

A G E N D A

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METRO

Agenda

MEETING: METRO COUNCIL INFORMAL MEETING
DATE: March 12, 2003
DAY: Wednesday
TIME: 2:00 PM
PLACE: Metro Council Chamber

CALL TO ORDER AND ROLL CALL

1. **BRIEFING - DEPARTMENTAL ISSUES AND PRIORITIES FOR FY 03-04** Williams
2. **CITIZEN COMMUNICATION**
3. **COUNCILOR COMMUNICATION**

ADJOURN

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
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>
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>

BUDGET ASSUMPTIONS MATRIX FOR FY 2003-04
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Exhibit to Resolution 02-3213

Personal Service Assumptions

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

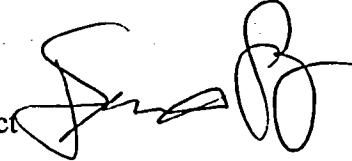
MEMORANDUM

TO: Metro Department Heads

FROM: David Bragdon
Metro Council President-Elect

RE: Budget Issues

DATE: December 10, 2002



Under the new structure it will be the Council President's responsibility to present a budget for the Council's consideration. The C.O.O. will prepare the budget under the direction of the President. For future budget cycles, it is my intention to work with the Council to gather their guidance well in advance, to increase my prospects for submitting a budget that reflects a breadth of views beyond my own. That is the spirit in which I intend to do things.

For the 03-04 cycle, of course, we are on a tighter time frame. I have given Mark, as Interim C.O.O., the following guidelines to follow in preparing the budget:

1. Use the most recent "assumptions" adopted by the Council last fall, with the exception that the forecast for excise tax revenues should be the most recent one available rather than the one the Council had at the time of acting. As you know, this forecast has been reduced since the last Council review.
2. We are in a "cut" mode. I am not seeking add packages.
3. There should be no new FTE's in any excise tax or support allocation funded department.
4. Expenses being paid during the current fiscal year by the open spaces bond measure should not be moved into operating budgets. It was understood in the 1995 bond measure that these were funds for a specific purpose, and not for on-going expenses. Cuts should be made in those amounts instead. (A corollary is that positions funded specifically by the OCC expansion project end when the project ends.)
5. I do not wish to draw down the Parks fund balance at a rate faster than has been planned.

Metro Department Heads

December 10, 2002

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6. I do not wish to decrease Zoo fund balance any further. I have also asked Mark to work with Zoo staff on a parking plan for the Zoo that recognizes the true value of this lot, and to improve our revenue picture by not giving away that value "for free". Implementation of paid parking would be undertaken only after Council action and in consultation with the owner of the lot and our neighboring institutions, but is a necessary recognition that space on the hill is not in fact "free."
7. Departments receiving excise tax appropriations were told in the budget memo that they could assume a 3% rate of increase in their appropriation. This may have been a correct estimate at the time, but it looks like the actual rate of increase will be around 1.7%. These departments should revise their excise tax appropriation requests accordingly.
8. Departments which received budget authority for special projects (capital, special work projects) in FY 02/03 should "zero budget" those projects and not assume that they continue in FY 03/04 with a CPI escalator—absent specific justification for continuing the appropriation.

By several measures, we have been living beyond our financial means for several years. This trajectory is not sustainable and needs to be changed in 03-04. My emphasis overall will be on a "lean and mean" budget for the agency.

Mark and I have discussed these budget priorities in detail. Please take any questions or concerns directly to him.

CC: Peggy Coats