



METRO

Agenda

MEETING: METRO COUNCIL WORK SESSION
DATE: November 10, 2009
DAY: Tuesday
TIME: 2:00 p.m.
PLACE: Metro Council Chamber

CALL TO ORDER AND ROLL CALL

- | | | | |
|----------------|-----------|--|-----------|
| 2:00 PM | 1. | DISCUSSION OF AGENDA FOR COUNCIL REGULAR MEETING, NOVEMBER 12, 2009/ADMINISTRATIVE/CHIEF OPERATING OFFICER COMMUNICATIONS | |
| 2:15 PM | 2. | QUARTERLY MANAGEMENT REPORT, 1ST QUARTER | Jordan |
| 2:45 PM | 3. | FY 2010-11 GLOBAL FINANCIAL/ BUDGET ASSUMPTIONS | Rutkowski |
| 3:15 PM | 4. | BREAK | |
| 3:20 PM | 5. | FY 09-10QUARTERLY FINANCIAL REPORT, 1ST QUARTER | Norton |
| 3:50 PM | 6. | OUTCOMES OF THE TRANSFER STATION OPERATIONS RFP EVALUATION PROCESS | Dresler |
| 4:20 PM | 7. | COUNCIL BRIEFINGS/COMMUNICATION | |

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Agenda Item Number 2.0

**QUARTERLY MANAGEMENT
REPORT, 1ST QUARTER**

PRESENTED BY MICHAEL
JORDAN, METRO COO

Metro Council Work Session
Tuesday, November 10, 2009
Metro Council Chamber

Agenda Item Number 3.0

**FY 2010-11 GLOBAL FINANCIAL/ BUDGET
ASSUMPTIONS**

PRESENTED BY MARGO NORTON, KATHY
RUTKOWSKI & STAFF

Metro Council Work Session
Tuesday, November 10, 2009
Metro Council Chamber

METRO COUNCIL

Work Session Worksheet

Presentation Date: 11/10/09 Time: _____ Length: 30 minutes

Presentation Title: FY 2010-11 Financial Assumptions

Service, Office, or Center: Finance & Regulatory Services

Presenters (include phone number/extension and alternative contact information):

Michael Jordan, ext 1541; Margo Norton, ext. 1937; Kathy Rutkowski ext. 1630

ISSUE & BACKGROUND

The discussion will focus on the major financial assumptions to be used in the development of the FY 2010-11 annual budget. Key among these are preliminary assumptions and forecast for general revenues such as operating property tax, Metro excise tax and interest rates as well as assumptions for labor costs such as COLA, merit, PERS, PERS reserve and various benefit costs.

The packet attached provides a 2 page summary of the major financial assumptions as well as tables and graphs comparing and forecasting key general revenues. Where appropriate the assumption or actual award for FY 2009-10 is also shown for comparison purposes. Brief notes are provided in the summary to assist in framing the context for the assumption.

Staff will be available to answer questions.

QUESTION(S) PRESENTED FOR CONSIDERATION

Seeking consensus among the Councilors on the key global financial assumptions to begin formulation of the FY 2010-11 annual budget.

LEGISLATION WOULD BE REQUIRED FOR COUNCIL ACTION __Yes No
DRAFT IS ATTACHED __Yes __No

FINANCIAL ASSUMPTIONS FOR FY 2010-11 BUDGET
Summary of Significant Assumptions
Presentation to Council
Council Work Session November 10, 2009

Major General Revenue Assumptions: (see attachments comparison summary of general revenues)

- **Property Taxes**

Recommendation: 3% assessed value growth (3.3% in FY 2009-10)
 93% collection rate (94% in FY 2009-10)

- **Excise Tax Resources**

Recommendation: 0% CPI inflation (based on actual CPI indicator) (3.9% in FY 2009-10)
 2% decrease from current year estimate of tonnage
 MERC facilities estimate based on FY 2008-09 actual
 Most other facilities decreased to prior year amount

	FY 2009-10 Budget	FY 2009-10 Forecast	FY 2010-11 Estimate	Change from FY 2009-10 Budget	Percent Change
<i>Excise Tax Sources</i>					
Solid Waste	11,396,753	11,273,514	11,309,258	(87,495)	(0.8%)
All Other Facilities	2,068,628	1,892,616	1,880,393	(188,235)	(9.1%)
Excise Tax Available for Allocation	\$13,465,381	\$13,166,130	\$13,189,651	(\$275,730)	(2.0%)
<i>Est. Contribution to Rec. Rate Stab. Reserve</i>	\$0	\$0	\$0	\$0	0.0%
TOTAL EXCISE TAX	\$13,465,381	\$13,166,130	\$13,189,651	(\$275,730)	(2.0%)

- **Interest Rate**

Recommendation: 1.0% of average cash balances (2.0% in FY 2009-10)

Major Global Expenditure Assumptions: (see attachments for summary for estimated costs)

- **Inflation Factor**

Recommendation: 0% for FY 2010-11 (3% in FY 2009-10)

Consumer Price Index – All Urban Consumers, All Items (not seasonally adjusted)

Indicator	1 st Half 2009
US City Average	(0.60%)
Class Size A (more than 1,500,000)	(0.45%)
Class Size B/C (between 50,000 and 1,500,000)	(0.81%)
West Urban	(0.56%)
West Class Size A (more than 1,500,000)	(0.36%)
West Class Size B/C (between 50,000 and 1,500,000)	(0.98%)
Portland-Salem	(0.24%)

• **Salaries & Wages**

- ✓ Non-represented salaries/wages remain frozen for remainder of current fiscal year
- ✓ Non-represented merit award date moved from March 1st to July 1st
- ✓ Represented salaries/wages and salary adjustments based on collective bargaining
- ✓ AFSCME 3580 (Metro) and IUOE 701/701-1 have agreements in place for FY 2010-11
- ✓ AFSCME 3580 employees eligible for 5% step on anniversary date
 - 58% of represented employees at top of range
 - 52% of employees have anniversary dates in last 6 months of fiscal year
- ✓ LIU Local 483 employees eligible for step progression on anniversary date
 - 92% of employees at top of range
- ✓ Non-represented employees eligible for merit increase on July 1st
 - 58% of Metro non-represented employees in 1st quartile of range
 - 86% of Metro non-represented employees below mid-point of range

	Assumed Rate		Assumed Rate
<i>Elected Officials</i>	0.00%		
<i>AFSCME 3580</i>		<i>MERC Represented groups</i>	
Cost of living (minimum guarantee)	1.50%	Cost of living	2.00%
Step increase (5% step)	1.10%	(minimum guarantee; 2 units)	
Other salary adjustments	0.50%	<i>LIU Local 483</i>	
<i>Non-represented (Metro & MERC)</i>		Cost of living	1.00%
COLA / Merit / Bonus	5.00%	Merit / Bonus	0.60%
Other salary adjustments	0.50%	Compensation Study Implementation	3.50%

• **PERS – Public Employee Retirement System**

- ✓ Current rates remain in place through June 30, 2011
- ✓ Next full evaluation due in Fall 2010 to be effective for FY 2011-12 budget
- ✓ PERS Reserve contribution currently 3% of salaries
- ✓ Expect a minimum rate increase of 6% in FY 2011-12 due to investment losses
- ✓ May experience additional increase due to investment loss on side account
- ✓ Side account currently provides a rate relief of 4.57%

Recommendation: 3.0% Employer contribution rate
 6.0% Employee pick-up contribution rate
 3.0% PERS Bond Recovery Rate
 6.0% PERS Reserve contribution (currently 3%)

• **Health & Welfare (Metro contribution only)**

- ✓ Based on cap established AFSCME collective bargaining agreement for FY 2010-11
- ✓ Recommend maintaining policy of establishing one cap for all employees
- ✓ If health insurance costs increase by more than 10% the increase shall be paid equally by employee and employer

Recommendation: \$1,016 per employee per month (10% increase over FY 2009-10)

FINANCIAL ASSUMPTIONS FOR FY 2010-11 BUDGET**Summary of General Revenues***Presentation to Council**Council Work Session November 10, 2009*

	FY 2006-07	FY 2007-08	FY 2008-09	FY 2009-10	FY 2009-10	FY 2010-11
	Actual	Actual	Actual	Budget	Forecast	Estimate
Excise Tax	\$14,834,721	\$14,341,763	\$12,970,918	\$13,465,381	\$13,166,130	\$13,189,651
Property Tax - Operating Levy	9,650,814	10,173,966	10,512,741	10,802,206	10,714,975	11,040,190
Interest Earnings	1,774,940	1,447,955	853,452	544,008	286,043	235,000
Total General Revenues	\$26,260,475	\$25,963,684	\$24,337,111	\$24,811,595	\$24,167,148	\$24,464,841

Excise Tax by Facility

	FY 2006-07	FY 2007-08	FY 2008-09	FY 2009-10	FY 2009-10	FY 2010-11
	Actual	Actual	Actual	Budget	Forecast	Estimate
Solid Waste	\$11,803,883	\$11,148,938	\$10,646,115	\$11,396,753	\$11,273,514	\$11,309,258
Oregon Zoo	1,168,953	1,185,478	468,627	0	0	0
Planning	15,909	16,530	13,043	4,830	\$18,584	\$13,043
Parks & Environ. Services	\$248,628	\$271,748	\$247,266	\$277,232	\$232,000	\$271,483
Expo Center	413,543	451,128	421,091	469,039	\$473,885	\$421,091
Oregon Convention Center	1,183,805	1,267,941	1,174,776	1,317,527	\$1,168,147	\$1,174,776
Total Excise Tax	\$14,834,721	\$14,341,763	\$12,970,918	\$13,465,381	\$13,166,130	\$13,189,651

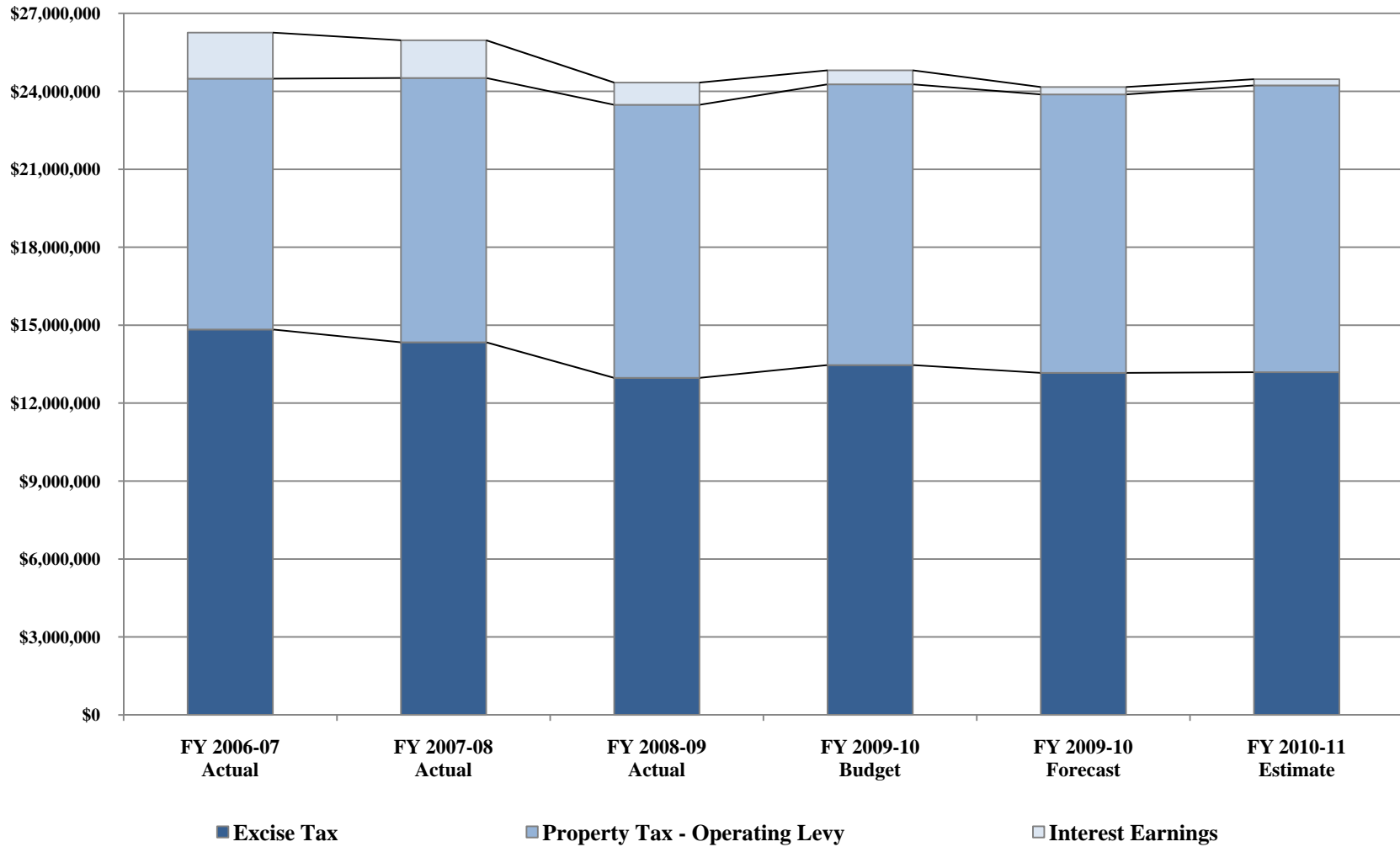
Property Taxes

	FY 2006-07	FY 2007-08	FY 2008-09	FY 2009-10	FY 2009-10	FY 2010-11
	Actual	Actual	Actual	Budget	Forecast	Estimate
Operating Levy	\$9,650,814	\$10,173,966	\$10,512,741	\$10,802,206	\$10,714,975	\$11,040,190

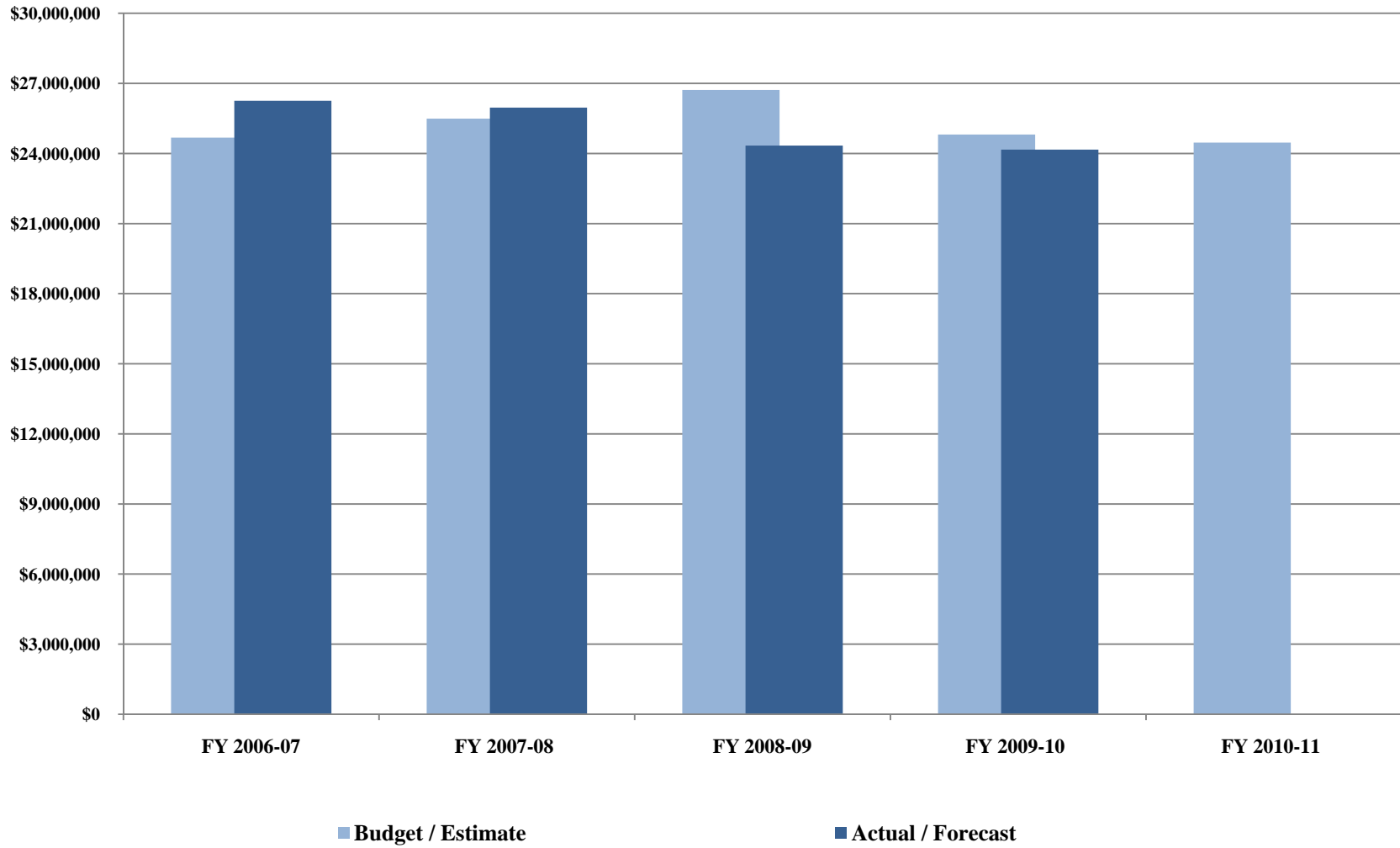
Interest Earnings

	FY 2006-07	FY 2007-08	FY 2008-09	FY 2009-10	FY 2009-10	FY 2010-11
	Actual	Actual	Actual	Budget	Forecast	Estimate
Beginning Fund Balance	\$32,436,932	\$34,355,494	\$28,386,763	\$26,616,367	\$28,604,340	\$23,500,000
Interest Earned	\$1,774,940	\$1,447,955	\$853,452	\$544,008	\$286,043	\$235,000
Interest Rate	5.5%	4.2%	3.0%	2.0%	1.0%	1.0%

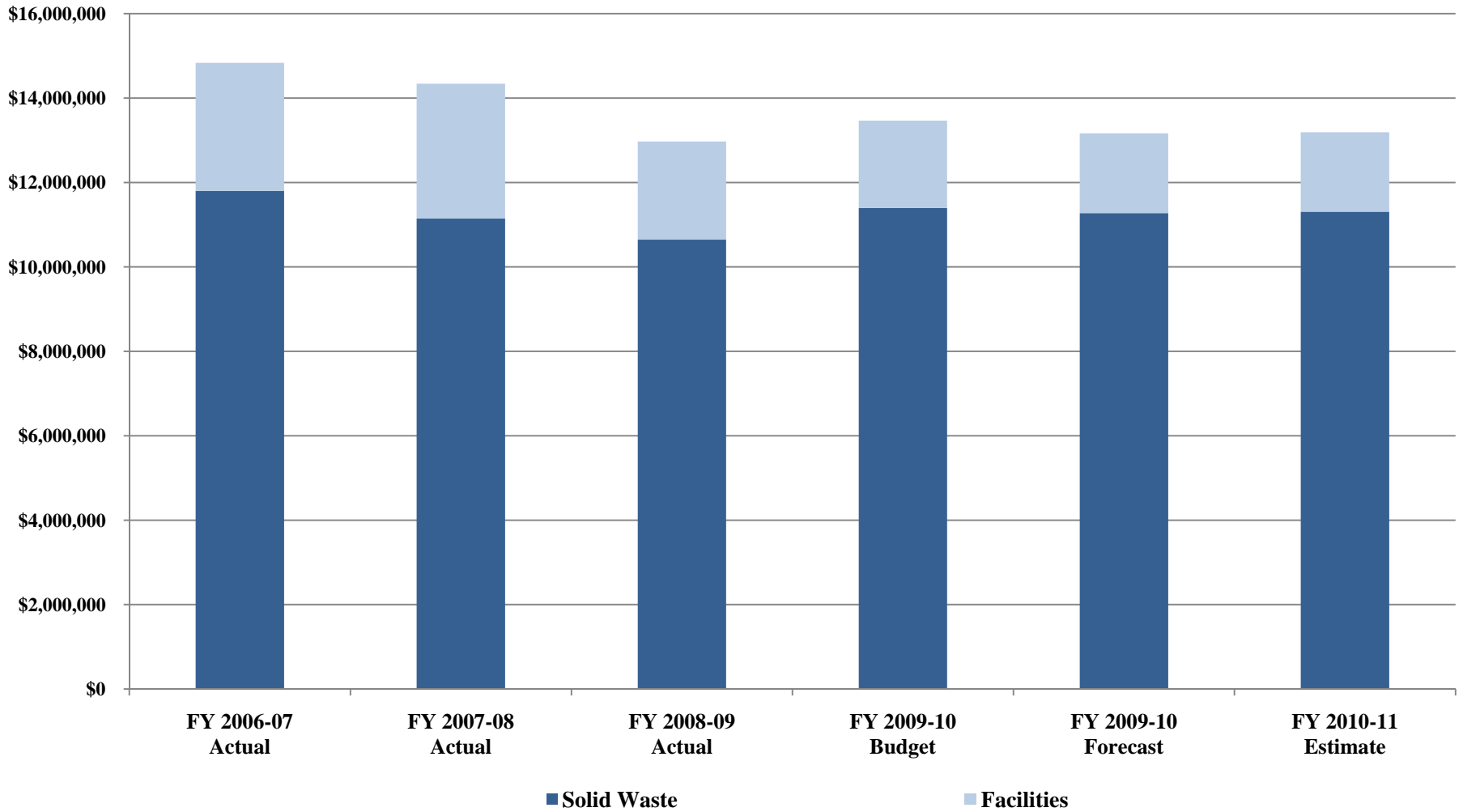
Five-Year Summary of General Revenues



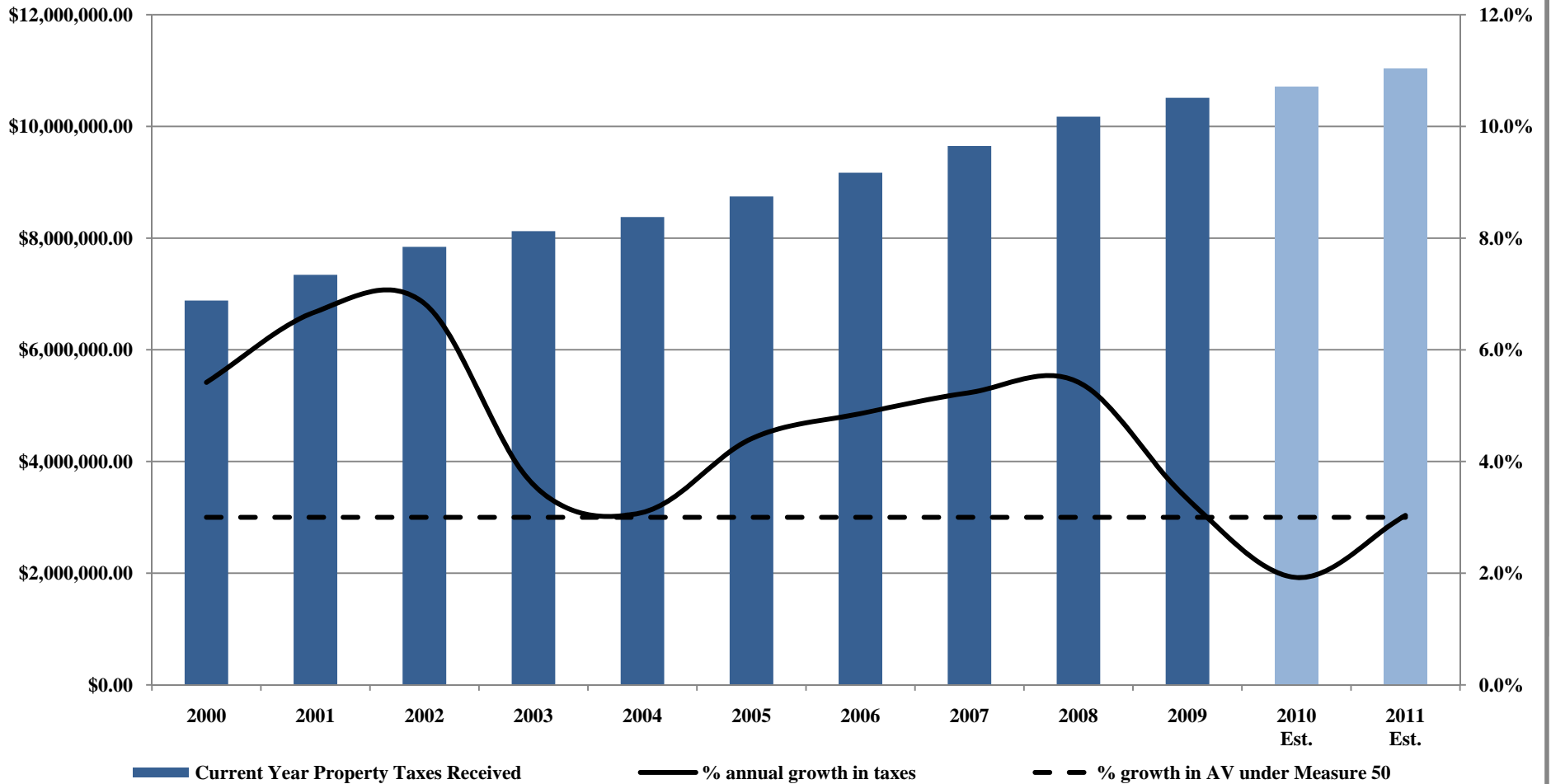
Five-Year Summary of General Revenues



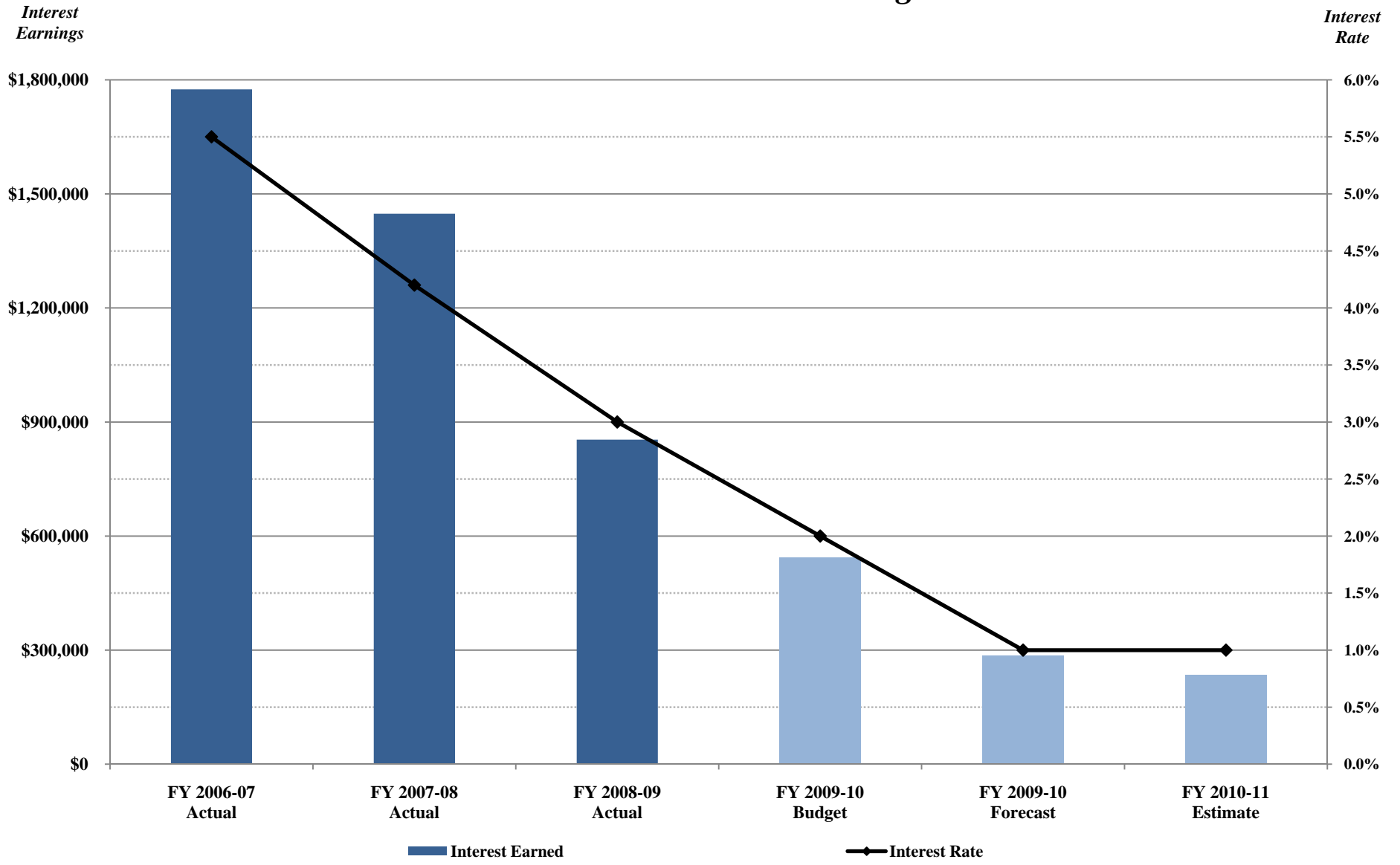
Metro Excise Tax



Operating Property Tax Levy



General Fund Interest Earnings



Agenda Item Number 5.0

**FY 09-10QUARTERLY FINANCIAL REPORT, 1st
QUARTER**

PRESENTED BY MARGO NORTON, FINANCE AND
ADMINISTRATIVE SERVICES DIRECTOR

Metro Council Work Session
Tuesday, November 10, 2009
Metro Council Chamber

Agenda Item Number 6.0

**OUTCOMES OF THE TRANSFER STATION
OPERATIONS RFP EVALUATION PROCESS**

PRESENTED BY TERI DRESLER AND STAFF

Metro Council Work Session
Tuesday, November 10, 2008
Metro Council Chamber