

Revenue analysis

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Revenue summary, all sources

	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 2009-10 FY 2010-11	Change from Amended
CURRENT REVENUES								
Real Property Taxes	\$46,312,638	\$44,897,096	\$50,910,057	\$50,910,057	\$48,483,349	\$48,483,349	\$48,483,349	(4.77%)
Excise Tax	16,824,900	14,705,646	14,865,381	14,865,381	16,403,937	\$16,403,937	\$16,203,937	9.00%
Other Derived Tax Revenue	23,267	24,168	23,300	23,300	23,300	\$23,300	\$23,300	0.00%
Grants	13,665,634	14,306,069	15,457,165	16,886,590	13,763,029	\$14,130,176	\$14,783,392	(12.45%)
Local Government Shared Revenues	11,701,562	11,202,982	11,547,484	11,547,484	11,173,508	\$11,173,508	\$11,173,508	(3.24%)
Contributions from Other Governments	732,876	1,001,028	1,124,240	1,124,240	2,361,371	\$2,361,371	\$2,361,371	110.04%
Enterprise Revenue	110,626,380	109,086,690	115,313,595	115,545,595	118,636,299	\$118,903,545	\$118,870,045	2.88%
Interest Earnings	11,984,290	6,675,487	5,070,383	5,070,383	1,611,106	\$1,611,106	\$1,611,106	(68.23%)
Donations	3,666,252	8,324,043	4,387,600	4,331,553	1,703,430	\$1,717,930	\$1,806,930	(58.28%)
Other Misc. Revenue	2,254,082	2,758,599	2,124,294	2,149,294	2,014,169	\$2,014,169	\$2,514,169	16.98%
Bond and Loan Proceeds	0	5,000,000	10,000,000	10,000,000	15,000,000	\$15,000,000	\$15,000,000	50.00%
Subtotal External Current Revenues	217,791,881	217,981,808	230,823,499	232,453,877	231,173,498	231,822,391	232,831,107	0.16%
INTERFUND TRANSFERS								
Interfund Reimbursements	6,849,723	7,474,080	8,212,657	8,212,657	8,396,573	8,396,573	8,396,573	2.24%
Internal Service Transfers	870,759	944,972	2,847,999	2,896,582	3,122,488	3,122,488	3,122,488	7.80%
Interfund Loan	0	0	10,916,250	0	0	0	0	0.00%
Fund Equity Transfers	11,760,993	6,389,113	6,587,953	6,780,323	10,637,853	10,765,853	10,765,853	58.78%
Subtotal Internal Current Revenues	19,481,475	14,808,165	28,564,859	17,889,562	22,156,914	22,284,914	22,284,914	24.57%
TOTAL CURRENT REVENUES	\$237,273,356	\$232,789,973	\$259,388,358	\$250,343,439	\$253,330,412	\$254,107,305	\$255,116,021	1.91%

This section presents a consolidated summary of major operating revenues, a description of each source, underlying assumptions for revenue estimates and recent trends. Tables showing estimated or actual revenues for each major source for the last four fiscal years supplement this discussion. The five largest revenue sources (enterprise revenues, property taxes, excise taxes, grants and intergovernmental revenues) constitute 91 percent of Metro's current revenues (excluding interfund transfers) and are described in greater detail. Operating revenues are augmented by fund balances, which are addressed in the Budget Summary and Fund Summaries sections in this document.

Enterprise revenue

	Actual FY 2007-08	Actual FY 2008-09	Amended FY 2009-10	Adopted 2010-11	% of Department Total	% of Total Enterprise Revenue	% Change from FY 2009-10	% Change from FY 2007-08
MERC								
Rentals	7,427,948	7,428,389	7,253,549	7,420,586	24.38%		2.30%	(0.10%)
Concessions and Catering	12,662,562	\$11,562,004	\$12,123,799	11,813,716	40.75%		(2.56%)	(6.70%)
Parking	2,728,692	\$2,538,446	\$2,603,350	2,838,899	8.75%		9.05%	4.04%
Reimbursed Services	3,379,233	\$3,042,169	\$3,613,029	3,174,967	12.14%		(12.12%)	(6.04%)
Utility Services	1,433,811	\$1,368,285	\$1,527,318	1,598,360	5.13%		4.65%	11.48%
Other	2,649,313	\$3,779,197	\$2,628,512	3,170,730	8.84%		20.63%	19.68%
TOTAL MERC	30,281,559	29,718,490	29,749,557	30,017,258	100.00%	25.25%	0.90%	(0.87%)
OREGON ZOO								
Admissions	6,295,003	6,809,675	8,240,000	7,751,800	41.23%		(5.92%)	23.14%
Food Sales	5,058,896	5,357,828	5,725,000	5,454,700	28.65%		(4.72%)	7.82%
Retail Sales	1,986,769	2,279,919	2,416,000	2,272,000	12.09%		(5.96%)	14.36%
Railroad Rides	739,896	973,132	912,000	960,000	4.56%		5.26%	29.75%
Tuition and Lectures	421,890	1,081,230	1,396,153	1,111,955	6.99%		(20.36%)	163.57%
Exhibit Shows	554,697	522,144	329,000	960,000	1.65%		191.79%	73.07%
Other	795,341	890,649	966,000	485,126	4.83%		(49.78%)	(39.00%)
TOTAL OREGON ZOO	15,852,492	17,914,577	19,984,153	18,995,581	100.00%	15.98%	(4.95%)	19.83%
SOLID WASTE AND RECYCLING								
Disposal Fees	27,709,295	25,210,217	26,401,276	28,514,495	50.13%		3.10%	2.91%
Regional System Fee	19,156,342	19,056,487	20,379,691	19,715,106	38.69%		(1.70%)	2.77%
Transaction Fee	2,751,275	2,370,538	2,525,871	2,800,076	4.80%		32.97%	24.57%
Other	3,532,541	3,724,558	3,360,951	5,027,919	6.38%		49.60%	7.77%
TOTAL SOLID WASTE AND RECYCLING	53,149,453	50,361,800	52,667,789	56,057,596	100.00%	47.16%	6.44%	5.47%
Other Enterprise Revenue	11,342,876	11,091,823	13,144,096	13,799,610		11.61%	4.99%	21.66%
TOTAL ENTERPRISE REVENUE	\$110,626,380	\$109,086,690	\$115,545,595	\$118,870,045		100.00%	2.88%	7.45%

Enterprise Revenue

Enterprise revenue represents income earned from use of Metro facilities or franchises and the purchase of Metro products and services. Eighty-eight percent of all enterprise revenue is derived from facilities operated or services provided by three operating areas: the Metropolitan Exposition Recreation Commission (MERC) the Oregon Zoo and Solid Waste operations.

With certain exceptions, all enterprise revenue is subject to Metro’s excise tax (see discussion that follows under Tax Revenues). Revenue generated at the Oregon Zoo and the Portland Center for the Performing Arts as well as other specific items detailed in Metro Code are exempt. Revenue projections are initially calculated based on gross revenues prior to the application of the excise tax; however, the budget document reflects revenues net of the excise tax (gross projections less excise tax).

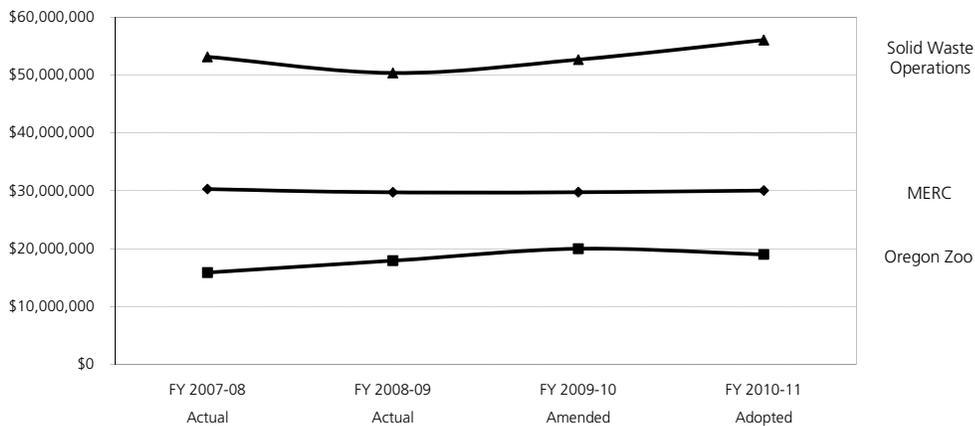
MERC ENTERPRISE REVENUE

Enterprise revenues from MERC-operated facilities account for 25 percent of total Metro enterprise revenues. MERC facilities include the Oregon Convention Center, the Portland Center for the Performing Arts (PCPA) and the Portland Expo Center (Expo). More than 90 percent of MERC enterprise revenue derives from the following sources:

Rental

This is the combined total of revenue generated for license agreements for temporary leasing of space within the facilities and revenue generated from equipment rental charged back to clients. Estimated revenue represents a 2.3 percent increase from FY 2009-10 budgeted figures. Rental revenue at PCPA is projected to increase by 18 percent, due to an increase from 9 to 13 weeks of Broadway and a commercial rental rate increase of 3 percent. OCC expects flat revenues, with 39 conventions booked for the year and rental rates up 5 to 7 percent. Expo’s combined rental and admission revenues are budgeted to be down 1.6 percent, despite a 3 percent rate increase, reflecting the continuing down economy.

Enterprise revenue



Concessions/Catering

These are revenues generated from food and beverage sales and catered functions. Projections are based on projected attendance and historical sales. Concession and catering revenue is largely dependent on the number of convention bookings at the Oregon Convention Center and can fluctuate from one year to the next. Concessions and catering revenues were down in FY 2008-09, as conventions and meetings saw lower attendance and reduced event days. While strong convention bookings in FY 2009-10 improved the forecast, total revenues in this category are projected to be down 2.6 percent in FY 2010-11.

Parking

These are fees charged for parking in the lots at the Oregon Convention Center and Expo. Parking revenues are budgeted up 9 percent from FY 2009-10; rates will increase by \$1.00 per vehicle at both facilities.

Reimbursement Services

These are charges to renters for the labor cost of staging and staffing events at all three facilities. About 68 percent of these revenues is reimbursements for labor at the PCPA. Projections for this facility are based upon projected wage and fringe rates and the number of events to be held.

Utility Services

This category represents revenue received from contractors to cover the cost of a variety of utility services, such as electrical, telephone, air, water and gas used for business and show purposes. Approximately 85 percent of these revenues are recovered at the Oregon Convention Center. Projections are based on the number of events to be held and the anticipated fees charged by the utility providers.

ZOO ENTERPRISE REVENUE

Enterprise revenues from the Oregon Zoo account for almost 16 percent of Metro's total enterprise revenues. Zoo revenue projections are based on average per capita fees or rates. Zoo annual attendance increased substantially over the last four years, surpassing 1.6 million in FY 2009-10. While attendance remained strong in 2009-10, per capita spending has decreased in a number of categories and is expected to remain lower in FY 2010-11, leading to total budgeted enterprise revenues down 5 percent from FY 2009-10. The following categories represent 95 percent of the zoo's annual enterprise revenues:

Admissions

Annual attendance forecasts and admission rates determine the admissions revenue estimate. Attendance is projected to reach 1.6 million again in FY 2010-11. An increase in annual memberships and utilization of discounted entry options has decreased admissions revenue even as attendance climbs. Budgeted revenue is \$7.8 million in FY 2010-11.

Food Sales

This category includes revenues from food, beverage and catering sales. Projections for regular food and beverage sales of \$4.2 million are based on per capita spending of \$2.63 multiplied by the anticipated attendance of 1.6 million. Catering food sales projections of \$1.25 million are based on sales and patterns from previous years.

Retail Sales

These are sales from the zoo gift shop and vending machines. The zoo forecasts revenues of \$2.3 million from retail sales in FY 2010-11.

Railroad Rides

These are revenues from visitors paying to experience the zoo's train ride; train ridership has been increasing over the past several years. Revenue projections are based on per capita spending of \$0.60 multiplied by anticipated attendance of 1.6 million, for a total of \$960,000.

Tuitions and Lectures

This category includes fees for educational classes and lectures provided by or sponsored by the zoo. Revenues are projected based on historical class participation and planned course offerings. While the zoo expanded its summer camp offerings in FY 2009-10, camp attendance did not increase. The zoo is looking at ways to increase participation, but budgeted revenues have dropped slightly to \$1.1 million.

Exhibit and Shows

These are for fees received for special zoo exhibits and shows. Many of the exhibits are transient and offered only one or two summers. Revenue projections are based on previous temporary exhibit revenue experiences and fluctuate depending on planned offerings. The zoo will offer a temporary dinosaur exhibit in summer 2010 and an additional temporary exhibit in spring 2011.

SOLID WASTE AND RECYCLING ENTERPRISE REVENUES (IN THE PARKS AND ENVIRONMENTAL SERVICES DEPARTMENT)

Enterprise revenues from the solid waste operations in Parks and Environmental Services (PES) account for approximately 47 percent of total Metro enterprise revenues. These revenues are derived from charges for the processing and disposal of solid waste within the region. Haulers pay a "tip fee" to dispose of waste at a solid waste facility. At Metro's transfer stations, the tip fee covers the cost of processing, transport and disposal of the waste; general and administrative costs; Metro's Regional System Fee (see below); Metro Excise Tax; a host community fee; and Department of Environmental Quality fees. Effective Aug 1, 2010, Metro's tip fee increases to \$85.85 per ton.

Tonnage Charge

This fee represents the portion of the Metro tip fee that covers the cost of disposing and transporting waste from Metro transfer stations. After years of increase, tonnage fell more than 15 percent below budget in FY 2008-09. The FY 2009-10 budget set tonnage at 20 percent below the previous year's budget, with actual tonnage decreasing an additional 3 percent. Heading into FY 2010-11, tonnage appears to have stabilized, and solid waste enterprise revenues are projected to increase by 6.4 percent more than the current year's budget, driven in part by expanded latex paint recycling services offered to meet new statewide recycling requirements. Tonnage related disposal fees are anticipated to increase about 3.1 percent.

Regional System Fees

This fee is charged on a per-ton basis on all waste generated in the region and disposed of at a disposal site. This includes waste that is delivered to Metro's transfer stations, privately owned regional transfer stations, municipal waste-incinerators and landfills. The Regional System Fee recovers the cost of programs such as waste reduction, hazardous waste and a portion of landfill closure expenses. Debt service obligations have now been completed. The fee, currently \$17.53, is scheduled to decrease to \$16.72 effective Aug. 1, 2010.

Transaction Fee

Transaction fees recover the cost of processing each load at Metro transfer stations, regardless of the weight. Users of the automated scales pay \$3.00 per load, and users of the staffed scales pay \$11.00 per load. The difference in fees reflects the difference in cost to serve each of these user groups.

Other Revenue

In FY 2010-11 Metro has entered into a contract with PaintCare, LLC. for the recycling and disposal of latex paint state wide. These fees cover sorting, transportation and recycling as required by the 2009 Oregon State Paint Stewardship Law. Metro receives this revenue directly from PaintCare, LLC based on total quantities transported and recycled. Metro then sells the recycled paint through its retail operation and wholesale agreement with Miller Paint. Metro expects to generate \$1.4 million in FY 2010-11.

Other revenue derives from a variety of sources, including disposal charges for items such as tires, refrigeration units, yard debris and hazardous waste; community enhancement fees charged on each ton of waste accepted at Metro Central, Metro South and the Forest Grove transfer stations; and special assessment fees required by the Oregon Department of Environmental Quality. These other revenues will generate approximately \$5.0 million in FY 2010-11.

OTHER ENTERPRISE REVENUES

These revenues are derived from several sources and comprise about 11.6 percent of total enterprise revenues. Revenues include fees charged at Metro's regional parks, parking fees charged at Metro Regional Center and revenue generated by the regional Contractor's Business License and the Data Resource Center. Parks revenues are expected to be flat in FY 2010-11. Budgeted increases in parking revenues for Metro's Property Services reflect a rate increase implemented in spring 2010.

Also included in this category are internal fees charged to organizational units by Risk Management for the cost of health care provided to employees. The increase from year-to-year is primarily due to the rising cost of health insurance.

TAX REVENUE

Metro’s tax revenues are generated from two major sources: property taxes and excise taxes. Together, they constitute 28 percent of Metro’s total revenues (not including interfund transfers). This percentage overstates the tax revenue contribution to current operations because 77 percent of property taxes are dedicated to debt service.

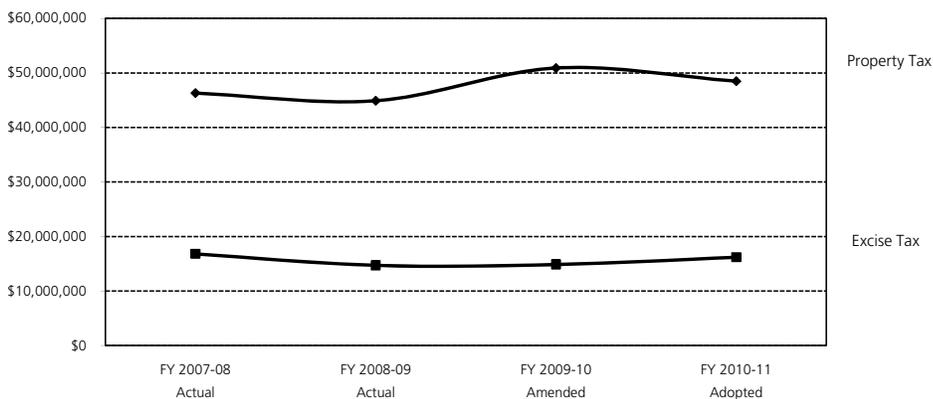
PROPERTY TAXES

Property taxes are levied by Metro for only two purposes: operations and debt service payments. In 1990 voters approved a permanent property tax levy for Oregon Zoo operations. The tax levy for operations is subject to the state limitations of Ballot Measures 5 and 50. Ballot Measure 50 removed any specific dedication of the tax to the Oregon Zoo. It converted all property tax levies for operations to a permanent tax rate applied to assessed value. The rate cannot be changed. The measure also restricts the increase in assessed value to 3 percent annually plus an allowance for new construction. Ballot Measure 5 limits total general government levies to no more than \$10.00 per thousand of assessed value.

By law general obligation debt must be approved by voters. Property taxes for debt service are levied to repay debt on five voter-approved general obligation bond measures (see Section I, Debt Summary, in this document for more information). Property taxes levied for general obligation debt are exempt from the limitations of Ballot Measures 5 and 50. In November 2006 the voters of the Metro region approved a \$227.4 million general obligation bond measure for the new Natural Areas program. The first series under this authorization — \$124,295,000 — was issued in April 2007. Metro anticipated issuing an additional series of bonds under this authorization in spring 2010, but a slowing in the real estate market has slowed expenditures and delayed the need for new funding.

The Zoo Infrastructure and Animal Welfare Bond program represents the capital planning and construction activities funded by the November 2008 general obligation bond authority. Bond proceeds will finance multiple capital projects within the zoo’s existing campus, and fund development of an off-site elephant facility. Metro issued bonds totaling \$5 million in December 2008 to fund preliminary zoo campus master planning activities. An additional issuance of \$15 million is budgeted for early FY 2010-11.

Tax revenue



Tax revenue

	Actual FY 2007-08	Actual FY 2008-09	Amended FY 2009-10	Adopted FY 2010-11	% of Category Total	% of Total Tax Revenue	% Change from FY 2009-10	% Change from FY 2007-08
PROPERTY TAXES								
Operations	\$10,381,369	\$10,755,647	\$11,126,206	\$11,294,190	23.29%		1.51%	8.79%
G.O. Debt Service	35,931,269	34,141,449	39,783,851	37,189,159	76.71%		(6.52%)	3.50%
TOTAL PROPERTY TAXES	46,312,638	44,897,096	50,910,057	48,483,349	100.00%	74.95%	(4.77%)	4.69%
EXCISE TAXES								
Construction Excise Tax	2,483,137	1,734,579	1,400,000	1,300,000	8.02%		(7.14%)	(47.65%)
Solid Waste and Recycling Operations	11,148,939	10,646,097	11,396,753	12,663,729	78.15%		11.12%	13.59%
MERC Operations	1,719,072	1,595,867	1,786,566	1,755,079	10.83%		(1.76%)	2.09%
Zoo Operations	1,185,475	468,626	0	0	0.00%		N/A	(100.00%)
Other	288,277	260,477	282,062	485,129	2.99%		71.99%	68.29%
TOTAL EXCISE TAXES	16,824,900	14,705,646	14,865,381	16,203,937	100.00%	25.05%	9.00%	(3.69%)
TOTAL TAX REVENUE	\$63,137,538	\$59,602,742	\$65,775,438	\$64,687,286		100.00%	(1.65%)	2.45%

EXCISE TAXES

Metro imposes a tax on users of facilities, equipment, systems, functions, services or improvements owned, operated, franchised or provided by Metro. Excise tax revenues support the costs of the Council Office and programs that are unable to generate sufficient own-source revenue. It is a key revenue source supporting Planning and Development and Metro's regional parks. Non solid waste generated revenues are charged an excise tax rate of 7.5 percent. The FY 2008-09 budget implemented a recommendation of the recent Oregon Zoo Future Vision Committee and exempted the Oregon Zoo from the payment of the Metro excise tax effective Sept. 1, 2008.

The rate per ton on solid waste revenues is determined annually during the budget process based on a formula set in the authorizing ordinance. In addition to the base per ton amount generated on solid waste activities, an additional per ton amount is levied. The additional levy was initially set at \$3.00 per ton in FY 2004-05 and increased annually based on Consumer Price Index. The FY 2010-11 budget combines the additional tax with the base tax, altering the method of calculation for the additional tax. The combined rate results in a flat fee of \$10.94 per ton on solid waste tonnage (For additional discussion on the excise tax, see "Where the money comes from" in Section D, Budget Summary, in this document).

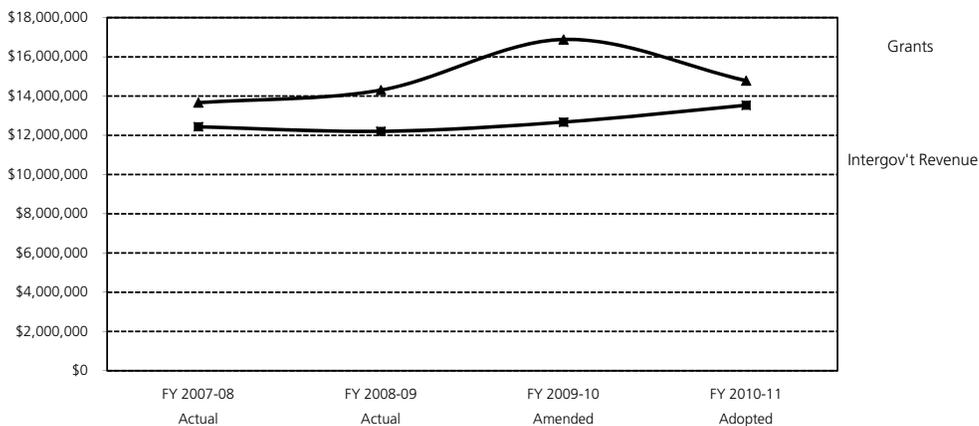
Excise tax revenue dropped nearly 10 percent in FY 2008-09, due to both the end of excise taxes collections at the zoo and the significant drop in tonnage at solid waste facilities. Collections in FY 2009-10 are expected to drop another 2 percent. While excise taxes are forecast to increase in FY 2010-11, much of the increase is due to the change in calculation of the additional tax, noted above.

Beginning July 1, 2006, Metro began collection of a new Construction Excise Tax (CET). This tax is imposed on new construction within the region, with limited exceptions, and was established to raise \$6.3 million over three years to fund concept planning in the new areas recently brought into the Urban Growth Boundary. In June 2009, the Metro Council voted to extend the CET through Sept. 30, 2014, to provide funding for planning of future expansion areas, future urban reserves and planning that enables redevelopment of centers, corridors and employment areas within the existing Urban Growth Boundary. The Construction Excise Tax is expected to generate \$1.3 million in FY 2010-11.

Intergovernmental agreements and grant revenue

	Actual FY 2007-08	Actual FY 2008-09	Amended FY 2009-10	Adopted FY 2010-11	% of Category Total	% of Total Grant and Gov't Revenue	% Change from FY 2009-10	% Change from FY 2007-08
GRANTS								
Planning Grants	\$13,183,874	\$11,199,016	\$12,000,809	\$10,970,223	74.21%		(8.59%)	(16.79%)
Regional Parks Grants	216,832	2,757,293	1,647,587	1,445,292	9.78%		(12.28%)	566.55%
Other	264,928	349,760	3,238,194	2,367,877	16.02%		(26.88%)	793.78%
TOTAL GRANTS	13,665,634	14,306,069	16,886,590	14,783,392	100.00%	52.20%	(12.45%)	8.18%
INTERGOVERNMENTAL REVENUES								
Hotel/Motel Taxes	11,112,056	10,658,553	10,930,634	10,558,553	78.01%		(3.40%)	(4.98%)
City of Portland for PCPA	711,376	734,709	760,926	756,907	5.59%		(0.53%)	6.40%
Support for Regional Parks and Greenspaces	525,080	484,446	572,895	571,000	4.22%		(0.33%)	8.75%
Other	85,926	326,302	407,269	1,648,419	12.18%		304.75%	1818.42%
TOTAL INTERGOVERNMENTAL REVENUES	12,434,438	12,204,010	12,671,724	13,534,879	100.00%	47.80%	6.81%	8.85%
TOTAL GRANTS AND INTERGOVERNMENTAL	\$26,100,072	\$26,510,079	\$29,558,314	\$28,318,271		100.00%	(4.20%)	8.50%

Intergovernmental and grant revenue



Inter- governmental and grant revenue

For FY 2010-11 grants and intergovernmental revenue represent 12 percent of Metro's total revenues (not including interfund transfers). The principal sources for these revenues are state and federal planning grants, support for the PCPA from the City of Portland and Multnomah County's pass-through of hotel/motel taxes.

Grants

Most of Metro's grant revenues support planning activities, with the majority funding transportation planning. Because Metro is the designated agency for regional transportation planning under the Federal Transportation Efficiency Act of the 21st Century, it receives a significant amount of federal grant dollars. In addition, Metro receives grants from the state, the local transit agency (TriMet) and other local governments within the region. Planning grants fluctuate from year to year based on approved projects. A delay in the federal reauthorization of transportation funding has placed a portion of these grants funds at risk. Funding from the State of Oregon related to the study of greenhouse gas emissions will provide substitute or bridge funding until such time as the federal funding is reauthorized. Planning and Development is currently negotiating an intergovernmental agreement with the Oregon Department of Transportation; an IGA is anticipated by summer 2010. Metro also receives grants for projects planned at regional parks and natural areas, the Oregon Zoo and solid waste facilities.

Intergovernmental Revenues

Intergovernmental revenues include contributions from other governments to support Metro programs and capital projects and revenues received from other governments and shared with Metro on a formula basis. The largest shared operating revenue program is the hotel/motel occupancy tax levied by Multnomah County. Multnomah County passes through to Metro almost all of its 3 percent hotel/motel tax to support the operations of the Oregon Convention Center and the Portland Center for the Performing Arts. While occupancy rates are expected to rise 2 to 4 percent in FY 2010-11, room rates will likely be lower due to increased competition, resulting in a 3.4 percent decrease in budgeted revenue compared to FY 2009-10.

Additionally, Metro receives intergovernmental revenue from the City of Portland to support the operations at the Portland Center for the Performing Arts, owned by the city but managed by Metro. Through agreements negotiated in FY 2000-01, the city annually adjusts its contributions for operations and capital improvements at PCPA by CPI; a negative CPI in the last year results in a 0.53 percent revenue decrease for FY 2010-11.

The other principal sources of shared revenues for Metro are registration fees for recreational vehicles and marine fuel taxes. Projections for these sources are based on estimates received from the State of Oregon and Multnomah County and are projected to be flat in FY 2010-11.

