



METRO

Agenda

MEETING: METRO COUNCIL
DATE: April 30, 2009
DAY: Thursday
TIME: 2:00 p.m.
PLACE: Metro Council Chamber

CALL TO ORDER AND ROLL CALL

1. INTRODUCTIONS

2. CITIZEN COMMUNICATIONS

3. CONSENT AGENDA

3.1 Consideration of Minutes for the April 16, 2009 Metro Council Regular Meeting.

4. ORDINANCES – FIRST READING

4.1 **Ordinance No. 09-1217**, For the Purpose of Amending Metro Code Chapter 5.02 to Establish Metro’s Solid Waste Disposal Charges and System Fees for Fiscal Year 2009-10 Bragdon

5. ORDINANCES - SECOND READING

5.1 **Ordinance No. 09-1215**, Adopting the Annual Budget For Fiscal Year 2009-10, Making Appropriations, Levying Ad Valorem Taxes, and Declaring an Emergency.

PUBLIC HEARING

6. RESOLUTIONS

6.1 **Resolution No. 09-4042**, Approving the FY 2009-10 Budget, Setting Property Tax Levies and Transmitting the Approved Budget to the Tax Supervising and Conservation Commission.

7. CHIEF OPERATING OFFICER COMMUNICATION

8. COUNCILOR COMMUNICATION

ADJOURN

Television schedule for April 30, 2009 Metro Council meeting

<p>Clackamas, Multnomah and Washington counties, and Vancouver, Wash. Channel 11 – Community Access Network www.tvctv.org – (503) 629-8534 2 p.m. Thursday, April 30 (Live)</p>	<p>Portland Channel 30 (CityNet 30) – Portland Community Media www.pcmv.org – (503) 288-1515 8:30 p.m. Sunday, May 3 2 p.m. Monday, May 4</p>
<p>Gresham Channel 30 – MCTV www.mctv.org – (503) 491-7636 2 p.m. Monday, May 4</p>	<p>Washington County Channel 30 – TVC-TV www.tvctv.org – (503) 629-8534 11 p.m. Saturday, May 2 11 p.m. Sunday, May 3 6 a.m. Tuesday, May 5 4 p.m. Wednesday, May 6</p>
<p>Oregon City, Gladstone Channel 28 – Willamette Falls Television www.wftvaccess.com – (503) 650-0275 Call or visit website for program times.</p>	<p>West Linn Channel 30 – Willamette Falls Television www.wftvaccess.com – (503) 650-0275 Call or visit website for program times.</p>

PLEASE NOTE: Show times are tentative and in some cases the entire meeting may not be shown due to length. Call or check your community access station web site to confirm program times.

Agenda items may not be considered in the exact order in which they are listed. If you have questions about the agenda, please call the Council Office at (503) 797-1540. Public hearings are held on all ordinances second read and on resolutions upon request of the public. Documents for the record must be submitted to the Council Office to be included in the decision record. Documents may be submitted by e-mail, fax, mail or in person at the Council Office. For additional information about testifying before the Metro Council, and for other public comment opportunities, please go to this section of the Metro website www.oregonmetro.gov/participate. For assistance per the American Disabilities Act (ADA), dial Metro’s TDD line (503) 797-1804 or (503) 797-1540 for the Council Office.

Agenda Item Number 3.1

Consideration of Minutes for the April 16, 2009 Metro Council Regular Meeting.

Consent Agenda

Metro Council Meeting
Thursday, April 30, 2009
Metro Council Chamber

MINUTES OF THE METRO COUNCIL MEETING

Thursday, April 16, 2009
Metro Council Chamber

Councilors Present: David Bragdon (Council President), Robert Liberty, Rex Burkholder, Rod Park, Carl Hosticka, Carlotta Collette

Councilors Absent: Kathryn Harrington (excused)

Council President Bragdon convened the Regular Council Meeting at 2:00 p.m.

1. INTRODUCTIONS

There were none.

2. CITIZEN COMMUNICATIONS

Larry Tuttle, Director Center for Environmental Equity, asked Council to consider labeling fluorescent products including compact fluorescent lights.

3. REPORT ON STATUS OF RESEARCH CENTER

Mike Hoglund, Research Center Director, provided an update on the Research Center. He went through a Powerpoint presentation (see meeting packet). He provided Research Center organizational frameworks and explained current research projects. He discussed the evolving role of the Research Center and prioritizing resources for various research projects, including different challenges.

Councilor Hosticka asked about shared research. Mr. Hoglund provided examples of research partnerships, including collaboration with the State of Oregon and Portland State University. Councilor Hosticka asked about marketing research models. Mr. Hoglund said database information was sold and generated revenue. Michael Jordan, COO, said tools were utilized. Councilor Liberty asked about differences in valuable information – including the regional indicators project. He said success was in demand from outside government and business partners for research tools and data. Councilor Park discussed challenges regarding data and defending facts against counter-arguments. He said it was important to guarantee information was solid when forecasts and assumptions were challenged.

Unrelated to the “Report on Status of Research Center” agenda item, Mr. Hoglund discussed the “Letter of commitment for SHRP@ C10...” addressed to Neil F. Hawks (see attachments). He said the letter represented a commitment for model development. Councilor Liberty asked about price and behavior driven models. Mr. Hoglund discussed competition for funds. Councilor Liberty asked about behavioral information included in pricing studies.

4. CONSENT AGENDA

4.1 Consideration of minutes of the April 2, 2009, Regular Council Meeting.

Motion:

Councilor Park moved to adopt the meeting minutes of the April 9, 2009 Regular Metro Council.

Vote:

Councilors Burkholder, Liberty, Park, Collette, Hosticka and Council President Bragdon voted in support of the motion. The vote was 6 aye, the motion passed.

5. ORDINANCES – SECOND READING (NO ACTION)

5.1 Ordinance No. 09-1215, Adopting the Annual Budget For Fiscal Year 2009-10, Making Appropriations, Levying Ad Valorem Taxes, and Declaring an Emergency.

Council President Bragdon opened a public hearing on Ordinance No. 09-1215.

Marie Phillippi, Portland, discussed voucher programs and neighborhood clean-up programs. She said events were a way to clean up and recycle items that could not be placed curbside for disposal. She discussed the importance of keeping “stuff” out of dumpsters. Councilor Liberty asked how important community building (i.e. ice cream socials) were compared to actual neighborhood clean-up events in regards to funding specifics. Councilor Collette talked about community beautification and asked Ms. Phillippi to elaborate on improving community aesthetics.

Martin Tull, FORMOS/Climate Prosperity Project, discussed the Climate Prosperity Project. He talked about successes in convening stakeholders and also meeting the needs of Chamber of Commerces and economic development stakeholders. He said he helped to build awareness by providing presentations to different business and government groups. President Bragdon asked about business associations willing to step up financially for this effort and become more fiscally involved. Mr. Tull talked about the complexities of full financial support.

Dianna Smiley, Executive Director “Stop Oregon Litter and Vandalism” (SOLV), thanked the Council for their support over the years. She asked for continued financial support of the Metro voucher program. She provided background on the program. She provided her testimony for the record.

Wayne Lei, Portland General Electric Director of Research and Development, discussed the Metro voucher program. He provided stories regarding his experience with the program and SOLV clean-ups. He said it was rare that any government agency had such an impact in mobilizing citizens for such a productive and proactive cause. He said there were cost-effective methods to continue support of SOLV and other clean-up programs.

Susan Egnor, Chair of Homestead Neighborhood Association, asked for continued funding for Metro’s voucher program for non-profit organizations. She discussed community clean-up guides and their importance as a tremendous resource. Councilor Collette asked if there was a neighborhood clean-up program to organize volunteers. Ms. Egnor said yes, and it was organized by SOLV.

Sylvia Bogert, Southwest Neighborhoods Inc., supported Metro’s disposal voucher program. She discussed connections to Metro goals and objectives. She outlined partnerships. She said without Metro vouchers, many clean-ups could not continue in their current successful capacity. Councilor Liberty asked about data on collection. Ms. Bogert said tons of materials were collected and donation materials filled trucks. Councilor Liberty asked how many vouchers were used each time. Ms. Bogert said approximately 18 vouchers.

Council President Bragdon closed the public hearing.

6. RESOLUTIONS

6.1 **Resolution No. 09-4037**, For the Purpose of Adopting the FY 2010 Unified Planning Work Program.

Motion:	Councilor Collette moved to adopt Resolution No. 09-4037.
Seconded:	Councilor Burkholder seconded the motion

Councilor Collette provided background on the Unified Planning Work Program (see meeting packet).

Vote:

Councilors Park, Burkholder, Collette, Liberty, Hosticka and Council President Bragdon voted in support of the motion. The vote was 6 aye, the motion passed.

6.2 **Resolution No. 09-4038**, For the Purpose of Certifying that the Portland Metropolitan Area is in Compliance With Federal Transportation Planning Requirements.

Motion:	Councilor Collette moved to adopt Resolution No. 09-4038.
Seconded:	Councilor Liberty seconded the motion

Vote:

Councilors Park, Burkholder, Collette, Liberty, Hosticka and Council President Bragdon voted in support of the motion. The vote was 6 aye, the motion passed.

6.3 **Resolution No. 09-4043**, For the Purpose of Amending the 2008-11 Metropolitan Transportation Improvement Program (MTIP) to Add New Projects to Receive Funding From the American Recovery and Reinvestment Act Allocated By the Oregon Transportation Commission.

Motion:	Councilor Burkholder moved to adopt Resolution No. 09-4043.
Seconded:	Councilor Park seconded the motion

Councilor Burkholder discussed specifics. Councilor Liberty discussed projects on the list and saluted members of the community who supported sidewalks. Councilor Park discussed projects that affected traffic flow.

Vote:

Councilors Park, Burkholder, Collette, Liberty, Hosticka and Council President Bragdon voted in support of the motion. The vote was 6 aye, the motion passed.

7. CONTRACT REVIEW BOARD

7.1 **Resolution No. 09-4048**, In Consideration of Resolution No. 09-4048 of the Metro Council, Acting as the Metro Contract Review Board, For the Purpose of Approving a Contract Amendment For the Repair of the St. Johns Landfill Bridge.

Paul Ehnger, Program Director, discussed structural repairs on the St. John's landfill bridge. He said bids were lower than expected and there was enough money in the budget to provide additional sealing and improvements to the bridge. He asked Council for their feedback and support. Councilor Collette asked about budget specifics. Councilor Park talked about opportunities to save. President Bragdon said the bridge crossed the Columbia Slough and was important to guarantee public health and safety.

Motion:	Councilor Burkholder moved to adopt Resolution No. 09-4048.
Seconded:	Councilor Liberty seconded the motion

Vote:

Councilors Park, Burkholder, Collette, Liberty, and Council President Bragdon voted in support of the motion. The vote was 6 aye, the motion passed.
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8. CHIEF OPERATING OFFICER COMMUNICATION

There were none.

9. COUNCILOR COMMUNICATION

Councilor Collette provided an update on Urban and Rural Reserves open houses. Councilor Hosticka informed of other open houses. Councilor Liberty discussed updates on legislation specifics. President Bragdon went over the Urban and Rural Reserves open house schedule.

10. ADJOURN

There being no further business to come before the Metro Council, Council President Bragdon adjourned the meeting at 3:45 p.m.

Prepared by



Tony Andersen
Council Operations

ATTACHMENTS TO THE PUBLIC RECORD FOR THE MEETING OF
April 16, 2009

Item	Topic	Doc. Date	Document Description	Doc. Number
4.1	Minutes	4/2/09	Minutes of the Metro Council Meeting, Thursday, April 2, 2009	041609c-1
3.0	Memo	4/9/09	To: Neil F. Hawks From: David Bragdon, Metro Council President & Carlotta Collette, JPACT Chair Re: Letter of commitment for SHRP2 C10: Partnership to Develop and Integrated, Advanced Travel Demand Model and Fine-Grained, Time-Sensitive Network Date: April 9, 2009	041609c-2
2.0	Testimony	4/16/09	To: Metro Councilors From: Laurence Tuttle Re: Compact fluorescent lights Date: April 16, 2009	041609c-3
5.1	Testimony	4/16/09	To: Metro Councilors From: Dianna Smiley, Executive Director of SOLV Re: Continued financial support of SOLV and the voucher program Date: April 16, 2009	041609c-4

Agenda Item Number 4.1

Ordinance No. 09-1217, For the Purpose of Amending Metro Code Chapter 5.02 to Establish Metro's Solid Waste Disposal Charges and System Fees for Fiscal Year 2009-10

Ordinance – First Reading

Metro Council Meeting
Thursday, April 30, 2009
Metro Council Chamber

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF AMENDING) ORDINANCE NO. 09-1217
METRO CODE CHAPTER 5.02)
TO ESTABLISH METRO'S SOLID WASTE) Introduced by David Bragdon, Council President
DISPOSAL CHARGES AND SYSTEM FEES)
FOR FISCAL YEAR 2009-10)

WHEREAS, Metro Code Chapter 5.02 establishes charges for disposal of solid waste at Metro South and Metro Central transfer stations; and,

WHEREAS, Metro Code Chapter 5.02 establishes fees assessed on solid waste generated within the District or delivered to solid waste facilities regulated by or contracting with Metro; and,

WHEREAS, Metro's costs for solid waste services and programs have changed; and

WHEREAS, pursuant to its charge under Metro Code section 2.19.170, the Solid Waste Rate Review Committee has reviewed the proposed FY 2009-10 budget for the Solid Waste Fund, rate methodology, cost allocations and rate management options; and whose recommendations have been reviewed by the Metro Council; now therefore,

THE METRO COUNCIL ORDAINS AS FOLLOWS:

Section 1. Metro Code Section 5.02.025 is amended to read:

5.02.025 Disposal Charges at Metro South & Metro Central Station

(a) The fee for disposal of solid waste at the Metro South Station and at the Metro Central Station shall consist of:

(1) The following charges for each ton of solid waste delivered for disposal:

(A) A tonnage charge of ~~\$51.6549.00~~ per ton,

(B) The Regional System Fee as provided in Section 5.02.045,

(C) An enhancement fee of \$.50 per ton, and

(D) DEQ fees totaling \$1.24 per ton;

(2) All applicable solid waste taxes as established in Metro Code Chapter 7.01, which excise taxes shall be stated separately; and

(3) The following Transaction Charge for each Solid Waste Disposal Transaction:

(A) For each Solid Waste Disposal Transaction completed at staffed scales, the Transaction Charge shall be ~~\$10.008.50~~.

(B) For each Solid Waste Disposal Transaction that is completed at the automated scales, the Transaction Charge shall be \$3.00.

(C) Notwithstanding the provisions of subsection (A), the Solid Waste Disposal Transaction Charge shall be \$3.00 in the event that a transaction that is otherwise capable of being completed at the automated scales must be completed at the staffed scales due to a physical site limitation, a limit or restriction of the computer operating system for the automated scales, or due to a malfunction of the automated scales.

(b) Notwithstanding subsection (a) of this section,

(1) There shall be a minimum solid waste disposal charge at the Metro South Station and at the Metro Central Station for loads of solid waste weighing 440 pounds or less of ~~\$2825~~, which shall consist of a minimum Tonnage Charge of ~~\$18.00+6.50~~ plus a Transaction Charge of ~~\$10.00+8.50~~ per Transaction.

(2) The Chief Operating Officer may waive collection of the Regional System Fee on solid waste that is generated outside the District, and collected by a hauler that is regulated by a local government unit, and accepted at Metro South Station or Metro Central Station.

(c) Total fees assessed in cash at the Metro South Station and at the Metro Central Station shall be rounded to the nearest whole dollar amount, with any \$0.50 charge rounded down.

(d) The Director of the Solid Waste & Recycling Department may waive disposal fees created in this section for Non-commercial Customers of the Metro Central Station and of the Metro South Station under extraordinary, emergency conditions or circumstances.

Section 2. Metro Code Section 5.02.045 is amended to read:

5.02.045 System Fees

(a) The Regional System Fee shall be ~~\$17.48+6.04~~ per ton of solid waste, prorated based on the actual weight of solid waste at issue rounded to the nearest one-hundredth of a ton.

(b) Any waste hauler or other person transporting solid waste generated, originating, or collected from inside the Metro region shall pay Regional System Fees to Metro for the disposal of such solid waste. Payment of applicable system fees to the operator of a Designated Facility shall satisfy the obligation to pay system fees, provided that, if such solid waste is transported to a Designated Facility outside of the Metro region, then such waste hauler or other person must have informed the operator of the Designated Facility that the solid waste was generated, originated or collected inside the Metro region. In any dispute regarding whether such waste hauler or other person informed such operator that the solid waste was generated, originated, or collected inside the Metro region, such waste hauler or other person shall have the burden of proving that such information was communicated.

(c) Designated Facility operators shall collect and pay to Metro the Regional System Fee for the disposal of solid waste generated, originating, collected, or disposed of within Metro boundaries, in accordance with Metro Code Section 5.01.150.

(d) When solid waste generated from within the Metro boundary is mixed in the same vehicle or container with solid waste generated from outside the Metro boundary, the load in its entirety shall be reported at the disposal site by the generator or hauler as having been generated within the Metro boundary, and the Regional System Fee shall be paid on the entire load unless the generator or hauler provides the disposal site operator with documentation regarding the total weight of the solid waste in the vehicle or container that was generated within the Metro boundary and the disposal site operator forwards such documentation to Metro, or unless Metro has agreed in writing to another method of reporting.

(e) System fees described in this Section 5.02.045 shall not apply to exemptions listed in Section 5.01.150(b) of this Code.

Section 3. Metro Code Section 5.02.047 as amended by Ordinance No. 07-1147B effective July 1, 2009 is amended to read:

5.02.047 Regional System Fee Credits

Any person delivering Cleanup Material Contaminated by Hazardous Substances that is derived from an environmental cleanup of a nonrecurring event, and delivered to any Solid Waste System Facility authorized to accept such substances shall be allowed a credit in the amount of \$~~14,9813.54~~ against the Regional System Fee otherwise due under Section 5.02.045(a) of this Chapter.

Section 4. Effective Date

Pursuant to Metro Code section 7.01.020(e)(1), the provisions of this ordinance shall become effective on August 6, 2009, or 90 days after adoption by Metro Council, whichever is later.

ADOPTED by the Metro Council this _____ day of _____, 2009.

David Bragdon, Council President

ATTEST:

Approved as to Form:

Anthony Andersen, Recording Secretary

Daniel B. Cooper, Metro Attorney

STAFF REPORT

IN CONSIDERATION OF ORDINANCE NO. 09-1217 FOR THE PURPOSE OF AMENDING METRO CODE CHAPTER 5.02 TO ESTABLISH METRO'S SOLID WASTE DISPOSAL CHARGES AND SYSTEM FEES FOR FISCAL YEAR 2009-10

Date: April 30, 2009

Prepared by: Douglas Anderson

EXECUTIVE SUMMARY

Adoption of the FY 2009-10 Solid Waste Rate Ordinance would implement the rates shown in **boldface** in the following table. As a result, on August 6, 2009, the Metro tip fee would rise by \$4.95 per ton to \$80.70 and the Regional System Fee collected from privately-owned disposal sites would rise by \$1.44 to \$17.48 per ton.

Certain rate reduction options are built into the rates. Absent these reductions, the tip fee would increase \$10.67. The options are described at length in this staff report. The Council may implement or modify some, none or all of the reduction options. Modifications will require that the Rate Ordinance be amended.

**Table 1. Solid Waste Disposal Charges
Effective August 6, 2009 through August 31, 2010**

Solid Waste Rates	Current Rates	This Ordinance	Change
Transaction Fees			
Staffed scales	\$8.50	\$10.00	\$1.50
Automated scales	\$3.00	\$3.00	- 0 -
Per-ton rates:			
Tonnage charge	\$49.00	\$51.65	\$2.65
Regional System Fee	\$16.04	\$17.48	\$1.44
Excise tax	\$8.97	\$9.83	\$0.86
DEQ & host fees	\$1.74	\$1.74	- 0 -
Metro Tip Fee	\$75.75	\$80.70	\$4.95
Minimum load charge	\$25	\$28	- 0 -

Note

Boldface type indicates the rates that are amended by this ordinance.

These rates reflect a mild departure from Metro's history of recovering the full solid waste operating budget from rate revenue. The purpose of the departure this year is to implement a smooth rate path in the near term, meeting the Metro Council's adopted rate criterion that "rate adjustments be predictable and orderly." A full explanation is provided in this staff report.

These rates reflect most, but not all, of the recommendations of the Rate Review Committee. The reasons for the departure from the committee's recommendations are set forth at length in this staff report.

BACKGROUND

The Rate Environment in 2009

A number of features distinguish Metro's rate-making environment this year. Among those with the greatest impact:

- Retirement of the solid waste revenue bonds eliminated over \$2.3 million of debt service costs as well as a number of constraints in the form of bond covenants.
- A new long-term waste transport contract that will take effect January 1, 2010.
- The sharpest and deepest economic downturn since the early 1980s when the Portland region experienced net out-migration for the first time since World War II.
- Related to the point above, the most significant and rapid reduction in tonnage since the closure of St. Johns landfill in the early 1990s.

Within this environment, the Chief Operating Officer's proposed budget included almost \$1 million of reductions to solid waste programs and personnel costs.

Full-Cost Recovery Rates

Metro's solid waste rate model estimates the solid waste rates that are needed to recover the full cost of the Solid Waste Fund operating budget. The model establishes rates for Metro's disposal functions based on the "user pays" principle and establishes the rates that recover program costs on the "beneficiary pays" principle. The rates meet the requirements of state law on the use of solid waste rate revenue, the Metro Charter and Metro's financial and capital asset management policies and overall, follow sound rate-making methodology. Since the bonds have been defeased, bond covenants no longer constrain decision making, although many of the covenants are also reflected in the financial policies.

Under the full-cost recovery rate model, the FY 2009-10 tip fee would need to be \$10.67 (14 percent) higher than the current rate. The staffed transaction fee would rise \$1.76 (21 percent) and the Regional System Fee by \$2.98 (19 percent). (In addition, although not part of this ordinance, the Metro excise tax will rise by \$0.86, or 9.6 percent.)

Rate Reduction Options

These increases are larger than any that Metro has faced in the last two decades. The current economic environment has exacerbated their effect for several of Metro's stakeholders — local governments that set curbside collection rates, in particular.

Metro's adopted solid waste rate policies seek to ensure "predictable and orderly rate adjustments" when possible. About half of the potential increases for FY 2009-10 result solely from the decline in tonnage. In the next year Metro will realize a \$0.93 per ton reduction in its disposal costs, the result of a previously negotiated change with its landfill contractor. These conditions suggest that the sharp increases for FY 2009-10 may be a short-term spike and warrant consideration of special measures to manage the rates on a smooth path through these rocky times.

In response to the adopted rate criteria and the conditions described above, staff prepared a number of one-time rate reduction options for consideration during the rate setting process. If implemented, these options would cut the FY 2009-10 increases by more than half. The rates shown in the Executive Summary and the Rate Ordinance reflect implementation of these reduction options.

The options fall into four conceptual categories:

- **Revenue enhancement.** Alternative sources of revenue reduce the need for revenue from the tip fee.
- **Cost reductions.** Reducing the budget reduces the need for revenue.
- **Use of uncommitted Solid Waste Fund balance:**
 - To backfill budget appropriations. Uses fund balance rather than rate revenue when an appropriation is required by contract or business practice, but with a low likelihood of expenditure.
 - Instead of rate revenue. Substitutes fund balance for rate revenue. This option is appropriate for one-time or limited duration expenditures, but not for ongoing expenses.

Staff identified rate reduction options based on the following objectives and criteria:

- Provide material ratepayer relief while maintaining fiscally prudent management practices.
- Do not constrain the ability to perform mission-critical or priority work.
- Do not foreclose future opportunities.

In addition, each option had to pass a key screening criterion: is the option “pay-as-you-go,” or if not, is it a one-time or limited duration event?

The resulting options are:

Enhance Revenue: Options

- Recognize minimum load revenue
The higher minimum load threshold was implemented this year to continue toward right-pricing of self-haul and to provide an economic incentive to consolidate loads. Because there has been little load consolidation, Metro has realized higher net revenue due to capture of more loads weighing less than the threshold. For FY2009-10 the expected overage is \$570,000. Explicit recognition as program revenue provides an offset to the tip fee.
- Move effective date to August 1
The two-month delay between the start of the fiscal year and the effective rate date produces a revenue gap that is recovered over the last ten months of the year. Moving the effective date one month earlier reduces this revenue gap and can be implemented timely. The additional revenue for August 2009 is projected to be \$241,000. There is not sufficient time to implement rates to cover the two month gap.

Reduce Costs: Options

The Chief Operating Officer’s proposed budget includes over \$976,000 of program and personnel reductions. Documentation of these reductions has been provided with the budget materials.

Backfill Revenue Appropriations: Options

- Recovery bonus
By contract, Metro must appropriate funds to cover recovery bonuses for its station operator. It is unlikely these bonuses will be paid. Under this option, fund balance would be appropriated (rather than rate revenue) as the source of funds—and expended only if the bonus is earned.
- Recover expected expenditures
With defeasance of the bonds Metro is now freer to set rates to recover expected expenditures, rather than budgeted expenditures. There are two ways to implement this option: appropriate fund balance to

cover the difference between expected and budgeted expenditures, or reduce the budget to expected expenditures. Because the underexpenditure rate is projected at a categorical level rather than by a position or line item level, and considering the nearly \$1 million line item reductions made in the proposed budget, the Chief Operating Officer recommends the backfill option.

Use Fund Balance Instead of Rate Revenue

- Cover selected interim transport costs
 Cover selected costs of the interim transport contract from uncommitted fund balance. Variations on this option include paying all fixed costs of the interim contract, or only the fixed costs that exceed those in the old contract; and to cover expenses for two months, until the new rates take effect, or until January 1, 2010, when the new contract was originally scheduled to take effect. The rate impact ranges from \$0.16 to \$0.74 for these options. The option that staff implemented for the Rate Ordinance covers all fixed costs of the interim contract during July and August (about \$102,000), having a rate impact of \$0.25.
- Cover July revenue gap
 The two-month delay between the start of the fiscal year and the effective rate date produces a revenue gap that is recovered over the last ten months. It is not possible to move the effective date to July 1 this year, but the revenue gap can be covered from uncommitted fund balance.
- Fund Renewal and Replacement deposit
 Make the annual contribution to the Renewal and Replacement sinking fund from uncommitted fund balance rather than rate revenue.

The individual and total effect of all rate options is shown in the following table. Taken together, staff’s recommended options reduce the revenues required from rates by \$4,200,000, thereby shrinking the potential tip fee increase by \$5.72 per ton:

Enhance revenue	\$811,000
Cost Reductions:	\$976,000
Backfill appropriations	\$1,325,000
<u>“Instead of”</u>	<u>\$1,088,000</u>
Total	\$4,200,000

Table 2. Rate Reduction Options and Derivation of Proposed FY 2009-10 Rates

	Staffed Trn.Fee	Tip Fee			Total
		Ton.Chg	RSF	Other*	
Current Rates	\$8.50	\$49.00	\$16.04	\$10.71	\$75.75
Full-Cost FY 2009-10 Rates	\$10.26 **	\$55.83	\$19.02	\$11.57	\$86.42
Change	\$1.76	\$6.83	\$2.98	\$0.86	\$10.67
Rate Reduction Options					
Enhance Revenue					
Minimum Load Revenue	-	(\$1.38)	-	-	(\$1.38)
Move Effective Date to August 1	(\$0.17)	(\$0.32)	(\$0.18)	-	(\$0.50)
Subtotal	(\$0.17)	(\$1.70)	(\$0.18)	-	(\$1.88)
Reduce Costs					
<i>Included in full-cost rates above</i>	-	-	-	-	-
Use Fund Balance to Backfill Appropriation					
Recovery Bonus	-	(\$0.24)	-	-	(\$0.24)
Recover Expected Expenditure	(\$0.24)	(\$0.05)	(\$1.22)	-	(\$1.27)
Subtotal	(\$0.24)	(\$0.29)	(\$1.22)	-	(\$1.51)
Use Fund Balance Instead of Rate Revenue					
Interim trucking contract	-	(\$0.25)	-	-	(\$0.25)
Cover July revenue gap	(\$0.13)	(\$0.26)	(\$0.14)	-	(\$0.40)
Renewal & Replacement deposit	-	(\$1.68)	-	-	(\$1.68)
Subtotal	(\$0.13)	(\$2.19)	(\$0.14)	-	(\$2.33)
Grand Total	(\$0.54)	(\$4.18)	(\$1.54)	-	(\$5.72)
Rates with Reduction Options	\$9.72 **	\$51.65	\$17.48	\$11.57	\$80.70
<i>Change from current rates</i>	<i>\$1.22</i>	<i>\$2.65</i>	<i>\$1.44</i>	<i>\$0.86</i>	<i>\$4.95</i>

* Metro excise tax, DEQ fees and the host fee.

** Transaction fees are rounded up to the nearest 50¢, in this case, to \$10.

The Metro Council has the option of implementing or modifying some, none or all of these options. The Rate Ordinance reflects implementation of all eight as summarized above. If the Council decides to eliminate or change any of these options, the Rate Ordinance must be amended.

A Note on the Uncommitted Solid Waste Fund Balance

The beginning FY 2009-10 solid waste fund balance is currently projected to have \$4.4 million in uncommitted resources above the targeted and fully funded reserve accounts. The “Backfill” options above would require appropriation of \$1.325 million of these dollars (but with low likelihood of actual expenditure). The “Instead of” options above would require appropriation of \$1.088 million of these dollars with near-certainty they will be spent.

The Work of the Rate Review Committee

This year, the Rate Review Committee focused on the options presented above. The committee worked through each option individually, and as a group. The committee’s recommendations were made by motion and vote on each option.

The Rate Review Committee recommended that the Metro Council adopt all of the rate reduction options as presented above, *with two exceptions*, both involving the use of uncommitted fund balance in lieu of rate revenue:

- Covering the July revenue gap
- Renewal and Replacement deposit

In both cases, the committee recommended that Council move forward on the option, but recommended a different method of implementing it. The difference affects the rates and the uses of fund balance.

An extended discussion of the differences, the effect on the rates and the uses of fund balance, the Chief Operating Officer’s recommendations, and the Council’s options follow in the next two sections.

The July Revenue Gap

Background

A revenue gap arises in July 2009 from the fact that Metro’s new costs commence with the beginning of the fiscal year, but the new rates do not take effect until September 1. In most years when the rate changes are minimal, the two-month difference in revenue is negligible. However, for FY 2009-10, when the difference between the full-cost tip fees is almost \$11 per ton, the two month delay translates to a revenue gap exceeding \$1 million. Under a full-cost recovery system, this revenue must be made up in the last ten months of the year.

This gap can be narrowed by implementation of other rate reduction options. If Council implements all of the reduction options identified by staff, the two-month revenue gap would be cut about in half. The following analysis is based on implementation of all other options identified in this report as set forth in Table 2.

Staff’s Recommendation

Staff recommended that uncommitted Solid Waste Fund balance be used to cover the revenue gap in July. In staff’s implementation, the fund balance would be allocated across each rate component according to the amount of revenue shortfall. For example, the Regional System Fee shortfall is projected to be \$147,000 in July. Covering that amount from the fund balance would result in a \$0.14 reduction from the full-cost Regional System Fee. Table 3 shows the potential reduction in each rate if the fund balance is used to cover the July shortfall.

Table 3. July 2009 Revenue Shortfalls & Rate Effects: Staff’s Implementation

	Transaction Fee	Tonnage Charge	Regional System Fee	Tip Fee	Total July Shortfall
Revenue shortfall	\$26,600	\$117,400	\$147,000	\$264,400	\$291,000
Rate effect	\$0.13	\$0.26	\$0.14	\$0.40	----

The Rate Review Committee’s Recommendation

The Rate Review Committee agreed with the use of uncommitted fund balance to make up the revenue gap, but differed on which rates should be reduced. Specifically, the committee recommended that the funds be used to offset the Regional System Fee only, rather than all rate components as shown in Table 3.

If all \$291,000 is used against the Regional System Fee, the total reduction would be \$0.32 on the tip fee and no reduction of the Transaction Fee. The difference stems from the fact that the \$291,000 is spread over all regional tonnage. The committee’s recommendation is quantified in Table 4.

Table 4. July 2009 Revenue Shortfalls & Rate Effects: Rate Review Committee’s Implementation

	Transaction Fee	Tonnage Charge	Regional System Fee	Tip Fee	Total July Shortfall
Revenue shortfall	- 0 -	- 0 -	\$291,000	\$291,000	\$291,000
Rate effect	- 0 -	- 0 -	\$0.32	\$0.32	----

Basis of the Committee’s Recommendation

The committee’s recommendation is based two premises:

- o The region “owns” the uncommitted Solid Waste Fund balance; and therefore,
- o Use of the uncommitted balance should provide rate relief to the greatest number of rate payers.

Following is an explanation of the committee’s thinking.

Sources and Uses of Uncommitted Fund Balance: the Rate Review Committee Position. The uncommitted Solid Waste Fund balance has not been raised for specific purposes, but rather has accumulated over several years from many sources: efficiency improvements that have reduced costs, underspending on programs, extra transaction revenue when traffic at Metro stations surged, interest earnings that exceeded budget estimates, unanticipated fines and forfeitures, and so forth. However, it is not possible to quantify exactly how much each source has contributed to the fund balance. Therefore, the committee argued, the fund balance should be viewed as a regional resource, “owned” by the public. If Metro were to use this fund balance to reduce rates, the committee argued further, then it should be used where it provides the broadest benefit. Because the Regional System Fee is levied against all disposal from the region, the committee concluded that rate relief would reach the greatest number of rate payers if it offset the Regional System Fee.

For these reasons, the committee supported covering the July revenue gap with uncommitted fund balance, but disagreed with reducing all rate components.

Summary and Conclusion

The Chief Operating Officer stands by his original recommendation to reduce each rate component, as shown in Table 3. This recommendation is based on choosing options that provide the greatest ratepayer relief while maintaining fiscally prudent management practices. In addition, the rate model is based on a distribution of costs by function, a principle that staff recommends be followed in assigning any reductions.

In monetary terms the difference between the two recommendations is small — \$0.08 on the tip fee according to Tables 3 and 4, which translates to less than a penny per month on the residential curbside rate. Therefore, the tradeoff is more about principles than dollars: does the Council want to realize the higher rate reduction or extend a lower reduction to a broader set of ratepayers?

The Chief Operating Officer recognizes that the Council has not established any policies that would guide decisions on the use of uncommitted fund balances based on the distribution of benefits, as the Rate Review Committee has suggested for this option. Bond covenants have precluded this discussion in prior years. Accordingly, the Council may choose to begin that discussion with the decision on this year’s rates, or direct staff to begin that discussion in a more general context at a later date.

However, before the Council makes its decision on the “July” option, it is encouraged to consider it together with the following “Renewal and Replacement” option. For that option, the Council will find that the Rate Review Committee has based its recommendation largely on the same premises as articulated above, but with different effects on the rate, fund balance, and financial policies.

If the Council agrees to implement the Rate Review Committee’s recommendation, the Rate Ordinance must be amended from the proposed version.

The Renewal and Replacement Deposit

Background

Each year Metro makes a deposit into its sinking fund for renewal and replacement of solid waste capital assets. Historically (and as a requirement of the bond covenants), this deposit was made from rate revenue. Maintaining a fully-funded capital renewal account is good business practice and fulfills Metro’s adopted Financial and Capital Asset Management policies.

Staff’s Recommendation

Staff recommended that this year’s deposit into the Renewal and Replacement Account be made from the uncommitted Solid Waste Fund balance rather than rate revenue. Because the whole deposit is normally recovered from the Tonnage Charge at Metro transfer stations, the Tonnage Charge would be the only rate affected in staff’s implementation. The reduction would be \$1.68 from the full-cost recovery rate.

The Rate Review Committee’s Recommendation

The committee recommended that Metro skip this year’s deposit. The rate effect of this recommendation would be the same \$1.68 on the Tonnage Charge. However, the amount of the scheduled deposit, \$694,700, would remain in the uncommitted fund balance.

The committee’s recommendation is based two premises:

- Low risk relative to the result, and
- Equity.

Following is an explanation of the committee’s thinking.

Low Risk. The Renewal and Replacement Account is fully funded for the FY 2009-10 capital demands. One payment, skipped now, can be made up with higher payments later when economic conditions are more favorable. Therefore there is low financial risk to the capital account from foregoing one payment at this time. The rate effect, however, is relatively high: \$1.68 reduction from the tip fee.

Equity. Metro recovers its capital costs from Metro transfer station customers only. The committee agrees this is appropriate, as the users who cause the capital to depreciate are paying for its upkeep. However, the committee argues that paying for Metro’s capital costs from the uncommitted fund balance constitutes an unfair subsidy, based on the same position it took toward the uncommitted fund balance under the “July Revenue Gap” option: the region “owns” these resources and they should be used on programs and projects with a broad regional benefit.

During discussion on the motion to skip the deposit, the committee, made aware of Metro’s financial policies, appeared to have consensus on a contingent recommendation: if the Metro Council chooses to make the renewal and replacement deposit from the uncommitted balance, then the entire rate effect

should be taken against the Regional System Fee, consistent with the recommendation for the “July” option, to ensure that any rate reduction is shared most widely among ratepayers.

A comparison among all three implementation options is shown in Table 5. The committee’s contingent recommendation has a large impact, adding \$0.94 back onto the tip fee.

Table 5. Effects of the Renewal and Replacement Options

Recommendation	Transaction Fee	Tonnage Charge	Regional System Fee	Tip Fee	FY 2009-10 Draw on Fund
Staff	- 0 -	\$1.68	- 0 -	\$1.68	\$694,700
RRC—“Skip”	- 0 -	\$1.68	- 0 -	\$1.68	- 0 -
RRC—contingent	- 0 -	- 0 -	\$0.74	\$0.74	\$694,700
<i>Difference between recommendations</i>				<i>(\$0.94)</i>	<i>\$694,700</i>

Summary and Conclusion

The Chief Operating Officer stands by his original recommendation to make the renewal and replacement deposit from the uncommitted Solid Waste Fund balance. This recommendation is based on the Council’s adopted financial and capital asset management policies, and the Council’s budget direction to follow those policies. The Rate Ordinance reflects this recommendation.

The Chief Operating Officer recognizes that the Council has not established any policies that would guide decisions on the use of uncommitted fund balances based on equity or the distribution of benefits, as the Rate Review Committee has suggested for this option. In fact, Metro’s only policy on uncommitted balances comes in the form of a guideline within Capital Asset Management Policy No. 8: “Fund Balances above established reserve requirements may be used for one-time expenditures such as capital equipment or financing of capital improvements.” Accordingly, the Council may choose to begin that discussion with the decision on this year’s rates, or direct staff to begin that discussion in a more general context at a later date.

If the Council agrees to implement the Rate Review Committee’s contingent recommendation, the Rate Ordinance must be amended from the proposed version. If the Council agrees to implement the committee’s “Skip” recommendation, no changes to the Rate Ordinance are needed the account balances will be handled within the budget.

INFORMATION/ANALYSIS

- 1. Known Opposition.** Subject to the disclaimer that the Rate Ordinance implements staff’s original recommendation, and not that of the Rate Review Committee on two of the rate reduction options, there is no known opposition.
- 2. Legal Antecedents.** Metro’s solid waste rates are set in Metro Code Chapter 5.02. Any change in these rates requires an ordinance amending Chapter 5.02. Metro reviews solid waste rates annually, and has amended Chapter 5.02 when changes are warranted.
- 3. Anticipated Effects:** If adopted, this ordinance would raise the tip fee, staffed transaction fee, Regional System Fee and minimum load charge by the amounts indicated in Table 1.

The average effect on the residential customer’s curbside collection bill would be \$0.31 per month.

Owners of private solid waste facilities will pay an additional \$1.44 in Regional System Fee (and, unrelated to this ordinance, an additional \$0.86 in Metro excise tax) on solid waste delivered to a

landfill for disposal — a total of \$2.30 more in Metro fees and taxes. However, insofar as many private facility operators use the Metro tip fee as a price marker, these same facilities would be able to consider tip fee increases similar to the \$4.95 increase in the Metro rates. A facility that exactly matches Metro’s price increases will have the \$2.65 difference (\$4.95 tip fee increase minus the \$2.30 higher system fee and excise tax) to cover cost increases in its own operations. As cost structures vary from facility to facility, no general statement can be made about the adequacy or inadequacy of this number for covering increases in private facility operating costs.

- 4. Budget Impacts.** This ordinance implicitly affects the sources of funds for FY 2009-10 Solid Waste Fund expenditures and will require adjustments between enterprise revenue and fund balance appropriations as follows:

Additional enterprise revenue	\$811,000
Reduction of unappropriated fund balance:	
Backfill appropriations	\$1,325,000
<u>“Instead of”</u>	<u>\$1,088,000</u>
Change in appropriated fund balance	\$2,413,000

These changes can be made after the budget has been reviewed by the Tax Supervising and Conservation Commission, but before the budget is approved.

RECOMMENDATION

The Chief Operating Officer recommends adoption of Ordinance No. 09-1217.

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Agenda Item Number 5.1

Ordinance No. 09-1215, Adopting the Annual Budget For Fiscal Year 2009-10,
Making Appropriations, Levying Ad Valorem Taxes, and Declaring an
Emergency.

Ordinance – Second Reading

Metro Council Meeting
Thursday, April 30, 2009
Metro Council Chamber

BEFORE THE METRO COUNCIL

ADOPTING THE ANNUAL BUDGET FOR) ORDINANCE NO. 09-1215
FISCAL YEAR 2009-10, MAKING)
APPROPRIATIONS, LEVYING AD VALOREM) Introduced by Michael Jordan, Chief
TAXES, AND DECLARING AN EMERGENCY) Operating Officer, with the concurrence of
) Council President David Bragdon

WHEREAS, the Multnomah County Tax Supervising and Conservation Commission held its public hearing on the annual Metro budget for the fiscal year beginning July 1, 2009, and ending June 30, 2010; and

WHEREAS, recommendations from the Multnomah County Tax Supervising and Conservation Commission have been received by Metro (attached as Exhibit A and made a part of the Ordinance) and considered; now, therefore,

THE METRO COUNCIL ORDAINS AS FOLLOWS:

1. The "Fiscal Year 2009-10 Metro Budget," in the total amount of FOUR HUNDRED FIFTY SEVEN MILLION SIX THOUSAND THREE HUNDRED FIFTY TWO DOLLARS (\$457,006,352), attached hereto as Exhibit B, and the Schedule of Appropriations, attached hereto as Exhibit C, are hereby adopted.

2. The Metro Council does hereby levy ad valorem taxes, as provided in the budget adopted by Section 1 of this Ordinance, at the rate of \$0.0966 per ONE THOUSAND DOLLARS (\$1,000) of assessed value for operations and in the amount of FORTY ONE MILLION TWO HUNDRED EIGHTY SIX THOUSAND ELEVEN DOLLARS (\$41,286,011) for general obligation bond debt, said taxes to be levied upon taxable properties within the Metro District for the fiscal year 2009-10. The following allocation and categorization subject to the limits of Section 11b, Article XI of the Oregon Constitution constitute the above aggregate levy.

SUMMARY OF AD VALOREM TAX LEVY

Table with 3 columns: Description, Subject to the General Government Limitation, and Excluded from the Limitation. Rows include Operating Tax Rate Levy and General Obligation Bond Levy.

3. In accordance with Section 2.02.040 of the Metro Code, the Metro Council hereby authorizes positions and expenditures in accordance with the Annual Budget adopted by Section 1 of this Ordinance, and hereby appropriates funds for the fiscal year beginning July 1, 2009, from the funds and for the purposes listed in the Schedule of Appropriations, Exhibit C.

4. The Smith and Bybee Lakes Fund is hereby renamed the Smith and Bybee Wetlands Fund. The purpose of the fund remains the same.

5. The Chief Operating Officer shall make the filings as required by ORS 294.555 and ORS 310.060, or as requested by the Assessor's Office of Clackamas, Multnomah, and Washington Counties.

6. This Ordinance being necessary for the health, safety, or welfare of the Metro area, for the reason that the new fiscal year begins July 1, 2009, and Oregon Budget Law requires the adoption of a budget prior to the beginning of the fiscal year, an emergency is declared to exist and the Ordinance takes effect upon passage.

ADOPTED by the Metro Council on this 18th day of June 2009.

David Bragdon, Council President

ATTEST:

Approved as to Form:

Anthony Andersen, Recording Secretary

Daniel B. Cooper, Metro Attorney

STAFF REPORT

CONSIDERATION OF ORDINANCE NO. 09-1215 ADOPTING THE ANNUAL BUDGET FOR FISCAL YEAR 2009-10, MAKING APPROPRIATIONS AND LEVYING AD VALOREM TAXES, AND DECLARING AN EMERGENCY

Date: April 2, 2009

Presented by: Michael Jordan
Chief Operating Officer

BACKGROUND

I am forwarding to the Metro Council for consideration and approval my proposed budget for fiscal year 2009-10.

Metro Council action, through Ordinance No. 09-1215 is the final step in the process for the adoption of Metro's operating financial plan for the forthcoming fiscal year. Final action by the Metro Council to adopt this plan must be completed by June 30, 2009.

Once the budget plan for fiscal year 2009-10 is approved by the Metro Council, the number of funds and their total dollar amount and the maximum tax levy cannot be amended without review and certification by the Tax Supervising and Conservation Commission. Adjustments, if any, by the Metro Council to increase the level of expenditures in a fund are limited to no more than 10 percent of the total value of any fund's expenditures in the period between Metro Council approval in early May 2009 and adoption in June 2009.

Exhibit A to this Ordinance will be available subsequent to the Tax Supervising and Conservation Commission hearing June 4, 2009. Exhibits B and C of the Ordinance will be available at the public hearing on April 2, 2009.

ANALYSIS/INFORMATION

1. **Known Opposition** – Metro Council hearings will be held on the Proposed Budget during the month of April 2009. Opportunities for public comments will be provided. Opposition to any portion of the budget will be identified during that time.
2. **Legal Antecedents** – The preparation, review and adoption of Metro's annual budget is subject to the requirements of Oregon Budget Law, ORS Chapter 294. Oregon Revised Statutes 294.635 requires that Metro prepare and submit its approved budget to the Tax Supervising and Conservation Commission by May 15, 2009. The Commission will conduct a hearing on June 4, 2009 for the purpose of receiving information from the public regarding the Metro Council's approved budget. Following the hearing, the Commission will certify the budget to the Metro Council for adoption and may provide recommendations to the Metro Council regarding any aspect of the budget.
3. **Anticipated Effects** – Adoption of this ordinance will put into effect the annual FY 2009-10 budget, effective July 1, 2009.
4. **Budget Impacts** – The total amount of the proposed FY 2009-10 annual budget is \$457,006,352 and 757.13 FTE.

RECOMMENDED ACTION

The Chief Operating Officer recommends adoption of Ordinance No. 19-1215

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Agenda Item Number 6.1

Resolution No. 09-4042, Approving the FY 2009-10 Budget, Setting Property Tax Levies and Transmitting the Approved Budget to the Tax Supervising and Conservation Commission.

Metro Council Meeting
Thursday, April 30, 2009
Metro Council Chamber

BEFORE THE METRO COUNCIL

APPROVING THE FY 2009-10 BUDGET, SETTING)
PROPERTY TAX LEVIES AND TRANSMITTING)
THE APPROVED BUDGET TO THE MULTNOMAH)
COUNTY TAX SUPERVISING AND)
CONSERVATION COMMISSION)

RESOLUTION NO 09-4042

Introduced by
David Bragdon, Council President

WHEREAS, the Metro Council, convened as the Budget Committee, has reviewed the FY 2009-10 Proposed Budget; and

WHEREAS, the Council, convened as the Budget Committee, has conducted a public hearing on the FY 2009-10 Proposed Budget; and

WHEREAS, pursuant to Oregon Budget Law, the Council, convened as the Budget Committee, must approve the FY 2009-10 Budget, and said approved budget must be transmitted to the Multnomah County Tax Supervising and Conservation Commission for public hearing and review; now, therefore,

BE IT RESOLVED,

1. That the Proposed FY 2009-10 Budget as amended by the Metro Council, convened as the Budget Committee, which is on file at the Metro offices, is hereby approved.
2. That property tax levies for FY 2009-10 are approved as follows:

SUMMARY OF AD VALOREM TAX LEVY

	Subject to the General Government <u>Limitation</u>	Excluded from <u>the Limitation</u>
Permanent Tax Rate	\$0.0966/\$1,000	
General Obligation Bond Levy		\$41,474,309

3. That the Chief Operating Officer is hereby directed to submit the Approved FY 2009-10 Budget and Appropriations Schedule to the Multnomah County Tax Supervising and Conservation Commission for public hearing and review.

ADOPTED by the Metro Council this 30th day of April, 2009.

David Bragdon, Council President

APPROVED AS TO FORM:

Daniel B. Cooper, Metro Attorney

STAFF REPORT

CONSIDERATION OF RESOLUTION NO. 09-4042 APPROVING THE FY 2009-10 BUDGET, SETTING PROPERTY TAX LEVIES AND TRANSMITTING THE APPROVED BUDGET TO THE MULTNOMAH COUNTY TAX SUPERVISING AND CONSERVATION COMMISSION

Date: April 30, 2009

Presented by: David Bragdon
Council President

BACKGROUND

On April 2, 2009, the Chief Operating Officer presented FY 2009-10 Proposed Budget to the Metro Council sitting as Budget Committee.

During the month of April a series of public work sessions and public hearings on the budget were held. The Council discussed budget issues with senior management and staff and received testimony from interested members of the general public and Metro stakeholders. Amendments to the Proposed Budget were developed, discussed and deliberated by the Council. Those amendments approved by the Council are included in the Approved Budget.

The action taken by this resolution is the interim step between initial proposal of the budget and final adoption of the budget in June. Oregon Budget Law requires that Metro approve and transmit its budget to the Multnomah County Tax Supervising and Conservation Commission (TSCC). Members of the TSCC are appointed by the Governor to supervise local government budgeting and taxing activities in Multnomah County. The TSCC will hold a public hearing on Metro's budget scheduled for Thursday, June 4, 2009 at 12:30 p.m. in the Metro Council Chamber Annex. Following the meeting, the TSCC will provide a letter of certification for Metro's budget at which time the Council will formally adopted the final budget for FY 2009-10. The adoption of the budget is currently scheduled for Thursday, June 25, 2009.

Oregon Budget Law requires the Budget Committee of each local jurisdiction to set the property tax levies for the ensuing year at the time the budget is approved. Under budget law the Metro Council sits as the Budget Committee for this action. The tax levies must be summarized in the resolution that approves the budget and cannot be increased beyond this amount following approval.

The FY 2009-10 general obligation bond property tax levy for the Proposed Budget was initially estimated using actual data through December 2008. It compared the first six months of FY 2008-09 with actual revenue receipts both at six months and year-end dating back to 1999. Based on this information the levy estimate for next year was calculated assuming a 94.5 percent collection rate in the current fiscal year and a 94.0 percent collection rate next fiscal year. The collection estimate for next year is consistent with the recommendation from the Tax Supervising and Conservation Commission. However, in the third quarter of FY 2008-09, property tax collections have tapered off considerably from initial estimates, which were based on a ten-year historical trend. We feel it is now prudent to reduce the current fiscal year collection rate from 94.5 percent to 94.0 percent, consistent with next year's collection rate. This change has the impact of reducing the beginning fund balance by \$177,000 and increasing current year property taxes to be received by \$177,000. Taking the collection rate into consideration the actual property tax levy for FY 2009-10 increases by \$188,300.

A request will be presented to the Council during the month of April to amend the FY 2009-10 budget to reflect this change. This resolution assumes that amendment is approved by the Council and reflects the revised levy amount for the general obligation bond debt service.

ANALYSIS/INFORMATION

1. **Known Opposition** – None known at this time.
2. **Legal Antecedents** – The preparation, review and adoption of Metro’s annual budget is subject to the requirements of Oregon Budget Law, ORS Chapter 294. Oregon Revised Statutes 294.635 requires that Metro prepare and submit its approved budget to the Multnomah County Tax Supervising and Conservation Commission by May 15, 2009. The Commission will conduct a hearing on June 4, 2009 for the purpose of receiving information from the public regarding the Council’s approved budget. Following the hearing, the Commission will certify the budget to the Council for adoption and may provide recommendations to the Council regarding any aspect of the budget.
3. **Anticipated Effects** – Adoption of this resolution will set the tax levies for FY 2009-10 and authorize the transmittal of the approved budget to the Multnomah County Tax Supervising and Conservation Commission.
4. **Budget Impacts** – The total amount of the proposed FY 2009-10 annual budget was \$457,006,352. Changes to the proposed budget were identified during the month of April. The Council will vote on amendments prior to approval of the budget on April 30, 2009. All approved amendments will be incorporated into the approved budget prior to transmittal to the TSCC.

RECOMMENDED ACTION

The Council President recommends adoption of Resolution No. 09-4042 approving the FY 2009-10 budget and authorizing the Chief Operating Officer to submit the approved budget to the Multnomah County Tax Supervising and Conservation Commission.

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