

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF FORMALIZING)
BUDGET ASSUMPTION GUIDELINES FOR)
DEPARTMENTAL USE IN PREPARING THE)
FISCAL YEAR 2003-04 BUDGET, AND)
DIRECTING THE EXECUTIVE OFFICER)
AND/OR THE COUNCIL PRESIDENT TO)
ADVISE COUNCIL OF ANY SUBSTANTIVE)
CHANGES IN THE ASSUMPTIONS PRIOR TO)
THE SUBMISSION OF THE BUDGET TO)
COUNCIL FOR PUBLIC REVIEW)

RESOLUTION NO. 02-3213A

Introduced by Rex Burkholder, Chair
Budget/Finance Committee

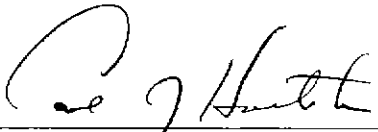
WHEREAS, The Budget and Finance Committee has deliberated upon the global budget assumptions shown in the attached exhibit to a) better understand the factors that are used in creating Metro departmental and agency assumptions; b) discuss questions, issues, or concerns related to these proposed assumptions; c) determine areas where a change in assumptions may be desirable; and d) determine areas where Council has little or no discretion in changing assumptions; and

WHEREAS, The Budget and Finance Committee has agreed upon the need for this set of assumptions to be used by departments in the preparation of the Fiscal Year 2003-04 budget; and

WHEREAS, The Budget and Finance Committee wishes to formalize these assumptions as guidelines prior to the dissemination of the Budget Preparation Manual, and, to that end, has submitted these assumptions to the Council as a whole for approval; now therefore

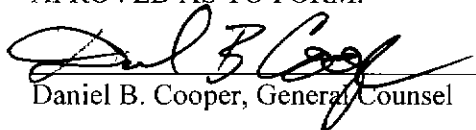
BE IT RESOLVED that the Metro Council approves and formalizes the budget assumptions in the attached exhibit as guidelines for departmental use in preparing the Fiscal Year 2003-04 budget, and directs the Executive Officer and/or the Council President, as appropriate, to advise the Council of any substantive changes in these assumptions prior to the submission of the budget to Council for public review.

ADOPTED by the Metro Council this 1st day of August, 2002



Carl Hosticka, Presiding Officer

APPROVED AS TO FORM:



Daniel B. Cooper, General Counsel

BUDGET ASSUMPTIONS MATRIX FOR FY 2003-04
Presentation to Budget & Finance Committee - July 10, 2002
(Results of Committee Discussion in FY 2003-04 Assumption Column)

Personal Service Assumptions

	Authority		Range of Options	Assumption FY 2002-03	Assumption FY 2003-04
	Represented	Non-Represented			
Cost of Living - Represented	Set by Bargaining Agreement	n/a	Between 2% and 4% based on CPI CPI factors vary by bargaining unit Required under agreement AFSCME based on Portland-Salem CPI-U 2nd half	3% from beginning of fiscal year	3% from beginning of fiscal year <i>Actual CPI indicator for AFSCME not known until January 2003</i>
Cost of Living - Non-represented	n/a	Allowed under Metro Code 2.02.035(d)	Based on National CPI-W (urban wage earners) from March to March Allowed but not required	3% from beginning of fiscal year	3% from beginning of fiscal year <i>Actual CPI indicator not known until late Spring 2003</i>
Step Increase	Set by Bargaining Agreement	n/a	Required under agreement. AFSCME pay scale includes 7 steps with 5% increments between steps. No other bargaining agreement has multiple year step progression.	AFSCME: 5% from date of anniversary; or 3% from beginning of fiscal year not to exceed top of range	AFSCME: 5% from date of anniversary; or 3% from beginning of fiscal year not to exceed top of range
Merit Increase	n/a	Allowed under Metro Code 2.02.060(3)(b)	Allowed but not required. Code allows for merit increases between 0% and 8% annually	5% from date of anniversary; or 3% from beginning of fiscal year not to exceed top of range	5% from date of anniversary; or 3% from beginning of fiscal year not to exceed top of range
<i>Fringe Benefit Components:</i>					
Health Insurance	Set by Bargaining Agreement	Allowed under Metro Code 2.02.110	Payment up to CAP is required under bargaining agreements. Any Metro contribution above CAP is optional. For non-represented employees payment of health & welfare costs is set by Council policy.	Assume Health & Welfare Cap in LIU 483 bargaining agreement FY 2002-03 CAP = \$535	Assume Health & Welfare Cap in AFSCME bargaining agreement FY 2003-04 CAP = \$562
PERS Retirement	Set by Bargaining Agreement	Allowed under Metro Code 2.02.110	Agency is required to pay employer rate set by PERS Board. Payment of employee contribution is set by bargaining agreement for represented employees and by Council policy for non-reps.	Currently: Employee Contribution = 6.00% Employer Contribution = 8.61% Combined Contribution = 15.13%	Estimate for 7/1/03: Employee Contribution = 6.00% Employer Contribution = 13.11% Combined Contribution = 19.90% <i>Actual rate will be known in the Fall 2002</i>

BUDGET ASSUMPTIONS MATRIX FOR FY 2003-04
Presentation to Budget & Finance Committee - July 10, 2002
(Results of Committee Discussion in FY 2003-04 Assumption Column)

Personal Service Assumptions

	Authority		Range of Options	Assumption FY 2002-03	Assumption FY 2003-04
	Represented	Non-Represented			
FICA	Federal Law	Federal Law	Required by law. The social security portion of FICA does not apply to Elected Officials	FICA Social Security - 6.20% FICA LTD - 1.45%	FICA Social Security - 6.20% FICA LTD - 1.45% No change expected
Tri-Met Payroll Tax	State Law	State Law	Required by law. Rate set by Tri-Met board	0.6218% of salaries/wages	0.6218% of salaries/wages No change expected
Long Term Disability	Set by Bargaining Agreement	Allowed under Metro Code 2.02.110	Required under bargaining agreements. Allowed but not required for non-represented employees.	0.74% of covered payroll	0.74% of covered payroll Any rate change will not be known until late Spring 2003
Life Insurance	Set by Bargaining Agreement	Allowed under Metro Code 2.02.110	Required under bargaining agreements. Allowed but not required for non-represented employees.	\$0.17 per \$1,000 of annual salary (to a maximum of \$50,000) per month	\$0.17 per \$1,000 of annual salary (to a maximum of \$50,000) per month Any rate change will not be known until late Spring 2003
Accidental Death Insurance	Set by Bargaining Agreement	Allowed under Metro Code 2.02.110	Required under bargaining agreements. Allowed but not required for non-represented employees.	\$0.03 per \$1,000 of annual salary (to a maximum of \$50,000) per month	\$0.03 per \$1,000 of annual salary (to a maximum of \$50,000) per month Any rate change will not be known until late Spring 2003
Dependent Life Insurance	Set by Bargaining Agreement	Allowed under Metro Code 2.02.110	Required under bargaining agreements. Allowed but not required for non-represented employees.	\$0.35 per employee per month	\$0.35 per employee per month Any rate change will not be known until late Spring 2003
Employee Assistance Program	Set by Bargaining Agreement	Allowed under Metro Code 2.02.110	Required under bargaining agreements. Allowed but not required for non-represented employees.	\$1.78 per employee per month	\$1.78 per employee per month No change per contract
Tri-Met Passport Program	Council Policy	Council Policy	Allowed but not required.	Regular Employees Only Metro Regional Center - \$151/emp Regional Parks Offsite - \$10/emp Oregon Zoo - \$115/emp	Regular Employees Only Metro Regional Center - \$170/emp Regional Parks Offsite - \$10/emp Oregon Zoo - \$115/emp Received update on Regional Center cost on 6/28. Updated costs for other sites will be known by end of August 2002
Worker Comp Tax	State Law	State Law	Required by Law	\$0.018 per hour worked	\$0.018 per hour worked No change expected

BUDGET ASSUMPTIONS MATRIX FOR FY 2003-04
Presentation to Budget & Finance Committee - July 10, 2002
(Results of Committee Discussion in FY 2003-04 Assumption Column)

Personal Service Assumptions

	Authority	Represented	Non-Represented	Range of Options	Assumption FY 2002-03	Assumption FY 2003-04
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Note: The assumptions that are shaded indicate federal or state requirements in which the Council has no flexibility.

BUDGET ASSUMPTIONS MATRIX FOR FY 2003-04
Presentation to Budget & Finance Committee - July 10, 2002
(Results of Committee Discussion in FY 2003-04 Assumption Column)

Global Assumptions

Assumption	Authority	Range of Options	Assumption FY 2002-03	Assumption FY 2003-04
Interest Rate	Based on current trends and best estimate of what might happen in the future	Recommendation developed by Metro's Investment Manager	1.5% of cash balances	Investment Manager currently recommends 2.5% based on existing yield curve.
Inflation factor for other costs	Based on current trends in CPI factors		3%	3% <i>Actual CPI indicator for Portland-Salems CPI 1st half (thru June) will be known by end of August 2002</i>
General Fund ending balance reserves	Goal of \$1 million in general undesignated reserves	Council discretion	Not less than FY 2001-02 budgeted reserves	Not less than current year budget.
Contingency percent	Amount that would provide a prudent reserve for unforeseen needs during the year. Amount can vary between departments based on needs	Council discretion and department's operating requirements	4% of operating expenses (usually defined as total personal services, materials & services, and capital outlay)	Continue with general guideline of 4% with variances in some departments based on volatility of functions.
Elections (i.e. - ballot measures, # of elected official races)	Based on estimated costs provided by county elections officials. Varies depending on population of Metro districts represented on the ballot and other jurisdictions' elections.	Required to be paid	Use amount estimated	Budget for reasonable estimate. <i>Primary elections for 3 Council seats</i>
Excise tax allocations to departments: Discretionary Allocations	Based on revenue estimates developed during preparation of five year operating forecasts, tied to historical funding levels	Adjust or maintain funding levels based on available revenue and Council discretion	FY 2001-02 excise tax allocations plus 3%	FY 2002-03 excise tax allocations plus 3%. <i>Five year operating forecasts are usually updated in August - September</i>
Overhead Rates for Central Service Costs	Cost allocation plan is federally approved document. Grant requirements necessitate similar/consistent application of regulations across agency regardless of level of grant receipt.	% of personal services based on the current adopted budget. Using a percentage of personal services recognizes the dynamics of programs (i.e. - increases/decreases in funding)	Used same % of personal services as in the FY 2001-02 adopted budget.	Use same % of personal services as in the FY 2002-03 adopted budget.
Excise Tax Allocation Landbanking Allocation	Council policy	Council has discretion to maintain or adjust funding level	FY 2001-02 allocation plus 3%	FY 2002-03 excise tax allocations plus 3%. <i>Five year operating forecasts are usually updated in August - September</i>

BUDGET ASSUMPTIONS MATRIX FOR FY 2003-04
Presentation to Budget & Finance Committee - July 10, 2002
(Results of Committee Discussion in FY 2003-04 Assumption Column)

Global Assumptions

Assumption	Authority	Range of Options	Assumption FY 2002-03	Assumption FY 2003-04
Excise Tax earned during FY 2001-02 on solid waste revenues over base amount allowed in excise tax ordinance.	Metro Code 7.01.028(a)	Budgeting and/or expenditure of such funds shall be subject to review and approval by the Council.	None. No excess funds were received during FY 2000-01	Excise tax earned on solid waste revenues over base amount will be placed in a Recovery Rate Stabilization Reserve in the General Fund.
Excise Tax % (non-solid waste revenues)	Rate set in Metro Code. Council policy.	Use same percent as currently adopted	7.5% of eligible revenues	7.5% of eligible revenues
CPI for excise tax on solid waste	Based on Metro Code 7.01.022	GPI All Items, Portland-Salem (All Urban Consumers), 1st half	2.7% of prior year base solid waste excise tax	Use actual CPI indicator known in August 2002
Excise Tax Allocation \$1.00 per ton on solid waste	Ordinance 02-339, dedication to Regional Parks	Ordinance is effective through 6/30/04. Increased based on GPI by Portland-Salem, 1st half	\$1.84 million	Calculate amount based on actual CPI indicator known in August 2002
Excise Tax Allocation 1% on solid waste to Parks	Council authorization/policy based on actions taken during FY 1997-98 budget deliberations. Dedicated to Regional Parks	Council has discretion to maintain or adjust dedication of funding to Parks	1.75% of base excise tax earned on solid waste as set under Metro Code (not including the \$1.00/ton)	Calculate amount based on actual CPI indicator known in August 2002

Note: The assumptions that are shaded indicate federal or state requirements in which the Council has no flexibility.

BUDGET ASSUMPTIONS MATRIX FOR FY 2003-04
Presentation to Budget & Finance Committee - July 10, 2002

Department Assumptions

Assumption	Authority	Range of Options	Assumption FY 2002-03	Assumption FY 2003-04	Estimated Cost
MERC Pay for Performance					
Zoo Attendance					
Rate Increases (i.e. - admissions, parking fees, green fees)					
Solid Waste tonnage					
Contingency					
Beginning/Ending Balances					

BUDGET AND FINANCE COMMITTEE REPORT

CONSIDERATION OF RESOLUTION NO. 02-3213, FOR THE PURPOSE OF FORMALIZING BUDGET ASSUMPTION GUIDELINES FOR DEPARTMENTAL USE IN PREPARING THE FISCAL YEAR 2003-04 BUDGET, AND DIRECTING THE EXECUTIVE OFFICER AND OR COUNCIL PRESIDENT TO ADVISE COUNCIL OF ANY SUBSTANTIVE CHANGES IN THE ASSUMPTIONS PRIOR TO THE SUBMISSION OF THE BUDGET TO COUNCIL FOR PUBLIC REVIEW

Date: July 25, 2002

Presented by: Councilor Bragdon

Committee Recommendation: At its July 24, meeting, the Budget and Finance Committee voted 3-0 to recommend Council adoption of Resolution No. 02-3213. Voting in favor: Councilors Bragdon, McLain and Chair Burkholder. Voting against: None. Absent: Councilors Atherton and Monroe.

Background: The substance of the proposed resolution is contained in the budget assumptions defined in the "assumptions matrix" that is attached to the resolution as an exhibit. Given that the contents of the matrix had been thoroughly reviewed by the committee at its two meetings prior to the drafting of the resolution, no staff report was presented as part of the committee's consideration of the resolution.

Committee Issues/Discussion: Committee discussion focused on the consideration and adoption of two amendments to the matrix. Councilors Bragdon and Park expressed concern that the financial planning staff had recommended that excess solid waste-related excise tax collections be placed in the general fund. They noted that it was the Council's intent that appropriation and expenditure of these funds was at the discretion of the Council. They recommended, and the committee concurred, that these funds should remain in the recovery rate stabilization reserve account until such time as the Council takes specific action related to these funds.

The second amendment related to the specific percentage increases in PERS and COLA costs that should be anticipated for FY 03-04. The proposed matrix assumed a 5% increase in PERS costs and a 3% COLA. Financial Planning staff noted that these estimates were on the high or conservative side and that the combined effect could restrict departmental flexibility in the budget preparation process. They questioned whether the committee might wish to consider lowering the percentage estimate for one or both of these assumptions.

During committee discussion, it was noted that the actual PERS percentage increase likely would be known prior to the deadline for the submittal of the proposed departmental budgets. Therefore, the departments will be able to incorporate the actual number into their budgets. It was also noted that early indications from PERS staff point to a potential increase of about 4% for Metro. Several committee members suggested that it was more prudent to set a conservative estimate for these assumptions. The committee ultimately agreed to lower the PERS assumption from 5 to 4.5% and leave the COLA assumption at 3%.

Key Public Testimony: None.

STAFF REPORT

IN CONSIDERATION OF RESOLUTION NO. 02-3213 FOR THE PURPOSE OF FORMALIZING ASSUMPTION GUIDELINES FOR DEPARTMENTAL USE IN PREPARING THE FISCAL YEAR 2003-04 BUDGET, AND DIRECTING THE THE EXECUTIVE OFFICER AND/OR THE COUNCIL PRESIDENT TO ADVISE COUNCIL OF ANY SUBSTANTIVE CHANGES IN THE ASSUMPTIONS PRIOR TO THE SUBMISSION OF THE BUDGET TO COUNCIL FOR PUBLIC REVIEW

Date: July 24, 2002

Prepared by: Peggy Coats

BACKGROUND

The Budget and Finance Committee directed staff to prepare for its evaluation and deliberation a list of global, personal services, and department-specific budget assumptions used in the past, and proposed for fiscal year 2003-04. These materials were disseminated and reviewed by the Committee at its June 26, July 10, and July 24, 2002 meetings, resulting in a set of global and personal services assumptions which could serve as agency-wide guidelines for departmental use in preparing budgets for the coming fiscal year. Enterprise departments (REM, MERC, Zoo, and Regional Parks) discussed their department-specific assumptions in a dialogue with the Committee at its July 24, 2002 meeting.

A number of questions and concerns arose in the course of discussion, and were concluded as follows:

- Many personal services assumptions, such as cost-of-living, step increases, merit increases, and fringe benefit components, are subject to bargaining agreements for represented staff, and would best be addressed in a Council Executive Session prior to specifying long-term preferences, or entering into subsequent collective bargaining.
- Some personal services costs, including long-term disability, life insurance, accidental death insurance, dependent life insurance, employee assistance program, and Tri-Met Passport program, were deemed to be insignificant in terms of potential savings with a change in assumptions.
- Interest Rates and PERS contribution rates cannot be effectively estimated until October-November, when appropriate indicators are issued to the Finance Department. Because of this, the Budget Coordinator may require some flexibility in revising instructions to departments after the Budget Manual has been issued.
- Inflation factors for other costs are only used when historical costs are unknown; the item is not governed by a fixed or contracted cost; and the vendor in question is unable to provide a firm estimate of projected costs for forecasting purposes.

ANALYSIS/INFORMATION

1. **Known Opposition** There is no known opposition; assumptions were reviewed by and developed in conjunction with affected departments and agency personnel.
2. **Anticipated Effects** It is anticipated that the formalization of budget assumptions will aid both Council and staff in proceeding with budget preparation and approval in a concerted manner.
3. **Budget Impacts** None.

RECOMMENDED ACTION

That Council approve Resolution 02-3213.

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF FORMALIZING) RESOLUTION NO. 02-3213
BUDGET ASSUMPTION GUIDELINES FOR)
DEPARTMENTAL USE IN PREPARING THE) Introduced by Rex Burkholder, Chair
FISCAL YEAR 2003-04 BUDGET, AND) Budget/Finance Committee
DIRECTING THE THE EXECUTIVE OFFICER)
AND/OR THE COUNCIL PRESIDENT TO)
ADVISE COUNCIL OF ANY SUBSTANTIVE)
CHANGES IN THE ASSUMPTIONS PRIOR TO)
THE SUBMISSION OF THE BUDGET TO)
COUNCIL FOR PUBLIC REVIEW)

WHEREAS, The Budget and Finance Committee has deliberated upon the global budget assumptions shown in the attached exhibit to a) better understand the factors that are used in creating Metro departmental and agency assumptions; b) discuss questions, issues, or concerns related to these proposed assumptions; c) determine areas where a change in assumptions may be desirable; and d) determine areas where Council has little or no discretion in changing assumptions; and

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WHEREAS, The Budget and Finance Committee wishes to formalize these assumptions as guidelines prior to the dissemination of the Budget Preparation Manual, and, to that end, has submitted these assumptions to the Council as a whole for approval; now therefore

BE IT RESOLVED that the Metro Council approves and formalizes the budget assumptions in the attached exhibit as guidelines for departmental use in preparing the Fiscal Year 2003-04 budget, and directs the Executive Officer and/or the Council President, as appropriate, to advise the Council of any substantive changes in these assumptions prior to the submission of the budget to Council for public review.

ADOPTED by the Metro Council this ____ day of August, 2002

Carl Hosticka, Presiding Officer

APPROVED AS TO FORM:

Daniel B. Cooper, General Counsel

BUDGET ASSUMPTIONS MATRIX FOR FY 2003-04
Presentation to Budget & Finance Committee - July 10, 2002
(Results of Committee Discussion in FY 2003-04 Assumption Column)

Exhibit to Resolution 02-3213

Personal Service Assumptions

	Authority		Range of Options	Assumption FY 2002-03	Assumption FY 2003-04
	Represented	Non-Represented			
Cost of Living - Represented	Set by Bargaining Agreement	n/a	Between 2% and 4% based on CPI CPI factors vary by bargaining unit Required under agreement AFSCME based on Portland-Salem CPI-U 2nd half	3% from beginning of fiscal year	3% from beginning of fiscal year <i>Actual CPI indicator for AFSCME not known until January 2003</i>
Cost of Living - Non-represented	n/a	Allowed under Metro Code 2.02.035(d)	Based on National CPI-W (urban wage earners) from March to March Allowed but not required	3% from beginning of fiscal year	3% from beginning of fiscal year <i>Actual CPI indicator not known until late Spring 2003</i>
Step Increase	Set by Bargaining Agreement	n/a	Required under agreement. AFSCME pay scale includes 7 steps with 5% increments between steps. No other bargaining agreement has multiple year step progression.	AFSCME: 5% from date of anniversary; or 3% from beginning of fiscal year not to exceed top of range	AFSCME: 5% from date of anniversary; or 3% from beginning of fiscal year not to exceed top of range
Merit Increase	n/a	Allowed under Metro Code 2.02.060(3)(b)	Allowed but not required. Code allows for merit increases between 0% and 8% annually	5% from date of anniversary; or 3% from beginning of fiscal year not to exceed top of range	5% from date of anniversary; or 3% from beginning of fiscal year not to exceed top of range
<i>Fringe Benefit Components:</i>					
Health Insurance	Set by Bargaining Agreement	Allowed under Metro Code 2.02.110	Payment up to CAP is required under bargaining agreements. Any Metro contribution above CAP is optional. For non-represented employees payment of health & welfare costs is set by Council policy.	Assume Health & Welfare Cap in LIU 483 bargaining agreement FY 2002-03 CAP = \$535	Assume Health & Welfare Cap in AFSCME bargaining agreement FY 2003-04 CAP = \$562
PERS Retirement	Set by Bargaining Agreement	Allowed under Metro Code 2.02.110	Agency is required to pay employer rate set by PERS Board. Payment of employee contribution is set by bargaining agreement for represented employees and by Council policy for non-reps.	Currently: Employee Contribution = 6.00% Employer Contribution = 8.61% Combined Contribution = 15.13%	Estimate for 7/1/03: Employee Contribution = 6.00% Employer Contribution = 13.61% Combined Contribution = 20.43% <i>Actual rate will be known in the Fall 2002</i>
FICA	Federal Law	Federal Law	Required by law. The social security portion of FICA does not apply to Elected Officials	FICA Social Security - 6.20% FICA LTD - 1.45%	FICA Social Security - 6.20% FICA LTD - 1.45% <i>No Change Expected</i>
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Long Term Disability	Set by Bargaining Agreement	Allowed under Metro Code 2.02.110	Required under bargaining agreements. Allowed but not required for non-represented employees.	0.74% of covered payroll	0.74% of covered payroll <i>Any rate change will not be known until late Spring 2003</i>
Life Insurance	Set by Bargaining Agreement	Allowed under Metro Code 2.02.110	Required under bargaining agreements. Allowed but not required for non-represented employees.	\$0.17 per \$1,000 of annual salary (to a maximum of \$50,000) per month	\$0.17 per \$1,000 of annual salary (to a maximum of \$50,000) per month <i>Any rate change will not be known until late Spring 2003</i>

BUDGET ASSUMPTIONS MATRIX FOR FY 2003-04

Presentation to Budget & Finance Committee - July 10, 2002
 (Results of Committee Discussion in FY 2003-04 Assumption Column)

Exhibit to Resolution 02-3213

Personal Service Assumptions

	Authority		Range of Options	Assumption FY 2002-03	Assumption FY 2003-04
	Represented	Non-Represented			
Accidental Death Insurance	Set by Bargaining Agreement	Allowed under Metro Code 2.02.110	Required under bargaining agreements. Allowed but not required for non-represented employees.	\$0.03 per \$1,000 of annual salary (to a maximum of \$50,000) per month	\$0.03 per \$1,000 of annual salary (to a maximum of \$50,000) per month <i>Any rate change will not be known until late Spring 2003</i>
Dependent Life Insurance	Set by Bargaining Agreement	Allowed under Metro Code 2.02.110	Required under bargaining agreements. Allowed but not required for non-represented employees.	\$0.35 per employee per month	\$0.35 per employee per month <i>Any rate change will not be known until late Spring 2003</i>
Employee Assistance Program	Set by Bargaining Agreement	Allowed under Metro Code 2.02.110	Required under bargaining agreements. Allowed but not required for non-represented employees.	\$1.78 per employee per month	\$1.78 per employee per month <i>No change per contract</i>
Tri-Met Passport Program	Council Policy	Council Policy	Allowed but not required.	Regular Employees Only Metro Regional Center - \$151/emp Regional Parks Offsite - \$10/emp Oregon Zoo - \$115/emp	Regular Employees Only Metro Regional Center - \$170/emp Regional Parks Offsite - \$10/emp Oregon Zoo - \$115/emp <i>Received update on Regional Center cost on 6/28. Updated costs for other sites will be known by end of August 2002</i>
Worker Comp Tax	State Law	State Law	Required by Law	\$0.018 per hour worked	\$0.018 per hour worked <i>No change expected</i>

Note: The assumptions that are shaded indicate federal or state requirements in which the Council has no flexibility.

BUDGET ASSUMPTIONS MATRIX FOR FY 2003-04

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Global Assumptions

Assumption	Authority	Range of Options	Assumption FY 2002-03	Assumption FY 2003-04
Interest Rate	Based on current trends and best estimate of what might happen in the future	Recommendation developed by Metro's Investment Manager	1.5% of cash balances	Investment Manager currently recommends 2.5% based on existing yield curve.
Inflation factor for other costs	Based on current trends in CPI factors		3%	3% <i>Actual CPI indicator for Portland-Salems CPI 1st half (thru June) will be known by end of August 2002</i>
General Fund ending balance reserves	Goal of \$1 million in general undesignated reserves	Council discretion	Not less than FY 2001-02 budgeted reserves	Not less than current year budget. Apply additional excise tax over base received from solid waste revenues during FY 2001-02 to General Fund reserves.
Contingency percent	Amount that would provide a prudent reserve for unforeseen needs during the year. Amount can vary between departments based on needs	Council discretion and department's operating requirements	4% of operating expenses (usually defined as total personal services, materials & services, and capital outlay)	Continue with general guideline of 4% with variances in some departments based on volatility of functions.
Elections (i.e. - ballot measures, # of elected official races)	Based on estimated costs provided by county elections officials. Varies depending on population of Metro districts represented on the ballot and other jurisdictions' elections.	Required to be paid	Use amount estimated	Budget for reasonable estimate. <i>Primary elections for 3 Council seats</i>
Excise tax allocations to departments: Discretionary Allocations	Based on revenue estimates developed during preparation of five year operating forecasts, tied to historical funding levels	Adjust or maintain funding levels based on available revenue and Council discretion	FY 2001-02 excise tax allocations plus 3%	FY 2002-03 excise tax allocations plus 3%. <i>Five year operating forecasts are usually updated in August - September</i>
Overhead Rates for Central Service Costs	Cost allocation plan is federally approved document. Grant requirements necessitate similar/consistent application of regulations across agency regardless of level of grant receipt.	% of personal services based on the current adopted budget. Using a percentage of personal services recognizes the dynamics of programs (i.e. - increases/decreases in funding)	Used same % of personal services as in the FY 2001-02 adopted budget.	Use same % of personal services as in the FY 2002-03 adopted budget.
Excise Tax Allocation Landbanking Allocation	Council policy	Council has discretion to maintain or adjust funding level	FY 2001-02 allocation plus 3%	FY 2002-03 excise tax allocations plus 3%. <i>Five year operating forecasts are usually updated in August - September</i>
Excise Tax earned during FY 2001-02 on solid waste revenues, over base amount allowed in excise tax ordinance.	Metro Code 7.01.028(a)	Budgeting and/or expenditure of such funds shall be subject to review and approval by the Council.	None. No excess funds were received during FY 2000-01	Use any additional amount to reach \$1 million General Fund reserve goal.
Excise Tax % (non-solid waste revenues)	Rate set in Metro Code. Council policy.	Use same percent as currently adopted	7.5% of eligible revenues	7.5% of eligible revenues
CPI for excise tax on solid waste	Based on Metro Code 7.01.022	CPI All Items, Portland-Salem (All Urban Consumers) 1st Half	2.7% of prior year base solid waste excise tax.	Use actual CPI indicator known in August 2002.
Excise Tax Allocation \$1.00 per ton on solid waste	Ordinance 02-939, dedication to Regional Parks	Ordinance is effective through 6/30/04. Increased based on CPI-U Portland-Salem, 1st half	\$1.184 million	Calculate amount based on actual CPI indicator known in August 2002.
Excise Tax Allocation 1% on solid waste to Parks	Council authorization/policy based on actions taken during FY 1997-98 budget deliberations. Dedicated to Regional Parks	Council has discretion to maintain or adjust dedication of funding to Parks	1.75% of base excise tax earned on solid waste as set under Metro Code (not including the \$1.00/ton)	Calculate amount based on actual CPI indicator known in August 2002.

Note: The assumptions that are shaded indicate federal or state requirements in which the Council has no flexibility.

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Cost of Living - Represented	Set by Bargaining Agreement	n/a	Between 2% and 4% based on CPI CPI factors vary by bargaining unit Required under agreement AFSCME based on Portland-Salem CPI-U 2nd half	3% from beginning of fiscal year	3% from beginning of fiscal year <i>Actual CPI indicator for AFSCME not known until January 2003</i>
Cost of Living - Non-represented	n/a	Allowed under Metro Code 2.02.035(d)	Based on National CPI-W (urban wage earners) from March to March Allowed but not required	3% from beginning of fiscal year	3% from beginning of fiscal year <i>Actual CPI indicator not known until late Spring 2003</i>
Step Increase	Set by Bargaining Agreement	n/a	Required under agreement. AFSCME pay scale includes 7 steps with 5% increments between steps. No other bargaining agreement has multiple year step progression.	AFSCME: 5% from date of anniversary; or 3% from beginning of fiscal year not to exceed top of range	AFSCME: 5% from date of anniversary; or 3% from beginning of fiscal year not to exceed top of range
Merit Increase	n/a	Allowed under Metro Code 2.02.060(3)(b)	Allowed but not required. Code allows for merit increases between 0% and 8% annually	5% from date of anniversary; or 3% from beginning of fiscal year not to exceed top of range	5% from date of anniversary; or 3% from beginning of fiscal year not to exceed top of range
<i>Fringe Benefit Components;</i>					
Health Insurance	Set by Bargaining Agreement	Allowed under Metro Code 2.02.110	Payment up to CAP is required under bargaining agreements. Any Metro contribution above CAP is optional. For non-represented employees payment of health & welfare costs is set by Council policy.	Assume Health & Welfare Cap in LIU 483 bargaining agreement FY 2002-03 CAP = \$535	Assume Health & Welfare Cap in AFSCME bargaining agreement FY 2003-04 CAP = \$562
PERS Retirement	Set by Bargaining Agreement	Allowed under Metro Code 2.02.110	Agency is required to pay employer rate set by PERS Board. Payment of employee contribution is set by bargaining agreement for represented employees and by Council policy for non-reps.	Currently: Employee Contribution = 6.00% Employer Contribution = 8.61% Combined Contribution = 15.13%	Estimate for 7/1/03: Employee Contribution = 6.00% Employer Contribution = 13.11% Combined Contribution = 19.90% <i>Actual rate will be known in the Fall 2002</i>

BUDGET ASSUMPTIONS MATRIX FOR FY 2003-04
Presentation to Budget & Finance Committee - July 10, 2002
(Results of Committee Discussion in FY 2003-04 Assumption Column)

Personal Service Assumptions

	Authority		Range of Options	Assumption FY 2002-03	Assumption FY 2003-04
	Represented	Non-Represented			
FICA	Federal Law	Federal Law	Required by law. The social security portion of FICA does not apply to Elected Officials	FICA Social Security - 6.20% FICA LTD - 1.45%	FICA Social Security - 6.20% FICA LTD - 1.45% <i>No Change Expected</i>
Tri-Met Payroll Tax	State Law	State Law	Required by law. Rate set by Tri-Met board	0.6218% of salaries/wages	0.6218% of salaries/wages <i>No change expected</i>
Long Term Disability	Set by Bargaining Agreement	Allowed under Metro Code 2.02.110	Required under bargaining agreements. Allowed but not required for non-represented employees.	0.74% of covered payroll	0.74% of covered payroll <i>Any rate change will not be known until late Spring 2003</i>
Life Insurance	Set by Bargaining Agreement	Allowed under Metro Code 2.02.110	Required under bargaining agreements. Allowed but not required for non-represented employees.	\$0.17 per \$1,000 of annual salary (to a maximum of \$50,000) per month	\$0.17 per \$1,000 of annual salary (to a maximum of \$50,000) per month <i>Any rate change will not be known until late Spring 2003</i>
Accidental Death Insurance	Set by Bargaining Agreement	Allowed under Metro Code 2.02.110	Required under bargaining agreements. Allowed but not required for non-represented employees.	\$0.03 per \$1,000 of annual salary (to a maximum of \$50,000) per month	\$0.03 per \$1,000 of annual salary (to a maximum of \$50,000) per month <i>Any rate change will not be known until late Spring 2003</i>
Dependent Life Insurance	Set by Bargaining Agreement	Allowed under Metro Code 2.02.110	Required under bargaining agreements. Allowed but not required for non-represented employees.	\$0.35 per employee per month	\$0.35 per employee per month <i>Any rate change will not be known until late Spring 2003</i>
Employee Assistance Program	Set by Bargaining Agreement	Allowed under Metro Code 2.02.110	Required under bargaining agreements. Allowed but not required for non-represented employees.	\$1.78 per employee per month	\$1.78 per employee per month <i>No change per contract</i>
Tri-Met Passport Program	Council Policy	Council Policy	Allowed but not required.	Regular Employees Only Metro Regional Center - \$151/emp Regional Parks Offsite - \$10/emp Oregon Zoo - \$115/emp	Regular Employees Only Metro Regional Center - \$170/emp Regional Parks Offsite - \$10/emp Oregon Zoo - \$115/emp <i>Received update on Regional Center cost on 6/28. Updated costs for other sites will be known by end of August 2002</i>
Worker Comp Tax	State Law	State Law	Required by Law	\$0.018 per hour worked	\$0.018 per hour worked <i>No change expected</i>

BUDGET ASSUMPTIONS MATRIX FOR FY 2003-04
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Personal Service Assumptions

Authority		Range of Options	Assumption FY 2002-03	Assumption FY 2003-04
Represented	Non-Represented			

Note: The assumptions that are shaded indicate federal or state requirements in which the Council has no flexibility.

BUDGET ASSUMPTIONS MATRIX FOR FY 2003-04
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(Results of Committee Discussion in FY 2003-04 Assumption Column)

Global Assumptions

Assumption	Authority	Range of Options	Assumption FY 2002-03	Assumption FY 2003-04
Interest Rate	Based on current trends and best estimate of what might happen in the future	Recommendation developed by Metro's Investment Manager	1.5% of cash balances	Investment Manager currently recommends 2.5% based on existing yield curve.
Inflation factor for other costs	Based on current trends in CPI factors		3%	3% <i>Actual CPI indicator for Portland-Salems CPI 1st half (thru June) will be known by end of August 2002</i>
General Fund ending balance reserves	Goal of \$1 million in general undesignated reserves	Council discretion	Not less than FY 2001-02 budgeted reserves	Not less than current year budget.
Contingency percent	Amount that would provide a prudent reserve for unforeseen needs during the year. Amount can vary between departments based on needs	Council discretion and department's operating requirements	4% of operating expenses (usually defined as total personal services, materials & services, and capital outlay)	Continue with general guideline of 4% with variances in some departments based on volatility of functions.
Elections (i.e. - ballot measures, # of elected official races)	Based on estimated costs provided by county elections officials. Varies depending on population of Metro districts represented on the ballot and other jurisdictions' elections.	Required to be paid	Use amount estimated	Budget for reasonable estimate. <i>Primary elections for 3 Council seats</i>
Excise tax allocations to departments: Discretionary Allocations	Based on revenue estimates developed during preparation of five year operating forecasts, tied to historical funding levels	Adjust or maintain funding levels based on available revenue and Council discretion	FY 2001-02 excise tax allocations plus 3%	FY 2002-03 excise tax allocations plus 3%. <i>Five year operating forecasts are usually updated in August - September</i>
Overhead Rates for Central Service Costs	Cost allocation plan is federally approved document. Grant requirements necessitate similar/consistent application of regulations across agency regardless of level of grant receipt.	% of personal services based on the current adopted budget. Using a percentage of personal services recognizes the dynamics of programs (i.e. - increases/decreases in funding)	Used same % of personal services as in the FY 2001-02 adopted budget.	Use same % of personal services as in the FY 2002-03 adopted budget.
Excise Tax Allocation Landbanking Allocation	Council policy	Council has discretion to maintain or adjust funding level	FY 2001-02 allocation plus 3%	FY 2002-03 excise tax allocations plus 3%. <i>Five year operating forecasts are usually updated in August - September</i>

BUDGET ASSUMPTIONS MATRIX FOR FY 2003-04
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Global Assumptions

Assumption	Authority	Range of Options	Assumption FY 2002-03	Assumption FY 2003-04
Excise Tax earned during FY 2001-02 on solid waste revenues over base amount allowed in excise tax ordinance.	Metro Code 7.01.028(a)	Budgeting and/or expenditure of such funds shall be subject to review and approval by the Council.	None. No excess funds were received during FY 2000-01	Excise tax earned on solid waste revenues over base amount will be placed in a Recovery Rate Stabilization Reserve in the General Fund.
Excise Tax % (non-solid waste revenues)	Rate set in Metro Code. Council policy.	Use same percent as currently adopted	7.5% of eligible revenues	7.5% of eligible revenues
CPI for excise tax on solid waste	Based on Metro Code 7.01.022	CPI All Items, Portland-Salem (All Urban Consumers) 1st Half	2.7% of prior year base solid waste excise tax	Use actual CPI indicator known in August 2002.
Excise Tax Allocation \$1.00 per ton on solid waste	Ordinance 02-939, dedication to Regional Parks	Ordinance is effective through 6/30/04. Increased based on CPI-U Portland-Salem, 1st half	\$1.184 million	Calculate amount based on actual CPI indicator known in August 2002.
Excise Tax Allocation 1% on solid waste to Parks	Council authorization/policy based on actions taken during FY 1997-98 budget deliberations. Dedicated to Regional Parks	Council has discretion to maintain or adjust dedication of funding to Parks	11.75% of base excise tax earned on solid waste as set under Metro Code (not including the \$1.00/ton)	Calculate amount based on actual CPI indicator known in August 2002.

Note: The assumptions that are shaded indicate federal or state requirements in which the Council has no flexibility.

BUDGET ASSUMPTIONS MATRIX FOR FY 2003-04
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Department Assumptions

Assumption	Authority	Range of Options	Assumption FY 2002-03	Assumption FY 2003-04	Estimated Cost
MERC Pay for Performance					
Zoo Attendance					
Rate Increases (i.e. - admissions, parking fees, green fees)					
Solid Waste tonnage					
Contingency					
Beginning/Ending Balances					