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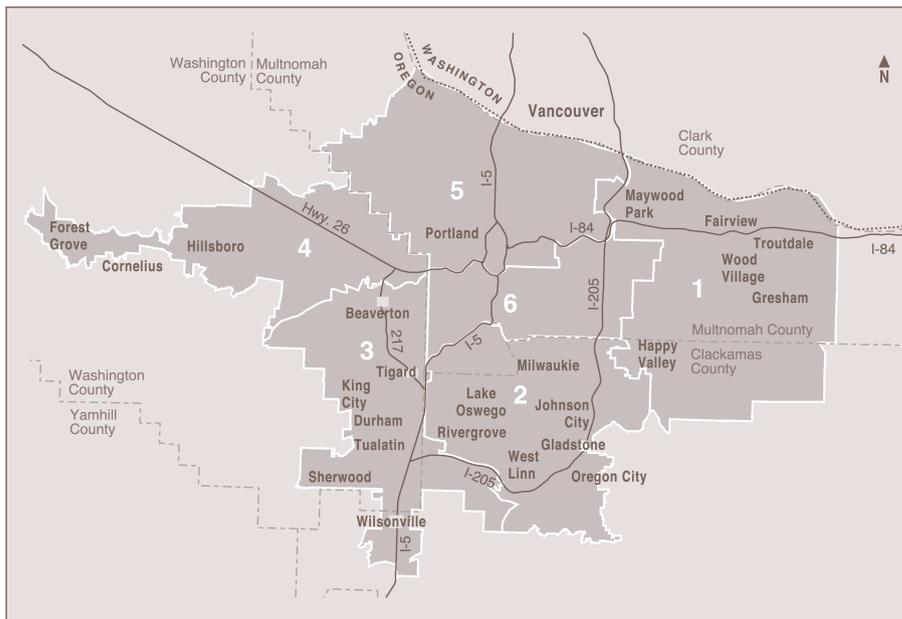
ADOPTED BUDGET Summary



Metro | *People places. Open spaces.*

2009-10

ADOPTED BUDGET Summary



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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.

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Adopted Budget Fiscal Year 2009-10

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**GFOA
Distinguished
budget
presentation
award**

The Government Finance Officers Association (GFOA) of the United States and Canada presented a Distinguished Presentation Award to Metro for its annual budget for the fiscal year beginning July 1, 2008.

In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communication device. This is the thirteenth consecutive year Metro has received this award.

The award is valid for a period of one year only. We believe our current budget continues to conform to program requirements, and we are submitting it to GFOA to determine its eligibility for another award.



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This guide is intended to assist readers in finding information in the three volumes of the Metro FY 2009–10 Adopted Budget. Information generally is grouped according to the sections identified by tabs or colored dividers in the budget document. In addition, Metro's budget and other financial information are available online at www.oregonmetro.gov.

SUMMARY (VOLUME 1)

The summary presents the entire Metro budget and general information pertinent to the development of the budget.

Budget message

By law the budget message is given at the time the budget is proposed and identifies any significant changes from one year to the next. The Metro Chief Operating Officer serves as Metro's Budget Officer.

What is Metro

This section provides the reader with an overview of Metro's history, a timeline showing the development of the agency, information regarding Metro's charter, and an overview of the region's economy. Also included are maps of Metro's facilities, pioneer cemeteries, regional parks and Open Spaces and Natural areas land acquisitions and target areas.

Budget and financial structure

This section describes the budget process at Metro. It reviews the budget calendar and budget development guidelines.

Budget summary

This section provides a comprehensive summary of the detailed information contained in the three budget volumes: Summary, Line item detail and Program budget. It provides information on revenues and expenditures, including trends and fund balances, and summarizes staffing changes in the organization.

Revenue analysis

The revenue analysis provides an overview of the major revenue sources. This overview includes a description of each source and the underlying assumptions for revenue estimates and recent trends.

Organizational summary

In October 2008 Metro launched a major reorganization called the Sustainable Metro Initiative. Centers and Services replace former departments and are organized to align programs and services more effectively and efficiently. Centers and Services may be budgeted in one fund only or in several funds. This section discusses the purpose, organization, accomplishments, objectives and programs of each center and service.

Fund summaries

This section presents summary financial information and analysis for each of Metro's 14 funds, the legal unit by which the budget is appropriated. For example the Solid Waste Revenue Fund contains all revenues, other financial resources and expenditures necessary for the operation and maintenance of the region's solid waste disposal and recycling system. This ensures that revenues generated by the solid waste system are used to support that system.

Capital Improvement Plan

Metro's capital budget for fiscal years 2009–10 through 2013–14 is included in the FY 2009–10 budget document. The Five-Year Capital Budget is divided into the following sections: Overview, Project summaries and analysis, Lists of Unfunded Projects, Current Projects Status Reports and Capital Asset Management Policies.

Debt summary

Information about Metro's current debt position and future debt obligations is provided here. This section also provides information on Metro's debt capacity and the debt service for existing revenue bonds, general obligation bonds, capital leases and other debt.

Appendices

The appendices include several related documents that are legally required to be included with Metro's budget document or that provide additional policy background information. These appendices include the FY 2009–10 proposed schedule of appropriations, property and excise tax calculations, cost allocation plan, budget assumptions and a glossary of technical terms and acronyms used throughout all three documents.

LINE ITEM DETAIL (VOLUME 2)

The line item detail contains detailed, technical information used primarily by Metro managers to manage their programs. This detail includes current as well as historical line item revenues and line item expenditures required by law.

The section also provides line item detail of resources and requirements for each fund. The line item detail is the breakdown of revenues and expenditures which comprise Metro's proposed budget.

PROGRAM BUDGET (VOLUME 3)

The FY 2009-10 program budget reflects the change that has been made in the Metro organization under the Sustainable Metro Initiative. Each budget program begins with a visual map showing the main operational area and key projects or activities within the program.

Chief Operating Officer's Budget Message

As presented on April 2, 2009

To the Metro Council, citizens and regional partners and valued employees:

I am pleased to present Metro's proposed Fiscal Year 2009-10 budget. This is a particularly challenging year in the nation, in Oregon and in the region. I believe that despite the challenges facing our region, Metro is well positioned to lead the region in making fair and equitable choices that support vibrant communities, economic prosperity, safe and reliable transportation options, and a healthy and sustainable environment.

This budget also reflects the next steps in the implementation of the Sustainable Metro Initiative (SMI), an agency project to transform Metro into a modern, mission-driven organization equipped to fulfill our promise as the leader in regional conservation and civic innovation.

To succeed, our management structure must align programs and resources with our desired regional outcomes. But perhaps more importantly, our business and management practices must provide a level of standardization and accountability which will keep us focused on regional outcomes in FY 2009-10. The Sustainable Metro Initiative creates collaborative centers and services to achieve Metro's mission and goals, realigning staff to ensure the right people with the right skills are in the right jobs.

Implementing these organizational changes positions Metro to meet the increasingly complex challenges of the future and to attract, retain and foster talented staff. These cultural and structural changes improve our financial transparency and provide an enhanced ability to face challenges and seize opportunities.

Financial discipline keeps Metro strong, but cautious

The FY 2009-10 total budget, all resources and requirements, tops \$457 million, about the same as the current year. Metro faces the same economic uncertainties for FY 2009-10 as its public and private partners and its citizens face. However, unlike many jurisdictions, our resource base is diversified and not reliant on a single revenue source. The proposed expenditures are \$386 million, about 5 percent greater than the current year, primarily due to the ambitious capital spending related to the two bond measures for Natural Areas acquisition and the Oregon Zoo infrastructure and animal welfare. Remaining active in these areas will provide some local economic stimulus in the market place and potentially benefit the taxpayers because of favorable market prices.

Labor costs are contained to an overall 2 percent increase. With the exception of new positions in the zoo bond fund and positions authorized by Council during the current year, there is no net growth in FTE. Limited duration positions are discontinued at their scheduled dates, added positions in one area are offset by reductions in others, and each program must submit vacant positions for review prior to recruiting for replacement. For the first time in several years, the CPI increase which controls the primary labor contracts has fallen below the contract ceiling due to national, state and regional economic conditions. And, in recognition of these conditions, Metro's senior management team stepped forward to freeze executive salaries at current levels. Other non-represented employees received a FY 2008-09 pay increase as a lump sum, instead of an adjustment to base pay, thereby containing future salary costs. While the FY 2009-10 proposed budget contains provisions for salary adjustments in spring 2010, we will consider the economic health of the region and the financial performance of Metro before granting any increases not covered by collective bargaining contracts.

The economic downturn has reduced solid waste system revenues and, in turn, general excise tax revenues. In the current year there are indications that we will dip into the designated reserves to meet a portion of this revenue gap. However, the proposed FY 2009-10 budget restores and fully funds the reserves in accordance with Metro's financial policies and "pay ourselves first" philosophy. Our disciplined action positions Metro to withstand the deepening and lengthening downturn, gives us more time and greater flexibility to make strategic adjustments, if necessary, and allows Metro to maintain steady momentum in areas critical to the region's future.

Council policy reflected in budget themes . . .

The proposed budget reflects the Metro Council's commitment to matters that cross local boundaries. The management of Cooper Mountain Nature Park has been transferred by intergovernmental agreement to Tualatin Hills Park & Recreation District. The opening of Graham Oaks Nature Park in partnership with the City of Wilsonville fulfills the Council's promise of opening for passive recreation certain natural areas purchased with voter-approved bonds so residents of the region can enjoy the benefits of their investment. Planning and Development will continue to integrate and enhance its development focus while moving forward with Placemaking initiatives aimed at achieving the region's long range land use and transportation objectives.

Metro will make important contributions to the Connecting Green Initiative by acquiring targeted land and by integrating active, non-motorized projects into its transportation planning. Metro also will continue to promote integrated habitat considerations in its land use planning and deliver enhanced waste reduction education through Outdoor School programs. Metro's new Sustainability Center will focus on improving the reach of other waste reduction education programs and bolstering the sustainability of Metro's own operations.

Within Metro, implementation of the SMI will continue at a brisk pace, with internal policies and procedures aligning with a set of organizational values that are consistent with Metro Council goals for collaboration, transparency and best management practices. SMI implementation will deliver a common code to promote ethical conduct and outline a set of related core competencies for all levels of Metro staff.

Modest but focused expenditures will improve opportunities for cultivating and monitoring professional development, and Communications will implement SMI service level improvements internally and externally. These outcomes build on the initial platform of the SMI in recognizing the interdisciplinary nature of our work, an ambitious policy agenda and the value of collaboration and efficiency. In today's economic climate, this work is more important than ever before, and this budget reflects our absolute commitment to working smarter to better meet the needs of the region.

. . . as new initiatives come into focus

Our region's collaborative approach to planning has set us on a wise course – but times are changing. Climate change, rising energy costs, economic globalization, aging infrastructure and population growth demand thoughtful deliberation and action. As part of Making the Greatest Place in FY 2009-10, the Metro Council will be working closely with individuals and groups throughout the region to take actions to implement local and regional goals in a way that creates vibrant, healthy and sustainable communities consistent with our 2040 goals. As Metro delivers specific projects, the concepts and principles will continue beyond the final reports and will require active encouragement for local communities to invest in ways that leverage private development. Financing for transportation and non-transportation

infrastructure requires a regional commitment. Metro must decide how to use its available resources to ensure that Connecting Green, the region's system of parks, trails and natural areas, maintains momentum. Our role in climate change is still forming, and it is time to reengage in disposal system planning. Each of these areas will require determined and demanding leadership from the Council.

At the same time, Metro this year will undertake a Future Vision review required by our charter. The proposed budget has set aside a modest contingency as the Council determines how to meet this obligation. As defined in the charter the Future Vision is "a conceptual statement that indicates population levels and settlement patterns that the region can accommodate within the carrying capacity of the land, water and air resources of the region, and its educational and economic resources, and that achieves a desired quality of life." The Future Vision is a long-term, visionary outlook for at least a 50-year period. The Council must decide how to leverage the Future Vision to advance regional convening and collaboration and to shape new initiatives to achieve a more climate friendly and sustainable future.

BUDGET HIGHLIGHTS

Oregon budget law directs me to highlight significant changes in the proposed budget. Some changes are the direct result of the Sustainable Metro Initiative that was launched in fall 2008 and are reflected for the first time in the FY 2009-10 budget. The changes also carry out the budget themes and the recommendations of Metro's elected auditor.

Council Leadership

The Council Office has eliminated the Operations Coordinator and, as part of the Sustainable Metro Initiative, has transferred in from Planning and Development a position to support the Metropolitan Policy Advisory Committee and the Joint Policy Advisory Committee on Transportation. The Records and Information Management unit has been transferred to Information Services. A limited duration climate change analyst position, originally authorized through June 30, 2009, has been reauthorized for FY 2009-10 as Metro sets its policy direction and develops its program.

Chief Operating Officer Administration

The Office of the Chief Operating Officer will transfer a new project analyst authorized under the SMI implementation plan to Human Resources to oversee organizational development activities.

The Strategy Center operates under the auspices of the Chief Operating Officer. As a key part of the Sustainable Metro Initiative. The Strategy Center transferred in policy advisors from the former areas of Planning, Governmental Relations and Nature in Neighborhoods who will work in close collaboration with Communications and the Research Center. It represents an evolving effort to act in a consultative role for both the policy makers and the program and project managers, hopefully making each more efficient by providing a more effective, informative and consistent interface. In February 2009 Council authorized an additional limited duration analyst for the Active Transportation Partnerships initiative which is anticipated to last into FY 2010-11.

Office of Metro Auditor

With the additional auditor position authorized for FY 2008-09, Metro's independently elected Auditor has been able to increase the audit schedule. There are no proposed budget additions for FY 2009-10.

Office of Metro Attorney

In addition to managing the due diligence for the Natural Areas acquisitions, the Office of Metro Attorney will also be engaged in planning for the zoo construction activity under its new bond measure. The Convention Headquarters Hotel project has prompted the need for a new intergovernmental Visitor Development Initiative (VDI) agreement, and solid waste operations will award a new transfer station operating contract, both of which will require significant legal review. The Office will also be advising Metro policy makers about the adoption of a new Future Vision statement required by Metro Charter. An additional 0.5 position legal secretary was added during FY 2008-09.

Metropolitan Exposition Recreation Commission

For FY 2009-10 MERC has solid bookings for conventions and performing events, although the depressed economic conditions are reflected in lower food and beverage margins and transient lodging taxes (TLT). MERC has established strategic reserves, and due to significant TLT receipts over the past four years, the current fund balance exceeds the targeted strategic reserves. In addition to the healthy reserves, MERC has solid experience in managing effectively through economic downturns. The proposed budget shows an increase of 4.0 FTE, although only one, the security agent, is a new position. The other three are the result of combining or converting several part-time positions which do not generate FTE to create three full-time benefit eligible positions which are considered FTE.

Oregon Zoo

With the scheduled opening of *Predators of the Serengeti* and *Red Ape Reserve* exhibits, the zoo is expecting a record 1.6 million guests, which it will manage without additional staff. The Metro Council has approved a fee increase in general admission, effective on June 1, 2009. The successful bond election in November 2008 will result in significant planning activity for new construction projects for infrastructure and animal welfare. In FY 2009-10 the zoo will complete master site planning for all bond-related projects and begin construction for the veterinary hospital and quarantine buildings. Consistent with Council policy direction, improvements at the zoo also will focus on sustainability by reducing energy use and improving storm and wastewater management.

The bond program will fund 6.8 FTE; three positions are new, and the balance includes 3.8 FTE from current construction staff in the Capital and General funds who will be assigned to bond construction projects. The proposed budget eliminates one position because the zoo did not obtain the targeted grant funds.

Parks and Environmental Services

Under the SMI reorganization, Parks and Environmental Services focuses on facilities: regional parks; thousands of acres of natural areas throughout the region; boat ramps; pioneer cemeteries and Glendoveer Golf Course; solid waste facilities including the two transfer stations, the latex paint facility, the St. Johns landfill owned by Metro and the Killingsworth Fast Disposal landfill monitored by Metro; and the Metro headquarters building and its property services.

The proposed budget includes fee increases authorized by Council for day use at regional parks, effective June 1, 2009, and overnight camping, effective January 1, 2010. The management of Cooper Mountain Nature Park has been transferred by intergovernmental agreement to Tualatin Hills Park & Recreation District, and the operating expenses for Graham Oaks Nature Park will begin in FY 2009-10 when the park facility opens.

As part of an on-going evaluation, we will reduce the number of Hazardous Waste Roundups by half and adjust the scalehouse operating hours to conform more efficiently to customer needs and patterns. A new position (.75 FTE) will provide additional operating support for the pioneer cemeteries by serving families on weekends and evenings as well as during regular business hours. Under SMI the records management function moves to Information Services, and a part-time engineer position is eliminated.

Planning and Development

Planning and Development includes three units: Land Use Planning and Development, Transportation System Planning, and Corridor Planning and Development. Together its programs and projects facilitate the creation of great places in centers and corridors and throughout the region.

Under the reorganization the planning and “nature friendly” development aspects of Nature in Neighborhoods move under the Planning and Development center. An additional analyst position is added to the finance section to augment grant contract administration, project budgeting and financial reporting for both Planning and Development and the Research Center. The position has been redeployed from Finance and Administrative Services. Funds for a limited duration public affairs specialist assigned to Communications is discontinued in December as the Urban and Rural Reserves project completes, and a limited duration Program Assistant is eliminated.

Sustainability Center

Under the SMI reorganization the Sustainability Center consolidates Metro’s significant conservation and education activities. It focuses on the acquisition and restoration of areas acquired under the Natural Areas bond measure; on planning for parks and trails under the Connecting Green initiative; and on promoting sustainable management of resources through waste reduction initiatives, hands-on interpretive programs, youth and adult education, grants and demonstration projects and volunteer opportunities.

In keeping with the recent audit that recommended Metro realign resources to better support waste prevention activities, the proposed budget anticipates a major review of waste reduction programs. Based on feedback from jurisdictional partners that residential recycling has achieved its goals, the budget eliminates a targeted residential outreach program (\$125,000) and will continue the annual art contest but seek alternatives to commercial billboard placement. The enhanced waste reduction education offered in conjunction with the Outdoor School program will be available for both fall and spring sessions. The disposal voucher program (\$145,000) is being discontinued because it is not attracting new users. In addition, Metro will end its sponsorship of well established programs like SOLV. The authority for emergency fee waivers remains in place.

In Parks Planning and Development, the proposed budget includes resources to begin a master planning process for Glendoveer Golf Course in anticipation of the implementation of the Connecting Green strategy and the next operating contractor procurement in 2012. Construction of Graham Oaks will be completed. The Tonquin Trail Regional Trail Master Plan will be completed; the Lake Oswego-to-Milwaukee Regional Trail feasibility study will begin. The budget provides for an update to the Natural Resources Management Plan for the Smith and Bybee Wetlands Natural Area, and Natural Areas Education and Volunteer Services are augmented slightly as part of the SMI realignment. Realignment of education priorities will result in the discontinuation of the Salmon Festival. Finally, the Sustainability Coordinator will initiate a Sustainability Management Plan for Metro.

Research Center

Under the SMI, the Research Center operates the Data Resource Center and provides forecasting and modeling services for transportation, land use, economic and demographic trends. While Planning and Development remains a primary customer, the Research Center also serves other Metro clients as well as external partners, stakeholders and public customers.

In addition a GIS Specialist for the Natural Areas bond program is assigned to the Research Center. A limited duration position is eliminated and replaced with a new 0.6 FTE position to provide specialized tools to display the physical nature of growth in centers and corridors. These tools are designed to help citizens and local communities envision a future more consistent with 2040 goals and transportation investments. Finally, the Research Center is working to create a regional greenhouse gas emissions baseline and to develop improved tools for evaluating how different investments and policy choices influence climate change.

OPERATIONAL SUPPORT

Communications

Formerly Public Affairs and Governmental Relations, Communications is redesigning its organization along functional lines to support SMI. Communications will create inter-agency teams that will focus on community and government engagement, marketing for Metro's centers and services, internal communications, media relations and communication design and standards, including web site content management. A management position transferred from Planning and Development will help integrate all Metro marketing programs. Legislative activity has been transferred to the Strategy Center. Two limited duration positions authorized as part of the 3-year Placemaking plan will conclude during this year.

Finance and Administrative Services

In addition to its portfolio of financial services, risk management and procurement, FAS has assumed responsibility for solid waste regulation, rate setting and financial analysis and modeling for solid waste operations. The infrastructure analyst is transferred to the Strategy Center, and FAS will eliminate a financial analyst position, redeploying the position to Planning and Development to strengthen its financial analysis capability.

Human Resources

Under SMI, Human Resources will assume greater responsibility for organizational development. A new project analyst authorized under SMI implementation is transferred to Human Resources from the Office of the Chief Operating Officer. This position will be responsible for organizing "best practices" training throughout the agency. A new on-line application system will allow Human Resources to be more responsive to both applicants and hiring managers while reducing paper use.

Information Services

Keeping pace with technology is a challenge. Metro will be increasing its bandwidth with wide area network technology, serving both internal needs including MERC as well as allowing new opportunity for Metro's partners and citizens to interact actively with Metro resources. A project manager position is eliminated, and the Records Management program is added to the IS portfolio under the SMI reorganization.

5-YEAR CAPITAL BUDGET

Capital spending is again dominated by land acquisition under the Natural Areas bond measure (\$41 million). The Zoo Infrastructure and Animal Welfare bond program, new for FY 2009-10, represents one-third of the year's planned capital spending (\$11 million). The Nature and Golf Learning Center at Blue Lake is appropriated for construction, subject to a final financing plan. The threshold for capital projects is now \$100,000, consistent with the definition of "public improvement" and authorized by the Metro Council last year.

RENEWAL AND REPLACEMENT

The consolidated General Renewal and Replacement Fund provides for scheduled renewal and replacement of assets at the Oregon Zoo, parks facilities and the Metro Regional Headquarters. Established by the Metro Council in FY 2008-09, the fund contains a favorable balance which, when combined with the annual contribution of \$1.1 million, will meet the General Fund needs for the foreseeable future. The Solid Waste Revenue Fund continues to maintain solid renewal and replacement reserves, and the MERC Commission also has designated renewal and replacement reserves.

Readying the Region for the Future

As Budget Officer, I am required to bring forward a balanced budget for your consideration. I am cautious, but I remain optimistic that despite the economic uncertainties that shaped the proposed FY 2009-10 budget, Metro can and will maintain quality service levels at all sites and facilities and will continue to provide economic, cultural and educational opportunities through the Oregon Convention Center, the Portland Expo Center, the Portland Center for the Performing Arts and the Oregon Zoo.

While our grant programs, local contributions and efficiency measures support Metro's commitment to local economic health, our greatest contribution will be the ability to model and encourage the implementation of strategies to accomplish the region's goals. Our land use, transportation and solid waste practices are our biggest assets in supporting community strength and vitality. We recognize that regional success is dependent on local capacity to implement and innovate. While our local partners face varying degrees of economic challenge that may slow down these efforts in the near term, Metro will continue to ready the flexible tools and services that can encourage and support the region's livability and environmental diversity as it returns to economic prosperity.

We look forward to your consideration of this proposed budget.

Sincerely,



Michael Jordan
Chief Operating Officer



Highlights from FY 2009-10 Proposed to Adopted Budget

Each year the proposed budget is the starting place for a dynamic process where citizens review and speak to the elected Metro Council about the proposal. After considering the public's ideas and concerns, the Council shapes the final budget to reflect any changes in circumstances since the budget was proposed (technical adjustments) and any new or changed priorities (substantive adjustments).

FY 2009-10 was no exception. The budget was proposed on April 2, 2009, and a series of public hearings and Council work sessions in April, May and June continued to shape the final budget. The Council remained mindful of the unprecedented economic climate, national and regional, seeking to make strategic investments while remaining disciplined and true to Metro's financial policies.

Technical Adjustments to the Proposed Budget

Most technical adjustments reflected the continuation of capital projects which did not complete by June 30, 2009, as scheduled. The common reasons for continuing projects forward included spring weather, the availability of construction materials as scheduled and permitting delays.

In the operating programs a number of projects were also carried over including Making the Greatest Place activities that had been funded from the Strategic Reserves 3-year commitment, as well as Urban and Rural Reserves activities which were extended to provide additional public engagement.

Finally, the Council included a new earmark grant for a trail segment at Blue Lake Park. Construction of this section of trail will close a key gap in the 40 Mile Loop along Marine Drive. The loop will eventually create a seamless trail all along the Columbia River, from Kelley Point Park on the west to the Columbia Gorge on the east. It will also link into the Gresham/Fairview trail. Funding for the local match will come from the Natural Areas Bond Fund, as it is in the Columbia Shoreline target area.

Economic Adjustments to the Budget

The continuing economic slump, nationally and regionally, required some additional modifications to the budget. Property tax collections through December 2008 remained steady, but by April 2009, the collection rate had fallen off, causing a downward adjustment in the beginning fund balance in the General Fund.

Similarly the forecast for solid waste tonnage continued to decline, causing an adjustment in both solid waste fees and excise tax revenues.

Other budget assumptions were adjusted throughout the budget process including a reduction in the inflation escalator for general materials and services, paralleling the declining rate of regional inflation, and a reduction in certain salary increases tied to specific CPI indices by collective bargaining agreements. In addition, the management choice to freeze executive salaries and limit non-represented salary increases to a lump sum in FY 2008-09 adjusted the salary bases for FY 2009-10.

Council Initiatives

After considering public testimony the Council restored some funding for the disposal voucher program, adding a budget note directing staff to look for regional equity, to focus on public and natural areas and to clearly define eligibility requirements. The Council also continued Metro's sponsorship of SOLV activities with specific guidance about eligible activities. These adjustments were funded from the Solid Waste Revenue Fund reserves.

In adjustments to current programs, the Council added funding for safety and stabilization improvements at Lone Fir Cemetery; added a modest cycle of Nature in Neighborhoods grants; and augmented staffing for Infrastructure Financing through June 2010.

The Council also made additions to the Climate Change activities, adding support in the Research Center for enhancing the Greenhouse Gas calculations and setting aside additional funding for Climate Change work subject to final Council approval.

The Council set the stage for continuing Metro participation in the regional Connecting Green project, now known as The Intertwine, a project to create an exemplary system of parks, trails and natural areas. The Strategy Center will continue to work on regional conservation efforts, and the Sustainability Center will address strategic regional funding.

Planning and Development will implement a new \$500,000 Development Opportunity Fund to support on-the-ground implementation of the 2040 framework plan. The fund will consider two types of initiatives: innovative green demonstration projects and pre-development studies with local governments on opportunity sites. In addition Planning and Development will implement an \$850,000 loan program to help build housing in 2040 Center and Corridors for families with below average incomes, including mixed use and mixed income projects.

In order to fund the initiatives, Council redeployed the \$1 million Affordable Housing reserve, programmed into spending the designated Opportunity Fund (\$500,000), scaled back plans for remodeling at the Metro Regional Center and eliminated designated funding for the Future Vision exercise.

Policy Adjustments to the budget

After consideration of the Rate Review Committee's recommendations for solid waste fees for FY 2009-10, the Council decided to use uncommitted fund balance to constrain the rate increase, reducing the tip fee increase from over \$10 per ton to \$5 per ton. Previously bond covenants required that all operating costs be funded by rate revenue. Defeasance of the Solid Waste revenue bonds in December 2008 allowed the Council to make this policy choice.

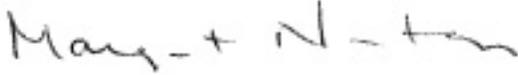
In June 2009, after a recommendation from an advisory group of local government officials, representatives of various business organizations and other interested parties, the Metro Council voted to extend the construction excise tax for an additional five years to provide funding for planning of future expansion areas, future urban reserves, and planning that enables redevelopment of centers, corridors and employment areas within the existing Urban Growth Boundary (UGB), in keeping with the region's blueprint for managing growth, the 2040 Growth Concept. The policy and purpose of the construction excise tax remains to provide funding for regional and local planning that is required to make land ready for development after its inclusion in the UGB.

Finally, the Council authorized an \$11 million interfund loan to construct the Nature and Golf Learning Center at Blue Lake Park. Conceptual approval of the project early last year cleared the way for staff to begin work on design and engineering and to propose a financing plan. The interfund loan is expected to provide construction financing and will be repaid with permanent financing, most likely a full faith and credit obligation bond. As part of the loan discussion, the Council also reviewed Metro's current full faith and credit obligations and set aside an additional reserve.

Transparency and Accountability

Metro's budget process provides many opportunities for public review. The Tax Supervising and Conservation Commission of Multnomah County also conducts a public hearing and certifies that Metro has prepared a proper tax levy and budget. As companion actions to the adoption of the budget the Metro Council also reviews and readopts its financial policies, its capital asset management policies and its investment policies. These policies are the backbone of Metro's financial accountability and transparency and have sustained Metro through an unprecedented economic downturn. We look forward to a productive FY 2009-10.

Sincerely,

A handwritten signature in black ink that reads "Margo Norton". The signature is written in a cursive, slightly slanted style.

Margo Norton

Finance and Regulatory Services Director

July 1, 2009

