

A G E N D A

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METRO

Agenda

MEETING: METRO COUNCIL BUDGET WORKSESSION
DATE: October 11, 1999
DAY: Monday
TIME: 12:30 PM
PLACE: OCC Conference Room

CALL TO ORDER AND ROLL CALL

- I. SOLID WASTE DISPOSAL SAVINGS UPDATE/FISCAL EFFECT**
- II. DISCUSSION OF AGENCY PROGRAMS/NEEDS**
- III. POLICY DRIVERS FOR FY 00-01 BUDGET CYCLE**

ADJOURN


M E M O R A N D U M

600 NORTHEAST GRAND AVENUE | PORTLAND, OREGON 97232 2736
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METRO

TO: Metro Councilors

FROM: Jeff Stone, Chief of Staff 

DATE: October 7, 1999

RE: BUDGET WORK SESSION

The purpose of having a budget work session at this time is to provide the Council with an opportunity to provide policy direction to the Executive Officer on next year's budget.

Attached to this memo is:

- 1) The agenda
- 2) A memo from John Houser, Senior Council Analyst, on the status of the budget notes you requested during the last budget session.
- 3) Material that you reviewed during the Council-Executive Officer retreat in February 1999.

Other items and clear policy questions not included in the above referenced materials are:

- A) What level of fund balances should this agency require?
- B) What role should the Council have in reviewing carry-overs to the next fiscal year?
- C) What is the actual FTE for each department?
- D) Does the Council wish to direct the Executive Officer to spend only what the Agency takes in for income? What will be the result?
- E) What are the priorities for the agency (in terms of policy) and give the Executive Officer direction to craft a budget that reflects those goals.

Outcomes for the work session:

- Get an adequate understanding of the fiscal ramifications for the solid waste ordinances before the Council on October 14th.
- Listen to what the departments and Executive Officer have to say on program priorities and budget assumptions.
- Provide the Executive Officer with a series of "big picture" policy drivers in order to assist him in the creation of the budget.

This approach is one that you requested at the Retreat in February 1999. If you would like any additional information, please let me or one of the analysts know.

To: Jeff Stone, Chief of Staff
From: John Houser, Senior Council Analyst
Re: Budget Note Status for FY 99-00
Date: October 7, 1999

Attached is a list of the budget notes adopted by the Council and placed in the FY 99-00 Adopted Budget. The following outlines the status of each of the notes.

Executive Office – Note #1 This note relates to the need for Council approval of an agency communications plan prior to the expenditure of \$75,000 in the Executive Officer's budget for communications and outreach activities.

Status: The Council will be addressed adoption of a communications plan at the October 7 Council Meeting (Resolution No. 99-2848). If adopted, this action will satisfy the conditions of the budget note and allow expenditure of the allocated funds.

Administrative Services Department – Note #2 This note requires the department to conduct an independent analysis of its business processes. The study would include an assessment of staffing levels, m&s funding and the effectiveness of current process. The department also would be required to study the feasibility of more centralized purchasing, including the purchase of computers.

Status: The budget does not include specific funding for the requested study. Staff estimates the cost would be \$30,-50,000. The Council may wish to review this note and discuss potential funding sources with the department staff.

Regional Parks and Greenspaces Department –Note #3 This note requires the department to prepare an outline and policy recommendations for the future of the Open Spaces Program by the end of calendar year 1999. Based on Council reaction, a more detailed plan will be prepared by the end of the fiscal year.

Status: Department staff is currently working on responding to the requests outlined in the budget note and anticipates that it will complete its work prior to the deadlines outlined in the note.

Regional Parks and Greenspaces Department – Note #4 This note supports the creation of a tax study committee, in part, to study the creation of a more stable funding source for the planning and development of existing parks and landbanked open space properties.

Status: On hold. As part of the Council discussion of the use of the solid waste contract savings, it has been suggested that the department be provided with adequate funding to eliminate the existing backlog of deferred maintenance park projects and provide funding for master planning of open space properties. Staff is not preparing for the establishment of a study commission until this budget discussion is completed.

Regional Parks and Greenspaces Department –Note #5 The note requires that the department develop a process and criteria for the master planning and development of landbanked properties.

Status: Department staff has had preliminary discussions concerning this budget note but has not yet developed a timeline for completing the requested tasks.

Regional Environmental Management Department –Note #6 This note provides that, pending the Council's adoption of Change Orders 8 and 24, staff should prepare an analysis of the effect of a lower disposal tip fee on the region's recycling effects and what mitigating efforts could be taken to ensure that recycling will increase despite a lower tip fee.

Status: The Council is currently exploring either making no change in the tip fee or a small reduction of \$.50/ton. If either of these actions is adopted, the effect on recycling programs will be minimal. The Council also is considering the potential of providing an additional \$1 million in annual funding of the department's recycling programs. Prior to taking final action on these issues, the Council may wish to request an analysis of the impact of its proposed actions on recycling in the region.

Regional Environmental Management Department –Note #7 This note provides that prior to the expenditure of funds allocated for business and residential waste reduction outreach, organics processing capacity enhancement and the business recycling grant program, staff must obtain Council approval of a work plan for expenditure of the funds.

Status: The Council has approved a work plan for the expenditure of the funds allocated for residential waste reduction outreach. Funding plans has not yet been finalized for the other programs identified in the note. Staff is aware of the need to submit a work plan prior to expenditure of these funds.

Human Resource Department – Note #8 This note directs the department to examine the existing job classification system to better distinguish between personnel supervisory positions and project management positions and report back to the Council concerning any changes that have been made.

Status: The department director has reported that the new labor contracts provide for a joint union/management analysis of these issues. In the Transportation Planning Department, a new Principal Transportation Analyst job classification has been established for those employees that manage particular projects.

Council Office –Note #9 This note was placed in the budget prior to the final Council action that established the current Council staffing level and configuration. The note was intended to note that, in the future the Council might reconsider the action that had eliminated a proposed “assistant to the presiding officer” position.

Status: Given the Council subsequent actions concerning its staffing levels, no further given will be needed concerning this budget note.

Administrative Services Department – Note #10 This note provides specific Council direction concerning the development of the proposed budget for FY 00-01 including the identification of unexpended funds and the required Council approval for the allocation of these funds in the next fiscal year’s budget.

Status: It is anticipated that the implementation of this note and the development of other Council directives concerning the preparation of the FY 00-01 budget will be discussed at the October 11 budget worksession.

Budget Notes

Executive Office

Budget Note 1. A total of \$95,000 has been allocated for contracted professional services within the Public Affairs and Government Relations section of the Office of the Executive Officer. Of this total, \$75,000 has been allocated for the general support of the communications and outreach activities of the new central communications team. These funds are not allocated for specific purposes or contracts. Therefore, the Council directs that these funds shall not be expended until the proposed communications plan has been developed, submitted, to, and adopted by the Council. The plan shall include a proposal for the expenditure of these funds.

Administrative Services Department

Budget Note 2. During FY 1999-00, the department shall contract with an outside vendor to conduct an independent analysis of the department's business processes. This study shall include an assessment of staffing levels, materials and services funding, and the effectiveness of current operational procedures. The department also shall conduct an analysis of the feasibility and potential cost savings that could result from a more centralizing purchasing system and the centralized purchase of computers. The results of these studies and analyses shall be reported to the Council prior to the consideration of the FY 2000-01 budget.

Regional Parks and Greenspaces Department

Budget Note 3. Open Spaces Program: By the end of calendar year 1999, the department will prepare an outline and policy recommendations for the future of the Open Spaces Program. The outline will include options for staff, spending of

remaining Open Spaces funds and the possibility of raising additional funds. Based on Council response to these options, the department will complete a more detailed plan by June 30, 2000. The detailed plan should break out categories for acquisition, capital development, and operations.

Budget Note 4. Support creation of a tax study committee. The committee will, at a minimum, investigate the creation of a stable funding source which could meet the needs for master planning and development of current developed park and landbanked properties.

Budget Note 5. Develop process and criteria for master planning and developing landbanked properties. For example, criteria should take into account what weight should be given to regional distribution, level of use, available funds, current demand, etc., in choosing next sites to master plan and/or develop.

Regional Environmental Management Department

Budget Note 6. In the event that a Change Order in the disposal contract with Waste Management, Inc., results in the possibility that Metro could lower the tipping fee, staff is directed to report to Council by October 1 regarding: (a) projection of how reduced tip fee would be likely to influence recycling rates in residential and commercial sectors; (b) proposed fiscal and/or programmatic efforts to mitigate that influence, and to ensure (through incentives, grants or other means) that recycling will increase despite such a reduced tip fee.

Budget Note 7. Prior to the expenditure of contracted professional service funds designated for business and residential waste reduction outreach, organics processing capacity enhancement, and the business recycling grant

program, staff shall present a work plan for Council review and approval. The work plan for the business recycling grant shall include a written set of procedures that address program administration, scope, selection criteria, evaluation and tracking, and the potential for the repayment of funds. All contracts expending these funds shall be designated as "significant impact."

Human Resource Department

Budget Note 8. The Council directs the human Resource Department to examine how the existing classification system could be changed to better distinguish between supervisory and project management level positions and report back to the Council concerning any changes that have been made. The Administrative Services Department is asked to assist with this study for the purpose of analyzing the fiscal aspects of current practice, and/or any proposed change.

Council Office

Budget Note 9. The Council recognizes that FY 1999-00 will be a year of limited General Fund resources and that Metro, including the Council, must budget accordingly. Therefore, the Council has agreed to eliminate a proposed position which would have provided additional support to the Presiding Officer. However, the Council has already begun to address more complex growth, land-use, environmental and facility-related issues, and our regional partners may request additional support from Metro in the near future. The Council recognizes that adequate analytical, outreach and support assistance staffing will be critical to the formation and adoption of sound regional policy. The Council reserves its right to revisit staffing needs at any time to insure the public's needs are being met.

Administrative Services Department

Budget Note 10. The Metro Proposed Budget should portray revenues and department-level budgets in an accurate manner. To that end, unexpended funds from the prior fiscal year shall be identified in the Proposed Budget and ultimately expended with the explicit approval of the Metro Council. The preparation of the FY 2000-01 budget shall be constructed consistent with this budget note, after the Council finalizes direction based on an April 15, 1999, memo drafted by Councilor Rod Park.

METRO COUNCIL, EXECUTIVE OFFICER, AND AUDITOR RETREAT

Meeting Notes

May 24 & 25, 1999

**Prepared By:
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DAY TWO

At the start of the Day Two session, staff made presentations on the following topics: Growth Management; MERC and the Zoo; Parks; Environmental Management; Transportation; Budget and Finance; and, Human Resources. During the discussion on each of these topics, Council members and the Executive Officer identified primary issues, areas of current agreement among Council members and the Executive Officer, and open questions and upcoming challenges.

V. GROWTH MANAGEMENT ISSUES

A. Issues:

1. Purpose: Protection and planning for the urban growth boundary.
 - a. Ongoing public education, garnering engagement and support.
 - (1) Be clear to public about the choices.
 - (2) Help people make hard choices.
2. Implement existing planning elements.
3. Meet state requirements.
4. Financing necessary infrastructure.
 - a. "How pay for the designs outlined in 2040."
5. "Process is the product."
6. Recognize/integrate changing attitudes toward growth (also changing demographics).

B. Agreed, regarding Growth Management:

1. Ongoing engagement/outreach, two-way communication regarding choices, compliance, flexibility (we educate the public and the jurisdictions, and they educate us).
2. Proceed with regional framework plan:
 - a. Recognize/integrate/changing attitudes/demographics.
3. 2040: Within overall planning framework.
 - a. Define concepts.
 - b. Engage public/partners.
 - (1) Public.
 - (2) Private sector.
 - (3) Local government.
 - c. Proceed.

C. Open Questions/Challenges regarding Growth Management:

1. Coming to terms on "substantial compliance" issues and definition of "what is the minimum".

VI. MERC/ZOO

A. Issues:

1. Governmental relationship between MERC and Metro.
 - a. Level of control.
 - b. Relationship between authority/respect/accountability.
 - c. Same agreement? Dissolved? Other?
 - d. Structure of board?
2. What facilities should MERC control/manage?
3. Financial/taxing relationship between MERC/Metro/Portland/City.
4. Should we tax MERC? At what level?

B. Agreed regarding MERC:

1. MERC commissioner from each District (appointed by Metro).
 - (1) Question: Status of counties with regard to participation in funding?
2. Difficult because:
 - a. Multiplicity of jurisdictions.
 - b. Balance of responsibility and control.

C. Agreed regarding the Zoo:

1. Will not consider Park n' Ride.

D. Open Questions/Challenges regarding the Zoo:

1. Space.
2. Parking.
3. Debt service.
4. Portland/Tri-Met/Metro relationship.
5. Friends?
6. How market?
7. Common goal for "hill"?
8. Other uses?

VII. PARKS

A. Agreed regarding Parks:

1. Need stable ongoing O&M funding source.
2. Bond Measure II for capital acquisition after O&M needs are met.

B. Open Questions/Challenges regarding Parks:

1. Use issues: "Active use" vs "green spaces".
2. Explore O&M funding source options.
3. Definitions work on regional equity.
4. How manage? Metro keep? Managed locally? Contracted locally?
5. "What to do" with cemeteries?
 - a. How pay for maintenance?
6. Decide: Expand golf course business?

VIII. ENVIRONMENTAL MANAGEMENT

- A. Agreed regarding Environmental Management:
 - 1. Convert percentage of tip fees to excise tax.
 - 2. Maintain commitment to reduce waste.
 - 3. Expand Recycling Grant Program.
 - 4. Keep waste under our control (flow control).
- B. Open Questions/Challenges regarding Environmental Management:
 - 1. Can we set our rates to create rebates?
 - a. To the public?
 - b. To the hauler?
 - 2. Privatize? Parts? All?
 - 3. How transport waste?
 - 4. Getting industry to agree to non-solid waste uses of excise tax.
 - 5. Maintaining our bargaining position in a consolidated industry.
 - a. How do we respond to competition?
 - b. How do we balance competition and regulation?

IX. TRANSPORTATION

- A. Agreed regarding Transportation:
 - 1. We support legislative 6¢ gas tax proposal.
 - 2. We support indexing gas tax to keep up with inflation.
 - 3. Enormous backlog of deferred maintenance.
 - 4. Enormous backlog of highway needs.
 - 5. Transportation must be tied to/coordinated with growth management.
 - 6. Say it, practice it:
 - a. We should craft consensus to fund a balanced, integrated approach to all transportation modes.
 - b. We'll follow our plans, recognizing the need for ongoing adjustments.
 - 7. We support high speed rail in the Portland to Seattle corridor.
 - 8. We endorse expansion of TOD fund.
- B. Open Questions/Challenges regarding Transportation:
 - 1. How to decrease funding uncertainties and increase funding sources/flexibility?
 - 2. How have a balanced/integrated funding approach to all transportation modes?
 - a. (Balanced transportation system that meets LUP goals?)
 - 3. How articulate to the public?
 - 4. How achieve transit/ridership goals to meet larger goals?
 - 5. Relationship with other transportation entities, specifically regarding Port and Metro, other.
 - a. How address critical tie-ins?
 - 6. Review TOD projects to insure investment, not subsidy.
 - 7. Toll roads – do? Ramifications?
 - a. Need full picture.
 - 8. Future relationship with Tri-Met?
 - a. Need full picture.
 - 9. How address equity? How mitigate/minimize negative impacts of transportation?

X. BUDGET/FINANCE

- A. Agreed regarding Budget/Finance:
 - 1. Need a stable funding source for the agency.
 - 2. Need a mechanism (i.e. unappropriated balance) to support stability.
 - 3. Staff budget and finance presentations consistent to Executive Officer and Council.
- B. Open Questions/Challenges regarding Budget and Finance:
 - 1. Facilities in different jurisdictions don't pay taxes, but put responsibility on host jurisdictions. How fund in lieu of taxes?
 - 2. How handle solid waste savings? How fit within overall funding approach?
 - a. Change excise tax level?
 - b. Change tipping fee formula?
 - c. Reduce tip fee to correspond with savings?
 - d. Hold savings within general fund now until agency needs are known?
 - 3. Ensure "books" illustrate impact of deferred maintenance.
 - 4. New source or manage within existing? If new source, what? Do we have the political will?
 - a. Evaluate need.
 - 5. Question: Should we limit all COLA's to CPI?
 - a. Evaluate step impact.
 - b. Are we beyond our market?
 - c. How balance compensation and quality?

XI. ADMINISTRATIVE/HUMAN RESOURCES

- A. Agreed regarding Administration/Human Resources:
 - 1. Technology is hard to keep up with.
- B. Open Questions/Challenges regarding Administration/Human Resources:
 - 1. Examine option of moving department heads to contract.
 - 2. Need for training on people/performance management/leadership.
 - a. Challenge: Find the money.
 - b. (Should be required/"part of package".)
 - 3. Evaluate Human Resources' policies such as hiring of temporaries, framework in which managers participate in negotiations.
 - 4. How insure staff excellence?
 - 5. How measure productivity?
 - a. FTE-to-output ratio?
 - b. Other?

XII. WORKING AGREEMENTS

The Council and Executive Officer discussed protocol and communication strategies and commitments that will enhance their effectiveness as a team, and established the working agreements on the following page:

A. Interaction on issues:

1. Full information to all Council members.
2. Foster interaction with other Council members and Executive Officer.
 - a. Through informals/otherwise.
3. We vote "the issue", not "the person".

B. Work of committees:

1. (Council expressed satisfaction with the committee process, noting that the committee process is iterative and that occasional redundancy is okay. The leadership development opportunities afforded by the committee process was also noted.)

C. Protocol for accessing staff:

1. Council members can go to any department for information. Requests should be as specific as possible.
2. Requests that represent a significant workload should be brought through Chief of Staff or Presiding Officer.
3. Requests to staff for information shaped to support a particular point of view are out of order.

D. "Who" speaks for Metro:

1. Only speak for Metro after the Council has approved the issue.
2. Council members and Executive Officer can state their own opinions on pending and decided issues, as long as viewpoint is clearly identified as an individual opinion.
3. Staff should notify Council members when speaking in their District. Staff should clearly state the perspective from which they are speaking.
4. Staff can provide background to the press, but should refer policy questions to the Council or Executive Officer.

E. Characterization of decisions made:

1. It's fair to explain your opposing point of view, but...
 - a. Respect should be shown for majority point of view.

F. "Council points of respect":

1. Understand and respect constraints of members' time.
2. Avoid using process to block other members from being heard.
 - a. (Request/consider "courtesy seconds".)
3. Be mindful of the way our discussions appear in public.
 - a. i.e. "Inside jokes" on television.
 - b. "Humor best left to professionals."
4. Observe common courtesies.
5. Share credit.
 - a. Public presentation of Metro as "we".
 - b. "No surprises" – either way.
 - c. Sharing of information.
 - d. One face to the outside.

Administrative Services Department
3-5 Year Strategic Priorities

We are partners in support of all Metro operations

1. **Metro Funding – Develop a strategy to address unmet Metro funding needs. Potential strategies:**
 - Improve efficiencies, adjust or cut programs to match available funding.
 - Convert some or all of the solid waste contracts savings to excise tax.
 - Pursue a new funding source(s), either under the charter cap or by going to the voters. Match appropriate source(s) to needs.
 - Other?

2. **Community Investment Needs – Determine Metro's role in addressing regional funding needs. Potential roles:**
 - Serve as facilitator through established structures (JPACT, MPAC, etc.).
 - Work in partnership with other governments to coordinate other funding strategies (not raise revenues directly).
 - Assume leadership and responsibility for raising revenues to meet regional needs.

3. **Information Technology – Support Metro business and decision making needs with information services, systems and training which:**
 - Improve access to information
 - Streamline business processes
 - Increase efficiency, accuracy, and customer satisfaction
 - Reduce or eliminate paper processes

*Role
Needed
on IT*

Five Year Growth Management Services Priorities

Department Mission:

To facilitate Metro Council decisions in maintaining a regional consensus on growth management that preserves and enhances the livability of the region and promotes livable communities.

Priorities:

Top 2
• Education
• Feedback loop (See what we are doing)
• dollars important (can't do it without)

1. Measuring 2040

- Need for Framework Plan and Functional Plan adjustments to achieve goals
- Feedback loop
- Performance Measures
- Holistic review
- Public involvement and education, e.g., a Regional Forum to introduce results and discuss adjustments

2. Watershed Planning

- Fish and wildlife habitat identification, preservation and restoration
- Stormwater management policies and guidelines
- Hazard land policies (e.g., steep slopes)
- Public involvement in determining solutions and education

3. UGB Purgatory

- Five year review of Dwelling Unit and Job need
- Re-evaluating factors and incorporating compliance with Functional Plan
- Special Studies, e.g., sub-regional capture rates and jobs housing balance
- New forecasts
- UGB amendments as necessary
- Urban Reserve Planning assistance and review
- Public education

4. Funding Growth

- Identifying funding needs
- Identifying funding strategies
- Coordinating strategies
- Public education

HUMAN RESOURCE STRATEGIC PRIORITIES FOR METRO/MERC

May 24, 1999

The Human Resource Department has identified three strategic priorities which will require additional emphasis if Metro and MERC are to become world class organizations and the employers of choice in the Region. HR commits to being the catalyst for achieving the following: 1) managerial excellence, 2) employee excellence, and 3) human resource information system (HRIS) leadership.

Managerial Excellence

Human Resources will design systems which recruit, retain and develop the best people for Metro/MERC. Human Resources will provide consultation and training to help managers

- Improve leadership, management and accountability skills
- Develop performance goals and objectives
- Evaluate and measure performance
- Diagnose structure, process and performance problems

Employee Excellence

Human Resources will support Metro/MERC employees by developing and improving systems which

- Reward and recognize outstanding performance
- Promote labor/management cooperation
- Involve employees in establishing performance goals and objectives
- Identify training needs and career opportunities

HRIS Leadership

Human Resources will support Metro/MERC by providing HR information services, systems and training which

- Increase the ability of employees to retrieve information on demand
- Simplify HR business processes using HRIS capabilities
- Improve manager, employee and applicant access to information by enhanced use of internet and intranet
- Increase HR's efficiency, accuracy and customer satisfaction



arts. sports. conventions. shows.

METROPOLITAN EXPOSITION-RECREATION COMMISSION

Memorandum

TO: Bruce Warner
FROM: Mark Williams
DATE: May 21, 1999
RE: Metro Council Retreat: MERC Strategic Goals and Priorities

Metropolitan Exposition-Recreation Commission Strategic Goals and Priorities

1. Expansion and Maintenance of Facilities
2. Funding - enterprise unit
3. Facility Mix



right mix?

makes sense: pavilion

(excise tax structure is
a challenge) \$1M/yr.

enhanced advertising } match
private sector
approach

Civic Stadium → privatization?

← Marketing strategy

keeping excise tax
→ capital maintenance

expo/occ

↓
through POVA



METRO

Parks and Greenspaces Priorities 1999

1. To take care of what we have – existing parks and new open spaces properties

- Complete adopted master plans for Metro parks
- Provide adequate stewardship to Metro lands

Benefits:

- Increase recreational opportunities for the public and expand capacity
- Improve visitor experience at Metro facilities
- Restore and enhance natural resource values of "landbanked" properties
- Increase revenues/reduce maintenance costs

2. Adopt and implement a Parks and Natural Areas Functional Plan

Benefits:

- Preserve region's biodiversity
- Preserve region's "Greeninfrastructure"
- Balance the impacts of growth
- Improve Urban Reserve planning to better protect natural resources from development impacts – ahead of the curve

3. Provide public access to open spaces sites

- Gales Creek, Forest Grove
- East Buttes/Boring Lava Domes, Gresham to Damascus
- Clackamas River Greenway, Gladstone to Oregon City
- Clear Creek Canyon, Clackamas County
- Canemah Bluff, Oregon City
- Tualatin River Access Points, Hillsboro to Stafford Basin
- Cooper Mountain, Beaverton
- Fanno Creek Greenway, Portland to Tualatin

Benefits:

- Open NEW parks in Washington and Clackamas Counties
- Build region-wide constituency for Metro and Metro's Parks and Greenspaces
- Maximize potential of natural resources for wildlife and people
- Build on Metro's success and commitment to voters –

Greatest unmet needs: funding for development & maintenance of acquired/current lands.

current lands (Bond Measure?)

Annual maintenance: \Rightarrow $\begin{matrix} \text{def. } \$3\text{M} \\ \text{capital} \end{matrix}$ \Rightarrow \$200K/yr. \Rightarrow \$5M Fund interest for maintenance

enhancing: \Rightarrow \$4-6M to develop uses for 4,000 acres

Parks and Greenspaces Priorities 1999

- 1. To take care of what we have – existing parks and new open spaces properties**
 - Implement adopted master plans for Metro parks
 - Reduce backlog of deferred Capital Maintenance
 - Provide adequate stewardship to Metro lands

Benefits:

- Increase recreational opportunities for the public and expand capacity
- Improve visitor experience at Metro facilities
- Restore and enhance natural resource values of “landbanked” properties
- Increase revenues, efficiency and reduce maintenance costs

- 2. Adopt and implement a Parks and Natural Areas Functional Plan**

Benefits:

- Preserve region's biodiversity
- Preserve region's “Greenfrastructure”
- Balance the impacts of growth
- Improve Urban Reserve planning to better protect natural resources from development impacts – ahead of the curve

- 3. Provide public access to new open spaces sites**

- Gales Creek, Forest Grove
- East Buttes/Boring Lava Domes, Gresham to Damascus
- Clackamas River Greenway, Gladstone to Oregon City
- Clear Creek Canyon, Clackamas County
- Canemah Bluff, Oregon City
- Tualatin River Access Points, Hillsboro to Stafford Basin
- Cooper Mountain, Beaverton
- Fanno Creek Greenway, Portland to Tualatin

Benefits:

- Open NEW parks in Washington and Clackamas Counties
- Build region-wide constituency for Metro and Metro's Parks and Greenspaces
- Realize the vision and goals of the Greenspaces Master Plan and Regional Framework Plan for wildlife and people
- Build on Metro's success and commitment to voters
- Deliver 2040's commitment to citizens of the region

REGIONAL ENVIRONMENTAL MANAGEMENT PRIORITIES AND POLICY ISSUES

Priority 1 – Aggressive Waste Reduction

Part of Metro's mission is to conserve resources and create livable communities through significant reduction of solid and toxic wastes. Meeting this goal is becoming increasingly difficult, and Metro must answer the following questions:

- What actions can Metro take to help the region make progress toward our waste reduction goals?
- How do Metro's solid waste rates impact waste reduction?
- What is the connection between toxics reduction and other Metro priorities?

Priority 2 – Stable and Viable Solid Waste Regulatory and Revenue System

Metro's regulation of solid waste facilities helps achieve policy goals, such as waste reduction, and is essential to Metro's collection of solid waste fees and excise tax. Changes in the solid waste system force Metro to answer the following questions:

- With recent industry mergers and other changes, is there a need for a more integrated solid waste system that includes collection and disposal?
- How to create economic incentives for waste to remain within the system?
- How to avoid administrative difficulties in collecting appropriate fees and taxes?

Priority 3 – Effective and Efficient Solid Waste Facilities and Services

Some solid waste stakeholders have pointed out that waste collection costs could decrease if Metro expanded the number of regional transfer stations. REM is engaged in a planning process to update the Regional Solid Waste Management Plan to answer the following questions:

- Does the region need new transfer stations?
- Should Metro continue to own two transfer stations?
- What associated services are needed (e.g., hazardous waste, public self-haul)?

- executive summary on '94 decision on SW Facilities.
- Tip Fee ↓ and effect on recycling rate (got to 50%.)

Metro Transportation Department

3-5 Year Strategic Priorities

1. Transportation Finance

What role should Metro pursue to fund regional transportation needs?

Option 1: Continue to refine the MTIP allocation process in anticipation of the next update.

Option 2: Partner with other state, regional and local governments to determine how to finance the RTP, through a combination of federal priorities, state legislative actions and regional and/or local funding measures. In conjunction with this strategy, define a more strategic approach to allocating the MTIP funds (i.e., it should emphasize 2040 or LRT or alternatives or major highway corridors, or others)

Option 3: Take a leadership role in pursuing a Metro funding measure.

2. Regional High Capacity Transit Implementation

What role should Metro play in advancing a regional High Capacity Transit Program

Option 1: Complete the North FEIS; determine an alternate South Bus Improvement Program

Option 2: Take a more aggressive role in advancing some form of HCT throughout the region, including commuter rail in the Washington County/Lake Oswego area, Rapid Bus improvements in the Barbur and Division corridors, streetcars in the Central City area and in the Willamette Shore trolley corridor.

3. Implementing the RTP

Pursue implementation of the RTP through incorporation of project and policy direction into local plans and through participation in the project development process on projects throughout the region.

Refine the direction set by the RTP through various corridor studies, including the Hwy. 217 corridor study, the I-5 Trade Corridor Study, T.V. Highway, I-5 South and others.

Increase public awareness of regional transportation and land use policy direction.

4. Transit-Oriented Development

Continue to implement transit-oriented development projects that cost-effectively support the LRT system; consider expansion to encompass Rapid Bus, streetcar, commuter rail corridors.

OREGON ZOO

PRIORITIES AND CHALLENGES 1999—2003

OPPORTUNITIES

1. Complete Great Northwest/Add More Animal Exhibits/Begin Planning Next Phase Of Master Plan
 - Improve guest experience by modernizing antiquated exhibits and by bringing new species into the collection.
2. Improve Outreach Into The Community
 - Develop education programs and partnerships with community schools, especially in areas that have been underserved in the past.
3. Enhance Conservation Efforts Locally And Globally
 - Develop collaborations with local, national, and international agencies and institutions to work on conservation and conservation education programs.
4. Improve Customer Service/Visitor Satisfaction
 - Create an experience that will exceed our visitors' expectations.
 - Develop an institution that will attract tourism into the community.

CHALLENGES

1. Financial
 - a. Excise tax/Enterprise revenue
 - b. Development activities
 - c. State support
 - d. Debt
 - e. Bonds
2. Parking
 - a. Space
 - b. Light rail use
3. Space
 - a. Barrier to developing existing space
 - b. Barriers to expansion
4. Political
 - a. Better integrate Zoo into Metro mission and culture
 - b. Build better relationships with corporation, local governments, and individuals in the community

Excise Tax Overview

- What is it?
- History
- Exemptions
- Dedications
- Sources
- Uses
- Expenditure limitation

Excise Tax . . . What is it?

- ☞ A tax on USERS of Metro facilities (not on facilities themselves).
- ☞ Currently 7.5% for all functions except solid waste – 8.5%.
- ☞ ONLY discretionary revenue (unrestricted in usage).

Excise Tax . . . History

§ First authorized in ORS in 1989 – not to exceed 6% of total gross revenues collected.

☺ Authority now granted to Metro Charter – no rate limit.

\$ Rate history . . .



Excise Tax . . . Rate History

90-91	91-92	92-93	93-94	94-95
5%	5.25%	6%	7%	7%* / 7.5%
\$2,867,095	\$3,718,754	\$4,527,103	\$5,451,649	\$5,999,125

95-96	96-97	97-98	98-99	99-00
7.5%	7.5%* / 7.25%	7.5% / 8.5%	7.5% / 8.5%	7.5% / 8.5%
\$6,996,251	\$7,228,573	\$7,621,699	\$7,877,226	\$8,115,237

* Mid-year rate change.

Excise Tax . . . Exemptions

- Grants
- Donations
- Taxes
- PCPA & Civic Stadium revenues*



* Under the agreement with the City of Portland, Metro can charge an excise tax on users of these facilities but proceeds must be for the benefit of the MERC facilities.

Excise Tax . . . Dedicated to Parks



Open Spaces Landbanking

Eventual need up to \$500,000 per year
(currently \$225,000).



Excise tax earned on Parks

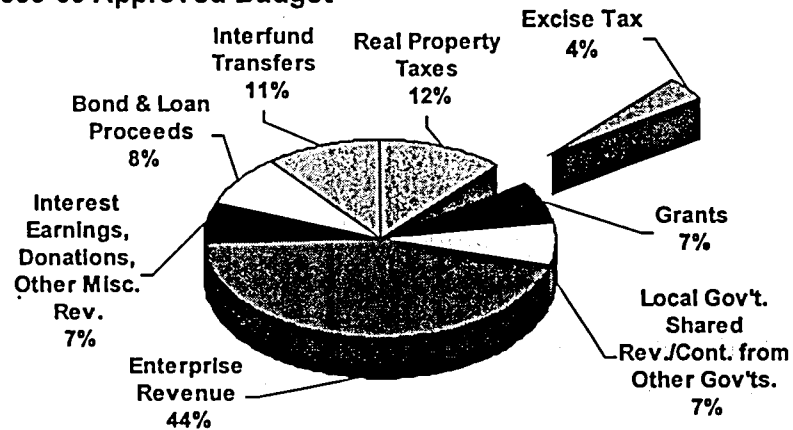
facilities (currently \$155,000/year).



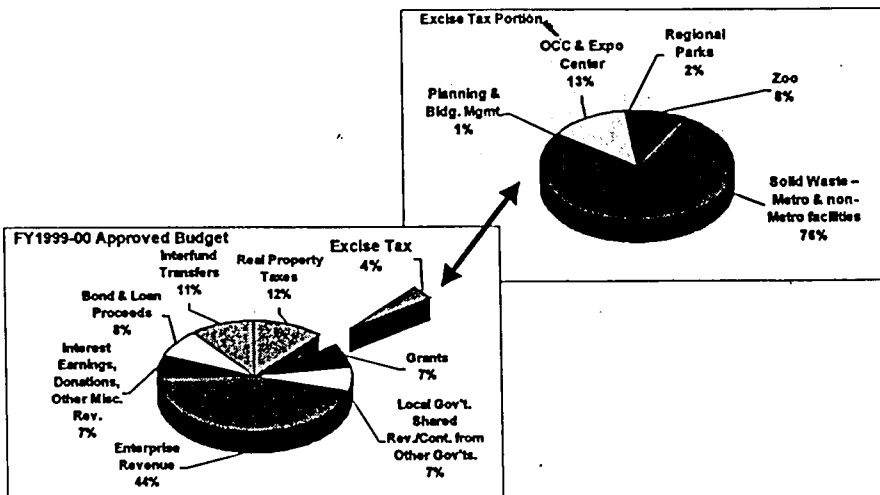
1% increase (approved in FY 1997-98)
in excise tax on solid waste
(currently \$725,000 per year).

Excise Tax . . . Current Revenues

FY1999-00 Approved Budget

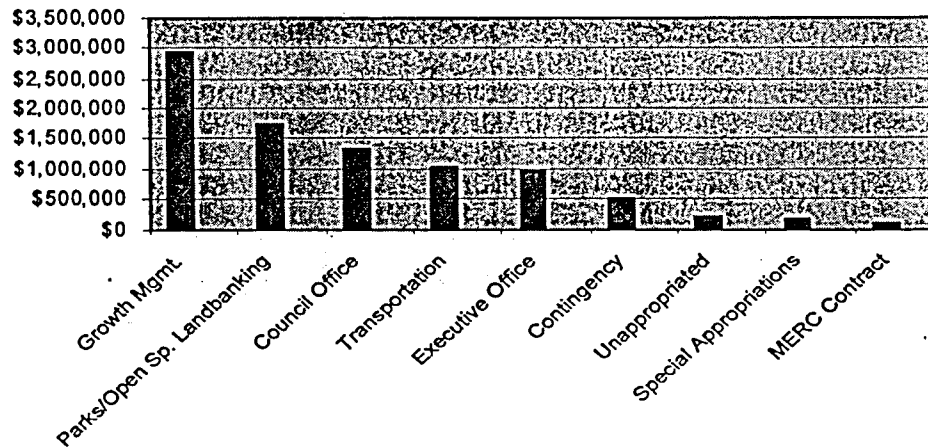


Current Revenues – Excise tax portion



Excise Tax . . . Uses by department

FY 1999-00 Approved Budget, by Department



Excise Tax . . . Charter cap on expenditures

Non-voted tax spending limit:

FY 1999-00 limit

\$15,005,000

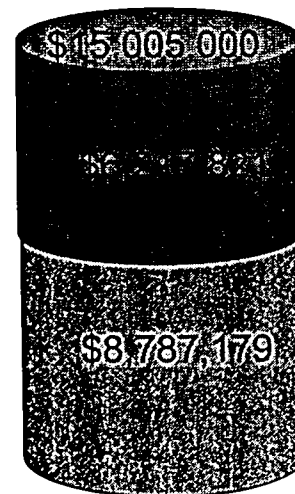
Less budget

excise tax

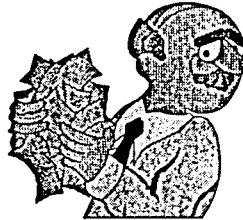
expenditures (8,787,179)

Limitation

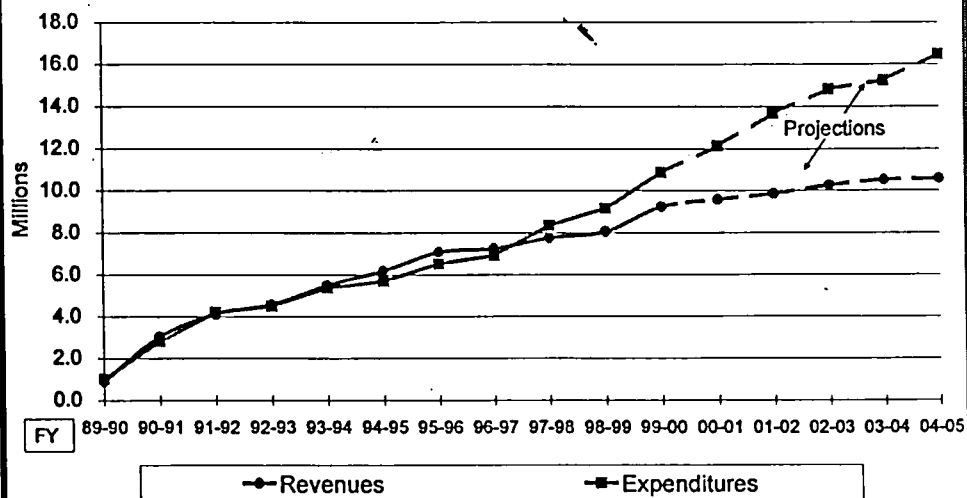
available \$ 6,217,821

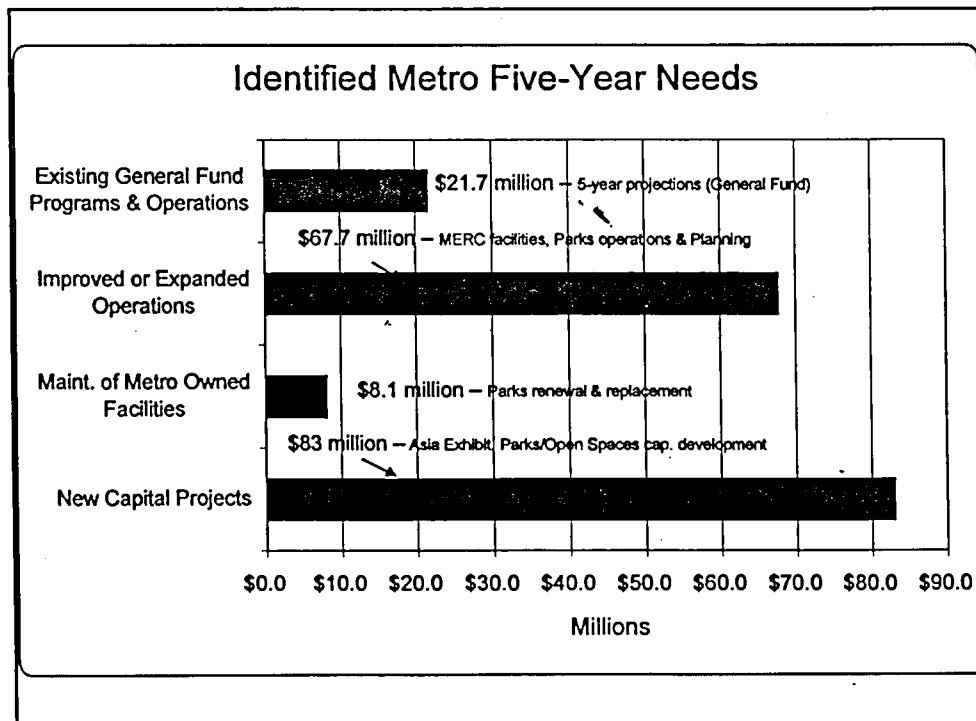
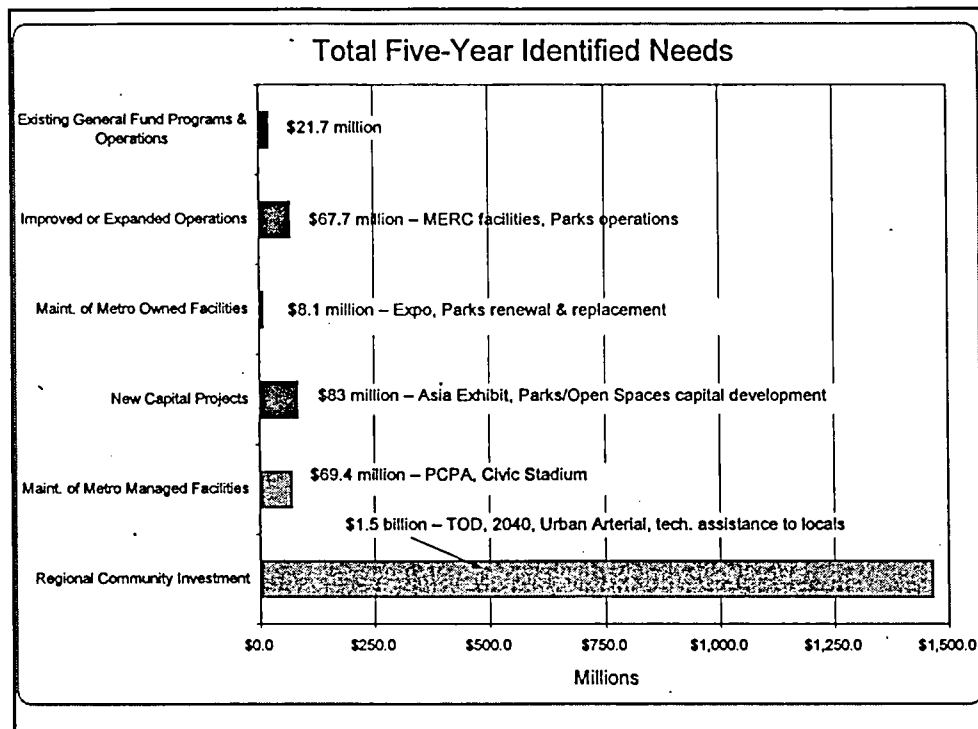


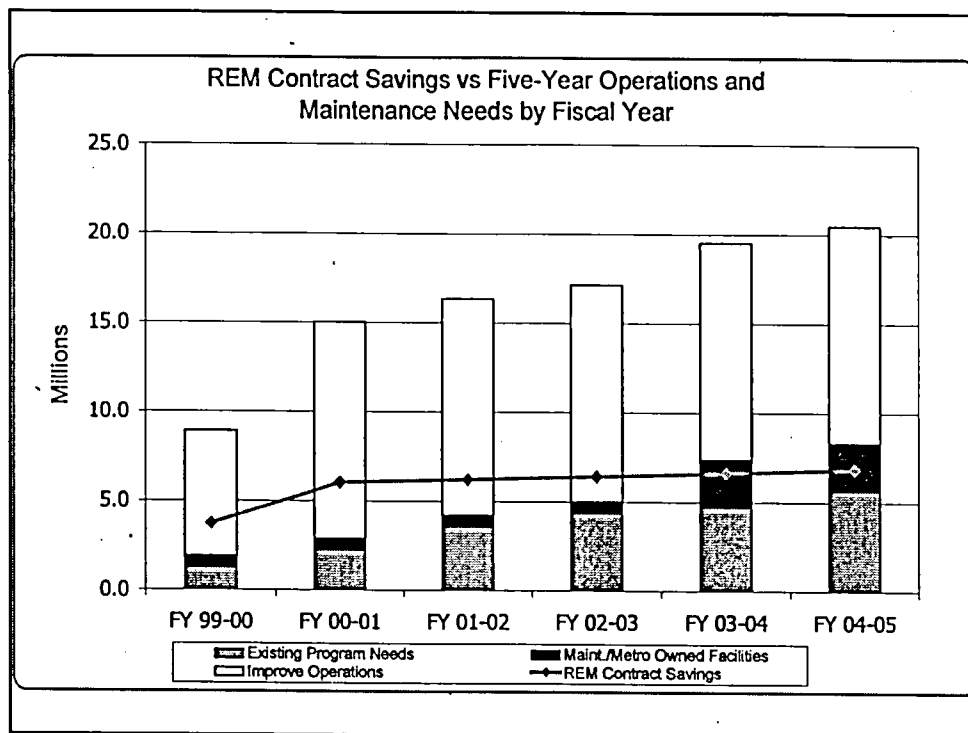
Long-range funding needs . . .



General Fund Revenues and Expenditures
Including Projections







Long-range funding needs

Summary Issues

1. Metro Funding – Develop a strategy to address unmet Metro funding needs.

Potential strategies:

- ➡ Improve efficiencies, adjust or cut programs to match available funding.
- ➡ Convert some or all of the solid waste contracts' savings to excise tax.
- ➡ Pursue a new funding source(s), either under the charter cap or by going to the voters. Match appropriate source(s) to needs.
- ➡ Other?

Long-range funding needs (cont'd.)

2. Community Investment Needs – Determine Metro's role in addressing regional funding needs.

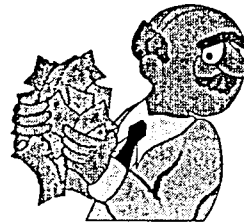
Potential roles:

- ➔ Serve as facilitator through established structures (JPACT, MPAC, etc.).
- ➔ Work in partnership with other governments to coordinate other funding strategies (not raise revenues directly).
- ➔ Assume leadership and responsibility for raising revenues to meet regional needs.

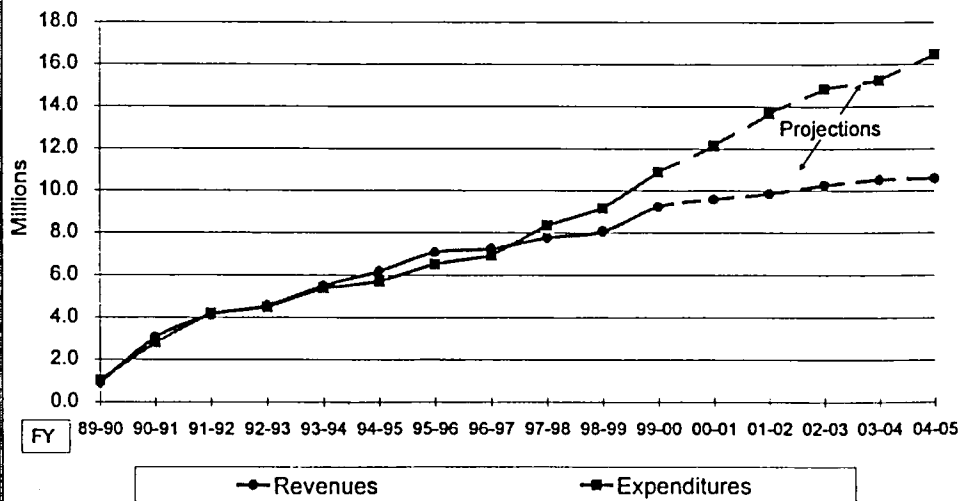


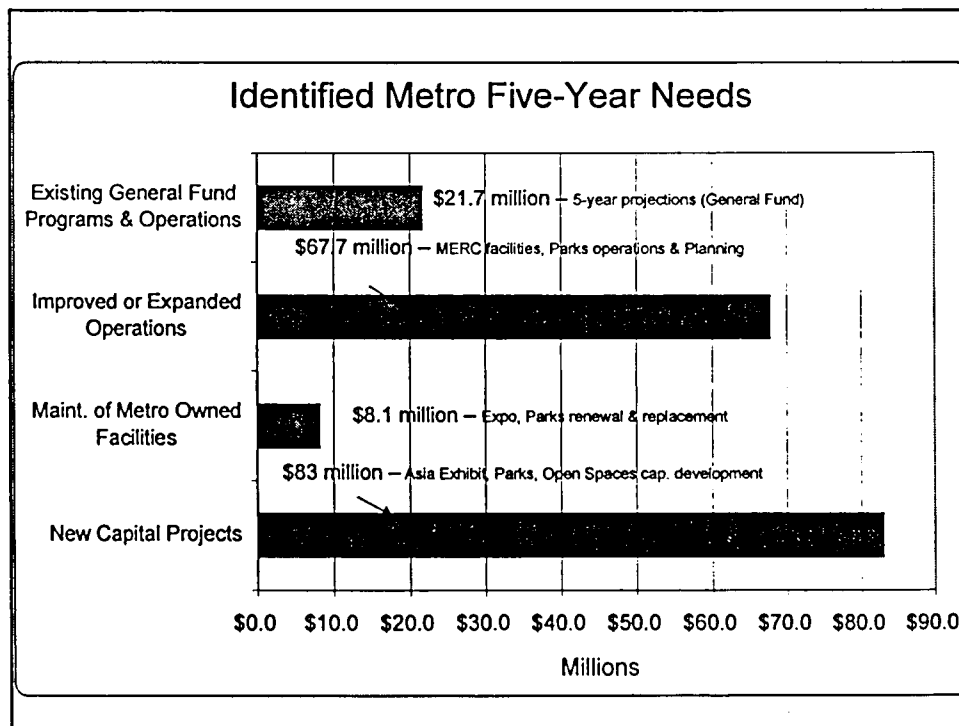
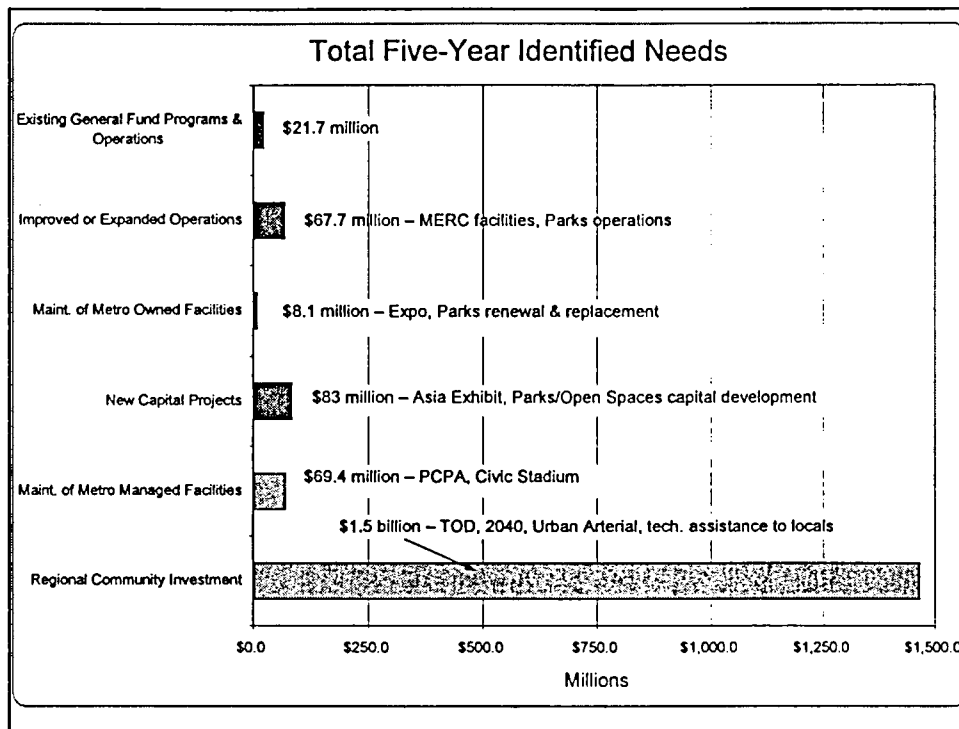
Long-range funding needs . . .

- Five-Year Financial Projections.
- Identified Program Needs:
 - ⇒ Program Enhancements
 - ⇒ Capital Maintenance
 - ⇒ Capital Improvements
 - ⇒ Regional Investments
- Summary Issues.



General Fund Revenues and Expenditures
Including Projections

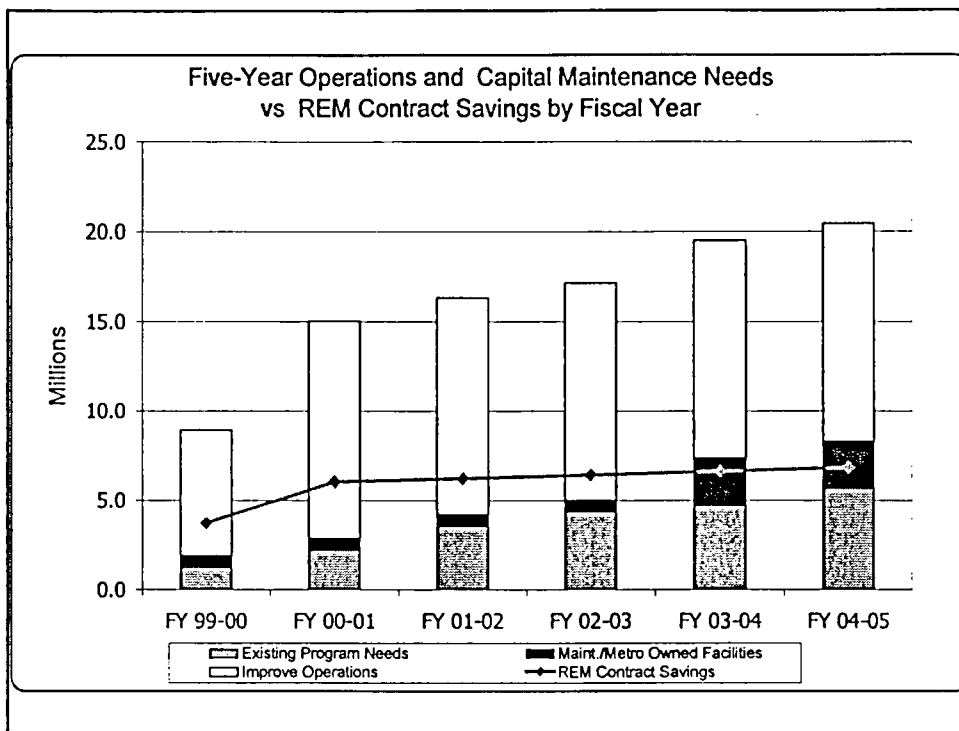




POTENTIAL METRO FUNDING NEEDS/FUNDING PROJECTS

May 24, 1999

Council Priority	Need/Project	Estimated Funding Required	Potential Fund Source(s)	Election Date (if Required)	Implementation Date
Existing Program and Operational Needs					
A.	Restoration of Minimum Excise Tax Reductions	Approx. \$2.5 million annually	Excise Tax, others TBD	TBD	FY 99-00
B.	Needs Identified in 5yr Forecasts	Approx. \$1.9 million annually	Excise Tax, others TBD	TBD	FY 99-00
	SUBTOTAL	\$4.4 million annually			
Improved or Expanded Operations Funding					
A.	MERC Facilities Funding	\$7 million annually	Hotel/Motel taxes, other TBD	TBD	TBD
B.	Parks & Greenspaces Operations	\$4.7 million annually	New enterprise revenues, other TBD	TBD	FY 2000-2001
C.	Parks & Greenspaces Planning	\$444,000 annually	Excise taxes	TBD	FY 2000-2001
	SUBTOTAL	\$12.1 million annually			
Maintenance of Metro Owned Facilities					
A.	Expo Capital Maintenance	\$3 to \$4 million	Operational revenues	N/A	FY 2003-04 & 2004-05
B.	Parks Renewal and Replacement	\$570,000 to \$680,000 annually	Enterprise revenues, general fund, grants	TBD	TBD
	SUBTOTAL	\$3-4M one-time/\$570-680,000 annually			
Capital Development - New Projects					
A.	Parks Capital Development and Expansion	\$34 to \$38 million	Bonds, enterprise revenues, property taxes	Required if G.O. Bonds	TBD
B.	Oregon Zoo - Asia Project	\$20 to \$45 million	General obligation bonds	November 2003 likely election date	FY 2003-2004
	SUBTOTAL	\$54 to \$83 million			
Maintenance of Metro Managed Facilities					
A.	Civic Stadium Capital Improvements	\$15 to \$47 million	G.O. bonds, local general funds, corporate sponsors, contractor & tenant inv.	Required if G.O. Bonds	TBD
B.	PCPA Capital	\$12 to \$22 million	To be determined	TBD	TBD
	SUBTOTAL	\$27 to 69 million			
Regional Community Investment					
A.	TOD Implementation	\$200,000 to \$1 million	To be determined	TBD	FY 2000-01
B.	Urban Arterial Funding	\$250 to \$500 million over 10 years	Gas taxes, registration fees, revenue bonds	November 2000 likely election date	FY 2000- 2001
C.	2040 Investment	\$100 to \$200 million annually	Federal grants, bonds, other to be determined	TBD	TBD
D.	Technical Assistance Grants to Local Govts.	\$1.5 million annually	To be determined	TBD	TBD
	SUBTOTAL	\$127 to 252.5 million annually			



Excise Tax Overview

- What is it?
- History
- Exemptions
- Dedications
- Sources
- Uses
- Expenditure limitation

Ordinance 99-823 --- MODIFY CHARGES FOR DIRECT-HAUL DISPOSAL, CREATE ADDITIONAL REGIONAL SYSTEM FEE CREDITS AND OTHER AMENDMENTS

- Adds \$9.00 per ton to the existing Regional System Fee (cost for each ton diverted from our WMI contract)
- Creates \$9.00 credit for users of the Metro Solid Waste disposal system and the WMI contract structure
- Continues the existing RSF credit program based upon recovery rates
- Introduced by Executive Officer

Ordinance 99-824 --- AMENDING METRO CODE TO MODIFY AND ADJUST EXCISE TAX

- Creates new Excise tax rate on solid waste system users
- Provides and additional \$3.0 Million in non-solid waste revenues (based upon Bragdon and REM committee direction for 60/40 split on the NET revenue)
- Rates set at \$8.23 per ton
- Provides credit for dry waste sent to licensed/franchised dry-waste disposal facility of \$4.40 per ton
- Provides another credit to MRFs based upon recovery rates of \$0.00 to \$1.50 per ton
- Provides for CPI adjustment in year three 2002 (based upon Presiding Officer direction)
- Introduced by Bragdon

Ordinance 99-825 ---- AMENDING THE DISPOSAL RATES AT METRO SOUTH AND CENTRAL TRANSFER STATIONS

- Reduces the tipping rate to \$62.00 per ton (based upon Bragdon and REM Committee Direction)
- Introduced by Bragdon

OUTLINE FOR OCTOBER 11 COUNCIL RETREAT

Sequence of Session

1. Expectations

- Council direction on Tip Fee
- Council direction on excise tax rate
- Council direction on use and amount of additional excise tax in FY 99-00
- Council direction on the "split" between General and Solid Waste funds

2. Overview of the budget process (presentation)

- Process – How do we build the budget here at Metro?
- Timeline – What happens over the next six months?
- Role of Council at front end – What are we doing here today?

3. Set direction on resources available to the General Fund in FY00 (balance of year) and FY01

- **Tip Fee**
 - Presentation
 - Discussion/Decision
- **Three-Tier Rate**
 - Presentation
 - Discussion/Decision
- **Split between SW and GF**
 - Presentation
 - Discussion/Decision

4. Provide direction on priorities for allocating excise tax funds.

- **EO Priorities** (presentation)
 - Establish and maintain a prudent fund balance
 - Maintain the basic programs and the integrity of business systems
 - Allocate any additional revenue to _____ priorities.
- Discussion/Direction

AGENDA

Council Budget Work Session

October 11, 1999

(Items in *italics* to be included if time permits)1. PURPOSE – What do we hope to accomplish?

- ⇒ Overview of pending ordinances (tip fee, excise tax)
- ⇒ Provide Council with background information on the 2000-01 budget.
 - Budget Schedule
 - Excise Tax Revenue Assumptions and Alternatives
- ⇒ Receive Council direction on key issues.
 - Fund Balances
 - General Fund program expenditures
 - *Grant policy*
 - *Capital Replacement Reserves*

2. 2000-01 Budget - Background Information

- ⇒ Budget Schedule
 - How do we build the budget here at Metro?
 - What happens over the next six months
 - ◊ Per budget manual
 - ◊ Include assumptions & directions
 - Role of Council at front end – What are we doing here today?
 - *Advise that we'll ask for direction on schedule and substantive committees' roles at end of session today, if time permits*
- ⇒ Current Budget Status
 - How the 1999-00 General Fund budget was balanced
 - ◊ Drawdown of fund balance
- ⇒ Excise Tax Revenue
 - Assumptions
 - Alternatives

3. Overview of Pending Ordinances

- ⇒ Tip Fee
 - Presentation of ordinance
 - Council discussion and direction
- ⇒ Three-tier rate
 - Presentation
 - Council discussion and direction
- ⇒ Excise Tax
 - Presentation of ordinance
 - Council discussion and direction

4. Fund Balances

- ⇒ Overview of fund balances for excise tax-dependent funds
- ⇒ Identify alternatives and justification for fund balances
- ⇒ Address each fund individually, asking for separate Council direction for each fund
 - General
 - ◊ Additional issue: Target ending fund balance 99-00
 - Regional Parks
 - ◊ Additional issue: Identify components
 - Planning

5. Priorities for General Fund Expenditures

- ⇒ Restorations
 - Background (99-00 budget: cuts and carryovers)
 - Requests for restorations
 - Options
- ⇒ Maintenance of Programs at FY 1999-00 Levels
 - Total estimated need, summarized by category & department
 - *Projection for out years (2-4 years)*
 - Options
- ⇒ Enhancements and Additions
 - Dakota
 - Atherton
 - Burton
 - Application of Excise Tax (MERC, Zoo, other – exemptions/reductions)
 - Other (from Councilors, Exec., departments' issues lists)
- ⇒ Review of alternatives and summary of General Fund needs
- ⇒ Council discussion and direction (on split of SW savings between SW Fund/programs, GF programs, excise tax at other facilities)
 - Excise tax revenue vs. expenditures
 - ◊ General Fund balance restoration
 - ◊ Ongoing costs funded with fund balance in 99-00
 - ◊ Program directions
 - ◊ Revenue available
 - ◊ Potential cuts, if needed

6. Grant Policy

- ⇒ *Overview of grant-funded programs*
- ⇒ *Review of existing policy*
- ⇒ *Options*
- ⇒ *Council discussion and direction*

7. Capital Replacement Reserves

- ⇒ Summary by Fund
- ⇒ Existing policies
- ⇒ Description of need
- ⇒ Options
- ⇒ Council discussion and direction

8. Budget Schedule and Assumptions

- ⇒ Circle back to #2, above
 - Role of committees
 - Date of submittal to Council
 - Summary of assumptions for General Fund

Managing the Solid Waste Contract Savings

Some Considerations & Options for Rate Design

**Discussion Draft
September 2, 1999**

Decisions

1. **Decide on a split of the savings among:**
 - General fund
 - Solid waste fund
 - Reduction of the tip fee
2. **Design new excise tax rates and tip fee**
3. **Decide on uses of the new revenues**

Today's briefing addresses No. 2 above:

Design of the excise tax for savings to be captured by the general fund

Assumptions for this exercise

Fiscal Year 2000—2001

\$5.2 million in savings:

□ General fund	approx. 75%	\$4.0 million
□ Solid waste fund	approx. 25%	\$1.2 million
□ Reduction of the tip fee	0%	\$62.50 per ton

All options generate an additional \$4 million in excise tax revenue

Basic Question

Given that an additional \$4 million

is to be raised through the excise tax,

What is the “best” way to design that tax?

What is "Best"?

Some Potential Objectives for any Change to the Excise Tax

Revenue certainty

Will the expected dollars be there?

Waste reduction

Is recovery improved, or at least not harmed?

Explainable

Can the tax be easily explained and readily justified?

Administration

Do administrative and collection costs increase or decrease?

Environmental pricing

The current tax is neutral; a per-ton tax is regressive with respect to environmental effects.. (The ideal tax would be progressive.)

Implementable

Can the tax be implemented in a smooth and timely manner?

Level playing field in the solid waste industry

Is the tax discriminatory or disruptive of current arrangement?

Primary Objectives

Some Considerations

Revenue Certainty: Will the dollars be there?

- Sensitivity to tonnage shifts within the system.
- Sensitivity to disposal pricing.
- Will the new structure cause tonnage to leave the system?
- Will the current (low-cost) collection system be disrupted?

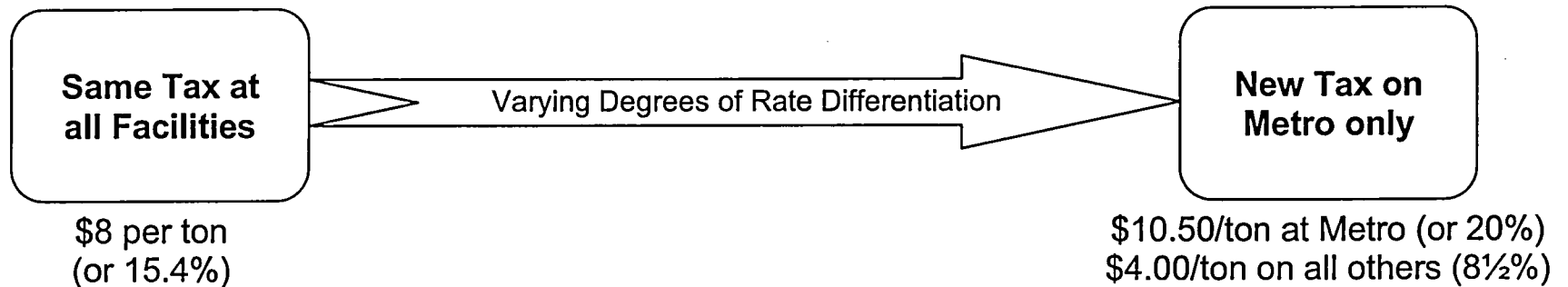
What is the effect on waste reduction?

Can the tax be easily explained and readily justified?

- “How come your cost savings make my taxes go up?”

Council may wish to provide direction on the criteria & priorities that the new rate should meet.

Two Options Bracket the Possibilities

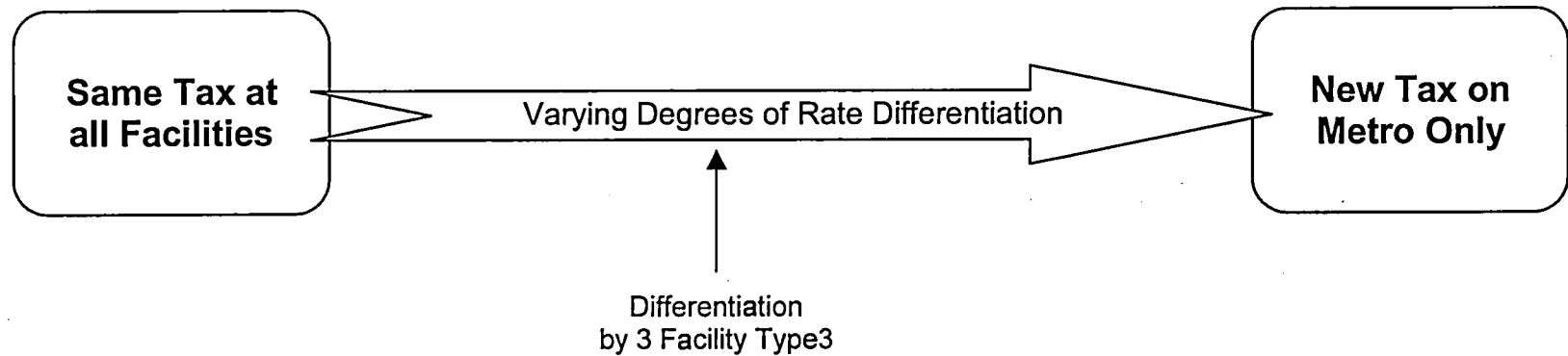


Evaluation

(-) Big incentive to leave the system; Collection costs could soar.	Revenue Certainty	(-) Highly sensitive to tonnage shifts. (Each ton from Metro "costs" \$6.50)
(-) Say goodbye to MRFs	Waste Reduction	(0) No change from current situation
(-) "How come your cost savings make my taxes go up?"	Explainable	(+) The new tax is borne only by the facilities with the savings

Three-Rate Option

Recovery, Transfer Stations, Landfills



Different Excise Tax for 3 Facility Types

<u>Facility Type</u>	<u>Rate to Raise Current Revenue</u>	<u>New Rate Raises \$4 million more</u>	<u>Increase per ton</u>	<u>% Increase per ton</u>
Transfer Stations <i>Metro & F.Grove Transfer Stations, Direct-Haul Reloads, NSLs (wet waste)</i>	\$5/ton	\$10/ton	\$5/ton	100%
Landfills <i>and Non-System Licensees (dry waste)</i>	\$4/ton	\$4/ton	\$0/ton	0%
Recovery Facilities	\$2.50/ton	\$2.50/ton	\$0/ton	0%
Excise Tax Raised	\$6 million	\$4 million	-	-

Three-Rate Option Evaluation

Revenue Risk

Rating +

- High sensitivity to tonnage shifts from Metro (each shifted ton "costs" \$6.00)
However, there is limited economic incentive for these shifts.
- Excise tax is insensitive to waste leaving the system via non-system license

Waste Reduction

Rating 0

- No basic change to current situation

Explainable

Rating +

- The tax is borne mostly by the facilities who have realized savings.
- By holding the tip fee now, the \$62.50 rate can be held longer than originally planned.
- By maintaining the tip fee, Metro helps avoid erosion in waste reduction incentives.

Conclusions

Recognize at least 3 components of the system:

- Wet waste transfer system
- Landfills
- Recovery facilities

Preliminary recommendation: generate additional excise tax off of the Wet Waste Transfer System

- Wet waste system has
- Further burdening landfills puts expected revenue at risk.
- Higher tax on recovery facilities will significantly impact recycling

Need Council direction on criteria and their priorities

FY 2000 - 2001 Excise Tax Collections

Background for Briefing

	Current Structure at 8.5%			Options							
	Tons	Excise Tax Generated	Effective tax per ton	Flat Rate All Facilities		Tax on Metro Only		2-Rate Option (MRFs Harmless)		3-Rate Option	
				Rate	% Change	Rate	% Change	Rate	% Change	Rate	% Change
Transfer Stations											
Metro	723,554	3,657,904	\$5.06	\$7.62	51%	\$10.55	109%	\$8.17	62%	\$9.37	85%
Forest Grove	92,338	\$461,669	\$5.00	\$7.62	52%	\$5.00	0%	\$8.17	63%	\$9.37	87%
Subtotal	815,892	\$4,119,573	\$5.05	\$7.62	51%	na	na	\$8.17	62%	\$9.37	86%
Reloads/Wet Waste											
WRI	31,211	\$148,566	\$4.76	\$7.62	60%	\$4.76	0%	\$8.17	72%	\$9.37	97%
R.America	30,616	\$145,734	\$4.76	\$7.62	60%	\$4.76	0%	\$8.17	72%	\$9.37	97%
Pride	36,520	\$173,835	\$4.76	\$7.62	60%	\$4.76	0%	\$8.17	72%	\$9.37	97%
Marion County	4,343	\$22,439	\$5.17	\$7.62	47%	\$5.17	0%	\$8.17	58%	\$9.37	81%
Subtotal	102,691	\$490,575	\$4.78	\$7.62	60%	\$4.78	0%	\$8.17	71%	\$9.37	96%
Landfills											
Hillsboro	153,707	\$660,291	\$4.30	\$7.62	77%	\$4.30	0%	\$8.17	90%	\$3.89	-9%
Lakeside	89,360	\$293,081	\$3.28	\$7.62	132%	\$3.28	0%	\$8.17	149%	\$3.89	19%
Columbia Ridge	5,828	\$14,627	\$2.51	\$7.62	204%	\$2.51	0%	\$8.17	226%	\$3.89	55%
Finley Buttes	7,045	\$20,514	\$2.91	\$7.62	162%	\$2.91	0%	\$8.17	181%	\$3.89	34%
Roosevelt	274	\$1,459	\$5.32	\$7.62	43%	\$5.32	0%	\$8.17	53%	\$3.89	-27%
Riverbend	5,754	\$13,562	\$2.36	\$7.62	223%	\$2.36	0%	\$8.17	247%	\$3.89	65%
Subtotal	261,968	\$1,003,533	\$3.83	\$7.62	99%	\$3.83	0%	\$8.17	113%	\$3.89	2%
Solid Waste Facilities/Dry Waste											
East County	21,238	\$50,053	\$2.36	\$7.62	223%	\$2.36	0%	\$2.70	15%	\$2.70	15%
Wastech	38,669	\$112,595	\$2.91	\$7.62	162%	\$2.91	0%	\$2.70	-7%	\$2.70	-7%
Pride (dry)	14,202	\$33,471	\$2.36	\$7.62	223%	\$2.36	0%	\$2.70	15%	\$2.70	15%
WRI (dry)	19,486	\$50,055	\$2.57	\$7.62	197%	\$2.57	0%	\$2.70	5%	\$2.70	5%
R.America (dry)	20,165	\$50,609	\$2.51	\$7.62	204%	\$2.51	0%	\$2.70	8%	\$2.70	8%
Other	11,088	\$42,688	\$3.85	\$7.62	98%	\$3.85	0%	\$2.70	-30%	\$2.70	-30%
Subtotal	124,848	\$339,472	\$2.72	\$7.62	180%	\$2.72	0%	\$2.70	-1%	\$2.70	-1%
TOTAL	1,305,399	\$5,953,153	\$4.56								

FY 2000 - 2001 Excise Tax Collections

Current Structure at 8.5%			
	<u>Tons</u>	<u>Excise Tax Generated</u>	<u>Effective tax per ton</u>
Transfer Stations			
Metro	723,554	3,657,904	\$5.06
Forest Grove	92,338	\$461,669	\$5.00
Subtotal	815,892	\$4,119,573	\$5.05
Reloads/Wet Waste			
WRI	31,211	\$148,566	\$4.76
R.America	30,616	\$145,734	\$4.76
Pride	36,520	\$173,835	\$4.76
Marion County	4,343	\$22,439	\$5.17
Subtotal	102,691	\$490,575	\$4.78
Landfills			
Hillsboro	153,707	\$660,291	\$4.30
Lakeside	89,360	\$293,081	\$3.28
Columbia Ridge	5,828	\$14,627	\$2.51
Finley Buttes	7,045	\$20,514	\$2.91
Roosevelt	274	\$1,459	\$5.32
Riverbend	5,754	\$13,562	\$2.36
Subtotal	261,968	\$1,003,533	\$3.83
Solid Waste Facilities/Dry Waste			
East County	21,238	\$50,053	\$2.36
Wastech	38,669	\$112,595	\$2.91
Pride (dry)	14,202	\$33,471	\$2.36
WRI (dry)	19,486	\$50,055	\$2.57
R.America (dry)	20,165	\$50,609	\$2.51
Other	11,088	\$42,688	\$3.85
Subtotal	124,848	\$339,472	\$2.72
TOTAL	1,305,399	\$5,953,153	\$4.56

Excise Tax / Contract Savings

Net Impact on Solid Waste Facilities

FACILITY	Net Impact
----------	------------

Transfer Stations:

Forest Grove (WMI)	\$297,684
----------------------	-----------

Reloads/Wet Waste

WRI/ Reload	(\$85,206)
-------------	------------

R. Americal/ Reload (WMI)	(\$83,582)
-----------------------------	------------

Pride/Reload	(\$99,700)
--------------	------------

Marion County	\$14,549
---------------	----------

Landfills:

Hillsboro (WMI)	(\$39,964)
-------------------	------------

Lakeside	\$33,063
----------	----------

Columbia Ridge (WMI)	\$10,432
------------------------	----------

Finley Buttes	\$9,229
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Roosevelt	(\$96)
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Riverbend (WMI)	\$3,320
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MRF Residual

East County Recycling	(\$1,487)
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Wastech (WMI)	\$70,764
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Pride	\$11,646
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WRI	(\$3,507)
-----	-----------

R. America (WMI)	\$37,910
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Other	(\$12,529)
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USE OF SAVINGS

(All Figures in Millions)

USING RESERVES AND 50% OF GROSS SAVINGS TO GENERAL FUND

FY	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>
Tip Fee	\$ 62.00	\$ 62.00	\$ 62.00	\$ 62.00	\$ 63.70
Gross Savings	6.1	6.2	6.4	6.6	6.8
REM Cost Increases	1.0	1.1	1.3	1.5	2.1
New Waste Reduction / Haz Waste	1.1	1.1	1.1	1.1	1.1
New Contributions to Reserve	0.7	0.7	0.7	0.7	0.7
Tip Fee Reduction (\$0.50)	0.3	0.3	0.3	0.3	0.3
Available for General Fund	3.0	3.1	3.2	3.3	3.4
Required from Undesignated Fund Balance	0.0	1.3	1.8	0.8	0.0
Required from Rate Stabilization Account	0.0	0.0	0.0	1.7	1.3
Total Use of Reserves	\$ 0.0	\$ 1.3	\$ 1.8	\$ 2.5	\$ 1.3 *

WITHOUT USE OF RESERVES

FY	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>
Available for General Fund (from above)	3.0	3.1	3.2	3.3	3.4
Total use of Reserves (from above)	- 0.0	- 1.3	- 1.8	- 2.5	- 1.3
Available for General Fund w/o Reserves	\$ 3.0	\$ 1.8	\$ 1.4	\$ 0.8	\$ 1.3 *

* Reflects tip fee increase to \$63.70

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Projected Solid Waste Fund Balance With Proposed Ordinances

	1998-99 (Budget + Projected)	1999-00 (Projected)	2000-01 (Projected)	2001-02 (Projected)	2002-03 (Projected)	2003-04 (Projected)	2004-05 (Projected)
UNAPPROPRIATED FUND BALANCE							
Restricted Accounts							
Renewal & Replacement	\$6,582,089	\$5,716,934	\$4,758,153	\$3,150,181	\$1,993,585	\$1,566,216	\$1,292,674
St. Johns Landfill	7,836,561	7,563,918	6,171,473	5,973,935	6,168,524	6,310,085	6,448,714
Rate Stabilization	2,447,372	3,045,367	2,879,691	2,922,700	2,978,414	1,311,209	0
Debt Service Reserve Account	2,829,008	2,829,008	2,829,008	2,829,008	2,829,008	2,829,008	2,829,008
Debt Service	1,407,451	1,405,953	2,397,088	1,370,338	1,373,613	1,376,733	1,379,693
Total Restricted:	21,102,481	20,561,180	19,035,414	16,246,162	15,343,145	13,393,251	11,950,089
Unrestricted Accounts							
Working Capital-	6,730,678	5,926,080	5,955,680	6,227,785	6,470,548	6,723,386	6,986,386
Operating Contingency	2,986,308	2,115,834	2,109,436	2,199,783	2,295,438	2,395,593	2,499,914
Business Assistance Account	551,000	271,000	185,905	96,130	76,417	130,620	187,804
Capital Reserve	5,315,850	6,422,200	4,222,700	3,379,000	2,086,500	700,000	0
Undesignated	4,234,216	3,789,280	3,889,568	2,608,920	784,445	0	-23
Total Unrestricted:	19,818,052	18,524,394	16,363,290	14,511,618	11,713,348	9,949,598	9,674,081
Cost of \$0.50 Tip Fee Reduction		\$144,856	\$361,777	\$371,149	\$382,150	\$393,477	\$405,140

Scenario #1 Using Undesignated and Rate Stabilization Account

	<u>FY 2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>
Tip Fee	\$62.00	\$62.00	\$62.00	\$62.00	\$63.70	?	?	?	?	?

Figures in Millions

Gross Savings	6.1	6.2	6.4	6.6	6.8 ?	?	?	?	?	?
REM Cost Increases	1	1.1	1.3 1.1	1.5 1.2	1.7 1.3	?	?	?	?	?
New Waste Reduction/Haz waste	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1
New Contributions to Reserve	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7
Tip Fee Reduction (\$.50)	0.3	0.3	0.3	0.3	0.3					
*Regional System Credit Fee	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9
**Current tip reduction 63.50 to 62.50	<u>0.75</u>	<u>0.75</u>	<u>0.75</u>	<u>0.75</u>	<u>0.75</u>	<u>0.75</u>	<u>0.75</u>	<u>0.75</u>	<u>0.75</u>	<u>0.75</u>
Subtotal before use of Reserves	1.35	1.35	1.35	1.35	0.95 ?	?	?	?	?	?
***Undesignated Fund Balance	0	1.3	1.8	0.8	0	0	0	0	0	0
***Rate Stabilization Fund	<u>0</u>	<u>0</u>	<u>0</u>	<u>1.7</u>	<u>1.3</u>	0	0	0	0	0
Available for General Fund	1.35	2.65	3.15	2.85	2.25 ?	?	?	?	?	?

* Source - Undesignated Fund Balance?

** Source - Unknown after 1999-00

*** Reserves Depleted after FY2004

Scenario #2 Matching Current Year Revenues and Expenses : Reserves Retained

	<u>FY 2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>
Tip Fee	\$62.00	\$62.00	\$62.00	\$62.00	\$63.70	?	?	?	?	?

Figures in Millions

Gross Savings	6.1	6.2	6.4	6.6	6.8	?	?	?	?	?
REM Cost Increases	1	1.1	1.3	1.5	1.7	?	?	?	?	?
New Waste Reduction/Haz waste	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1
***New Contributions to Reserve	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7
Tip Fee Reduction (\$.50)	0.3	0.3	0.3	0.3	0.3					
*Regional System Credit Fee	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9
**Current tip reduction 63.50 to 62.50	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75
Available for General Fund	1.35	1.35	1.35	1.35	0.95	?	?	?	?	?

* Source - Undesignated Fund Balance?

** Source - Unknown after 1999-00

*** Unknown how this effects Tip Fee or Reserves



Metro Council Budget Worksession

October 11, 1999

Outline of Metro Council Budget Worksession October 11, 1999

- Introduction and Expected Outcome
 - Stone/Warner 5 mins
- Solid Waste Disposal Savings & Ordinance
 - Petersen 5 min w/questions/discussion
- Overview of the Metro Budget Process
 - Sims 5 min w/questions/discussion

Break

Worksession Agenda (Cont.)

- Agency Programs Needs and Issues
 - Mounts 10 min w/questions/discussion
- Council Discussion and Policy Direction
 - Council Remaining Time

Introduction

- ✓ First Council worksession in many years to allow policy direction prior to preparation of Executive Officer's proposed budget
- ✓ Early policy discussion/direction will, hopefully, reduce review time later in the process
- ✓ Many issues facing Metro in the development of FY01 Budget that will benefit from early policy direction
- ✓ Council & staff are looking forward to worksession, discussion and policy direction

Expected Outcomes

- ✓ Review & understanding of Metro budget process & timelines
- ✓ Understanding & discussion of the 3 Solid Waste ordinances
 - Elements
 - Fiscal impacts
 - Stakeholder input

Expected Outcomes (cont.)

- ✓ Review, discussion and policy direction on FY01 Budget program needs/issues
 - Revenue/expenditure forecasts
 - Fund balances
 - Maintenance of existing programs
 - Restoration of services
 - New or additional services/programs
- ✓ Identification of other information to support Council's review of budget



Solid Waste Rate & Excise Tax Ordinances

Criteria

- ✓ Revenue certainty
- ✓ Perceived as fair
- ✓ Level playing field
- ✓ Waste reduction
- ✓ Readily understood & explained
- ✓ Cost of administration

Solid Waste Ordinances

- ✓ Ordinance 99-825: *Metro Tip Fee*
- ✓ Ordinance 99-824: *Excise Tax on Solid Waste*
- ✓ Ordinance 99-823: *Solid Waste Fees*

Ordinance 99-825
Metro Tip Fee

Key Objective of Proposed Ordinance

- ✓ Establish tip fee at two Metro Transfer Stations

Summary of 99-825

- ✓ Reduces tip fee from \$62.50 to \$62.00
- ✓ \$0.50 tip fee reduction requires \$362,000 annually from contract cost reductions
- ✓ \$1.0 million per year for waste reduction / hazardous waste programs
- ✓ \$635,000 per year to maintain tip fee for four years
- ✓ Excise tax not included as part of solid waste fees

Ordinance 99-824
Excise Tax

Key Objectives of Proposed Ordinance

- ✓ Capture some of the contract cost reductions for non-solid waste uses
- ✓ Create level playing field among solid waste facilities
- ✓ Create waste reduction incentive

Summary of 99-824

- ✓ Captures \$3.0 million for other uses
- ✓ Changes tax from 8.5% of facility revenues to \$8.23 per ton (Tier 1)
- ✓ Credit #1: \$4.40 dry waste landfills

Credit #2 for Recycling at Material Recovery Facilities (Tier 3)

<u>Recovery Rate</u>	<u>Tax Credit</u>	<u>Tax Rate</u>
0-20%	\$0.00	\$3.83
20-25%	\$0.15	\$3.68
25-30%	\$0.50	\$3.33
30-35%	\$1.00	\$2.83
35-40%	\$1.25	\$2.58
>40%	\$1.50	\$2.33

Impact on Individual Facilities

- ✓ Example: Waste Management facilities pay \$298,000 more in fees and taxes
- ✓ Costs can be reduced with more recovery

Ordinance 99-823

Regional System Fee/Direct Haul Charge

Key Objectives of Proposed Ordinance

- ✓ "Exported" waste pays higher costs; not the region's citizens
- ✓ Reduces direct haul charge to reflect new contract price

Metro/WMI Disposal Contract Price Schedule

<i>Quarterly Tonnage</i>	<i>Price</i>
<i><137,500</i>	<i>\$22.31</i>
<i>137,501 to 148,125</i>	<i>\$10.34</i>
<i>148,126 to 158,750</i>	<i>\$9.82</i>
<i>158,751 to 169,375</i>	<i>\$9.31</i>
<i>169,376 to 180,000</i>	<i>\$8.79</i>
<i>180,001 to 190,625</i>	<i>\$8.28</i>
<i>>190,625</i>	<i>\$7.76</i>

Background

- ✓ Exported waste increases cost to region's taxpayers
- ✓ Cost increase equal to \$9.00 per ton for each exported ton

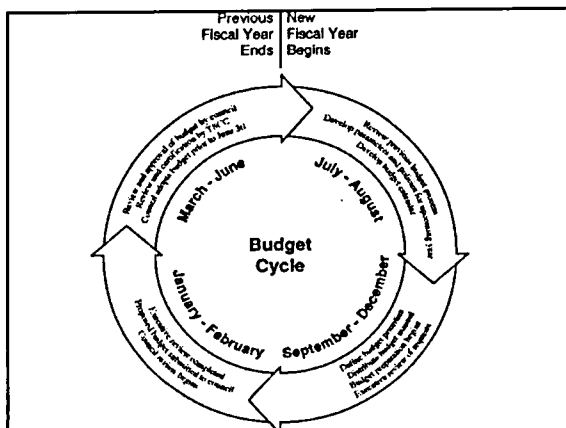
Summary of 99-823

- ✓ Regional System Fee changes from \$12.90 to \$21.90
- ✓ Regional System Fee credit of \$9.00 for waste in system
- ✓ \$21.90 - \$9.00 = \$12.90 effective rate (same as current)
- ✓ Direct haul charge drops from \$24.93 to \$16.78

Criteria

- ✓ Revenue certainty
- ✓ Perceived as fair
- ✓ Level playing field
- ✓ Waste reduction
- ✓ Readily understood & explained
- ✓ Cost of administration

FY01 General Fund Budget Development



FY01 Budget Process/Calendar

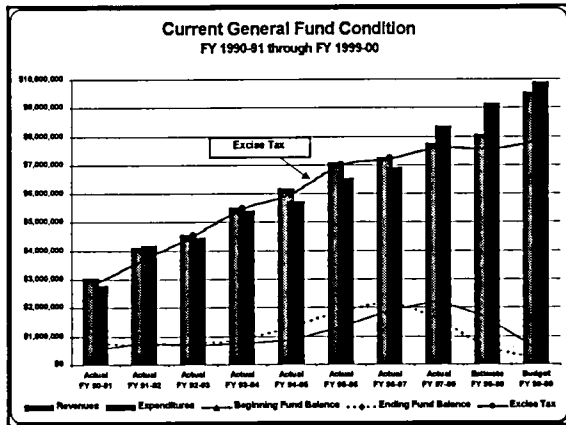
Key Milestone	Target Date	Status
CIP Development and Adoption	July - December	Underway
Budget Manual with Executive Officer Guidelines	End of September	Issued
Council Input	October 11-12	Today
Department Budgets to EO	November 15	
Preparation of the Executive Budget Proposal	December - January	
<u>Council Review and Approval</u>	February - April	
TSCC Review and Certification	May - June	
Council Adoption	June	

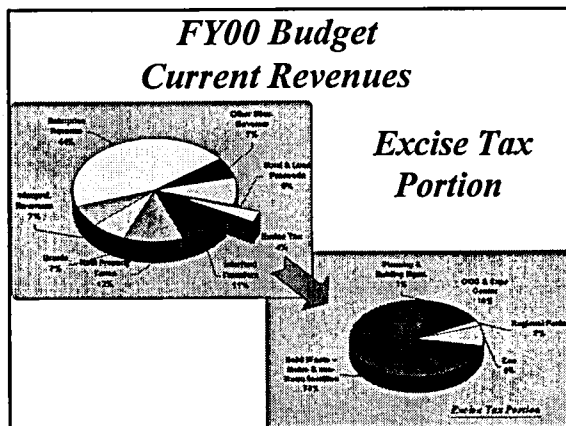
FY01 Budget Development Context

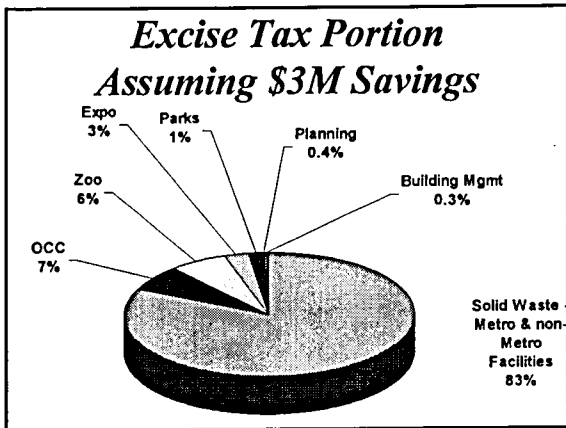
- ✓ FY99-00 Budget Strategy
 - ➔ FY99 Savings Carried Forward
 - ➔ FY00 Budget Reductions
 - ➔ General Fund Balance to \$0

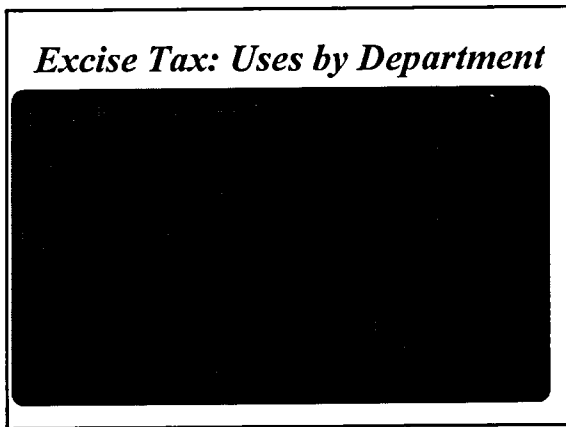
FY01 Budget Manual Assumptions

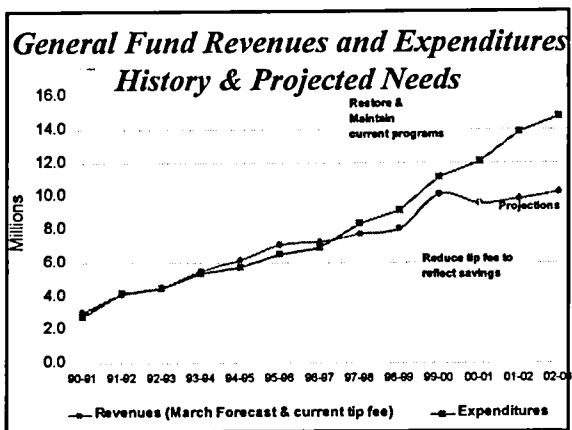
- ✓ Salaries/Wages = 5%
 - ⇒ 2% Cost of Living
 - ⇒ 3% Merit/Step Adjustment
- ✓ M&S = 2%
- ✓ Current Excise Tax Allocation
 - ⇒ Requires service reductions to absorb cost increases











Policy Drivers

- ✓ Fund Balance
- ✓ Maintenance of Current Service Level
- ✓ Restoration of Prior Cuts
- ✓ Additional Services/Programs

Fund Balance Policy Issues

- ✓ Level
- ✓ What happens if:
 - ⇒ Actual balance at year end is higher
 - ♦ Use of 1 time resources
 - ⇒ Actual balance at year end is lower
 - ♦ Actions to maintain future balance

Fund Balance

- ✓ Re-establish General Fund Balance to \$1.0m
 - ⇒ 10% operating budget
 - ⇒ Cash flow needs
 - ⇒ Hedge against economy
 - ⇒ Bond Rating
- ✓ Surplus for 1 time spending

Maintain Current Services

✓ Cost to Maintain in FY01 = \$1.270m

- ⇒ Loss of 1 time \$\$ 375k
- ⇒ Personnel/M&S 835k
- ⇒ Debt Service 70k

Based on 8/99 projection. Will be revised 11/99

Restoration of Prior Cuts

✓ \$600k reductions to balance FY00 Budget

- ⇒ Public information/education
- ⇒ Support for basic business systems
- ⇒ Employee recruitment and development

Service Issues

✓ Growth Management/Transportation

- ⇒ Implementation of 2040
- ⇒ Goal 5
- ⇒ Major Transportation Plans

✓ Parks & Greenspaces

- ⇒ Landbanking costs
- ⇒ Master Plans
- ⇒ Capital Development & Renewal

Service Issues (cont.)

- ✓ Organization-wide Business Services
 - ⇒ Basic Business needs
 - Transaction processing
 - Management information
 - ⇒ Technology
 - Keeping current
 - ⇒ Facility maintenance

Service/Program Additions

- ✓ Park Planning/Operations/Deferred Maintenance
- ✓ 2040 Implementation
 - ⇒ Legal Notice
 - ⇒ Endangered Species Act
 - ⇒ Natural Resource Planning & Protection
 - ⇒ Regional Community Investment

Service/Program Additions (Cont.)

- ✓ Excise Tax Relief - MERC/Zoo
- ✓ Debt Retirement

<i>FY01 Budget Strategy</i>	
<i>Base Case</i>	
FY01 Additional Resources	\$0
FY01 Expenditures	
Maint. Existing Svs	\$1.27m
Restorations	0
Additions	0
Ending Fund Balance	0
Target to Balance	(\$1.27)

<i>FY01 Budget Strategy</i>	
<i>\$3.0M Example #1 (000's)</i>	
FY00 Cash Forward	\$1.000
FY01 Additional Resources	\$3.000
FY01 Expenditures	
Maint. Existing Svs	\$1.270
Restorations	\$.400
Additions	\$1.330
Ending Fund Balance	\$1.000

<i>FY01 Budget Strategy</i>	
<i>\$3.0M Example #2 (000's)</i>	
FY00 Cash Forward	\$1.000
FY01 Additional Resources	\$3.000
FY01 Expenditures	
Maint. Existing Svs	\$1.270
Restorations	\$ 0
Additions	\$1.730
Ending Fund Balance	\$1.000

Q & A

Discussion
