-11 \$5,476,795 is due. In July 2001 Metro refinanced the 1992 Series A Convention Center refunding bonds, saving approximately \$4.2 million in interest payments over the next 10 years.

In November 2002 Metro refinanced the 1995 Series A and C Open Spaces, Parks and Streams bonds. The refinancing resulted in a net present value savings of \$6.1 million. In FY 2010-11 the total due is \$10,447,188, which includes debt service on the 1995 Series B bonds.

In May 2005 Metro refinanced the callable portion of the 1996 Series A Oregon Project general obligation bonds, resulting in net present value savings of \$1,427,412. In FY 2010-11 the total due is \$2,263,650.

In November 2006 the voters approved the \$227.4 million Natural Areas general obligation bonds. The first series under this authorization was issued in April 2006. The debt service due in FY 2010-11 is \$8,138,150.

In November 2008 the voters approved a \$125 million bond measure for Oregon Zoo infrastructure and projects related to animal welfare. A small \$5 million two-year privately placed bond was issued in December 2008 with a call provision 18 months from the date of issue. It is Metro's intention to pay off the bond in full on the call date in June 2010. Another \$15 million privately placed bond is anticipated to be issued in late spring or summer 2010. Debt service due during FY 2010-11 is expected to be \$11 million.

CURRENT REVENUES

Property taxes

Property taxes are levied to meet the outstanding requirements of the general obligation bonds. The levy amount is the amount needed to pay debt obligations assuming a 93 percent collection rate.

Interest

Interest is earned on the average cash balance of the fund, based on the current rates of Metro's investment portfolio. In FY 1999–2000 Metro implemented Governmental Accounting Standards Board Rule #31, which requires that interest earnings be adjusted to reflect market value of investments. As a result, interest earnings are less predictable and result in greater variability from year to year. The average interest earnings rate for FY 2010-11 is expected to fall to 1.0 percent.

CURRENT EXPENDITURES

Debt service

Principal and interest payments on the outstanding general obligation bonds are based on the actual debt service schedules for each issue. Debt service payments are made semi-annually.

FUND BALANCE

All of Metro's existing general obligation bonds have payments due early in the fiscal year, before property tax payments are received. All accounts, therefore, have ending fund balances of sufficient size to carry funds over to the following fiscal year to make the first debt service payment. Ending balances are adjusted over time to meet the requirements of debt obligations.



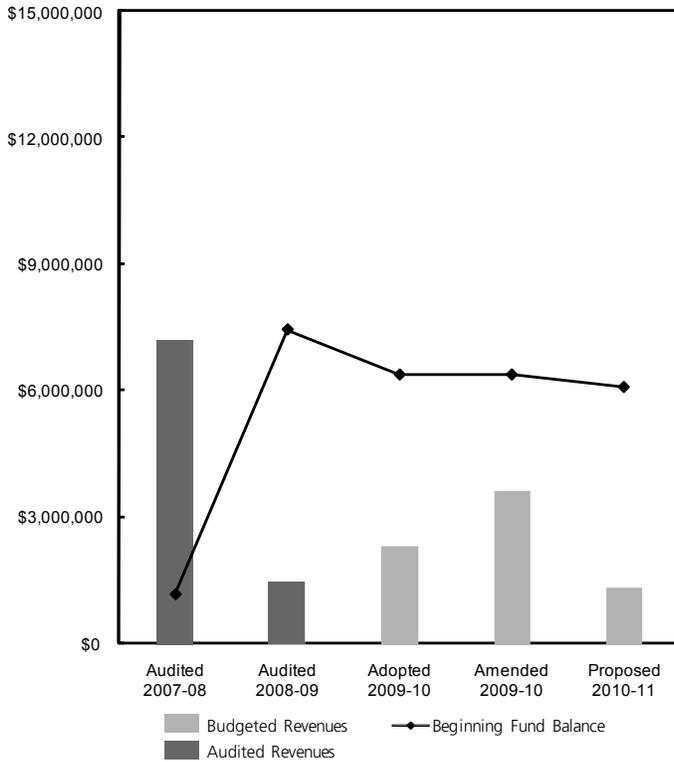
**General
Renewal
and
Replacement
Fund**



General Renewal and Replacement Fund

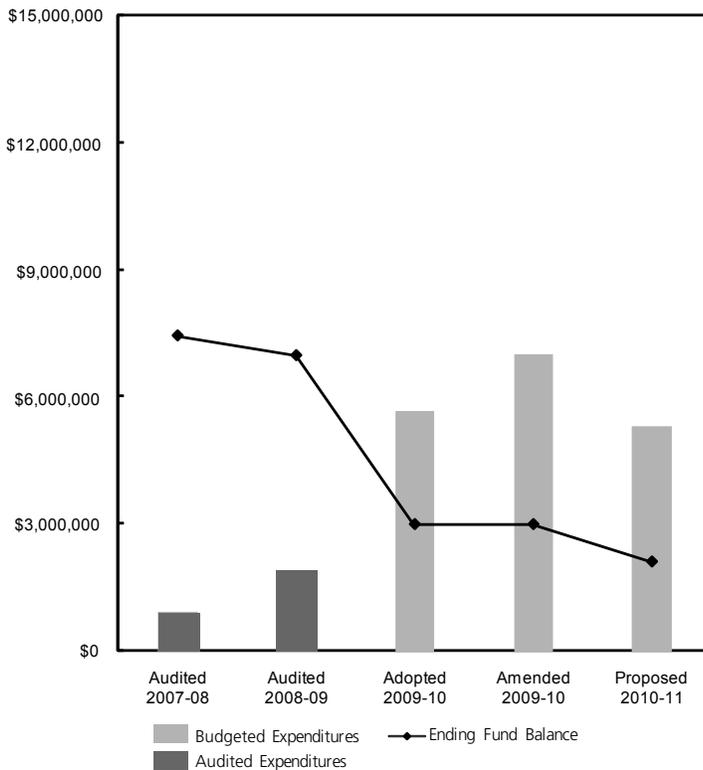
	Audited FY 2007-08	Audited FY 2008-09	Adopted FY 2009-10	Amended FY 2009-10	Proposed FY 2010-11	Approved FY 2010-11	Adopted FY 2010-11	Change from FY 2008-09 Amended
RESOURCES								
<i>Beginning Fund Balance</i>	\$1,192,004	\$7,444,290	\$6,379,524	\$6,379,524	\$6,084,425			(4.63%)
Current Revenues								
Grants	0	63,764	0	1,212,500	0			(100.00%)
Interest Earnings	172,869	229,909	216,559	216,559	58,777			(72.86%)
Interfund Transfers:								
Fund Equity Transfers	7,025,064	1,161,459	2,082,475	2,210,475	1,282,635			(41.97%)
Subtotal Current Revenues	7,197,933	1,455,132	2,299,034	3,639,534	1,341,412			(63.14%)
TOTAL RESOURCES	\$8,389,937	\$8,899,422	\$8,678,558	\$10,019,058	\$7,425,837			(25.88%)
REQUIREMENTS								
Current Expenditures								
Materials and Services	\$176,781	\$501,349	\$829,498	\$878,498	\$426,779			(51.42%)
Capital Outlay	768,866	1,044,148	1,626,408	3,385,408	1,878,274			(44.52%)
Interfund Transfers:								
Fund Equity Transfers	0	375,000	0	0	0			0.00%
Contingency	0	0	3,220,515	2,753,015	3,000,000			8.97%
Subtotal Current Expenditures	945,647	1,920,497	5,676,421	7,016,921	5,305,053			(24.40%)
<i>Ending Fund Balance</i>	7,444,290	6,978,925	3,002,137	3,002,137	2,120,784			(29.36%)
TOTAL REQUIREMENTS	\$8,389,937	\$8,899,422	\$8,678,558	\$10,019,058	\$7,425,837			(25.88%)
FULL-TIME EQUIVALENTS	0.00	0.00	0.00	0.00	0.00			0.00%

Current revenues and fund balance



General Renewal and Replacement Fund

Current expenditures



General Renewal and Replacement Fund

The General Renewal and Replacement Fund was established in FY 2008-09 to provide for Metro's general assets including all General Fund services and centers. When first set up in FY 2007-08 it was included as an account in the Metro Capital Fund. Previously, renewal and replacement was budgeted in a variety of places for specific dedicated purposes. For comparative purposes all prior years have been included.

While developing the FY 2007-08 budget, Metro undertook a comprehensive review of General Fund reserve needs. The analysis included a preliminary study of renewal and replacement requirements of Metro's existing general assets. The preliminary study, based on historical accounting data, estimated the financial investment necessary — both one-time and ongoing — to provide fully for current and future needs of existing assets. In the FY 2007-08 budget, the Metro Council directed \$5.7 million in general reserves for a one-time contribution to renewal and replacement and \$1.1 million for annual ongoing contributions. In addition, to confirm the financial investment estimates of the preliminary study, the budget appropriated \$100,000 to perform a detailed on-site inventory of assets and develop a 25 year renewal and replacement schedule. Anticipating the successful completion of this project, the variety of specific dedicated reserves was consolidated into one Renewal and Replacement Account in the Metro Capital Fund.

An engineering firm performed the study with the help of facility managers, the Capital Budget Coordinator and several interns, developing a comprehensive list of renewal and replacement requirements. The engineering firm provided or verified cost estimates and produced a schedule of needs. The comprehensive study validated the financial investment estimates initially developed in the preliminary study. The schedule of needs will be reviewed and updated on a regular basis, at least once every five years. Annual financial contributions will be adjusted if necessary to meet changing requirements. Renewal and replacement needs will be budgeted in accordance with the schedule. All projects greater than \$100,000 are listed individually in the capital improvement plan. All other projects less than \$100,000 are aggregated as a single renewal and replacement project within each service and center.

In spring 2008 a comprehensive examination of all Metro assets was completed, conforming to GASB 34.

CURRENT REVENUES

Interest earnings

Interest is earned on the unused portion of the fund balance. Earnings are based on the current rates of Metro's average investment portfolio. For FY 2010-11 an interest rate of 1.0 percent will produce \$58,777, a decline of \$157,782 from the previous year.

Interfund transfers

Annual ongoing contributions to the renewal and replacement reserve are necessary to meet scheduled requirements. The General Fund contributes approximately \$1.3 million from a variety of sources. Annual contributions are intended to be relatively constant but are adjusted to recognize new assets when they are put into service.

CURRENT EXPENDITURES

Materials and services

Expenditures in this category reflect potential renewal and replacement projects that do not meet the threshold of major capital improvement and which, by definition, are considered capital maintenance. These projects are aggregated by organizational unit and included in the renewal and replacement schedule. Capital maintenance projects more than \$100,000 are called out separately in the capital improvement plan.

Capital outlay

This category represents renewal and replacement projects approved in Metro's capital budget. All projects are included in the capital improvement plan. Those projects more than \$100,000 are called out separately in the plan. All other projects are aggregated by organizational unit into one general renewal and replacement project. For additional information see the FY 2010-11 Capital Improvement Plan section of this budget document.

Interfund transfers

Major capital construction projects may include a portion that is considered renewal and replacement. Funds are transferred from the General Renewal and Replacement Fund to the Metro Capital Fund for the capital project in those cases.

Contingency

A contingency provides for unforeseen needs throughout the year. Expenditures from contingency may be made only through Council adoption of an ordinance amending the budget. Any transfer from contingency throughout the year that would exceed a cumulative amount greater than 15 percent of expenditures requires a full supplemental budget amendment, including public review. A large contingency is budgeted to insure adequate ability to fund unexpected larger projects.

FUND BALANCE

This represents the balance of the general renewal and replacement reserve. The reserve amount will fluctuate from year to year based on project needs. The current financial plan for renewal and replacement provides for a positive balance in the reserve for the next 15 years. The schedule of needs and financial plan will be reviewed annually, updated at least every five years and adjusted accordingly.



**General
Revenue
Bond Fund**

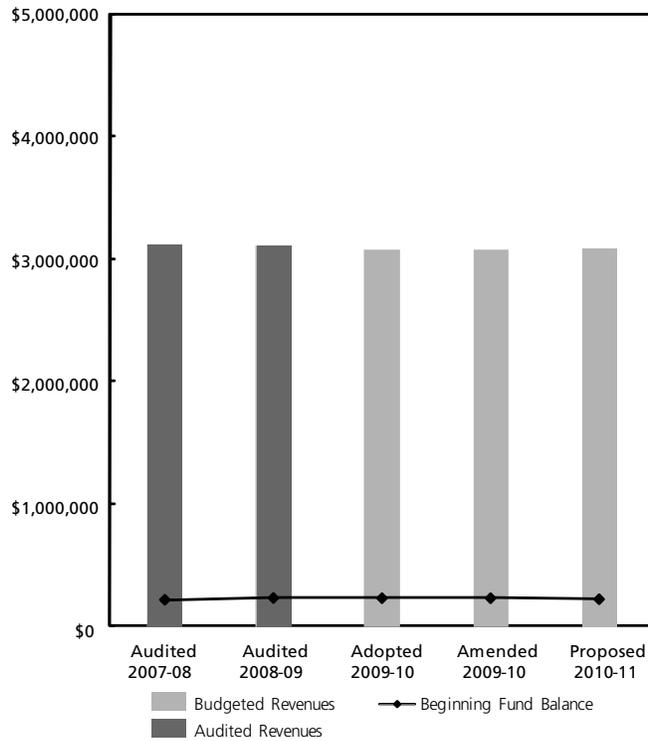


General Revenue Bond Fund

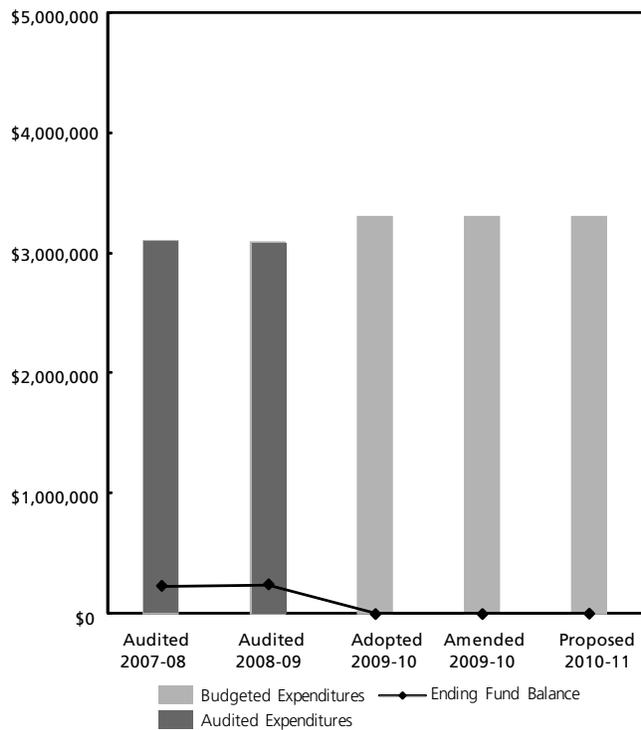
	Audited FY 2007-08	Audited FY 2008-09	Adopted FY 2009-10	Amended FY 2009-10	Proposed FY 2010-11	Approved FY 2010-11	Adopted FY 2010-11	Change from FY 2008-09 Amended
RESOURCES								
<i>Beginning Fund Balance</i>	\$218,164	\$232,441	\$230,840	\$230,840	\$222,567			(3.58%)
Current Revenues								
Interest Earnings	22,276	12,226	5,700	5,700	2,300			(59.65%)
Interfund Transfers:								
Fund Equity Transfers	3,102,404	3,098,663	3,078,301	3,078,301	3,098,747			0.66%
Subtotal Current Revenues	3,124,680	3,110,889	3,084,001	3,084,001	3,101,047			0.55%
TOTAL RESOURCES	\$3,342,844	\$3,343,330	\$3,314,841	\$3,314,841	\$3,323,614			0.26%
REQUIREMENTS								
Current Expenditures								
Capital Outlay	0	0	219,167	219,167	219,090			(0.04%)
Debt Service	3,102,403	3,098,662	3,093,301	3,093,301	3,098,747			0.18%
Interfund Transfers:								
Fund Equity Transfers	8,000	0	0	0	0			0.00%
Subtotal Current Expenditures	3,110,403	3,098,662	3,312,468	3,312,468	3,317,837			0.16%
<i>Ending Fund Balance</i>	<i>232,441</i>	<i>244,668</i>	<i>2,373</i>	<i>2,373</i>	<i>5,777</i>			<i>143.45%</i>
TOTAL REQUIREMENTS	\$3,342,844	\$3,343,330	\$3,314,841	\$3,314,841	\$3,323,614			0.26%
FULL-TIME EQUIVALENTS	0.00	0.00	0.00	0.00	0.00			0.00%

General Revenue Bond Fund

Current revenues and fund balance



Current expenditures



General Revenue Bond Fund

The General Revenue Bond Fund was established to account for bond proceeds used to construct Metro Regional Center and the assessments against Metro centers and services to pay debt service on those bonds. In FY 1995–96 the fund was expanded to include loan proceeds for the Washington Park parking lot renovation and a contribution to TriMet for the Oregon Zoo light rail station. In FY 1999–2000 the fund was again amended to include loan proceeds from the Oregon Economic and Community Development Department (OECDD) used to replace Hall D at the Portland Expo Center. In the future, this financing method and fund could be used to pay for other general purpose capital items.

Project account

This account was created in FY 1995–96 to provide for expenditures related to the Washington Park parking lot renovation and the contribution to TriMet for the zoo light rail station. Beginning in FY 1999–2000 it was also used to account for expenses associated with the Hall D Replacement Project.

Debt service account

This account is used to pay principal and interest due on the outstanding debt. In FY 2003–04 the Metro Regional Center general revenue bonds and Washington Park parking lot OECDD loans were refinanced with full faith and credit bonds. The refinancing resulted in a net present value savings of almost \$2.5 million, or 10 percent. Debt service on the Metro Regional Center bonds is paid from assessments allocated to the operations and activities of Metro that use the Metro Regional Center and from fees and charges for the use of the attached parking structure. Debt service on the outstanding obligation for the Washington Park parking lot is paid by zoo revenues. In April 2006 Metro issued full faith and credit bonds to refund the outstanding OECDD loan for the replacement of Hall D at the Expo Center. The refinancing resulted in a net present value savings of almost \$759,000 or 5.05 percent. Debt service on these refunding bonds is paid by Expo Center revenues.

CURRENT REVENUES

Interest earnings

Interest is earned on the unused portion of the fund balance. Earnings are based on the current rates of Metro’s average investment portfolio. For FY 2010-11, average interest rates are assumed at 1.0 percent.

Interfund transfers

Debt service on the full faith and credit bonds for Metro Regional Center is paid from assessments allocated to the operations and activities of Metro that use Metro Regional Center, and fees and charges for the use of the attached parking structure. The fees, charges and assessments are collected within the General Fund and are transferred to the General Revenue Bond Fund for payment of debt service. Debt service for the Washington Park parking lot obligations is repaid by revenues transferred from zoo operations. Debt service on the obligations for Hall D is repaid by Expo revenues transferred from the MERC Fund.

CURRENT EXPENDITURES

Capital outlay

Capital outlay requirements in this fund are dependent on anticipated projects and vary from year to year. A small amount continues to be carried forward and budgeted every year for completion of the auxiliary lot at the Washington Park parking lot, should the permitting issues resolve.

Debt service

This category contains principal and interest due on the outstanding full faith and credit bonds. Debt service payments are made semi-annually and are tied to the debt service schedule. The Metro Regional Center revenue bonds and the Washington Park parking lot OECDD loans were refinanced in FY 2003–04. The 2003 series full faith and credit refinancing bonds will be repaid over 20 years and will fully mature in 2022. The 2006 series full faith and credit bonds will be repaid over 18.5 years, the remaining life of the former OECDD loan, and will retire in 2024.

Interfund transfers

A renewal and replacement account has been established for future capital needs of Metro Regional Center. In prior years, funds were transferred to the former Building Management Fund to pay for renewal and replacement projects authorized in the capital budget. In FY 2005–06 the balance in the renewal and replacement account was transferred to the Metro Capital Fund to establish a new Metro Regional Center renewal and replacement account. A small residual amount remained and was transferred in FY 2007–08.

Contingency

The fund is now primarily a debt service fund. Since debt costs can be easily estimated based on debt service schedules, no contingency is provided for the fund.

FUND BALANCE

The fund balance contains a small amount in the debt service account and the amount that is carried forward for the Washington Park parking lot project.



**Metro
Capital
Fund**

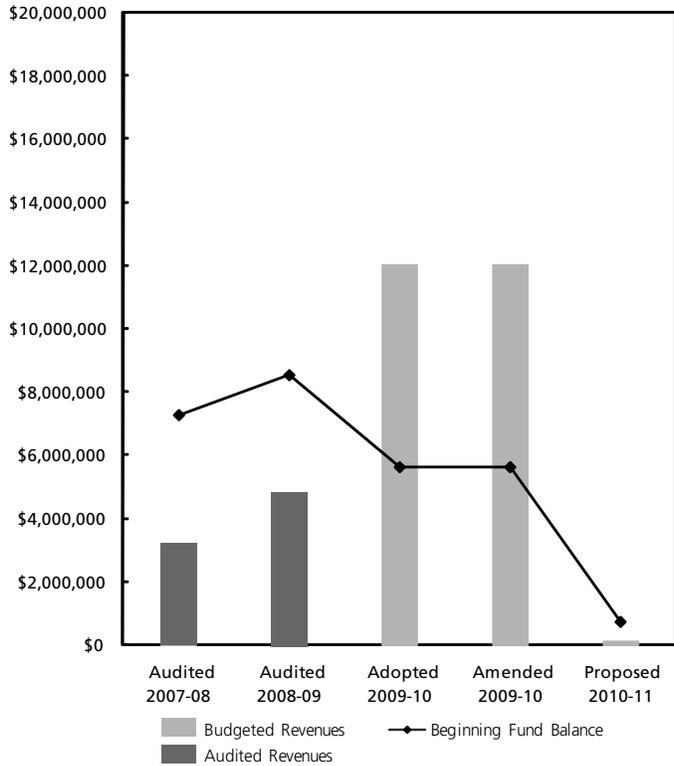


Metro Capital Fund

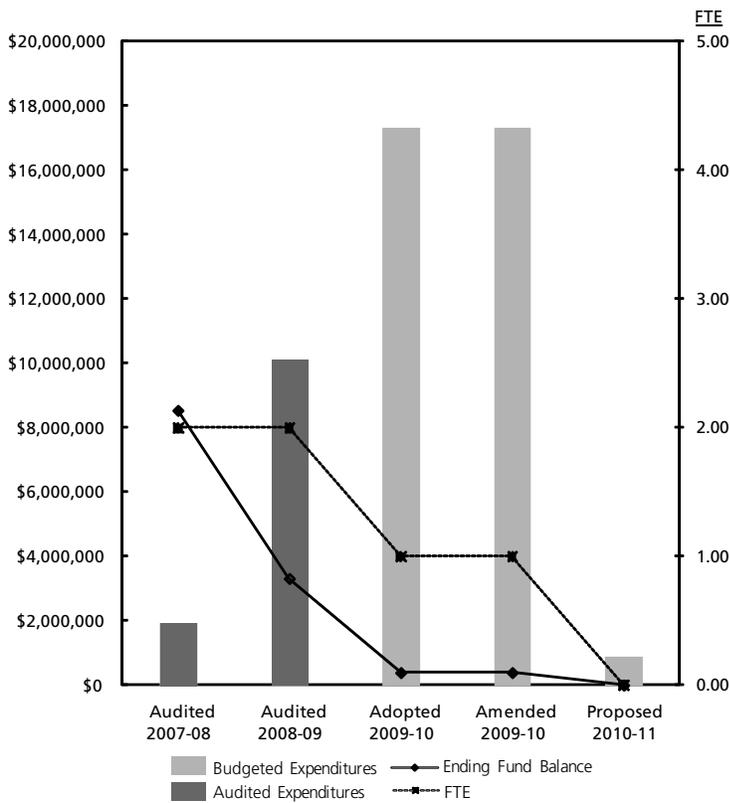
	Audited FY 2007-08	Audited FY 2008-09	Adopted FY 2009-10	Amended FY 2009-10	Proposed FY 2010-11	Approved FY 2010-11	Adopted FY 2010-11	Change from FY 2008-09 Amended
RESOURCES								
<i>Beginning Fund Balance</i>	\$7,281,157	\$8,544,729	\$5,633,688	\$5,633,688	\$737,638			(86.91%)
Current Revenues								
Grants	54,391	1,851,255	0	0	0			0.00%
Interest Earnings	348,627	198,670	76,851	76,851	3,900			(94.93%)
Donations	2,163,691	1,910,627	1,200,000	1,200,000	136,830			(88.60%)
Other Misc. Revenue	67,074	2,571	0	0	0			0.00%
Interfund Transfers:								
Interfund Loan	0	0	10,650,000	10,650,000	0			(100.00%)
Fund Equity Transfers	563,000	895,000	139,000	139,000	0			(100.00%)
Subtotal Current Revenues	3,196,783	4,858,123	12,065,851	12,065,851	140,730			(98.83%)
TOTAL RESOURCES	\$10,477,940	\$13,402,852	\$17,699,539	\$17,699,539	\$878,368			(95.04%)
REQUIREMENTS								
Current Expenditures								
Personal Services	\$93,025	\$105,147	\$143,492	\$143,492	\$0			(100.00%)
Materials and Services	462,252	0	0	0	0			0.00%
Capital Outlay	1,348,184	9,885,517	13,283,648	13,283,648	440,000			(96.69%)
Interfund Transfers:								
Internal Service Transfers	29,750	0	7,670	7,670	0			(100.00%)
Fund Equity Transfers	0	97,174	899,410	899,410	0			(100.00%)
Contingency	0	0	2,976,986	2,976,986	438,368			(85.27%)
Subtotal Current Expenditures	1,933,211	10,087,838	17,311,206	17,311,206	878,368			(94.93%)
<i>Ending Fund Balance</i>	<i>8,544,729</i>	<i>3,315,014</i>	<i>388,333</i>	<i>388,333</i>	<i>0</i>			<i>(100.00%)</i>
TOTAL REQUIREMENTS	\$10,477,940	\$13,402,852	\$17,699,539	\$17,699,539	\$878,368			(95.04%)
FULL-TIME EQUIVALENTS	2.00	2.00	1.00	1.00	0.00			(100.00%)

Metro Capital Fund

Current revenues and fund balance



Current expenditures and full-time equivalents



Metro Capital Fund

The Metro Capital Fund was created in FY 2005–06 as part of the fund consolidation that occurred with the implementation of the Strategic Budgeting Initiative. The fund combined the Regional Parks Capital Fund, the Regional Parks Special Accounts Fund and the Zoo Capital Fund into the consolidated capital fund. Several renewal and replacement reserves formerly held in various other funds were also transferred to this new fund to create dedicated reserves. In FY 2008-09 a new fund was created for renewal and replacement projects.

The Metro Capital Fund is structured into four capital project accounts and two special project accounts transferred from Multnomah County. The consolidated renewal and replacement account was established in FY 2007-08, (now in its own separate fund), by combining five individual accounts formerly designated for specific purposes into one account designed to meet the needs of all operating units in the General Fund.

The full purpose of this fund is still evolving. Additional accounts may be added as other capital expenditures are consolidated into this fund.

Information Services Capital Projects

Provides for new capital projects of Information Services.

Oregon Zoo Capital Projects Account

Provides for new capital projects of the Oregon Zoo (formerly budgeted in the Zoo Capital Fund).

Regional Parks Capital Projects Account

Provides for new capital projects of the regional parks facilities (formerly budgeted in the Regional Parks Capital Fund).

Regional Parks Capital Blue Lake Special Account

Metro received dedicated funds from Multnomah County when it accepted the transfer of park facilities and operations. The account was initially dedicated to the development of a concert stage at the park. However, that project was deemed infeasible and the funding was transferred to the development of a water play structure at Blue Lake Regional Park (formerly budgeted in the Regional Parks Special Accounts Fund).

Regional Parks Capital Oxbow Park Nature Center Account

Metro received dedicated funds from Multnomah County when it accepted the transfer of park facilities and operations. The account is dedicated to the development of a nature center at Oxbow Regional Park (formerly budgeted in the Regional Parks Special Accounts Fund).

All other Capital

This category includes new capital projects for the Metro Regional Center.

CURRENT REVENUES

Grants

Grants received are project specific. In FY 2009-10 \$550,000 from other sources, possibly grants, were identified for the Blue Lake Park Nature and Golf Learning Center project and later funded by an interfund loan from the Solid Waste Revenue Fund. The Blue Lake Park Nature and Golf Learning Center project has been postponed due to the current economic climate.

Government contributions

These revenues represent contributions from various governments to support a particular capital project. No government contributions are expected in FY 2010-11.

Interest earnings

Interest is earned on the unused portion of the fund balance. Earnings are based on the current rates of Metro's average investment portfolio. For FY 2010-11 an interest rate of 1.0 percent is assumed.

Donations

This category includes donations either to support a particular project or support the capital needs of a specific department. The Oregon Zoo Foundation has raised \$3.6 million to finance the *Red Ape Reserve* "Orangutan" exhibit at the zoo, the final portion of which is being recognized in FY 2010-11.

Miscellaneous revenue

This category is to support a particular project or support the capital needs of a specific department.

Interfund transfers

Interfund transfers are received for a variety of purposes. Some of these transfers are one-time in nature. Others will be ongoing, although the amount may vary from year-to-year based on need.

CURRENT EXPENDITURES

Personal services

The capital budget does not include any personal services expenditures.

Materials and services

Expenditures in this category in previous years included several restoration projects in the Regional Parks Capital Account. In previous years it also included potential renewal and replacement projects that do not meet the threshold of major capital improvement and which, by definition, are considered capital maintenance and are now in the General Renewal and Replacement Fund.

Capital outlay

This category represents capital projects approved in Metro's capital budget. In FY 2009-10 capital project threshold increased to \$100,000 from \$50,000. The Oregon Zoo includes the completion of the *Red Ape Reserve* "Orangutan" exhibit. Information Services includes the completion of the project to combine the information technology infrastructure of the Metropolitan Exposition Recreation Commission with Metro's information technology infrastructure. In addition, Information Services includes a project to begin investigating potential changes to the current Enterprise Resource Planning system.

Contingency

A contingency is provided to meet unforeseen needs throughout the year. Expenditures from contingency may only be made through Council adoption of an ordinance amending the budget. Any transfer from contingency throughout the year that would exceed a cumulative amount greater than 15 percent of expenditures requires a full supplemental budget amendment, including public review.

FUND BALANCE

The fund balance includes a variety of dedicated reserves associated with the accounts established in the fund. Balances in the fund will fluctuate based on project needs.



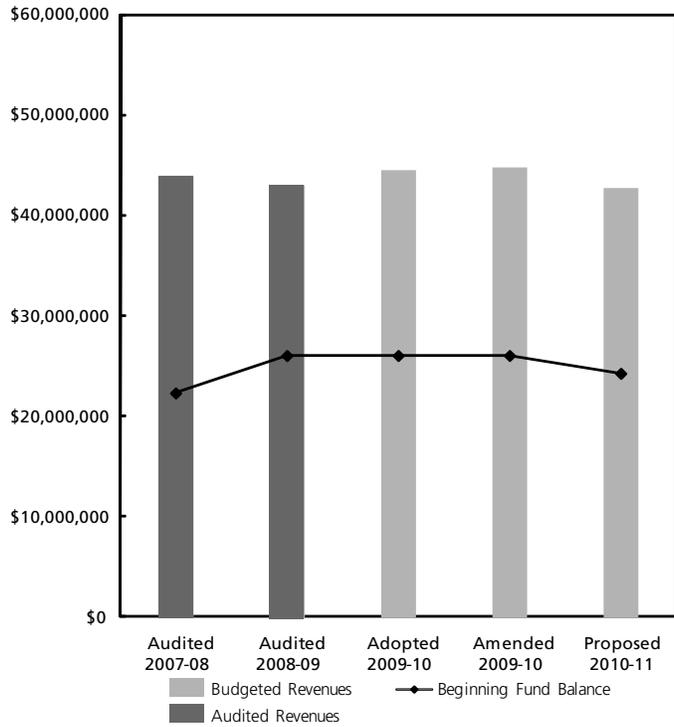
**Metropolitan
Exposition
Recreation
Commission
Fund**



Metropolitan Exposition Recreation Commission Fund

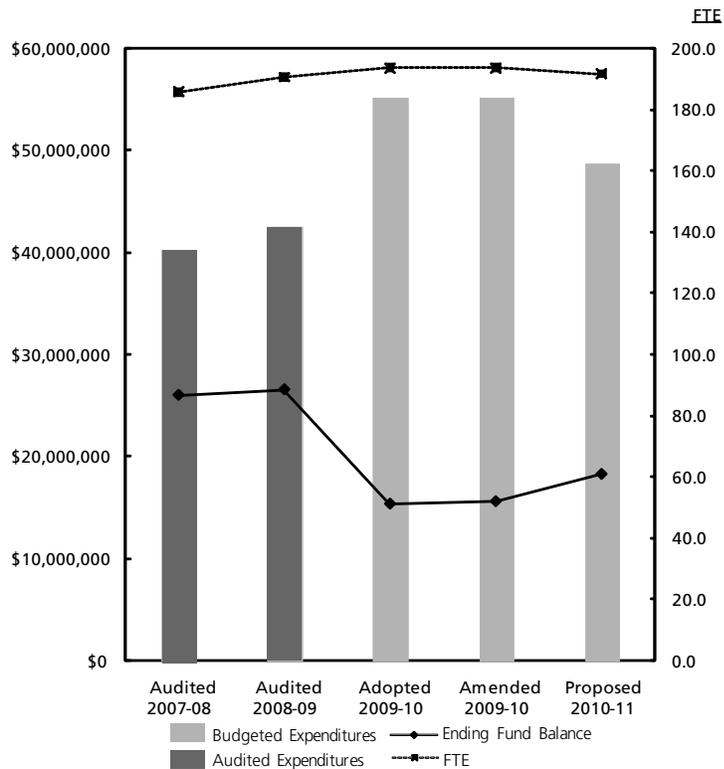
	Audited FY 2007-08	Audited FY 2008-09	Adopted FY 2009-10	Amended FY 2009-10	Proposed FY 2010-11	Approved FY 2010-11	Adopted FY 2010-11	Change from FY 2008-09 Amended
RESOURCES								
<i>Beginning Fund Balance</i>	\$22,350,467	\$26,070,021	\$26,074,761	\$26,074,761	\$24,297,515			(6.82%)
Current Revenues								
Grants	0	8,075	0	216,925	0			(100.00%)
Local Gov't Shared Revenues	11,156,012	10,702,509	10,974,589	10,974,589	10,602,508			(3.39%)
Contributions from other Gov'ts	711,376	734,709	760,926	760,926	756,907			(0.53%)
Enterprise Revenue	30,281,559	29,718,490	29,517,557	29,749,557	30,050,758			1.01%
Interest Earnings	945,178	556,704	586,518	586,518	235,523			(59.84%)
Donations	110,866	450,742	1,922,500	1,690,500	496,500			(70.63%)
Other Misc. Revenue	170,318	163,682	122,226	147,226	123,197			(16.32%)
Interfund Transfers:								
Fund Equity Transfers	669,720	758,083	692,490	692,490	475,000			(31.41%)
Subtotal Current Revenues	44,045,029	43,092,994	44,576,806	44,818,731	42,740,393			(4.64%)
TOTAL RESOURCES	\$66,395,496	\$69,163,015	\$70,651,567	\$70,893,492	\$67,037,908			(5.44%)
REQUIREMENTS								
Current Expenditures								
Personal Services	\$15,808,463	\$17,507,657	\$18,534,604	\$18,534,604	\$18,287,048			(1.34%)
Materials and Services	20,213,636	20,230,591	20,776,654	21,343,218	20,256,162			(5.09%)
Capital Outlay	1,028,477	1,236,534	3,424,490	3,406,415	3,983,460			16.94%
Debt Service	18,349	17,548	17,258	152,258	0			(100.00%)
Interfund Transfers:								
Interfund Reimbursements	2,066,618	2,359,218	2,516,225	2,516,225	2,492,498			(0.94%)
Fund Equity Transfers	1,189,932	1,192,232	1,188,632	1,188,632	1,189,132			0.04%
Contingency	0	0	8,805,905	8,122,416	2,522,773			(68.94%)
Subtotal Current Expenditures	40,325,475	42,543,780	55,263,768	55,263,768	48,731,073			(11.82%)
<i>Ending Fund Balance</i>	26,070,021	26,619,235	15,387,799	15,629,724	18,306,835			17.13%
TOTAL REQUIREMENTS	\$66,395,496	\$69,163,015	\$70,651,567	\$70,893,492	\$67,037,908			(5.44%)
FULL-TIME EQUIVALENTS	186.00	191.00	194.00	194.00	192.00			(1.03%)

Current revenues and fund balance



Metropolitan Exposition Recreation Commission Fund

Current expenditures and full-time equivalents



Metropolitan Exposition Recreation Commission Fund

This fund contains the revenues and expenditures of the facilities managed by the Metropolitan Exposition Recreation Commission (MERC). The commission, through its staff, manages the Oregon Convention Center (OCC) and the Portland Expo Center, both of which are owned by Metro. The commission also manages the Portland Center for the Performing Arts (PCPA) through an intergovernmental agreement with the City of Portland, which owns these facilities. Beginning in FY 2007–08 the MERC Pooled Capital Fund was absorbed into the MERC Operating Fund to create the MERC Fund.

CURRENT REVENUES

Local government shared revenues

The revenues recorded in this classification are the transient lodging taxes and auto rental taxes collected by Multnomah County to support operations of OCC and PCPA. This source of revenue is expected to decrease by approximately 2 percent, an indication of the downturn of the overall economy and the travel industry, as well as an adjustment to actual collections. In addition, the request for visitor development funding for OCC operating support is \$960,000 in FY 2010-11, an increase from \$660,000 in FY 2009-10.

Contributions from other governments

These revenues represent a contribution from the City of Portland to support the operations of the PCPA. The contribution is decreased by 0.53 percent, a Consumer Price Index growth/decline agreed upon by intergovernmental agreement.

Enterprise revenues

MERC charges various fees for the use of its facilities, including rental fees, concession revenues, catering, parking and other enterprise activities. Enterprise revenue is projected to increase 1.0 percent. This increase is the net result of no increase in OCC revenues and an increase in the number of weeks of Broadway shows and commercial shows at PCPA and the impact of a depressed economy on family type events at the Portland Expo Center in spite of increase in rental rates.

Interest

Interest is calculated on the fund balance. The anticipated interest earnings are 1.0 percent in FY 2010-11 and will generate \$235,523, a decline from FY 2009-10 expected earnings of \$586,518.

Donations and bequests

In the past, donations received for capital improvements were recorded in the MERC Pooled Capital Fund to match the contributions with the capital projects that they fund. In FY 2007–08 the MERC Pooled Capital Fund was merged with the MERC Operating Fund. An overall increase of 286 percent in FY 2009-10 was from a large signing award from a new food and beverage contract. Donations are expected to be \$496,500 in FY 2010-11, predominantly from a donation from the Friends of PCPA.

Interfund transfers

This category includes approximately \$475,000 provided to the OCC from General Fund revenues under the Metro Tourism Opportunity and Competitiveness Account.

CURRENT EXPENDITURES

Personal services

The decrease in this classification is a result of the addition of normal merit and cost of living increases offset by the reduction of 2.50 FTE. The budget eliminates a Public Relations position, a Sales Manager at OCC and a part-time Event Manager. OCC combined two part-time staff to help with Telecom/WiFi connections at OCC.

Materials and services

This category includes spending for goods and services required to operate and market the facilities. The major expenditures in this category are for food service contracts, utilities, marketing services and facility maintenance expenses. Expenditures are expected to fall about 5.0 percent from the FY 2009-10 budget, demonstrating efficiencies in line with the tight economy.

Capital outlay

Overall spending on capital projects is increasing about 13 percent as reserves restricted to capital outlay are expended in the budgeted year. OCC outlays include repair to moveable air walls, variable air volume controllers and CO₂ sensors, addition of automatic hand dryers and signage upgrades. Food and beverage capital investments are planned at all three facilities from the new food and beverage contract. PCPA will start the first year of a two year project to repair the exterior on the Arlene Schnitzer Concert Hall.

Debt service

This category is the debt service for a Local Improvement District (LID) assessment from the City of Portland for the Steel Bridge Pedestrian Walkway project. The debt was defeased in FY 2009-10.

Interfund transfers

In FY 2010-11 this fund contains three interfund transfers. Transfers to the General Fund are for central service charges as allocated through the cost allocation plan. Transfers to the Risk Management Fund represent MERC's costs associated with property, liability and worker's compensation insurance, claims and reserves. The transfer to the General Revenue Bond Fund is for principal and interest payments on Oregon Local Governments Full Faith and Credit bonds that refunded the OECDD loan, which provided financing for the Expo Center Hall D replacement.

FUND BALANCE

The beginning fund balance represents funds carried over from the previous year. These funds are used to maintain cash flow at the beginning of the fiscal year, preserve operating flexibility and provide cash reserves in the event of unexpected business downturns. The beginning fund balance is projected to be \$24.3 million. MERC expects to spend down some restricted reserves for capital improvements resulting in an anticipated ending fund balance of \$20.8 million.



Natural Areas Fund

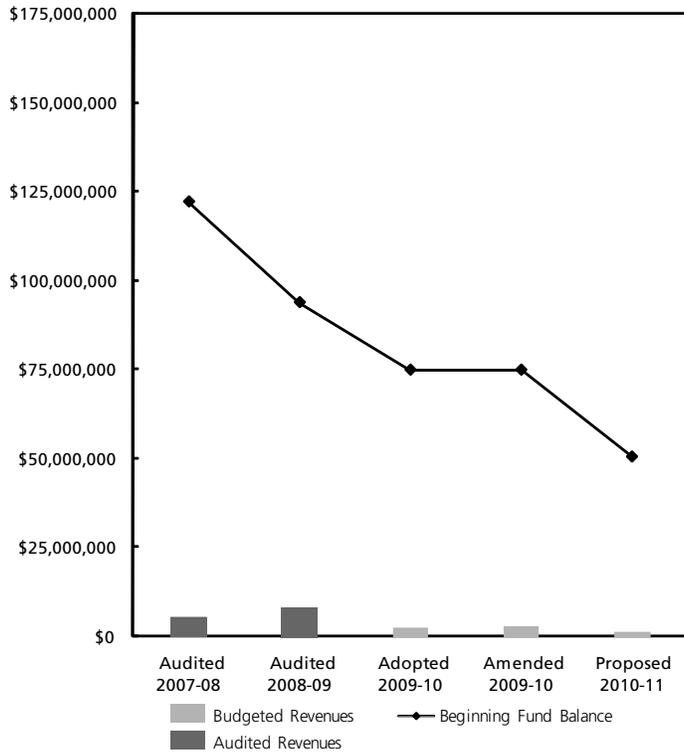


Natural Areas Fund

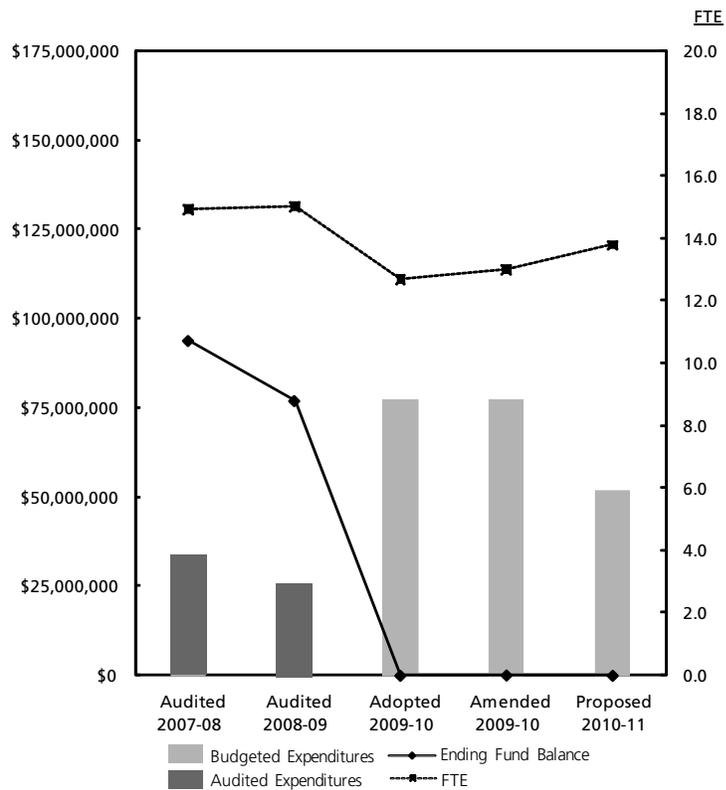
	Audited FY 2007-08	Audited FY 2008-09	Adopted FY 2009-10	Amended FY 2009-10	Proposed FY 2010-11	Approved FY 2010-11	Adopted FY 2010-11	Change from FY 2008-09 Amended
RESOURCES								
<i>Beginning Fund Balance</i>	\$122,299,467	\$93,975,794	\$75,000,000	\$75,000,000	\$50,575,000			(32.57%)
Current Revenues								
Grants	0	526,680	835,710	835,710	913,210			9.27%
Interest Earnings	5,600,503	2,538,906	1,875,000	1,875,000	505,750			(73.03%)
Donations	0	4,695,376	0	90,000	30,000			(66.67%)
Other Misc. Revenue	27,380	100,000	0	0	0			0.00%
Subtotal Current Revenues	5,627,883	7,860,962	2,710,710	2,800,710	1,448,960			(48.26%)
TOTAL RESOURCES	\$127,927,350	\$101,836,756	\$77,710,710	\$77,800,710	\$52,023,960			(33.13%)
REQUIREMENTS								
Current Expenditures								
Personal Services	\$1,040,469	\$1,353,545	\$1,273,625	\$1,297,344	\$1,350,698			4.11%
Materials and Services	5,433,072	4,704,762	12,150,000	12,150,000	12,150,000			0.00%
Capital Outlay	26,726,564	17,602,084	45,119,612	45,119,612	33,002,590			(26.86%)
Interfund Transfers:								
Interfund Reimbursements	629,924	969,315	870,756	870,756	883,646			1.48%
Internal Service Transfers	121,527	97,843	601,536	601,536	618,595			2.84%
Contingency	0	0	17,667,050	17,642,838	3,988,905			(77.39%)
Subtotal Current Expenditures	33,951,556	24,727,549	77,682,579	77,682,086	51,994,434			(33.07%)
<i>Ending Fund Balance</i>	<i>93,975,794</i>	<i>77,109,207</i>	<i>28,131</i>	<i>118,624</i>	<i>29,526</i>			<i>(75.11%)</i>
TOTAL REQUIREMENTS	\$127,927,350	\$101,836,756	\$77,710,710	\$77,800,710	\$52,023,960			(33.13%)
FULL-TIME EQUIVALENTS	14.95	15.03	12.70	13.03	13.80			5.91%

Natural Areas Fund

Current revenues and fund balance



Current expenditures and full-time equivalents



Natural Areas Fund

In November 2006 the voters of the Metro region authorized the sale of \$227.4 million in general obligation bonds for the purpose of preserving natural areas and stream frontages, maintaining and improving water quality and protecting fish and wildlife habitat. The \$227.4 million total voter authorization included three elements:

- \$168.4 million regional component to purchase regionally significant natural areas in 27 target areas.
- \$44 million local share component to be provided directly to local cities, counties and park providers to allow flexibility for each community to meet its own needs and offer citizens improved access to nature in neighborhoods.
- \$15 million Nature in Neighborhoods Capital Grant program to complement the regional and local share portions of the 2006 bond measure by providing opportunities for the community to actively protect fish and wildlife habitat and water quality near where people live and work.

The first series of bonds under the 2006 authorization was issued in April 2007 for \$124,295,000. The agency is currently reevaluating program needs under this authorization. A small taxable issue of \$10 million is being considered for FY 2010-11 with the balance of the authorization issued in FY 2011-12. The Natural Areas Fund is used to account for proceeds and expenditures related to the Natural Areas general obligation bonds.

CURRENT REVENUES

Grants

Grants of approximately \$913,000 are anticipated in FY 2010-11 to assist in the acquisition and stabilization of certain key properties as well as the completion of targeted regional projects.

Interest earnings

Interest of \$506,000 will be earned on the unexpended balance of bond proceeds and other resources. Bond proceeds are invested in compliance with bond and arbitrage requirements.

CURRENT EXPENDITURES

Personal services

This category includes salaries and benefits for 13.80 FTE to implement the goals of the Natural Areas program as approved by the voters in November 2006. With the approval of the bond measure the Metro Council approved the addition of 13 new positions to support the acquisition, stabilization, local share and community grant elements of the program. Several of those positions related to financial and administrative support are now budgeted in a support pool in Parks and Environmental Services. In addition, portions of several existing positions were transferred from Parks and Environmental Services, the Sustainability Center and the former Open Spaces program to provide other expertise to the program. Legal and due diligence staff associated with the program are budgeted in the Office of Metro Attorney in the General Fund.

Materials and services

Funds are budgeted for local share payments to other jurisdictions and community grants. Professional and property services related to land acquisition are now budgeted under capital outlay.

Capital outlay

The capital outlay budget provides for the acquisition of land and the capital improvements of several existing properties as authorized under the bond measure. All contracted and property related services such as appraisals formerly budgeted under materials and services are now budgeted under capital outlay. The Natural Areas program is a willing seller program. Actual expenditures are dependent on available property. The budget allows the flexibility to meet a more aggressive acquisition goal should the opportunities arise.

Interfund transfers

Expenditures in this category include transfers to the General and Risk Management funds for central services, rent and insurance costs incurred on behalf of the Natural Areas program. These charges are allocated based on an approved central services cost allocation plan. There is also a transfer to the Research Center for mapping services provided by the Data Resource Center, as well as transfers for administrative and financial support provided by Parks and Environmental Services.

Contingency

Contingency funds are provided to meet unforeseen needs throughout the year. The Metro Council may, through budget amendment, move up to 15 percent of the value of the fund's appropriations from contingency. Any amount above that requires a full supplemental budget action. Because of the willing seller nature of the program, the Natural Areas Fund includes a contingency level that is significantly higher than would normally be budgeted. The balance of bond proceeds carried over from previous years and not needed to fund current year expenditures is placed in contingency.

FUND BALANCE

The fund balance represents unexpended bond proceeds plus interest earned. The balance will decrease as the program goals are achieved.



**Open
Spaces
Fund**

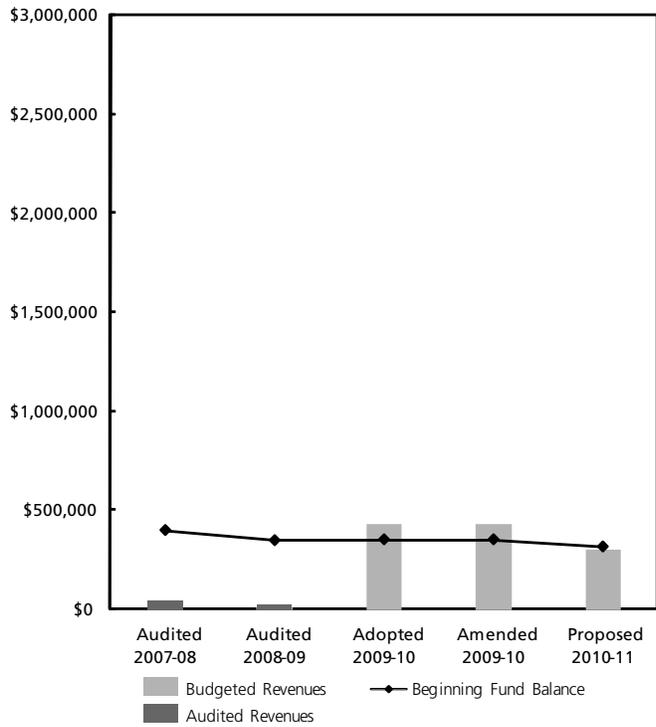


Open Spaces Fund

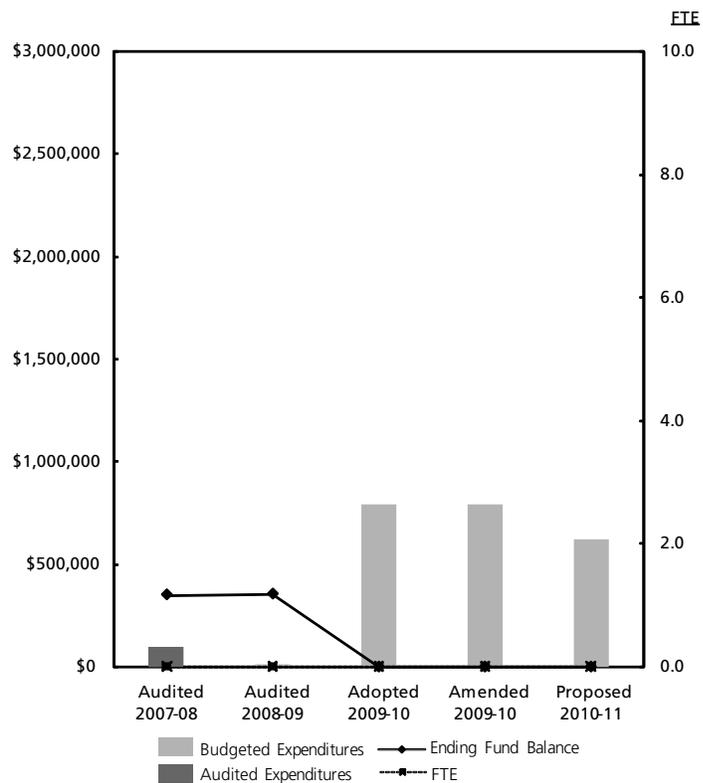
	Audited FY 2007-08	Audited FY 2008-09	Adopted FY 2009-10	Amended FY 2009-10	Proposed FY 2010-11	Approved FY 2010-11	Adopted FY 2010-11	Change from FY 2008-09 Amended
RESOURCES								
<i>Beginning Fund Balance</i>	\$400,389	\$350,070	\$354,515	\$354,515	\$318,942			(10.03%)
Current Revenues								
Grants	10,000	0	75,000	75,000	0			(100.00%)
Interest Earnings	18,183	10,584	8,863	8,863	3,189			(64.02%)
Other Misc. Revenue	16,000	0	350,000	350,000	300,000			(14.29%)
Subtotal Current Revenues	44,183	10,584	433,863	433,863	303,189			(30.12%)
TOTAL RESOURCES	\$444,572	\$360,654	\$788,378	\$788,378	\$622,131			(21.09%)
REQUIREMENTS								
Current Expenditures								
Personal Services	\$2,271	\$372	\$0	\$0	\$0			0.00%
Materials and Services	92,231	1,555	0	0	0			0.00%
Capital Outlay	0	5,090	788,378	788,378	622,131			(21.09%)
Subtotal Current Expenditures	94,502	7,017	788,378	788,378	622,131			(21.09%)
<i>Ending Fund Balance</i>	<i>350,070</i>	<i>353,637</i>	<i>0</i>	<i>0</i>	<i>0</i>			<i>0.00%</i>
TOTAL REQUIREMENTS	\$444,572	\$360,654	\$788,378	\$788,378	\$622,131			(21.09%)
FULL-TIME EQUIVALENTS	0.00	0.00	0.00	0.00	0.00			0.00%

Open Spaces Fund

Current revenues and fund balance



Current expenditures and full-time equivalents



Open Spaces Fund

In July 1992 Metro adopted the Metropolitan Greenspaces Master Plan. Among other strategies, the master plan called for the acquisition of regionally significant open spaces. The Open Spaces Fund has been used to account for bond proceeds and expenditures related to the Open Spaces, Parks and Streams 1995 general obligation bonds.

The fund includes the Open Spaces Acquisition program managed by the Sustainability Center. Historically the fund also managed and paid for the Due Diligence program. As purchases waned, the Due Diligence program switched emphasis to “owned” land agency-wide. As a result, the Due Diligence program was fully absorbed in the Office of Metro Attorney and costs allocated agency-wide as appropriate.

The funds have been used to purchase regionally significant open spaces in 14 target areas and six regional trails and greenway areas, construct two regional trails and fund approximately 90 local government parks projects through the local greenspaces project element of the bond measure.

As the acquisition program funded by this bond measure neared completion, staff were reduced or transferred to Parks and Environmental Services or the Sustainability Center for long-term maintenance of the properties.

CURRENT REVENUES

Interest earnings

Interest is earned on the unexpended balance of bond proceeds and other resources. Bond proceeds are invested in compliance with bond and arbitrage requirements. Interest earnings decline as the balance of bond proceeds is expended.

Sale of fixed assets

During FY 2010-11 Metro plans to sell a portion of a property purchased under the Open Spaces land acquisition program. Proceeds from the sale will be returned to the program for reinvestment in property.

CURRENT EXPENDITURES

Personal services

Historically this category included salary and benefits for staff hired to carry out the goals of the bond measure; as bond proceeds declined, staff was reduced or transferred to operations and maintenance.

Materials and services

Funds previously budgeted for completion of stabilization projects on lands purchased under the bond measure are now budgeted under capital outlay.

Capital outlay

The capital outlay appropriation reflects the final remaining amount available for the purchase of land.

FUND BALANCE

The fund balance represents unexpended bond proceeds plus interest earned. The balance has decreased as the program goals are achieved. All funds are expected to be spent by the end of FY 2010-11.

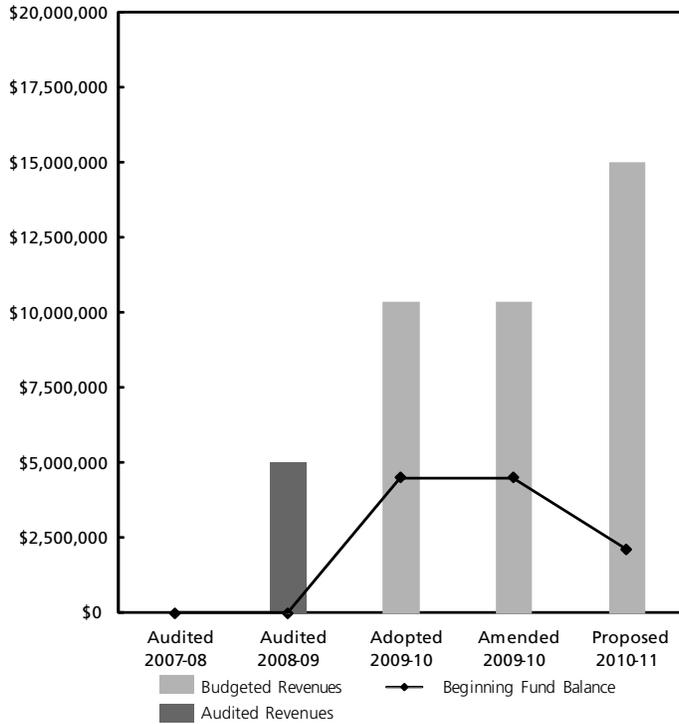
**Oregon Zoo
Infrastructure
and Animal
Welfare
Bond Fund**



Oregon Zoo Infrastructure and Animal Welfare Bond Fund

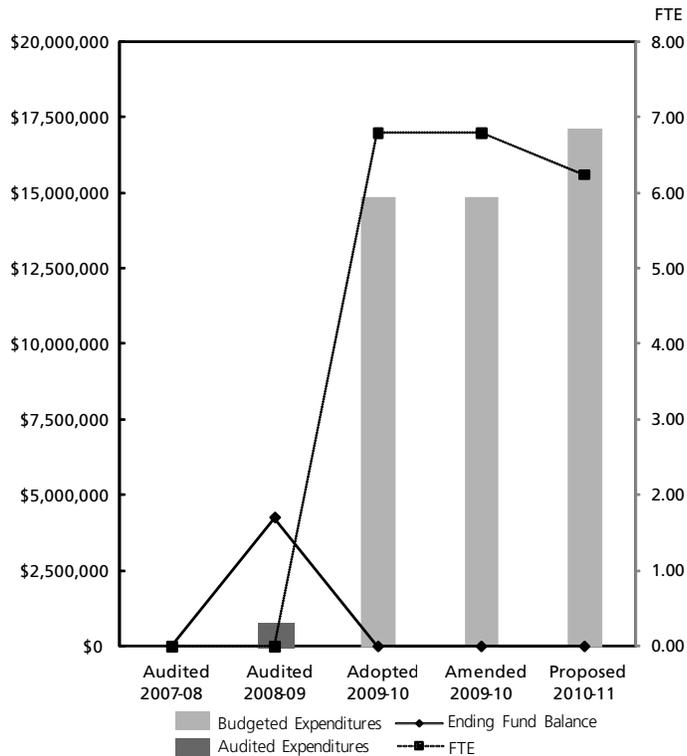
	Audited FY 2007-08	Audited FY 2008-09	Adopted FY 2009-10	Amended FY 2009-10	Proposed FY 2010-11	Approved FY 2010-11	Adopted FY 2010-11	Change from FY 2008-09 Amended
RESOURCES								
<i>Beginning Fund Balance</i>	\$0	\$0	\$4,512,846	\$4,512,846	\$2,121,338			(52.99%)
Current Revenues								
Interest Earnings	0	37,280	362,821	362,821	21,213			(94.15%)
Bond and Loan Proceeds	0	5,000,000	10,000,000	10,000,000	15,000,000			50.00%
Subtotal Current Revenues	0	5,037,280	10,362,821	10,362,821	15,021,213			44.95%
TOTAL RESOURCES	\$0	\$5,037,280	\$14,875,667	\$14,875,667	\$17,142,551			15.24%
REQUIREMENTS								
Current Expenditures								
Personal Services	\$0	\$101,178	\$684,142	\$684,142	\$659,562			(3.59%)
Capital Outlay	0	676,046	11,350,000	11,350,000	14,696,830			29.49%
Interfund Transfers:								
Interfund Reimbursements	0	0	0	0	190,278			0.00%
Internal Service Transfers	0	0	0	0	104,637			0.00%
Contingency	0	0	2,826,363	2,826,363	1,476,683			(47.75%)
Subtotal Current Expenditures	0	777,224	14,860,505	14,860,505	17,127,990			15.26%
<i>Ending Fund Balance</i>	0	4,260,056	15,162	15,162	14,561			(3.96%)
TOTAL REQUIREMENTS	\$0	\$5,037,280	\$14,875,667	\$14,875,667	\$17,142,551			15.24%
FULL-TIME EQUIVALENTS	0.00	0.00	6.80	6.80	6.25			(8.09%)

Current revenues and fund balance



Oregon Zoo Infrastructure and Animal Welfare Bond Fund

Current expenditures



Oregon Zoo Infrastructure and Animal Welfare Bond Fund

In November 2008 the voters of the Metro region authorized the sale of \$125.0 million in general obligation bonds for Oregon Zoo infrastructure and projects related to animal welfare. A small bond of \$5 million was issued in December 2008 under this authorization; another small issue of \$15 million is anticipated for late FY 2009-10 or early FY 2010-11. As project planning, design and permitting progresses, additional bonds under this authorization will be issued.

CURRENT REVENUES

Interest earnings

Interest of approximately \$190,000 will be earned on the unexpended balance of bond proceeds and other resources. Bond proceeds are invested in compliance with bond and arbitrage requirements.

CURRENT EXPENDITURES

Personal services

This category includes salaries and benefits for 6.25 FTE to implement the Oregon Zoo Bond program. 0.55 FTE is moved from the Zoo Infrastructure and Animal Welfare Bond program back to zoo operations to better segregate and manage the activities. One new position has been added to provide support to the staff responsible for the planning, design and construction of the planned projects. In addition, one existing position was eliminated.

Capital outlay

The capital outlay budget provides for preliminary master planning, land use and permitting costs for all projects, as well as initial construction costs for several projects including the veterinary hospital, improving on-site elephant facilities, more humane enclosures for apes and monkeys and the penguin filtration system.

Interfund Transfers

This category includes charges from the General or Risk Management funds for services received such as legal, payroll, accounting, human resources, finance and communications. In FY 2010-11 the bond fund will also transfer funds to Communications to assist with public involvement and the land use process.

Contingency

Contingency funds are provided to meet unforeseen needs or other emergencies throughout the fiscal year. The Metro Council must authorize the appropriation and expenditure of contingency by ordinance.

FUND BALANCE

The fund balance represents unexpended bond proceeds plus interest earned. The balance will decrease as the program goals are achieved.

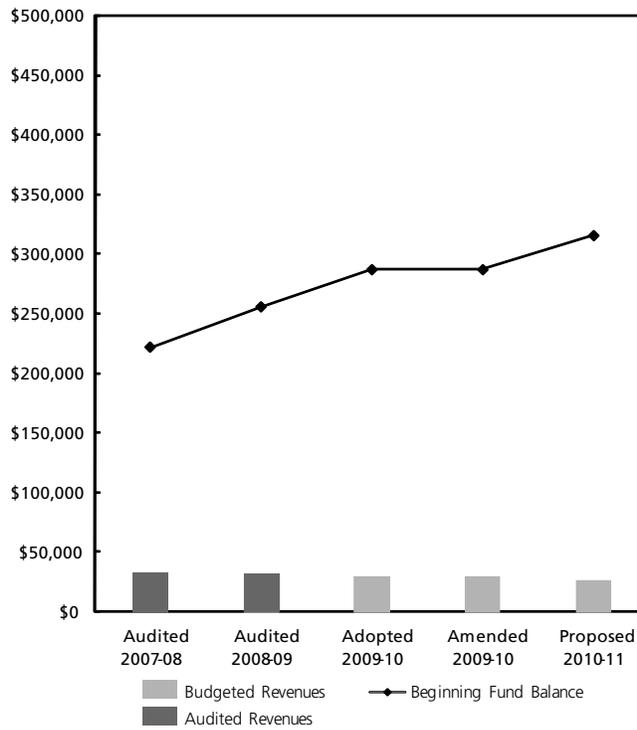
**Pioneer
Cemetery
Perpetual
Care Fund**



Pioneer Cemetery Perpetual Care Fund

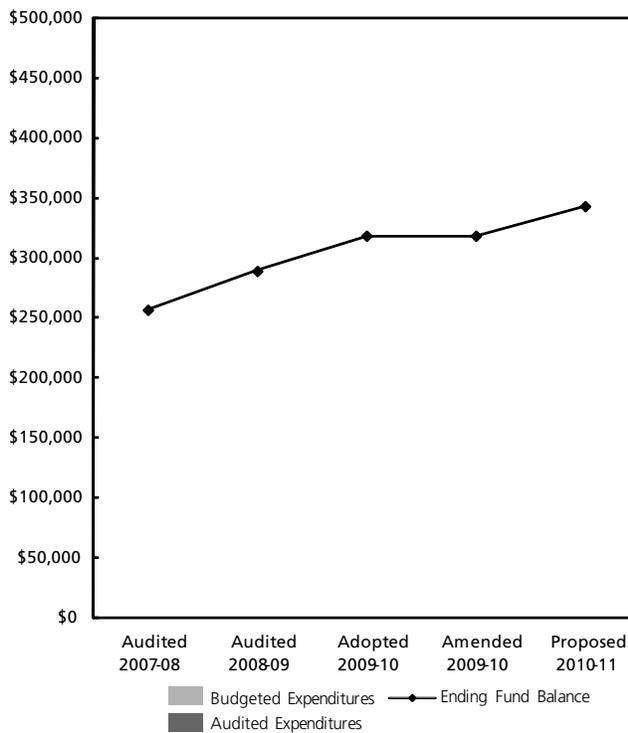
	Audited FY 2007-08	Audited FY 2008-09	Adopted FY 2009-10	Amended FY 2009-10	Proposed FY 2010-11	Approved FY 2010-11	Adopted FY 2010-11	Change from FY 2008-09 Amended
RESOURCES								
<i>Beginning Fund Balance</i>	\$222,452	\$256,340	\$287,615	\$287,615	\$316,297			9.97%
Current Revenues								
Other Derived Tax Revenue	23,267	24,168	23,300	23,300	23,300			0.00%
Interest Earnings	10,621	8,175	7,190	7,190	3,163			(56.01%)
Subtotal Current Revenues	33,888	32,343	30,490	30,490	26,463			(13.21%)
TOTAL RESOURCES	\$256,340	\$288,683	\$318,105	\$318,105	\$342,760			7.75%
REQUIREMENTS								
<i>Ending Fund Balance</i>	\$256,340	\$288,683	\$318,105	\$318,105	\$342,760			7.75%
TOTAL REQUIREMENTS	\$256,340	\$288,683	\$318,105	\$318,105	\$342,760			7.75%
FULL-TIME EQUIVALENTS	0.00	0.00	0.00	0.00	0.00			0.00%

Current revenues and fund balance



Pioneer Cemetery Perpetual Care Fund

Current expenditures



Pioneer Cemetery Perpetual Care Fund

The Pioneer Cemetery Perpetual Care Fund was created in FY 2003–04 to provide financial support for the long-term maintenance of the Metro Pioneer Cemeteries after the cemeteries are no longer receiving revenue from grave sales and burial services. Resolution 08-3943, adopted May 15, 2008, clarified the fund as a permanent fund, restricting the use of the principal. The fund receives revenue from a 15 percent surcharge on grave sales. No expenditures are anticipated from this fund until grave sites are exhausted at the cemeteries. Current estimates indicate that all grave sites will be sold around the year 2058.

The fund was seeded with a transfer of the Willamina Farmer Family account from the Regional Parks Specials Accounts Fund. This account was a bequest from the family to provide for the long-term maintenance and upkeep of the Farmer Family plot and the Pioneer Cemeteries.

CURRENT REVENUES

Other derived tax revenue

A 15 percent surcharge is added to every grave sale to provide a contribution to the long-term perpetual care of the plot. Revenues are not increasing because of the temporary suspension of grave sales at Lone Fir and Multnomah cemeteries.

Interest earnings

Interest will be earned on the balance of the fund. Interest is projected at 1.0 percent of the cash balance.

FUND BALANCE

No expenditures are planned from this fund until such time as the department runs out of grave sites to sell. The fund balance will continue to grow annually with additional contributions from grave sales and interest earnings.

Rehabilitation and Enhancement Fund

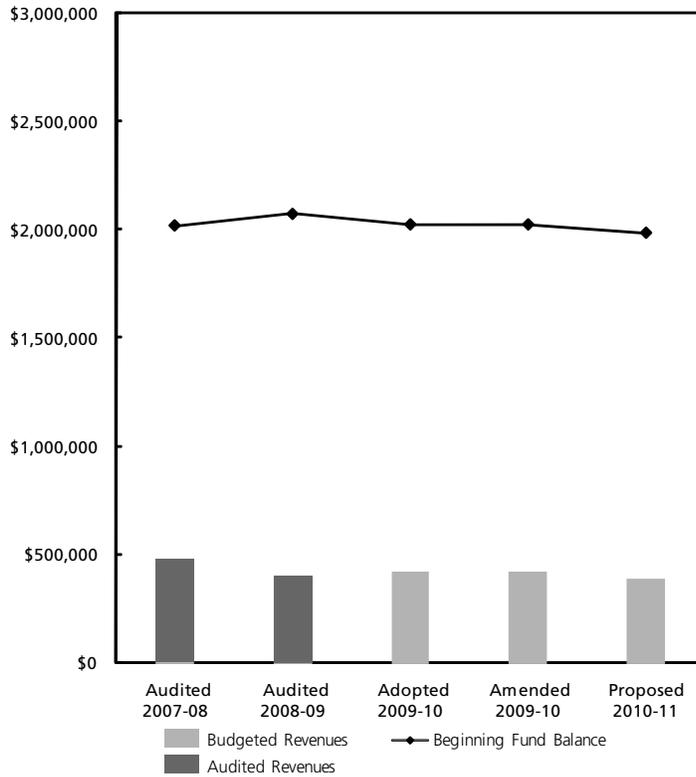


Rehabilitation and Enhancement Fund

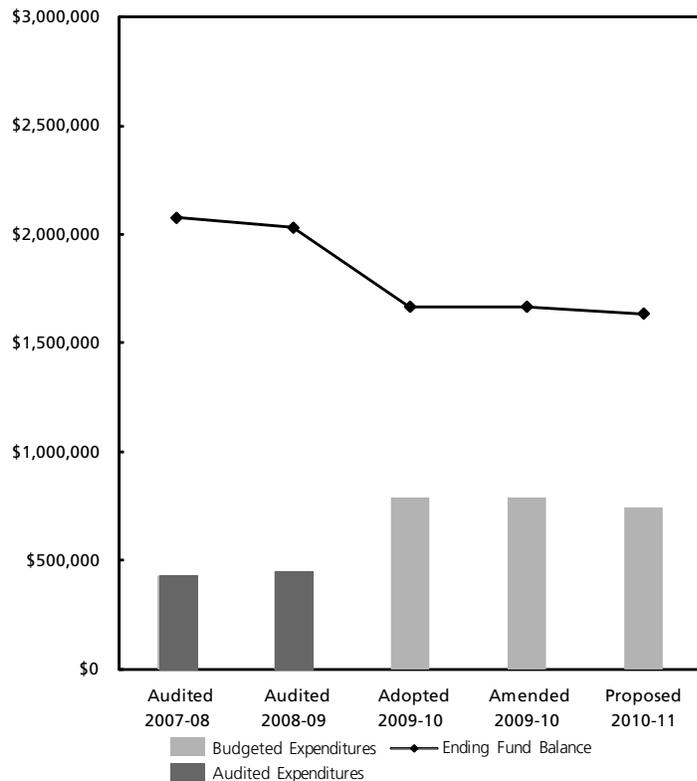
	Audited FY 2007-08	Audited FY 2008-09	Adopted FY 2009-10	Amended FY 2009-10	Proposed FY 2010-11	Approved FY 2010-11	Adopted FY 2010-11	Change from FY 2008-09 Amended
RESOURCES								
<i>Beginning Fund Balance</i>	\$2,021,856	\$2,074,726	\$2,026,532	\$2,026,532	\$1,988,304			(1.89%)
Current Revenues								
Interest Earnings	91,706	61,936	50,663	50,663	19,883			(60.75%)
Interfund Transfers:								
Fund Equity Transfers	387,805	339,435	373,312	373,312	367,984			(1.43%)
Subtotal Current Revenues	479,511	401,371	423,975	423,975	387,867			(8.52%)
TOTAL RESOURCES	\$2,501,367	\$2,476,097	\$2,450,507	\$2,450,507	\$2,376,171			(3.03%)
REQUIREMENTS								
Current Expenditures								
Materials and Services	\$397,246	\$416,683	\$452,649	\$452,649	\$409,639			(9.50%)
Interfund Transfers:								
Internal Service Transfers	29,395	30,085	32,662	32,662	32,962			0.92%
Contingency	0	0	300,000	300,000	300,000			0.00%
Subtotal Current Expenditures	426,641	446,768	785,311	785,311	742,601			(5.44%)
<i>Ending Fund Balance</i>	2,074,726	2,029,329	1,665,196	1,665,196	1,633,570			(1.90%)
TOTAL REQUIREMENTS	\$2,501,367	\$2,476,097	\$2,450,507	\$2,450,507	\$2,376,171			(3.03%)
FULL-TIME EQUIVALENTS	0.00	0.00	0.00	0.00	0.00			0.00%

Rehabilitation and Enhancement Fund

Current revenues and fund balance



Current expenditures



Rehabilitation and Enhancement Fund

The Rehabilitation and Enhancement Fund was established to comply with Senate Bill 662, enacted by the Oregon Legislature in 1985. The fund accounts for rehabilitation and enhancement fees (\$0.50 per ton of solid waste material processed) collected at the Metro Central, Metro South and Forest Grove transfer stations. Funds are used for community enhancement projects in the vicinity of each of these solid waste facilities, including administration of:

North Portland Community Enhancement Program: Assists the North Portland Community Enhancement Committee in selecting and funding projects to rehabilitate and enhance North Portland areas surrounding the St. Johns Landfill. Because the landfill no longer generates fees, revenue for this program comes from interest earnings on the fund balance for this account. On a one-time basis, a portion of the St. Johns Landfill gas recovery revenue was dedicated to this program in FY 2005–06. This dedication was to offset the impact of low interest earnings and allow the committee to formulate a long range spending plan for these funds during FY 2005–06. The committee decided to continue the policy of spending only anticipated interest earnings. Anticipated earnings more than the budgeted amount will be maintained to enable the committee to fund more grants during periods of lower interest yields. This year is anticipated to have a lower interest yield, therefore the recommended expected spending of \$36,000 is about \$19,000 more than anticipated interest earnings.

Oregon City Community Enhancement Program: Receives funds from community enhancement fees at Metro South Station in Oregon City. Funds are paid to Oregon City on a quarterly basis and are used for local community enhancement projects.

Metro Central Community Enhancement Program: Receives funds from community enhancement fees at Metro Central Station. Funds are used for community enhancement projects in the vicinity of Metro Central Station in Northwest Portland, as recommended by a seven-member citizen committee.

Forest Grove Community Enhancement Program: Receives fees collected at a privately owned transfer station in Forest Grove. Funds are paid to the City of Forest Grove on a quarterly basis and are used for local community enhancement projects.

CURRENT REVENUES

Interest

This represents interest earned on the fund balances designated for the North Portland Community Enhancement and Metro Central Enhancement accounts.

Interfund transfers

These funds are the community enhancement fees collected at the solid waste facilities and transferred from the Solid Waste Revenue Fund. Transfers vary from year to year depending upon the solid waste tonnage received.

CURRENT EXPENDITURES

Materials and services

About 54 percent of the materials and services expenditures in this fund is for grants and contractual services. The North Portland and Metro Central Community Enhancement Committees administer programs through grants and contracts with community organizations and others. Most of the remaining expenditures are direct payments to Oregon City and Forest Grove.

Interfund transfers

This represents funds transferred to the Solid Waste Revenue Fund for personal services costs associated with employee staffing of the North Portland and Metro Central Community Enhancement committees.

Contingency

Of the \$300,000 budgeted in FY 2010-11, \$200,000 is allocated for the North Portland Community Enhancement program, which has consistently maintained a higher contingency to provide greater flexibility to finance projects during the fiscal year. The Metro Council, through ordinance, must authorize use of contingency funds.



**Risk
Management
Fund**

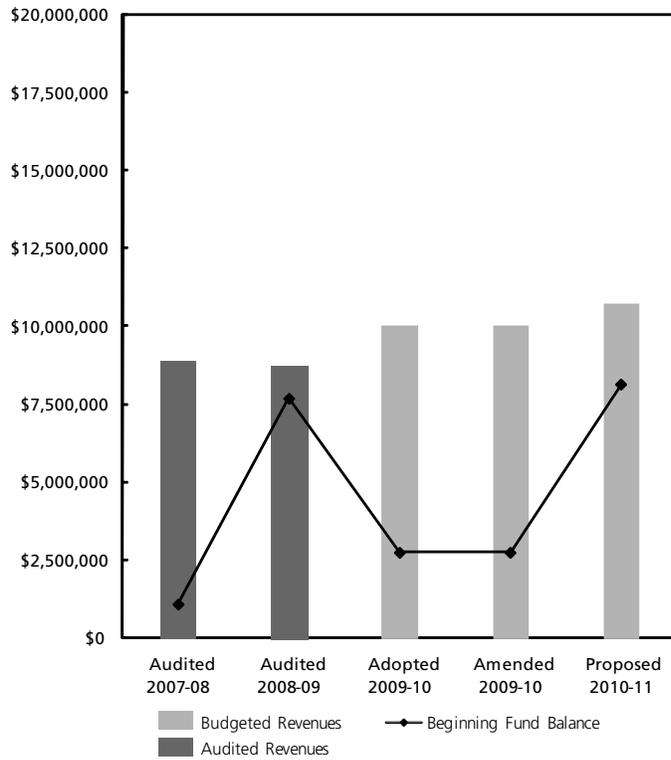


Risk Management Fund

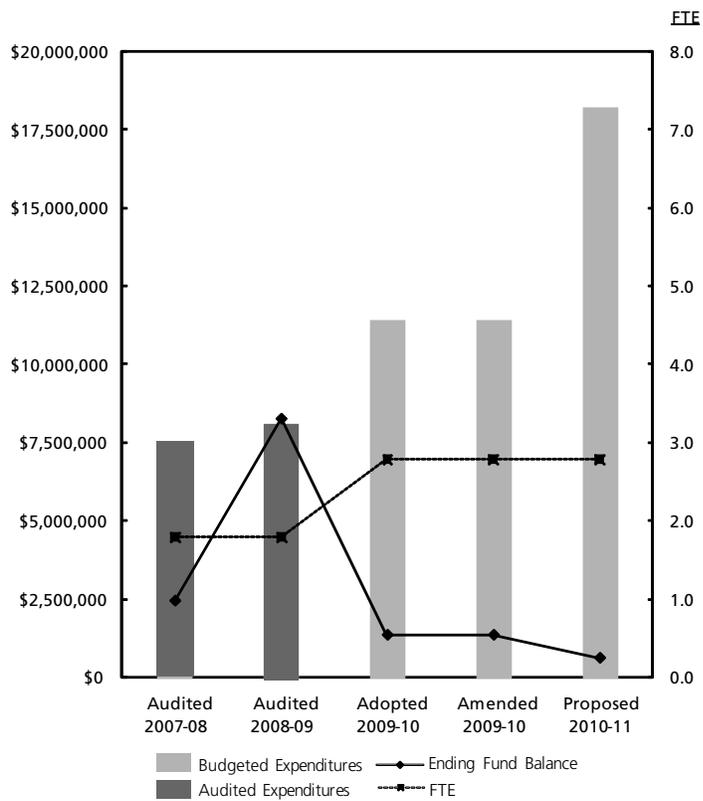
	Audited FY 2007-08	Audited FY 2008-09	Adopted FY 2009-10	Amended FY 2009-10	Proposed FY 2010-11	Approved FY 2010-11	Adopted FY 2010-11	Change from FY 2008-09 Amended
RESOURCES								
<i>Beginning Fund Balance</i>	\$1,101,136	\$7,687,255	\$2,756,352	\$2,756,352	\$8,142,227			195.40%
Current Revenues								
Grants	71,446	62,320	40,000	40,000	50,000			25.00%
Enterprise Revenue	6,914,850	6,996,780	8,586,555	8,586,555	9,470,278			10.29%
Interest Earnings	380,843	281,032	200,000	200,000	25,000			(87.50%)
Other Misc. Revenue	85,071	529	5,000	5,000	5,000			0.00%
Interfund Transfers:								
Interfund Reimbursements	1,473,146	1,397,822	1,150,000	1,150,000	1,125,423			(2.14%)
Internal Service Transfers	0	0	61,710	61,710	60,672			(1.68%)
Subtotal Current Revenues	8,925,356	8,738,483	10,043,265	10,043,265	10,736,373			6.90%
TOTAL RESOURCES	\$10,026,492	\$16,425,738	\$12,799,617	\$12,799,617	\$18,878,600			47.49%
REQUIREMENTS								
Current Expenditures								
Personal Services	\$152,751	\$163,677	\$258,640	\$258,640	\$267,152			3.29%
Materials and Services	7,411,486	7,960,889	11,175,399	11,175,399	12,231,485			9.45%
Interfund Transfers:								
Fund Equity Transfers	0	0	0	0	5,225,000			0.00%
Contingency	0	0	0	0	528,084			0.00%
Subtotal Current Expenditures	7,564,237	8,124,566	11,434,039	11,434,039	18,251,721			59.63%
<i>Ending Fund Balance</i>	2,462,255	8,301,172	1,365,578	1,365,578	626,879			(54.09%)
TOTAL REQUIREMENTS	\$10,026,492	\$16,425,738	\$12,799,617	\$12,799,617	\$18,878,600			47.49%
FULL-TIME EQUIVALENTS	1.80	1.80	2.80	2.80	2.80			0.00%

Risk Management Fund

Current revenues and fund balance



Current expenditures and full-time equivalents



Risk Management Fund

This fund accounts for the revenues and expenditures related to administration of Metro's Risk Management program and Employee Insurance, Health and Wellness program. Costs are assessed to all centers and services based on past claims experience and exposure. The fund is managed by Finance and Regulatory Services.

CURRENT REVENUES

Grants

Grant reimbursement is available from the State of Oregon Workers' Compensation Division for wage subsidies and work site modification. The amount of grant revenue depends on the number of qualifying injured workers.

Enterprise revenues

The enterprise revenues include internal charges for service to organizational units for insurance premiums related to unemployment and health and welfare.

Interest on investments

Interest on investments is forecast at \$25,000 for FY 2010-11, down from the prior year's budgeted \$200,000. This decrease reflects both a drop in interest rates in recent years, and the transfer back to the Solid Waste Fund of the \$5.225 million previously held in the Risk Management Fund for probable environmental liability. This transfer is explained in greater detail in the Interfund Transfers and Fund Balance sections of this summary.

Interfund transfers

On the revenue side, these transfers represent payments from other Metro programs for their assessed costs of the Risk Management program. In FY 2007-08 Risk Management increased its resources and reserves, changing the assessment method to (1) more accurately transfer insurance costs to the programs utilizing the different lines of insurance and (2) increase resources for total claims costs to ensure funding in accordance with the most recent actuarial report. Claim costs can vary significantly from year to year. In summer 2008 Metro received its latest scheduled independent actuarial report; Metro's Risk Management Fund exceeds the 85 percent confidence goal recommended by the actuary.

In FY 2004-05, Metro expensed \$5.225 million for probable environmental liability, based on an independent evaluation of its environmental impairment risks. While the money was not recognized in fund balance, it was not actually spent. In 2010-11, that \$5.225 million will be transferred from the Risk Management Fund to the Solid Waste Revenue Fund, the original source of the \$5.225 million in 2004-05 (see the Fund Balance section for more information).

CURRENT EXPENDITURES

Personal services

Costs associated with the Risk Management Fund include personnel costs for 2.8 FTE.

Materials and services

This classification includes the costs for the Employee Insurance, Health and Wellness, Liability/Property, Workers' Compensation and Unemployment programs. Each area has experienced an increase in costs over the past several years.

FUND BALANCE

The Risk Management Fund is required to operate on an actuarially sound basis. Generally accepted accounting principles require that exposure liabilities, once known, be expensed. Although this action restricts the available fund balance, the funds remain with Metro since the liability is "probable" and not yet actually spent. In addition to the available fund balance, the Risk Management Fund in recent years has held \$5.225 million already expensed for probable pollution remediation liability, based on a FY 2003-04 independent evaluation. In FY 2009-10 GASB Statement 49 *Accounting and Financial Reporting for Pollution Remediation Obligations*, required Metro to state its pollution remediation obligations in the fund where the liability resides, rather than defaulting to the Risk Management Fund. In FY 2010-11 \$5.225 million held in the Risk Fund as an environmental liability will be returned to the Solid Waste Fund where the liability and funding originated. In anticipation of this action, at the year end close out of FY 2008-09 the \$5.225 million environmental impairment liability was eliminated in the Risk Management Fund, and the beginning fund balance at July 1, 2008, was restated to \$7,687,255. Metro's pollution remediation obligations, as determined by a 2009 actuarial study under GASB 49, are now reflected directly in the Solid Waste and MERC funds.

In addition, approximately \$850,000 has been expensed for the probable final costs of workers' compensation, general liability and property claims. This will be reviewed at the end of FY 2009-10, using a recommended two year actuarial cycle.

In FY 2006-07 Metro expanded the opportunity for represented employees to "opt out" of Metro's health insurance program under certain restrictive conditions. Savings are to be used toward health insurance and wellness costs and are collected in the Risk Management Fund balance. In FY 2010-11 a portion of the opt out balance (estimated at \$600 per employee) will be spent to buy down Metro's share of employee health insurance costs.



**Smith and
Bybee
Wetlands
Fund**

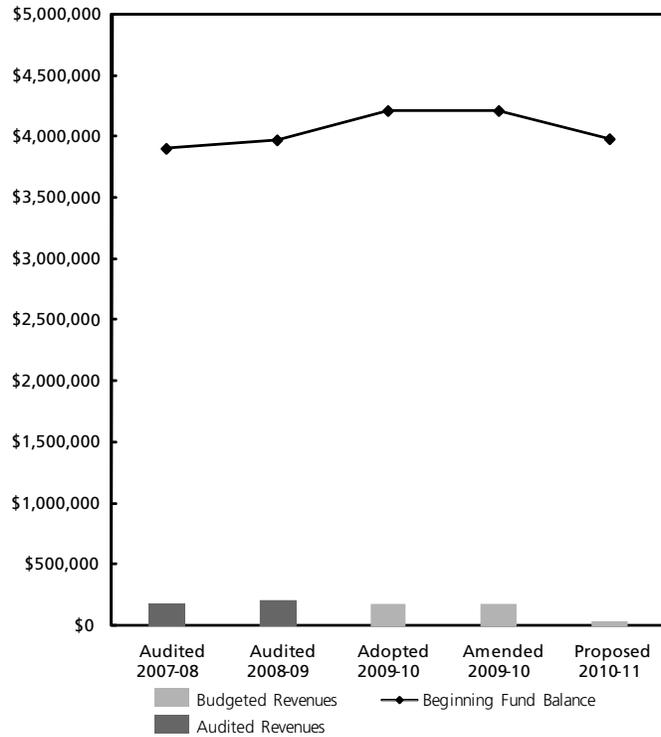


Smith and Bybee Wetlands Fund

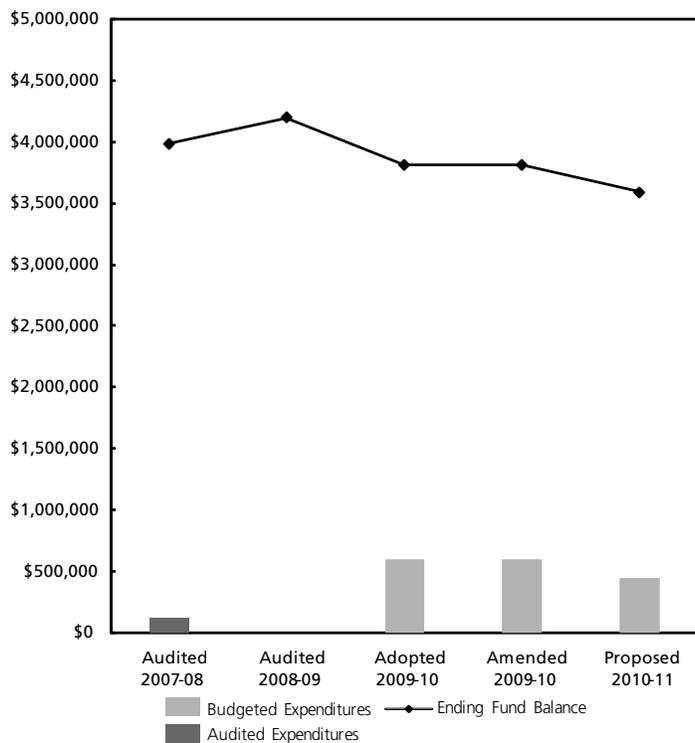
	Audited FY 2007-08	Audited FY 2008-09	Adopted FY 2009-10	Amended FY 2009-10	Proposed FY 2010-11	Approved FY 2010-11	Adopted FY 2010-11	Change from FY 2008-09 Amended
RESOURCES								
<i>Beginning Fund Balance</i>	\$3,908,823	\$3,977,928	\$4,215,397	\$4,215,397	\$3,987,047			(5.42%)
Current Revenues								
Grants	0	0	30,000	30,000	0			(100.00%)
Contributions from other Gov'ts	0	0	50,000	50,000	0			(100.00%)
Enterprise Revenue	958	564	1,700	1,700	1,000			(41.18%)
Interest Earnings	176,975	122,129	103,091	103,091	39,870			(61.33%)
Interfund Transfers:								
Internal Service Transfers	0	91,740	0	0	0			0.00%
Subtotal Current Revenues	177,933	214,433	184,791	184,791	40,870			(77.88%)
TOTAL RESOURCES	\$4,086,756	\$4,192,361	\$4,400,188	\$4,400,188	\$4,027,917			(8.46%)
REQUIREMENTS								
Current Expenditures								
Materials and Services	\$87,128	\$0	\$266,740	\$266,740	\$130,000			(51.26%)
Interfund Transfers:								
Internal Service Transfers	21,700	0	124,899	124,899	111,379			(10.82%)
Contingency	0	0	200,000	200,000	200,000			0.00%
Subtotal Current Expenditures	108,828	0	591,639	591,639	441,379			(25.40%)
<i>Ending Fund Balance</i>	<i>3,977,928</i>	<i>4,192,361</i>	<i>3,808,549</i>	<i>3,808,549</i>	<i>3,586,538</i>			<i>(5.83%)</i>
TOTAL REQUIREMENTS	\$4,086,756	\$4,192,361	\$4,400,188	\$4,400,188	\$4,027,917			(8.46%)
FULL-TIME EQUIVALENTS	0.00	0.00	0.00	0.00	0.00			0.00%

Smith and Bybee Wetlands Fund

Current revenues and fund balance



Current expenditures



Smith and Bybee Wetlands Fund

This fund was established as a dedicated endowment fund for development and management of the Smith and Bybee Wetlands Natural Area as required by the Smith and Bybee Wetlands Natural Resource Management Plan. The plan was adopted by the City of Portland, Port of Portland and Metro Council in 1990. The plan, along with the St. Johns Landfill closure and purchase assurance agreement, designated Metro as the lead agency establishing and managing the fund and implementing the plan.

The plan calls for Smith and Bybee Wetlands to be managed as environmental and recreational resources for the region. The lakes are to be preserved in a manner faithful to their original condition as historical remnants of the Columbia River riparian and wetland system.

The fund is managed by Parks and Environmental Services.

CURRENT REVENUES

Enterprise revenues

The fund receives a small amount from fees collected from educational program users at the nature area.

Interest earnings

Interest is earned on the unused portion of the fund balance. Earnings are based on the current rates of Metro's average investment portfolio. For FY 2010-11 the budget assumes an interest rate of 1.0 percent and will generate approximately \$40,000 in earnings.

CURRENT EXPENDITURES

Materials and services

Expenditures in this category depend on the special nature of projects to be completed under the management plan. Several small projects are anticipated for FY 2010-11.

Transfers

The fund reimburses Parks and Environmental Services and the Sustainability Center for costs associated with management and oversight of the natural areas including a small portion of an environmental educator and a natural resource scientist.

FUND BALANCE

Other than interest earnings, the fund has no continuous source of funding. The fund was established as an endowment fund to enable the development and management of the Smith and Bybee Wetlands Natural Area. However, it was known at the time of the development of the management plan that the existing fund balance would be insufficient to fund fully all current and long-term needs. The fund balance has been stable relatively for several years and will show fluctuations depending on specific program needs.

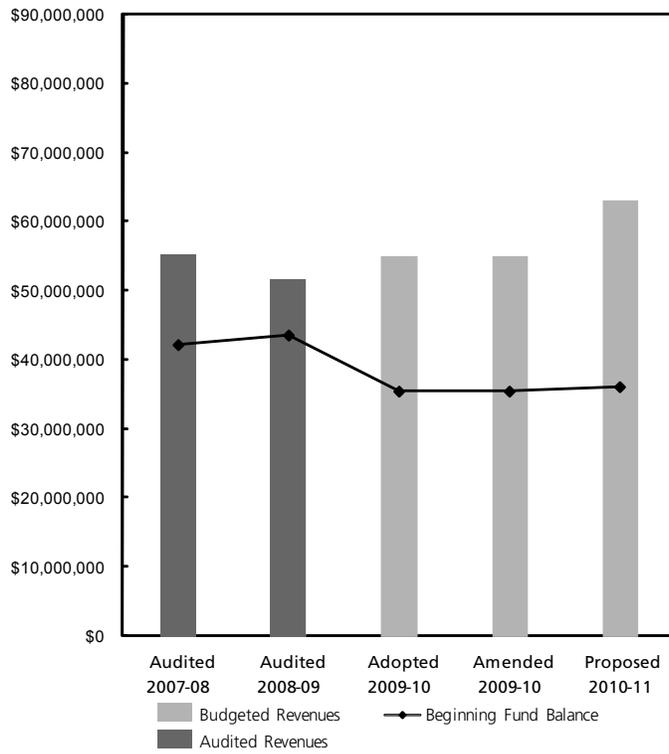
**Solid
Waste
Revenue
Fund**



Solid Waste Revenue Fund

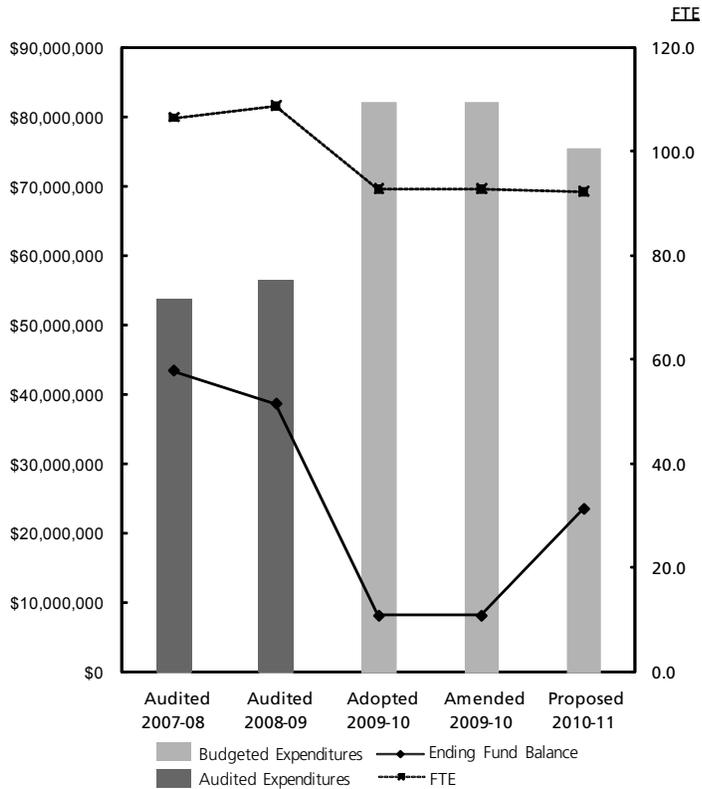
	Audited FY 2007-08	Audited FY 2008-09	Adopted FY 2009-10	Amended FY 2009-10	Proposed FY 2010-11	Approved FY 2010-11	Adopted FY 2010-11	Change from FY 2008-09 Amended
RESOURCES								
<i>Beginning Fund Balance</i>	\$42,152,577	\$43,528,582	\$35,470,285	\$35,470,285	\$36,117,708			1.83%
Current Revenues								
Grants	34,966	2,387	1,094,105	1,094,105	1,094,105			0.00%
Enterprise Revenue	53,149,453	50,361,800	52,667,789	52,667,789	56,327,850			6.95%
Interest Earnings	1,880,967	1,157,633	883,119	883,119	357,538			(59.51%)
Donations	0	25,729	0	0	0			0.00%
Other Misc. Revenue	109,912	114,621	33,000	33,000	33,000			0.00%
Interfund Transfers:								
Internal Service Transfers	29,395	30,085	32,662	32,662	32,962			0.92%
Interfund Loan	0	0	266,250	266,250	0			(100.00%)
Fund Equity Transfers	13,000	39,299	122,375	122,375	5,413,487			4323.69%
Subtotal Current Revenues	55,217,693	51,731,554	55,099,300	55,099,300	63,258,942			14.81%
TOTAL RESOURCES	\$97,370,270	\$95,260,136	\$90,569,585	\$90,569,585	\$99,376,650			9.72%
REQUIREMENTS								
Current Expenditures								
Personal Services	\$9,170,747	\$9,365,624	\$8,958,159	\$8,958,159	\$9,209,369			2.80%
Materials and Services	38,435,632	36,746,935	39,617,960	39,617,960	39,981,678			0.92%
Capital Outlay	446,538	1,142,558	5,066,583	5,066,583	5,011,783			(1.08%)
Debt Service	1,335,513	4,697,481	0	0	0			0.00%
Interfund Transfers:								
Interfund Reimbursements	3,397,065	3,473,361	4,358,532	4,358,532	4,353,932			(0.11%)
Internal Service Transfers	668,388	725,304	2,081,232	2,081,232	2,254,915			8.35%
Interfund Loan	0	0	10,650,000	10,650,000	0			(100.00%)
Fund Equity Transfers	387,805	339,435	388,815	388,815	386,386			(0.62%)
Contingency	0	0	11,172,580	11,172,580	14,540,763			30.15%
Subtotal Current Expenditures	53,841,688	56,490,698	82,293,861	82,293,861	75,738,826			(7.97%)
<i>Ending Fund Balance</i>	<i>43,528,582</i>	<i>38,769,438</i>	<i>8,275,724</i>	<i>8,275,724</i>	<i>23,637,824</i>			<i>185.63%</i>
TOTAL REQUIREMENTS	\$97,370,270	\$95,260,136	\$90,569,585	\$90,569,585	\$99,376,650			9.72%
FULL-TIME EQUIVALENTS	106.75	109.00	92.95	92.95	93.45			0.54%

Current revenues and fund balance



Solid Waste Revenue Fund

Current expenditures and full-time equivalents



Solid Waste Revenue Fund

The Solid Waste Revenue Fund is an enterprise fund established to account for Metro revenues and expenses related to the operation and management of the region's solid waste system.

Metro Ordinance No. 89-319, known as the Master Bond Ordinance and adopted in 1989, placed restrictions on the uses of this fund as a condition of issuing \$28 million in revenue bonds to finance major capital components of Metro's solid waste system. The ordinance set up the following accounts within the fund to facilitate compliance with bond covenants: operating, debt service, debt service reserve, landfill closure, construction, renewal and replacement and general account. Although the bonds were defeased in December 2008, Metro will continue to use the account system set up in the Master Bond Ordinance for its budget. By FY 2011-12 we expect to see a return of moderate growth.

More than 90 percent of the fund's current revenues consists of fees and charges. Solid waste revenue varies with solid waste tonnage, which in turn is influenced by economic activity and waste recovery efforts. Solid waste generation declined significantly during the economic downturn. The decline has flattened out, and the tonnage forecast for FY 2010-11 remains at about the same level as for FY 2009-10.

About 39 percent of current expenditures (including contingency) covers the cost of operations and disposal at Metro facilities. In FY 2010-11 \$29.1 million is budgeted for processing, transporting and landfilling solid waste, a 1.8 percent increase from FY 2009-10. Direct operating costs not related to the disposal operation remain at the FY 2009-10 level. The budget structure for FY 2010-11 continues to reflect the Sustainable Metro Initiative budget structure implemented in FY 2009-10.

About \$5.0 million of total current expenditures will be spent on capital projects, as scheduled in Metro's capital budget. No single project dominates this fiscal year's capital expenditures with the exception of a dike stabilization project at St. Johns Landfill that will be completed by the U.S. Army Corps of Engineers, and recognized by Metro as the owner of the asset. This project was postponed from last year to this fiscal year. The next largest project is an expenditure of about \$750,000 to implement the Solid Waste Information System (SWIS) for tonnage data collection and reporting.

CURRENT REVENUES

Enterprise revenues

Metro's solid waste system is funded largely through three types of user fees: The Regional System Fee, the Metro Tip Fee, and transaction fees. The Regional System Fee is imposed on all waste generated in the Metro region and ultimately disposed of for a fee. The Metro Tip Fee is a user charge collected only at Metro transfer stations, and includes the Regional System Fee. The Transaction Fee is a flat charge for each transaction at Metro transfer stations. Solid waste rates for FY 2010-11 will be proposed on April 1, 2010. The public review period will be concurrent with the review of the proposed budget. The flattened tonnage suggests that rate increases in all three user fees are likely. The Metro Council will consider the proposed fees, including any options to mitigate rate increases. Enterprise revenues include a new \$1.3 million service fee revenue increase from the implementation of the product stewardship law in Oregon. Metro will be a contracted service provider for Paintcare, the paint industry's nonprofit corporation for managing the state's left over paint.

Total enterprise revenues are projected to increase by about 4.5 percent (\$2.3 million) from the FY 2009-10 budget.

Interest

Interest earnings were calculated using the current rate of return on Metro's investment portfolio and are expected to produce \$357,500, a decrease of \$525,000.

CURRENT EXPENDITURES

Personal services

The 93.45 FTE budgeted total represents a 0.50 FTE increase over the prior fiscal year. This increase is due to the reorganization of work strategies within the education programs.

Materials and services

Materials and services are budgeted to increase by approximately 1.0 percent (\$400,000) from the FY 2009-10 budget. This increase is predominantly driven by prices set by contract for processing, transporting and landfilling solid waste. The budget incorporates preliminary cost figures for two new contracts to operate Metro's transfer stations. Metro is currently in negotiations; final figures will be available prior to budget adoption for cost revisions, if necessary.

The FY 2010-11 budget includes changes to the Hazardous Waste program, both the collection program and the MetroPaint recycling facility, to implement the Oregon Paintcare program.

Capital outlay

This category mainly includes the purchase of equipment and capital improvements at Metro solid waste facilities. Capital improvements are scheduled in Metro's capital improvement plan.

Capital expenditures are segregated into three categories. The Solid Waste General Account expenditures are typically new capital assets intended to improve the efficiency and effectiveness of Metro's two transfer stations. Projects for FY 2010-11 at Metro Central include improvements to the organics/food-handling area and to the stormwater system. Projects at Metro South include a new access lane and improvements to the truck entrance. The General Account also includes the SWIS database project for tonnage data collection and reporting.

The projects in the Renewal and Replacement Account are to realize the optimal life span of capital assets. FY 2010-11 projects at Metro Central include a truck scale and roof replacement. Projects at Metro South include a compactor and roof gutters replacement.

The projects funded or identified in the Landfill Closure Account are limited to projects needed to close St. Johns Landfill or implement post-closure monitoring. Projects for FY 2010-11 are mostly established, ongoing projects including perimeter stabilization. A \$1.7 million project being conducted with the U.S. Army Corps of Engineers to improve dike stabilization has been postponed from last fiscal year to this fiscal year's budget.

Debt service

The debt service category previously included the necessary payments for the Solid Waste and Recycling department's bonded debt which was defeased in December 2008.

Transfers

Transfers to other funds include internal service charges for central services and for Geographic Information System services provided by the Research Center. Since the implementation of the Sustainable Metro Initiative in the FY 2009-10 budget, this category also includes direct cost transfers for solid waste activities provided by other Metro services or centers.

Contingency

The operating contingency is funded to cover unanticipated cost spikes or tonnage (revenue) losses. For FY 2010-11, the operating contingency, which represents 12.2 percent of total contingency, is budgeted at \$2.0 million. The remaining 87.8 percent in contingency consists of restricted funds in the Renewal and Replacement and St. Johns Landfill accounts.

FUND BALANCE

The unappropriated ending fund balance of \$23.6 million consists of designated and restricted funds. Approximately 33 percent of the balance is reserved for rate stabilization and available as working capital to meet cash flow needs. The capital reserve account represents 23 percent of the total fund balance. Five percent of the ending fund balance is the amount that remains designated in the PERS reserve. In addition, 22 percent of the ending balance is reserved for probable Environmental Impairment Liability. This is a new reserve in the FY 2010-11 Solid Waste Fund budget. The reserve was previously included in the Risk Management Fund and transferred to the Solid Waste Fund to comply with the new GASB 49. The remaining 17 percent is undesignated balance. Debt service reserves are no longer required.