A G E N D A

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METRO

Agenda

MEETING: METRO COUNCIL REGULAR MEETING
DATE: April 3, 2003
DAY: Thursday
TIME: 2:00 PM
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 March 27, 2003 Metro Council Regular Meeting.

4. **ORDINANCES - FIRST READING**

4.1 **Ordinance No 03-1001**, For the Purpose of Adopting the Annual Budget for Fiscal Year 2003-04, Making Appropriations, and Levying Ad Valorem Taxes, and Declaring an Emergency *(Public Hearing)*

5. **ORDINANCE – SECOND READING**

5.1 **Ordinance No. 03-998**, For the Purpose of Amending the FY 2002-03 Budget And Appropriations Schedule by Transferring $740,000 from Contingency To the MERC Operating Fund to Transfer of Resources (to the Convention Center Project Capital Fund); and Declaring an Emergency.

5.2 **Ordinance No. 03-1000**, For the Purpose of Amending Metro Code Chapter 5.02 To Amend Disposal Charges and System Fees.

6. RESOLUTIONS

6.1 **Resolution No. 03-3312,** For the Purpose of Adopting the Hearings Officer's Proposed Order and Authorizing the Chief Operating Officer to Issue a Final Order Imposing a Monetary Fine and Revoking Non-System License No. N-033-00, Issued to A & R Environmental Services, LLC /A. Noble Inc.

7. COUNCILOR COMMUNICATION

ADJOURN

Cable Schedule for April 3, 2003 Meeting (TVTV)

	Sunday (4/6)	Monday (4/7)	Tuesday (4/8)	Wednesday (4/9)	Thursday (4/3)	Friday (4/4)	Saturday (4/5)
CHANNEL 11 (Community Access Network) (most of Portland area)						2:00 PM	
CHANNEL 30 (TVTV) (Washington County, Lake Oswego)	12:00 PM			11:00 PM		6:30 AM 7:00 PM 11:00 PM	3:30 PM
CHANNEL 30 (CityNet 30) (most of City of Portland)		2:00 PM					
CHANNEL 30 Willamette Falls Television (West Linn, Rivergrove, Lake Oswego)	5:30 AM 2:30 PM	12:30 AM 3:30 PM 10:31 PM		12:30 AM 3:00 PM 10:30 PM		12:30 AM 3:30 PM 10:31 PM	5:30 AM 2:30 PM
CHANNEL 23/18 Willamette Falls Television (23- Oregon City, West Linn, Gladstone; 18- Clear Creek)							
CHANNEL 23 Milwaukie Public Television (Milwaukie)			10:00 AM 9:00 PM				

PLEASE NOTE THAT ALL SHOWING TIMES ARE TENTATIVE BASED ON THE INDIVIDUAL CABLE COMPANIES' SCHEDULES. PLEASE CALL THEM OR CHECK THEIR WEB SITES TO CONFIRM SHOWING TIMES.

Portland Cable Access	www.pcatv.org	*(503) 288-1515*
Tualatin Valley Television	www.yourtvtv.org	*(503) 629-8534*
Willamette Falls Television	www.wftvaccess.com	*(503) 650-0275*
Milwaukie Public Television		*(503) 652-4408*

Agenda items may not be considered in the exact order. For questions about the agenda, call Clerk of the Council, Chris Billington, 797-1542. 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 Clerk of the Council to be considered included in the decision record. Documents can be submitted by email, fax or mail or in person to the Clerk of the Council. For assistance per the American Disabilities Act (ADA), dial TDD 797-1804 or 797-1540 (Council Office).

Agenda Item Number 3.1

Consideration of Minutes of the March 27, 2003 Regular Council meeting.

Metro Council Meeting
Thursday, April 3, 2003
Metro Council Chamber

Agenda Item Number 4.1

Ordinance No. 03-1001, For the Purpose of Adopting the Annual Budget for Fiscal Year 2003-04, Making Appropriations, and Levying Ad Valorem Taxes; and Declaring an Emergency.

First Reading

Metro Council Meeting
Thursday, April 3, 2003
Metro Council Chamber

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF ADOPTING THE ANNUAL BUDGET FOR FISCAL YEAR 2003-04, MAKING APPROPRIATIONS, AND LEVYING AD VALOREM TAXES, AND DECLARING AN EMERGENCY	)))))	ORDINANCE NO. 03-1001 Introduced by David Bragdon, Council President

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, 2003, and ending June 30, 2004; 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 2003-04 Metro Budget," in the total amount of TWO HUNDRED EIGHT THREE MILLION FIVE HUNDRED TWENTY NINE THOUSAND FOUR HUNDRED TWENTY THREE ($283,529,423) DOLLARS, 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 thousand dollars of assessed value for Zoo operations and in the amount of SEVENTEEN MILLION NINE HUNDRED FORTY THOUSAND TWO HUNDRED EIGHTY SEVEN ($17,940,287) DOLLARS for general obligation bond debt, said taxes to be levied upon taxable properties within the Metro District for the fiscal year 2003-04. 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

	Subject to the General Government Limitation	Excluded from the Limitation
Zoo Tax Rate Levy	$0.0966/$1,000	
General Obligation Bond Levy		$17,940,287

3. The Pioneer Cemetery Perpetual Care Fund is hereby created for the purpose of providing for the long-term maintenance of the cemeteries. Major revenues for the fund shall come from a surcharge on grave sales. In the event of elimination of the fund, any balance remaining in the fund shall revert to any fund designated to care for the maintenance of the cemeteries or, in absence of that, the Regional Parks Operating Fund.

4. 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, 2003, from the funds and for the purposes listed in the Schedule of Appropriations, Exhibit C.

5. The Chief Financial 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, 2003, 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 _____ day of June, 2003.

____
David Bragdon, Council President

ATTEST:

____
Recording Secretary

Approved as to Form:

____
Daniel B. Cooper, General Counsel

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STAFF REPORT

CONSIDERATION OF ORDINANCE NO. 03-1001 ADOPTING THE ANNUAL BUDGET FOR FISCAL YEAR 2003-04, MAKING APPROPRIATIONS AND LEVYING AD VALOREM TAXES, AND DECLARING AN EMERGENCY

Date: March 14, 2003

Presented by: David Bragdon
Council President

BACKGROUND

I am forwarding to the Council for consideration and approval my proposed budget for Fiscal Year 2003-04.

Council action, through Ordinance No. 03-1001 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 Council to adopt this plan must be completed by June 30, 2003.

Once the budget plan for Fiscal Year 2003-04 is adopted by the 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 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 appropriations in the period between Council approval and adoption.

Exhibits B and C of the Ordinance will be available at the public hearing on April 3, 2003.

ANALYSIS/INFORMATION

1. **Known Opposition** – Council hearings will be held on the Proposed Budget during the month of April 2003. Several 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, 2003. The Commission will conduct a hearing during June 2003 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 ordinance will put into effect the annual FY 2003-04 budget, effective July 1, 2003.
4. **Budget Impacts** – The total amount of the proposed FY 2003-04 annual budget is $283,529,423.

RECOMMENDED ACTION

The Council President recommends adoption of Ordinance No. 03-1001.

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Agenda Item Number 5.1

Ordinance No. 03-998, For the Purpose of Amending the FY 2002-03 Budget And Appropriations Schedule by Transferring $740,000 from Contingency To the MERC Operating Fund to Transfer of Resources (to the Convention Center Project Capital Fund), and Declaring an Emergency.

Second Reading

Metro Council Meeting
Thursday, April 3, 2003
Metro Council Chamber

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF AMENDING THE FY 2002-03 BUDGET AND APPROPRIATIONS SCHEDULE BY TRANSFERRING $740,000 FROM CONTINGENCY IN THE MERC OPERATING FUND TO TRANSFER OF RESOURCES (TO THE CONVENTION CENTER PROJECT CAPITAL FUND), AND DECLARING AN EMERGENCY	)	ORDINANCE NO. 03-998 Introduced by: Mark Williams, Chief Operating Officer with the concurrence of David Bragdon, Council President

WHEREAS, the Metro Council has reviewed and considered the need to transfer appropriations within the FY 2002-03 budget; and,

WHEREAS, the need for the transfer of appropriation has been justified; and,

WHEREAS, adequate funds exist for other identified needs; now, therefore,

THE METRO COUNCIL ORDAINS AS FOLLOWS:

1. That the FY 2002-03 Budget and Schedule of Appropriations are hereby amended as shown in the column entitled "Revision" of Exhibits A and B to this Ordinance for the purpose of transferring funds from Contingency to the Transfer of Resources in the MERC Operating Fund.

2. That because this Ordinance is necessary for the immediate preservation of the public health, safety, or welfare of the Metro area in order to meet obligations and comply with Oregon Budget law, an emergency is declared to exist, and this Ordinance takes effect upon passage.

ADOPTED by the Metro Council this ______ day of ________________, 2003.

____
David Bragdon, Council President

ATTEST:

____
Recording Secretary

Approved as to Form:

____
Daniel B. Cooper, Metro Attorney

Exhibit A
Ordinance No.03-998

ACCT	DESCRIPTION	Current Budget FTE	Current Budget Amount	Revision FTE	Revision Amount	Amended Budget FTE	Amended Budget Amount
	MERC OPERATING FUND						
TOTAL RESOURCES			**$43,664,295**		**$0**		**$43,664,295**
Total Personal Services		**181.91**	**$12,727,325**	**0.00**	**$0**	**181.91**	**$12,727,325**
Total Materials & Services			**$15,516,888**		**$0**		**$15,516,888**
Total Debt Service			**$310,694**		**$0**		**$310,694**
Interfund Transfers							
INDTEX	*Interfund Reimbursements*						
5800	Transfer for Indirect Costs		0		0		0
	* to Support Services Fund		1,437,106		0		1,437,106
	* to General Fund		107,074		0		107,074
	* to Risk Management Fund - Liability		210,676		0		210,676
	* to Risk Management Fund - Workers Com		73,295		0		73,295
INTCHG	*Internal Service Transfers*						
5820	Transfer for Direct Costs		0		0		0
EQTCHG	*Fund Equity Transfers*						
5810	Transfer of Resources						
	* to MERC Pooled Capital		1,886,278		0		1,886,278
	* to Convention Center Project Capital Fund		0		740,000		740,000
	* to Risk Management Fund		0		0		0
	* to Revenue Bond Fund		1,078,865		0		1,078,865
Total Interfund Transfers			**$4,793,294**		**$740,000**		**$5,533,294**
Contingency and Ending Balance							
CONT	*Contingency*						
5999	Contingency		1,223,769		(740,000)		483,769
UNAPP	*Unappropriated Fund Balance*						
5990	Unappropriated Fund Balance		9,092,325		0		9,092,325
Total Contingency and Ending Balance			**$10,316,094**		**($740,000)**		**$9,576,094**
TOTAL REQUIREMENTS		**181.91**	**$43,664,295**	**0.00**	**$0**	**181.91**	**$43,664,295**

Exhibit A
Ordinance No.03-998

ACCT	DESCRIPTION	Current Budget FTE	Current Budget Amount	Revision FTE	Revision Amount	Amended Budget FTE	Amended Budget Amount
	MERC OPERATING FUND OREGON CONVENTION CENTER (FOR INFO ONLY)						
TOTAL RESOURCES			**$24,932,835**		**$0**		**$24,932,835**
Total Personal Services		**131.80**	**$6,883,244**	**0.00**	**$0**	**131.80**	**$6,883,244**
Total Materials & Services			**$9,864,645**		**$0**		**$9,864,645**
Total Debt Service			**$213,043**		**$0**		**$213,043**
Interfund Transfers							
INDTEX	*Interfund Reimbursements*						
5800	Transfer for Indirect Costs				0		
	* to Support Services Fund		745,726		0		745,726
	* to General Fund		55,562		0		55,562
	* to Risk Management Fund - Liability		109,322		0		109,322
	* to Risk Management Fund - Workers Comp		38,033		0		38,033
EQTCHG	*Fund Equity Transfers*						
5810	Transfer of Resources						
	* to MERC Pooled Capital		1,787,200		0		1,787,200
	* to Convention Center Project Capital Fund		0		740,000		740,000
Total Interfund Transfers			**$2,735,843**	**0.00**	**$740,000**		**$3,475,843**
Contingency and Ending Balance							
CONT	*Contingency*						
5999	Contingency		743,273		(740,000)		3,273
UNAPP	*Unappropriated Fund Balance*						
5990	Unappropriated Fund Balance		4,492,787		0		4,492,787
Total Contingency and Ending Balance			**$5,236,060**		**($740,000)**		**$4,496,060**
TOTAL REQUIREMENTS		**131.80**	**$24,932,835**	**0.00**	**$0**	**131.80**	**$24,932,835**

Exhibit A
Ordinance No.03-998

ACCT	DESCRIPTION	FTE	Current Budget Amount	FTE	Revision Amount	FTE	Amended Budget Amount
	CONVENTION CENTER PROJECT CAPITAL FUND						
	Resources						
BEGBAL	*Beginning Fund Balance*						
	* Prior year ending balance		59,352,069		(740,000)		58,612,069
INTRST	*Interest Earnings*						
4700	Interest on Investments		252,863		0		252,863
4970	Transfer of Resources						
	* from MERC Operating Fund		0		740,000		740,000
TOTAL RESOURCES			**$59,604,932**		**$0**		**$59,604,932**
	Total Personal Services	**4.80**	**$451,893**	**0.00**	**$0**	**4.80**	**$451,893**
	Total Materials & Services		**$22,700**		**$0**		**$22,700**
	Total Capital Outlay		**$58,928,202**		**$0**		**$58,928,202**
	Total Interfund Transfers		**$202,137**		**$0**		**$202,137**
	Total Contingency and Ending Balance		**$0**		**$0**		**$0**
TOTAL REQUIREMENTS		**4.80**	**$59,604,932**	**0.00**	**$0**	**4.80**	**$59,604,932**

Exhibit B

Ordinance No. 03-998

FY 2002-03 SCHEDULE OF APPROPRIATIONS

	Current Appropriation	Revision	Amended Appropriation
MERC Operating Fund			
Requirements			
Operating Expenses (PS & M&S)	$28,244,213	$0	$28,244,213
Debt Service	310,694	0	310,694
Interfund Transfers	4,793,294	740,000	5,533,294
Contingency	1,223,769	(740,000)	483,769
Unappropriated Balance	9,092,325	0	9,092,325
Total Fund Requirements	**$43,664,295**	**$0**	**$43,664,295**

	Current Appropriation	Revision	Amended Appropriation
Convention Center Project Capital Fund			
Resources			
Beginning Fund Balance	$59,352,069	($740,000)	$58,612,069
Interest	252,863	0	252,863
Fund Equity Transfers	0	740,000	740,000
Total Fund Resources	**$59,604,932**	**$0**	**$59,604,932**

All Other Appropriations Remain as Previously Adopted

STAFF REPORT

IN CONSIDERATION OF ORDINANCE NO. 03-998 FOR THE PURPOSE OF AMENDING THE FY 2002-03 BUDGET AND APPROPRIATIONS SCHEDULE BY TRANSFERRING $740,000 FROM CONTINGENCY IN THE MERC OPERATING FUND TO THE TRANSFER OF RESOURCES (TO THE CONVENTION CENTER PROJECT CAPITAL FUND), AND DECLARING AN EMERGENCY.

Date: February 25, 2003

Prepared by: Sheryl Manning
Bryant Enge
Jeff Blosser

BACKGROUND

The Commission previously approved and transmitted FY 02-03 budgets to the Metro Council, including the MERC Operating Fund, the MERC Pooled Capital Fund and the Convention Center Capital Project Fund budgets. Subsequent to that date, staff has become aware of the need for transfer of $740,000 from the Oregon Convention Center Contingency for furniture, fixture and equipment needs for the expansion of the Oregon Convention Center.

The Metropolitan Exposition-Recreation Commission (MERC) approved the budget amendment and granted the authority to MERC staff to prepare and present a budget ordinance to the Metro Council to amend the FY 02-03 budget to reflect the above change.

ANALYSIS/INFORMATION

1. **Known Opposition.**

   None.

2. **Legal Antecedents.**

   Under Oregon Budget law, an ordinance is required to amend the adopted budget and appropriation schedule.

3. **Anticipated Effects:** This amendment will shift appropriation from Contingency to Interfund Transfer in the MERC Operating Fund. The purpose of this shift is to provide OCC sufficient resources for furniture, fixture, and equipment needs for the expansion of the Oregon Convention Center.

4. **Budget Impacts.** This amendment has no impact on total appropriations for that budget year. The amendment will provide MERC the ability to transfer up to $740,000 from the MERC Operating fund to cover the costs of furniture, fixtures, and equipment related to the convention center expansion project. It is necessary to move this appropriation from Contingency to Transfer of Resources in order to be in compliance with Oregon Budget Law.

RECOMMENDATION

The Chief Operating Officer recommends approval of Ordinance No. 03-998.

Attachment 1: MERC Resolution, Staff Report and Information

METROPOLITAN EXPOSITION-RECREATION COMMISSION

Resolution No. 03-04

For the purpose of Authorizing a budget amendment to the Fiscal Year 02-03 Adopted Budget for the MERC Operating Fund to authorize the expenditure of funds from "Contingency" in the Fiscal Year 02-03 Budget, and approving transmittal of the amendment to the Metro Council.

WHEREAS, Metro Code 6.01.050 provides that the Commission shall annually prepare and approve an annual budget which shall, to the maximum extent permitted by law, consist of one commission-wide series of appropriations in those categories which are required by local budget law, applicable to all buildings, facilities, and programs managed by the Commission; and

WHEREAS, the Commission previously approved and transmitted to the Metro Council the Fiscal Year 02-03 budgets for the MERC Operating Fund, the MERC Pooled Capital Fund and the Convention Center Capital Project Fund,

WHEREAS, the Commission has recently been made aware of the need for the approval of the authorization to spend $743,000 from Contingency for furniture, fixture and equipment needs for the expansion of the Oregon Convention Center.

WHEREAS, this authorization will be effected as follows: first, a transfer from "Contingency" to "Transfer Out" in the MERC Operating Fund, and then, a transfer to the Convention Center Capital Fund.

BE IT THEREFORE RESOLVED:

1. The Metropolitan Exposition-Recreation Commission hereby approves the above budget amendment and submits it to the Metro Council under the Metro Code applicable to FY 02-03; and
2. The Commission grants the authority to MERC staff to prepare and present a Budget Ordinance to the Metro Council to amend the Fiscal Year 02-03 budget to reflect the above change.

Passed by the Commission on February 26, 2003.

____
Chair

____
Secretary-Treasurer

Approved As To Form:
Daniel B. Cooper, Metro Attorney

By: ____________________________

MERC STAFF REPORT

Agenda Item: Approving an amendment to the Fiscal Year 02-03 MERC Operating Fund Budget transmittal of the amendment to the Metro Council.

Resolution No. 03-04

Date: February 26, 2003 **Presented by:** Bryant Enge and Jeff Blosser

Description of Resolution: Resolution 03-04 would approve an amendment to the Fiscal Year 02-03 MERC Operating Fund Adopted Budget by a duly adopted resolution at a regular public meeting of the Commission, and further instruct MERC staff to prepare and present to the Metro Council a budget amendment ordinance to implement the changes.

Background: The Commission previously approved and transmitted to the Metro Council the Fiscal Year 02-03 budgets, including the MERC Operating Fund, the MERC Pooled Capital Fund and the Convention Center Capital Project Fund budgets. Subsequent to that date, staff has become aware of the need for the approval of the authorization to spend $743,000 from Oregon Convention Center Contingency for furniture, fixture and equipment needs for the expansion of the Oregon Convention Center, as described in the accompanying Exhibit A.

Discussion and Analysis: See Exhibit A.

Financial Impact: The amendment proposed for the Fiscal Year 02-03 budget has no impact on total appropriations for that budget year. The amendment will provide MERC the ability to transfer up to $743,000 from the MERC Operating fund to cover the costs furniture, fixtures and equipment related to the convention center expansion project. It is necessary to move this appropriation, from Contingency to Transfer of Resources, in order to be in compliance with Oregon Budget Law.

Recommendation: Staff recommends that the Commission approve the amendment to the Fiscal Year 02-03 MERC Operating Fund Budget.

OCC EXPANSION STATUS
February 2003 MERC Commission Meeting
Exhibit A to Staff Report In Support of Resolution 03-04

1. Summary Financial Information

Base Contract		$ 98,500,000
Change Order 1	(Additional items paid for by savings from bids)	0
Change Order 2 (Revised)	(CIP Funding – for existing bldg. retrofit)	3,570,981
Change Order 3	(Transfer of soft costs for design issues not contemplated in the project or requiring re-design)	1,100,500
Change Order 4	(Transfer for additional design issues, which in turn, placed other items on hold – see #4 below)	0
Total GMP		$103,171,481

2. Revenue Shortfalls

The project budget was established in 2000 which included estimated interest revenue from the bonds at $7,600.000. In late 2000, interest rates fell, which reduced the total interest for the project to an estimated $5,400,000. The reduction of $2,200,000 required the project team to make a reduction of the project scope by value engineering the construction, reducing budgets for furniture and equipment, and tightening the amount of contingency available for the Project Budget to approximately 5%. This allowed for the construction of the designed project without requiring redrawing, kept the project on schedule (which came at a cost), and left funding for furniture and equipment to be found at a later date.

3. Unanticipated Cost Increases

The cost impacts to the project in Change Order 4 are to pay for unanticipated additional work to meet code and operational requirements. This work, not defined in the contract documents and thus not contracted with CM/GC, includes additional work to monitor the smoke control systems, provide code and operational construction in "volunteers," and to correct designs with mechanical systems. This work must be completed to receive occupancy from the City.

4. Items Remaining to be Funded

Signage, Ops Renovation, C Hall Speaker Upgrade, Concession Grill	$ 885,000
Build out of Aramark/Starbuck concessions	930,000
FF&E (estimate- getting bids now)	1,200,000
Estimated Total	3,015,000

5. Sources of Funding for Remaining Items

Extension of Aramark Contract	$ 750,000
Funds in '03 OCC Aramark Reserve	100,000
Potential Settlement with Design Team ($600-$750k)	600,000
Hoffman Construction Savings	500,000
	1,950,000

6. Approximate Estimated Future Shortfall $ 1,000,000

7. Proposed Solution

A philosophical and strategic decision must be made to provide the funds to finish this important project. It is important to finish the project as completely as possible, to finish it well, and to finish it with as many revenue producing elements in place as possible.

The proposed solution to fund the remaining items is to spend contingency/fund balance, which will require MERC commission and Metro council action. As of December 31, 2002 OCC had a fund balance of approximately $5 million, with a budgeted contingency of $743,000 for FY'03. **We are proposing to authorize the expenditure of $743,000 contingency from the '03 OCC Budget and authorize an additional $260,000 to be spent in '04 if necessary.** OCC is concurrently proposing a pay back plan which is page 2 of this report.

Date: February 7, 2003

From: Jeff Blosser, OCC Facility Director

To: Sheryl Manning, MERC General Manager

Re: Payback Plan for FF&E Purchase Using OCC Contingency

Background

It is estimated that $1 million is required to complete the project. As such, staff is asking the commission to consider and approve amending the fiscal year 2002-03 to move resources from contingency to interfund transfers and revise the fiscal year 2003-04 budget to increase interfund transfers. These funds will be used to purchase necessary furniture, fixtures and equipment to properly equip the expanded facility to create and sustain a competitive advantage and meet OCC's client expectations.

Payback Plan

The following outlines the plan to replenish that portion of fund balance committed to fund the completion of the project:

a. Any funds remaining from the expansion project will be applied to FF&E after the CIP items are reimbursed.
b. Savings from the management of the fiscal year 2002-03 and 2003-04 materials and services budgets will flow to fund balance.
c. Savings from the OCIP banked funds after all claims have been closed will flow into fund balance. This may be a two-three year wait.
d. Revenue generated from Front Row Marketing Program for sponsorship, naming, and advertising related to OCC assets will provide resources to go into fund balance. This is a long term approach but could be the best opportunity to replenish fund balance in the shortest period of time with the most revenue potential.

cc: Bryant Enge

Agenda Item Number 5.2

Ordinance No. 03-1000, For the Purpose of Amending Metro Code Chapter 5.02 To Amend Disposal Charges and System Fees.

Second Reading

Metro Council Meeting
Thursday, April 3, 2003
Metro Council Chamber

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF AMENDING	)	ORDINANCE NO. 03-1000
METRO CODE CHAPTER 5.02 TO	)	
AMEND DISPOSAL CHARGES AND	)	Introduced by: Mark Williams, Interim Chief
SYSTEM FEES	)	Operating Officer, with the concurrence of
	)	David Bragdon, Council President

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

WHEREAS, Metro Code Chapter 5.02 establishes fees assessed on solid and hazardous 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 programs have increased; 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~~A Tonnage Charge as provided in subsection (b)~~ for each ton of solid waste delivered for disposal:~~;~~

(A) A tonnage charge of $43.12 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) A Transaction Charge of $6.00 for each Solid Waste Disposal Transaction.

~~(b) The Tonnage Charge specified in subsection (a) of this section shall consist of:~~

~~(1) A disposal charge of $33.02 per ton;~~

~~(2) A regional transfer charge of $7.53 per ton;~~

~~(3) The fees specified in section 5.02.045;~~

~~(4) An enhancement fee of $.50 per ton; and~~

~~(5) DEQ fees totaling $1.24 per ton.~~

(b~~e~~) Notwithstanding subsection (a) of this section, 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 340 pounds or less of $17, which shall consist of a minimum Tonnage Charge of $11.00 plus a Transaction Charge of $6.00 per Transaction.

(c~~d~~) 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~~e~~) The Director of the Regional Environmental Management 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) Regional System Fee: Solid waste system facility operators shall collect and pay to Metro a Regional System Fee of $16.00~~$24.00~~ per ton for the disposal of solid waste generated, originating, collected, or disposed of within Metro boundaries, in accordance with Metro Code section 5.01.150.

(b) Metro Facility Fee: Metro shall collect a Metro Facility Fee of $1.09~~$2.55~~ per ton for all solid waste delivered to Metro Central Station or Metro South Station.

(c) System fees described in paragraph (a) shall not apply to exemptions listed in section 5.01.150(b) of this Code.

Section 3. Metro Code Section 5.02.047 is amended to read:

5.02.047 Regional System Fee Credits

(a) A solid waste facility which is certified, licensed or franchised by Metro pursuant to Metro Code Chapter 5.01 or a Designated Facility regulated by Metro under the terms of an intergovernmental agreement shall be allowed a credit against the Regional System Fee otherwise due each month under Section 5.02.045 for disposal of Processing Residuals from the facility. The Facility Recovery Rate shall be calculated for each six-month period before the month in which the credit is claimed. The amount of such credit shall be in accordance with and no greater than as provided on the following table:

System Fee Credit Schedule

Facility Recovery Rate		
From Above	Up To & Including	System Fee Credit of no more than
0%	30%	0.00
30%	35%	9.92
35%	40%	11.46
40%	45%	13.28
45%	100%	14.00

(b) The Chief Operating Officer:

(1) Shall establish administrative procedures to implement subsections (b) and (c) of Metro Code Section 5.02.046; and,

(2) May establish additional administrative procedures regarding the Regional System Fee Credits, including, but not limited to establishing eligibility requirements for such credits and establishing incremental System Fee Credits associated with Recovery Rates which fall between the ranges set forth in paragraph (a) of this section.

~~(c) The following users of Metro solid waste system facilities shall be allowed a credit in the amount of $9 per ton against the Regional System Fee otherwise due under Section 5.02.045(a):~~

~~(1) Users of Metro Central and Metro South Transfer Stations;~~

~~(2) Any Person delivering authorized waste:~~

~~(A) to any landfill or other solid waste facility that is authorized to receive such waste through a Metro license, certificate, franchise or Designated Facility Agreement; or~~

~~(B) under the authority of a Metro Non-System License.~~

(c~~d~~) 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 ~~$12.50~~$13.50 against the Regional System Fee otherwise due under Section 5.02.045(a) of this Chapter.

(d~~e~~) During any Fiscal Year, the total aggregate amount of credits granted under the Regional System Fee credit program shall not exceed the dollar amount budget without the prior review and authorization of the Metro Council.

(e~~f~~) The Director of the Regional Environmental Management Department shall make a semi-annual report to the Council on the status of the credit program. The report shall include that aggregate amount of all credits paid during the preceding six months and the amount paid to each facility eligible for the credit program. The report shall also project whether the appropriation for the credit program will be sufficient to meet anticipated credit payment requests and maintain existing contingency funding.

Section 4. Effective Date

The provisions of this ordinance shall become effective on July 1, 2003.

ADOPTED by the Metro Council this ______ day of ________________, 2003.

____
David Bragdon, Council President

ATTEST:

____
Recording Secretary

Approved as to Form:

____
Daniel B. Cooper, General Counsel

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STAFF REPORT

IN CONSIDERATION OF ORDINANCE NO. 03-1000 FOR THE PURPOSE OF AMENDING METRO CODE CHAPTER 5.02 TO AMEND DISPOSAL CHARGES AND SYSTEM FEES

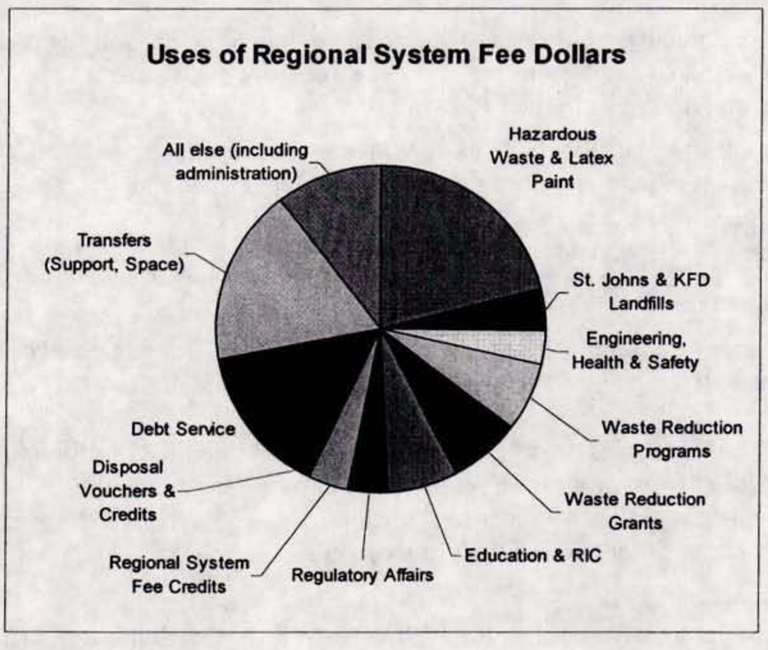
Date: March 20, 2003 Prepared by: Douglas Anderson

BACKGROUND

This Ordinance would increase the Regional System Fee by $1 per ton in Fiscal Year 2003-04. Consequently, the Metro tip fee will also rise by $1, from $66.25 to $67.25. This increase is projected to raise an additional $1.2 million for the Solid Waste Revenue Fund in FY 2003-04. It would increase the residential garbage customer's bill by an average of about 6¢ per month.

Although the Department had proposed to draw deeper into reserves for FY 2003-04 and had not included a rate increase in its requested budget of November 15, 2002, the continuing slump in tonnage-related revenue points toward the need for a mild rate increase to avoid drawing-down reserves below their target levels.

The Regional System Fee is a user charge that Metro levies on disposal of solid waste generated or disposed in the District. The Regional System Fee ("RSF") is currently $15 per ton, and is included in the tipping fees of all landfills and regional transfer stations (including the Metro stations) that accept waste from the region. The RSF currently raises about $18 million per year that is used to fund regional solid waste programs and the Department's debt service. The RSF is established in Metro Code Chapter 5.02, and has been an element of the regional solid waste revenue system since the late 1980s. The uses of Regional System Fee revenue are depicted in the following graph. Revenue from the RSF does not pay for disposal operations at the Metro transfer stations, for which there are separate user charges.



In recent years, the Department has implemented a planned draw-down of reserves by paying for a portion of these programs from fund balances. As a consequence, for some time now the Regional System Fee has been suppressed below the price that would fully recover costs. As reserves began to approach their target levels, the Department had planned a gradual transition to a full-cost rate from FY 2002-03 to 2004-05. A $2.10 increase (from $12.90 to the current $15) was implemented last July. However, the Department's requested FY 2003-04 budget• did not include any rate changes, on the assumption that the Department could suspend rate increases for a year and dig further into reserves until the current economic climate changed. In the first draft of the budget, the shortfall between the cost of regional programs and RSF revenue required a draw of $3.18 million from reserves, as shown in the "Requested" column of the table below.

Comparison of Sources & Uses of Funds
FY 2003-04 Regional Solid Waste Programs
Based on the Department's Requested Budget

Source/Use of Funds	Amount (million$) Requested	Updated
Regional program budget (uses)	**$22.33**	**$22.27**
Resources		
Transfer station revenue in excess of costs	$ 0.72	$ 0.47
Draw required from reserves	$ 3.18	$ 3.83
RSF revenue at $15 per ton‡	$18.43	$17.97
Total resources	**$22.33**	**$22.27**

The "Regional Program" budget includes hazardous waste, waste reduction, latex paint, RIC, inspections, etc.—net of dedicated revenue such as paint sales. It also includes debt service and transfer payments within Metro, but *excludes* the cost of transfer station disposal operations.

‡ The Regional System Fee would have to be $18.59 per ton to recover the $22.3 million in program costs, based on 1.2 million regional tons.

However, tonnage-related revenue has continued to slump since the preparation of the proposed budget, with implications for next year's financing strategy. These effects are summarized in the "Updated" column of the table above, and derive from the following:

1. There will be less fund balance available to draw from—because tonnage is mildly below expectations this year (0.8 percent under the adopted budget projection).
2. There will be less revenue generated during FY 2003-04:
   - Next year's RSF revenue is now expected to be about $460,000 less than the projection in the requested budget (see "RSF revenue" line in table above).
   - There will be about a quarter million fewer dollars available from disposal operations next year, again due to tonnage (see "Transfer station revenue" in table).

All told, the draw required from reserves next year is now projected to be $3.83 million, up $650,000 from the requested budget (see "Draw from reserves" in table above). Including the $470,000 available from revenue in excess of costs at the transfer stations, the total subsidy on regional services from all sources would be $4.3 million, or 20 percent of the program budget.

• References to the Department's proposed budget mean the FY 2003-04 budget submitted to Finance on November 15, 2002. Throughout this report, fixed expenditures are as submitted in that draft; but variable costs, revenues and reserves have been adjusted to account for changes since last November.

This situation gives rise to two concerns of fiscal management: (1) the reserves will fall below the fiscally-prudent targets recommended last year by an independent consultant; *and* (2), the Department will require a steeper rate increase in FY 2004-05 or a longer transition period to realize cost-of-service rates. Barring reductions in the proposed budget, the prudent fiscal course is to implement a mild increase in the Regional System Fee that will raise additional revenue in FY 2003-04 and simultaneously begin the transition to cost-of-service rates.

Metro's Rate Review Committee has been reviewing these conditions and issues, and on March 5, recommended that the Regional System Fee be increased $1.50 per ton, to $16.50, for FY 2003-04. In addition, the Committee recommended that the Council examine the Department's budget carefully to determine if cost savings and efficiencies could be found to further reduce the potential draw-down of reserves.

On advice of the Council President, this ordinance would increase the RSF by only $1 of the Committee's recommendation, to help hold the line during the current economic conditions. This increase is projected to raise $1.2 million, which would reduce the draw on the fund balance from $3.8 million to $2.6 million and maintain the reserves at a level that is closer to the target.

The specific impact of this Ordinance on Metro's tip fee is shown in the following table.

Components of the Metro Tip Fee & Change, FY 2002/03—03/04
(dollars per ton)

Component	Current Rate (FY 2002-03)	Proposed (FY 2003-04)	Change
Disposal Operations*	$ 43.12	$ 43.12	-
Regional System Fee	$ 15.00	$ 16.00	$ 1.00
Excise Tax	$ 6.39	$ 6.39**	-
DEQ Fees	$ 1.24	$ 1.24	-
Host Fee	$ 0.50	$ 0.50	-
Tip Fee	**$ 66.25**	**$ 67.25**	**$ 1.00**

* Includes station operation, transport, fuel, disposal and miscellaneous contracts.
** FY 2002-03 excise tax rate. Actual FY 2003-04 rate may differ slightly.

INFORMATION/ANALYSIS

1. Known Opposition.

Although no specific opposition has been voiced as of this writing, there is precedent for opposition to solid waste rate increases. The following are historical reactions from various user groups:

Haulers. Haulers' reactions to rate increases have been mixed. But generally, haulers tend to dislike rate increases because these costs are passed on to their customers, and the haulers are typically the first in line to field the resulting complaints and potential loss of business. In some local jurisdictions that regulate haulers' service charges, the allowed rate-of-return is based on the cost-of-sales; and in some of these cases, haulers may profit mildly from a rate increase because it increases the base on which their rate of return is calculated. However, historically, the majority of haulers have testified that negative customer relations issues outweigh any other advantages to rate increases, and therefore haulers have generally opposed such increases.

Private Facility Operators. Private solid waste facility operators have historically supported increases in Metro's tip fee because their own private tip fees can follow the public lead. However, the Regional System Fee is a cost to these same operators. Because this ordinance raises the tip fee through an increase in the system fee, the change is neutral *in principle* for facility operators. However, because the level of their costs would go up, the private operators can be expected to be opposed. Furthermore, operators that receive Regional System Fee credits are likely to argue that the credit schedule should be adjusted to keep their operating margins whole.

Private Disposal Site Operators. Landfills and private transfer stations will simply pass the increase in the Regional System Fee on to their customers through an increase in their tip fees. Private operators have typically opposed increases in the system fee because they have to field customers' negative responses to rate increases.

Ratepayers. Ratepayers costs will go up (see also "Anticipated Effects" below). Ratepayers typically oppose rate increases, although increases of only $1 per ton have historically not motivated significant opposition. However, the current economic climate may magnify the effect of any rate increase.

Not all interests are necessarily opposed, however:

Recycling Interests. Because the Regional System Fee is levied on disposal only, it makes recycling relatively more attractive. For this reason, recycling interests have historically supported increases in the Regional System Fee

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:** This ordinance will increase the cost of disposal throughout the region by $1 per ton—meaning, tip fees are likely to rise by $1 per ton. The increase in the Regional System Fee would be passed-through in Metro's tip fee, which would rise from $66.25 per ton to $67.25 per ton (assuming no change in the excise tax rate). The effect on an average residential garbage customer would be an increase of about 6¢ per month in the garbage bill. See also Budget Impacts, below.

   Because the RSF is so deeply subsidized by reserves and revenue from Metro transfer stations, some policy observers have considered the current financing strategy to contain an implicit subsidy of non-Metro facilities by Metro facilities. By moving the RSF closer to its cost-recovery level of $18.59 per ton, this implicit subsidy is reduced (but not eliminated).

4. **Budget Impacts.** The increase of $1 in the Regional System Fee is projected to raise an additional $1.2 million in operating revenue for the Solid Waste Revenue Fund in FY 2003-04, and a similar amount in subsequent years. This revenue estimate is based on the Department's tonnage projections.

RECOMMENDATION

The Chief Operating Officer recommends approval of Ordinance No. 03-1000.

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Agenda Item Number 6.1

Resolution No. 03-3312, For the Purpose of Adopting the Hearings Officer's Proposed Order and Authorizing the Chief Operating Officer to Issue a Final Order Imposing a Monetary Fine and Revoking Non-System License No. N-033-00, Issued to A & R Environmental Services, LLC/A. Noble Inc.

Metro Council Meeting
Thursday, April 3, 2003
Metro Council Chamber

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF ADOPTING THE HEARINGS OFFICER'S PROPOSED ORDER AND AUTHORIZING THE CHIEF OPERATING OFFICER TO ISSUE A FINAL ORDER IMPOSING A MONETARY FINE AND REVOKING NON-SYSTEM LICENSE NO. N-033-00, ISSUED TO A & R ENVIRONMENTAL SERVICES, LLC / A. NOBLE, INC.	)	RESOLUTION NO. 03-3312 Introduced by: Mark Williams, Interim Chief Operating Officer

WHEREAS, the Executive Officer issued Non-System License No. N-033-00 to A & R Environmental Services, LLC / A. Noble, Inc. (the "Licensee"), in July of 2000; and,

WHEREAS, the Metro Executive Officer initiated an enforcement action against the Licensee alleging that, for the period from May through November 2001, the Licensee failed to provide reports to Metro and failed to remit regional system fees and excise taxes to Metro, as required by Non-System License N-033-00 and the Metro Code; and,

WHEREAS, the Metro Executive Officer sought to collect the fees and taxes that the Licensee allegedly owed to Metro and to impose a civil penalty for the Licensee's failure to submit to Metro the required tonnage reports and remit to Metro the applicable regional system fees and excise taxes; and,

WHEREAS, the Licensee requested a contested case hearing; and,

WHEREAS, a hearing on the matter was held on December 16 and 17, 2002, before Metro Hearings Officer Robert J. Harris; and,

WHEREAS, on February 28, 2003, the Hearings Officer issued a proposed order to require the licensee to pay to Metro a total of $35,875.07 in fines, regional system fees, and excise taxes, and to revoke the Licensee's non-system license; and,

WHEREAS, the Licensee has filed written exceptions to the Hearings Officer's proposed order; and,

WHEREAS, Metro Code 2.05.045(b) provides that the Council shall adopt the Hearings Officer's proposed order or revise or replace the findings or conclusions in the order, or remand the order to the Hearings Officer; and,

WHEREAS, the Council has considered the proposed order and the Licensee's exceptions to the proposed order as required by the Metro Code; now therefore,

BE IT RESOLVED that the Council adopts the Proposed Order From Hearing issued by Hearings Officer Robert J. Harris in Metro Contest Case: Notice of Noncompliance 111-02 in the matter of Metro Non-System License No. N-033-00 issued to A & R Environmental Services, LLC / A. Noble, Inc., and directs the Chief Operating Officer to issue a final order substantially similar to the Proposed Order.

ADOPTED by the Metro Council this _____ day of _________, 2003.

David Bragdon, Council President

Approved as to Form:

Daniel B. Cooper, Metro Attorney

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BEFORE THE METRO REGIONAL GOVERNMENT

IN THE MATTER OF METRO NON-SYSTEM	)
LICENSE NUMBER N-033-00	)
	)
ISSUED TO	) OPPORTUNITY/RESPONSE TO
	) FILE WRITTEN EXCEPTIONS
METRO REGIONAL GOVERNMENT	)
600 NE GRAND AVENUE	)
PORTLAND, OR 97232	)

RESPONDANT:

TO MARK WILLIAMS / Metro Interim Chief Operating Officer

Pursuant to Metro Code 2.05.035, as defendants in the matter of Metro License NON-033-00 Violation we accept our opportunity to submit written exceptions to the Hearings Officer's decision within 14 days of the date of the mailing of this notice.

For your consideration we will address and detail concerns specific objections to the findings and rulings of the Hearings Officer. Discuss submittal of evidence that was not afforded the opportunity to present at time of hearing, and will explain why the information was provided at hearing and demonstrate that evidence submitted and accepted would likely have resulted in a different decision.

1) Defendant at pre hearing (Oct. 2, 2002) stated and requested that two days would be required to properly submit evidence and defend alleged violation. Defendant was afforded approximately one scheduled hearings day.
2) Metro provided Defendant no opportunity to question the following witnesses that provided vital impute to that influenced the Hearings Officers decision. Dean Large from Waste Connections / Nancy Mitchell from North Wasco County Landfill / Brian Engelson from Oregon Recycle Systems.

The following are specific objections to the Hearings Officers decisions.

SECTION II: Licensees Defense (first defense)

Additional Testimony: Vince Gilbert the owner of (ECR) East County Recycling will testify that (ORS) does not deliver Asbestos Containing Construction debris to his facility. And that the residual tonnage delivered by (ORS) has fallen well below averages.

Numbers 1-6, had representatives from either of the two companies mentioned been available for questioning from Defendant and had Defendant had allotted amount of time requested to present case, the Hearings Officer would have had the knowledge to provide a different decision.

SECTION II: Licensees Defense (second defense)

#2) Defendant asked during first day of hearing to have the Metro Specialist available to provide a decision as to weather Asbestos is exempt from Metro tax. Metro's experts provided to the Hearings Officer just that, an opinion. Asbestos is a Hazardous Substance and the abatement process is to prevent the release of Hazardous materials into the environment.

Had Defendant had time to present case Defendant would have reviewed submitted evidence.

SECTION II: Licensees Defense (third defense)

Had Defendant had the opportunity to question Dean Large from Waste Connections and Nancy Mitchell from North Wasco County Landfill the Hearings Officer would have known that the Screen & Grits where intended and in fact used beneficially at the landfill. Metro employee Steve Kraten testified that Dean Large stated in a telephone called made during the hearing that the Screen & Grits where never used as beneficial use. Whoever Steve Kraten also testified that Nancy Mitchell stated that the Screen & Grits where sometimes used for daily cover.

The City Of Portland to date, refuses to acknowledge taxes due on Screen & Grits. Defendant submitted accepted evidence (Invoices to The City Of Portland/Waste Water Treatment Plant) which clearly shows Defendant billed full Metro tax on several occasions and The City Of Portland continued to cross-out and deduct Metro taxes. Metro refuses to acknowledge the financial hardship section submitted on monthly reports.

Had Defendants been afforded the time to present defense we would have reviewed evidence.

ULTIMATE FINDINGS OF FACT REASONING AND CONCLUSIONS OF LAW

Numbers 7,8,9,10 & 11 (Asbestos)

Had Defendant had the allotted time requested the Hearings Officer would have had an opportunity to here testimony and review the (ORS SATUTES & FCR RULES) as they apply to hazardous substance/material, and how they apply to Metro Code.

ITEREST AND PENALTIES

Without the opportunity to properly present and defend entire case, and based on the fact that during Administrative Law Process defendant had no opportunity to call and question witnesses presented in Metro submitted evidence. The fact still remains that a determination still has not been made on Asbestos materials. Metro Code cannot exclude one item from the list of Federally Listed Hazardous Materials. All penalties and fines should be held with no additional financial impact until this process is complete.

Respectfully,

B

Robert Noble

METRO CONTESTED CASE: NOTICE OF NONCOMPLIANCE 111-02

BEFORE ROBERT J. HARRIS HEARINGS OFFICER

In The Matter of Metro Non-System License number N-033-00, and NON 111-02 Issued to A&R Environmental Services, LLC, and A. Noble, Inc., Respondents.	PROPOSED ORDER FROM HEARING

BACKGROUND AND PROCEDURAL POSTURE

On July 13, 2002, A & R Environmental Services, LLC / A. Noble, Inc. (hereinafter licensee) was issued a Metro non-system license number N-033-00.

On January 22, 2002, Terry Petersen, Director of Regional Environmental Management Department for Metro, executed a ***"Finding of Violations and Notice of Non-Compliance for Failure to Submit Tonnage Reports and Remit Fees as Required by Non-System License (N-033-00)."*** Pursuant to previous Metro Code, 5.05.035(e) and Metro Code 7.01 *et seq.*

Metro Code Licensee was given until February 18, 2002 to correct the alleged violations by submitting correct reports, and submit any user fees and excise taxes that would be due to Metro. The required reports were to record the type and number of tons of solid waste generated within Metro boundaries and delivered by the licensee to the non-system facility. The purpose of said reports are to calculate user fees and excise taxes due to Metro.

On Approximately February 14, 2002 Licensee submitted amended reports.

/////

Metro contested the accuracy of the Amended reports, and on March 18, 2002 Douglas Anderson, acting Director for Terry Petersen, issued a ***"Finding of Failure to Cure Non-System Violations (NON-111-02) and Notice of Termination of Non-System License, No. N-033-00 and the Imposition of Fines."*** Pursuant to previous Metro Code sections 5.05.035(e), 5.05.070 and 7.01 *et seq*.

Pursuant to previous Metro Code 5.05.090, and 7.01.100 Metro provided to Licensee a Contested Case Notice along with the March 18, 2002 Finding of Violations.

Licensee requested a Contested Hearing by letter dated April 17, 2002. From April 2002 until about September 2002, Licensee and Metro engaged in negotiations and exploratory discussions regarding the issues in dispute. In August 2002 it became clear that negotiations to resolve the dispute had failed. A Contested Hearing was scheduled for October 2, 2002 at 9:30 a.m. at the Metro Offices located at 600 Northeast Grand Avenue, Portland, Oregon 97232.

On September 24, 2002, Licensee sent a letter by facsimile, stating that Robert Noble, the President of A. Noble, who was acting as agent of Licensee, had been subpoenaed to Circuit Court for October 2, 2002. Mr. Noble requested a reset.

The Hearings Officer promptly informed all parties that the October 2, 2002 date would be treated as a pre-hearing conference, so that procedural issues and hearing dates, would be discussed.

On September 29, 2002, Licensee submitted a pleading entitled "REQUEST FOR DEPOSITION".

On September 30, 2002 Licensee filed a document entitled "ANSWER".

On October 2, 2002 the Pre-Hearing Conference was held. Present were Paul Garrahan for Metro, Robert J. Harris Hearings Officer, and Mr. Jeff Keathley for Licensee. The Hearing was audiotaped. Pre-hearing matters were resolved, and A new hearing date was set for December 16, 2002. The Hearing was scheduled for two days.

On October 29, 2002, by letter the Hearings Officer denied Licensees request to Order Depositions.

Licensee submitted a document entitled "ANSWER", and later amended by the Hearings officer to "AMENDED ANSWER" on December 2, 2002.

On December 9, 2002, Metro filed "METRO'S RESPONSE TO A&R/ANI's AMENDED ANSWER".

On December 10, 2002 Licensee requested that the Hearings officer Order Metro to produce certain documents and case law referenced in its Response. The Agency complied voluntarily.

On December 16, 2002 and continuing to December 17, 2002 the hearing on this matter was held at Metro's offices located at 600 Northeast Grand Avenue, Portland, Oregon 97232. Present at the Hearing were: For Metro, Paul Garrahan, Assistant Metro Counsel. For Licensee, Robert Noble, President of A. Noble, Inc., and interested party in A & R Environmental Services, as well as Jeff Keathley, Agent for A. Noble, Inc. Robert Harris acted as Hearings Officer. The Hearing was audio-taped.

The Hearings Officer stated on the record that there had been no ex-parte communications. The Hearings Officer recited on the record the Hearing Procedures, rights of the parties, and the right to appeal.

Prior to taking testimony, all witnesses were put under oath.

On the Last Day of the Hearing, Licensee presented at the hearing additional copies of invoices and other documents (marked as exhibits ANI 600 through ANI 1105). Based on a quick review it became obvious that some of these documents would likely evidence that some of the heretofore undocumented loads were in fact generated from outside the Metro boundary and thus not subject to Metro Code. The Hearings Officer gave the Agency until December 26, 2002 to review these materials, and submit a written response to these documents, and Licensee until December 31, 2002 to answer Metros response. The record was kept open for the response and answer.

On December 26, 2002 Metro filed with the Hearings Officer summary of its review. This correspondence, dated December 26, 2002 and signed by Mr. Paul Garrahan, included the following attachments: "Correlation analysis of ANI Documents 6001 to 1106." "Loads Documented as Outside the Metro Region" and "Calculation of Fees, Taxes and Penalties"

By Letter, Licensees answer to Metros December 26, 2002 response was extended until January 3, 2003. On that date, Licensee submitted a letter dated January 3, 2003, along with an attachment entitled "Tonnage Report / A&R – A. Noble / May 2110 - November 2001", and a copy of a Circuit Court Complaint, Multnomah County case number 0212-12719.

EVIDENTIARY RULINGS

METRO offered the following Exhibits into evidence, which were accepted without objection and marked accordingly:

Metro 00001 through Metro 00138

Metro 00139A

Metro 00140 through Metro 00183

Metro 01001 through Metro 01486

Metro 01486 through Metro 01653

Metro 2000 through Metro 2003

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Licensee offered the following Exhibits into evidence which were accepted without objection and marked accordingly

ANI 1 through ANI 293

ANI 294A through ANI 380A

ANI 310 through ANI 575

ANI 600 through ANI 1105

COP 1 through COP 13

Also made a part of the record were the following documents which were filed with the Hearings officer by Metro or the Licensee, or which were produced by the Hearings officer.

HO-01	Licensees Pleading dated September 24, 2002, entitled POSTPONE SCHEDULED HEARING DATE
HO-02	Licensees Pleading dated September 26, 2002, entitled PRODUCTION OF DOCUMENTS
HO-03	Licensees Pleading dated September 29, 2002 entitled, REQUEST FOR DEPOSITIONS
HO-04	Licensees Pleading dated September 30, 2002, entitled ANSWER
HO-05	Letter from Hearings Officer Dated October 4, 2002
HO-06	Letter from Hearings Officer dated October 29, 2002
HO-07	Pleading from Licensee dated December 2, 2002 entitled AMENDED ANSWER
HO-08	Pleading from Licensee, dated December 4, 2002, un-captioned
HO-09	Pleading from Metro, dated December 9, 2002, entitled METRO'S RESPONSE TO A&R/ANI'S AMENDED ANSWER
HO-10	Pleading from Licensee, dated December 10, 2002, un-captioned

/////

HO-11	Letter, with attachments, from Metro, dated December 26, 2002, RE: Review of ANI Documents Produced at Hearing; Metro Non-System License Violation NON –111-02
HO-12	Copy of Multnomah County Circuit Court Complain, Case number 0212-12719
HO-13	Letter from Licensee, dated January 3, 2003, responding to Metros December 26, 2002 letter

FINDINGS OF FACT

SECTION I: Finding of Violation by Metro

On July 13, 2000, A & R Environmental Services, LLC / A. Noble, Inc., (licensee herein) was issued a Metro non-system license. Section 6(b) of the license provides that the licensee shall provide Metro with monthly written reports of the tonnage and types of all solid waste delivered from each generation site to the non-system facility under the authority of the license. A report for each month is to be submitted no later than the fifteenth day of the following month. Each report must list the type and number of tons of solid waste generated within the Metro boundary that is delivered by the licensee to the non-system facility. The requirement to submit reports is also a requirement under Metro Code section 5.05.035(d)(2).

Section 6(c) of the license further provides that the licensee shall remit to Metro the applicable system user fees and excise taxes in accordance with the Metro Code provisions applicable to the collection, payment, and accounting of such user fees and excise taxes. This is also a requirement required under Metro Code section 5.05.035(d)(3).

Licensee did submit monthly reports as required by the Code and under the licensee, in October 2000 and in February 2001 and March 2001. These reports were for the months of September 2000 and January and February 2001. Licensee used incorrect forms for these reports, so metro contacted licensee and explained which forms to use, and how to complete them. In May 2001, Jeff Keathley, an employee of licensee, worked with Metro employee Janet Tolopka, to correct and resubmit the forms. (see MET 064-070). The last form and payment for user fees and taxes by licensee for 2001 was for April 2001.

By December of 2001, it was noted that licensee had failed to submit monthly report forms or payments for six months. Therefore Metro initiated an investigation of the amount of materials hauled by licensee to the various non-system landfills. Metro discovered that licensee had hauled a substantial amount of waste to NWCL, as evidenced from the weight tickets obtained from NWCL (see MET 075-088) Metro researched and collected date from licensees clients, mainly the City of Portland wastewater treatment facility where licensee had a substantial contract to haul the grit and screenings generated by said facility (see MET 091-095).

On January 22, 2002 Metro issued a finding of violation against licensee (NON), in that it was alleged that licensee had failed to complete accurate monthly reports for the months of May 2001 through November 2001, and if user fees and taxes were due, had failed to pay said user fees and taxes. (MET 098-102) The finding demanded that licensee complete accurate reports for the months of April 2001 through November 2001, and to submit any user fees or excise taxes that may be due. Licensee was given until February 18, 2002 to comply. In addition, licensee was informed that the incorrectly completed reports for the period between September 2000 until April, 2001 were not being considered violations for purposes of the January 22nd, NON, but that, if they were not corrected by February 18th, 2002 then they would be considered violations for which licensee may be subject to additional enforcement action.

Metro'finding of violation, dated January 22nd, 2002 complied with Metro Code section 5.05.035(e) in that in its findings of violation it allowed a cure period of at least 20, but not more than 60 days. Metro Code, section 5.05.035(e) also provides that if licensee fails to cure as directed, then the NSL shall automatically terminate.

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On February 18, 2002 licensee faxed to Metro a set of system and user fee and excise tax reports. Included with this faxed material were revised reports for the period between September 2000 and April 2001, and reports for the previously unreported months of May 2001 to December 2001. These amended reports claimed that licensee had delivered no in-region waste to the Wasco County Landfill (hereinafter NWCL) in April 2001, nor any for the months June, 2001 through December 2001. These reports did indicate that 23.13 tons of in-region waste was hauled in May 2001. Licensee did not remit any system user fee or excise tax payments with its new amended reports (see MET 103-138).

After February 18, 2002 Metro continued to collect information regarding licensees hauling practices, including reports from the City of Portland's wastewater treatment facility; the quarterly tonnage report filed by licensee with the City's solid waste department; and tonnage reports from licensees account at NWCL for the months of September 2000 and December 2001.

After reviewing all of the information collected on March 18, 2002, Metro issued its Findings of Failure to Cure (see MET 145-151). Metro concluded that licensee had failed, as required by sections 6(b) and 6(c) of its NSL, and Metro Code sections 5.05.035(d)(2) and (d)(3), to submit the required monthly system user fee and excise tax reports, and to pay the system user fees and excise taxes owed to Metro for the period from May through November 2001. Metro also found that each month's failure to submit the form was a separate violation. As a result Metro imposed fines against licensee in an amount equal to $500 per violation, plus the regional system user fee and excise taxes owed, plus interest penalty on the amount of the excise taxes owed, as provided in Metro Code section 7.01.080(b) (see MET 147-148). Licensee's NSL license was terminated, as required by Metro Code, section 5.05.035(e), and Licensee was notified that Metro would not extend it credit at any Metro facilities, as provided in Metro Code section 5.05.070(a). Metro through Douglas Anderson, the Acting Director of Regional Environmental Management Department, assessed a total fine against licensee of $44,670.84.

Records support the following factual findings:

1. Based on the records provided by Metro and Licensee, and the testimony of the individuals at the Hearing, I find that Licensee hauled the following tonnage of solid waste to NWCL during the listed months:

May 2001:	271.24 tons
June 2001:	389.31 tons
July 2001:	365.53 tons
August 2001:	283.23 tons
September 2001:	338.71 tons
October 2001:	265.15 tons
November 2001:	230.76 tons
TOTAL:	**2,143.93 tons**

SECTION II: Licensees Defenses

Licensee, in response, presented four defenses to the Finding of Violation. They are:

Licensee's First Defense: Licensee delivered solid waste to a recovery facility owned by Oregon Recycling System (ORS) and ORS, not licensee, was responsible for disposing of the solid waste at NWCL. Therefore licensee argues that there is no requirement to include this solid waste on its monthly NSL report.

As to this defense, I make the following findings of fact:

1. NWCL has licensee listed as the hauler of the solid waste on its receipt and weight logs, Not ORS (see MET 075-088)

2. Licensee was required to file quarterly reports with the City of Portland Wastewater Treatment facility in regards to the grit and screenings contract. In each report the destination for the solid waste is listed as "Wasco County" or "Wasco Landfill", not ORS (see MET 091-095, 140,141, and 162).

3. November 2000 Mr. Robert Noble, an owner of licensee, specifically asked Metro whether it would be legal for licensee to consolidate loads at the ORS facility before taking them to NWCL (see MET 021). This clearly indicates licensee's intent was to use the ORS facility as a place to park its solid waste for consolidation and reloading on its way to NWCL, and not to transfer responsibility for the waste to ORS.

4. Licensee presented no evidence that it ever paid ORS to conduct recovery on its solid waste, or that ORS had ever paid it to haul the "residual" to NWCL.

5. ORS's NSL only allows it to haul asbestos containing material to NWCL, not the type of material that licensee was hauling. In fact ORS has never used its NSL. ORS hauls its waste to the Metro Licensed East County Recycling (ECR) under a license issued to ECR.

6. ORS is not a metro licensed material recovery facility (MRF) authorized to accept this type of solid waste. It is a "clean MRF" exempt from Metro licensing requirements because it exclusively accepts non-putrescible source separated recyclable material which it sorts and sells as commodities.

Licensee's Second Defense: Much of the waste delivered to NWCL consisted of asbestos waste and, and that asbestos waste is either completely exempt from paying Metro fees and taxes, or is eligible for a per ton reduction on the user fee of $10.40 as provided in Metro Code section 5.02.047(d), and for reduced excise tax of $1.00 per ton as provided in Metro Code, section 7.01.020(e)(2).

I make the following Findings of Facts as to this defense:

1. The asbestos hauled by licensee was construction debris, and produced as a result of asbestos abatement projects.

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2. It is the opinion of Metro that solid waste generated from asbestos abatement projects, and general construction debris that has asbestos material, is not "Cleanup Material Contaminated by Hazardous Substances" within the meaning of Metro Code Sections 5.01.010(d) and 7.01.010(c).

3. All other waste haulers in the Metro region pay user fees and excise taxes on asbestos and asbestos laden construction debris.

Licensee's Third Defense: The grits and screenings that it collects from the City of Portland wastewater treatment facility and delivered to NWCL were used at the landfill as alternative daily cover or for other useful purposes, and were therefore eligible for the user fee and excise tax exemptions provided in Metro Code sections 5.01.150(b)(4) and 7.01.050(a)(10).

I make the following findings of facts as to this defense:

1. NWCL charged licensee a fee for disposal of the grits and screenings at NWCL.

2. NWCL did not actually use the grits and screenings as alternate daily cover, or for any other useful purpose.

Licensee's Fourth Defense: Significant amounts of waste hauled by licensee were generated outside the Metro region, and are not subject to Metro reporting, fees or excise taxes.

Based on the records presented, including the Licensees supplement to the record post-hearing, and the testimony of the witnesses, I find that the following amounts of solid waste which licensee hauled to NWCL were generated outside the Metro Region.

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May 2001:	38.55 tons
June 2001:	4.07 tons
July 2001:	63.16 tons
August 2001:	66.03 tons
September 2001:	64.74 tons
October 2001:	45.00 tons
November 2001:	43.35 tons
TOTAL:	**326.90 tons**

ULTIMATE FINDINGS OF FACT REASONING AND CONCLUSIONS OF LAW

1. On July 13, 2000, A & R Environmental Services, LLC / A. Noble, Inc. (Licensee herein) was issued a Metro non-system license. Section 6(b) of the license provides that the licensee shall provide Metro with monthly written reports of the tonnage and types of all solid waste delivered from each generation site to the non-system facility under the authority of the license.

2. Licensee did submit monthly reports as required by the Code and under the license, in October 2000 and in February and March 2001. These reports were for the months of September 2000 and January and February 2001

3. By December of 2001, it was noted that licensee had failed to submit monthly report forms or payments for six months. Therefore Metro initiated an investigation of the amount of materials hauled by licensee to the various non-system landfills

4. On January 22, 2002 Metro issued a finding of violation against licensee, in that it was alleged that licensee had failed to complete accurate monthly reports for the months of May 2001 through November 2001, and if user fees and taxes were due, had failed to pay said user fees and taxes. (MET 098-102) The finding demanded that licensee complete accurate

reports for the months of April 2001 through November 2001, and to submit any user fees or excise taxes that may be due.

5. On February 18, 2002 licensee faxed to Metro a set of system user fee and excise tax reports. Included with this faxed material were revised reports for the period between September 2000 and April 2001, and reports for the previously unreported months of May 2001 to December 2001. These amended reports claimed that licensee had delivered no in-region waste to the Wasco County Landfill (hereinafter NWCL) in April 2001, nor any for the months June 2001 through December 2001. These reports did indicate that 23.13 tons of in-region waste was hauled in May 2001. Licensee did not remit any system user fee or excise tax payments with its new amended reports (see MET 103-138).

6. From May 2001 until November 2001, Licensee hauled 2,143.93 tons of solid waste to the Wasco County Landfill, a non-system landfill. Of that amount Licensee has documented that 326.90 tons originated from outside the Metro jurisdiction. The net tonnage of waste hauled by licensee to NWCL that was generated from inside the Metro jurisdiction is more likely than not 1,817.03 tons (hereinafter the "net tonnage").

7. Of the 1,817.03 net tons of solid waste hauled by licensee to NWCL, some of it consisted of asbestos and asbestos laden construction debris. This construction debris was generated as a result of asbestos abatement or remediation projects, or general demolition.

8. Cleanup material contaminate by Hazardous substances is eligible for a reduced system user fees and excise tax. Pursuant to Metro Code Section 5.01.010(d), such exempt cleanup material is defined as solid waste resulting from the cleanup of releases of hazardous substances into the environment.

9. Asbestos is a hazardous substance, but not hazardous waste. It is considered a special solid waste and may be disposed of in a general purpose landfill. (OAR 340-093-1090, 340-248-0280, 340-248-0290) Asbestos generated from general construction or asbestos

abatement projects is not a cleanup or release of hazardous substances (3550 Stevens Creek Assoc. V. Barclay's Bank, 915 F2d. 1355, 1359-60 (9th Cir. 1990)

10. Metro's interpretation of "Cleanup Material Contaminated by Hazardous Substances" does not include General Asbestos laden construction debris or asbestos solid waste generated as a result of asbestos abatement projects, and so does not fall within the exceptions to fees and excise taxes provided for in Metro Code, 5.01.010(d) and 7.01.010(c).

11. Metro's interpretation of the term Cleanup Material Contaminated by Hazardous Substances" is reasonable, given the case law, and the intent of the exception to payment of fees and taxes for cleanup of hazardous releases, and is adopted by the Hearings Officer. (Gage v. City of Portland, 319 Or. 308, 317. 877 P.2d 1187 (1994) Deference is given to local governing body's interpretation of its own ordinance…)

12. The grits and screenings that licensee hauled to NWCL during the period in question were not used productively in the operation of the disposal site. Specifically, there was no evidence that the grits and screenings were ever used as Alternate Daily Cover at NWCL. In addition, NWCL did charge a fee related to the disposal of the grits and screenings. Therefore the grits and screenings does not fall within Metro Code section 5.01.150(b)(4) exemption and user fees and excise taxes are due on grits and screenings solid waste.

13. Licensee was required to include the net tonnage of solid waste it hauled to NWCL in its monthly reports to Metro, and to pay the user fees and excise taxes associated with said net tonnage.

14. Licensee violated Metro code section 5.05.035(d)(2) and its Non system license in that it failed to file accurate written monthly reports for the months of May 2001, June 2001, July 2001, August 2001, September 2001, October 2001, and November 2001.

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15. Licensee failed to cure said violation in a timely manner after receiving the "Findings of Violation and Notice on Non-Compliance for Failure to Submit Tonnage Reports and Remit Fees as Required by Non System License (N-033-00) in that the "Amended" reports it submitted on February 18th, 2002 were inaccurate and incomplete.

16. The net tonnage of solid waste that was subject to Metro user fees and excise taxes and that Licensee should have reported on its May 2001 report was 232.69. The user fee due on that amount was $3,001.70. The excise tax due was $1,088.99. Monthly interest on said excise tax is $16.33 from the date due until paid.

17. The net tonnage of solid waste that was subject to Metro user fees and excise taxes and that Licensee should have reported on its June 2001 report was 385.24. The user fee due on that amount was $4,969.60. The excise tax due was $1,802.92 . Monthly interest on said excise tax is $27.04 from the date due until paid.

18. The net tonnage of solid waste that was subject to Metro user fees and excise taxes and that Licensee should have reported on its July 2001 report was 302.37. The user fee due on that amount was $3,900.57. The excise tax due was $1,523.94 . Monthly interest on said excise tax is $22.86 from the date due until paid.

19. The net tonnage of solid waste that was subject to Metro user fees and excise taxes and that Licensee should have reported on its August 2001 report was 217.20. The user fee due on that amount was $2,801.88. The excise tax due was $1,094.69. Monthly interest on said excise tax is $16.42 from the date due until paid.

20. The net tonnage of solid waste that was subject to Metro user fees and excise taxes and that Licensee should have reported on its September 2001 report was 273.97. The user fee due on that amount was $3,534.21. The excise tax due was $1,380.81. Monthly interest on said excise tax is $20.71 from the date due until paid.

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21. The net tonnage of solid waste that was subject to Metro user fees and excise taxes and that Licensee should have reported on its October 2001 report was 220.15. The user fee due on that amount was $2,839.94. The excise tax due was $1,109.56. Monthly interest on said excise tax is $16.64 from the date due until paid.

22. The net tonnage of solid waste that was subject to Metro user fees and excise taxes and that Licensee should have reported on its November 2001 report was 185.41. The user fee due on that amount was $2,391.79. The excise tax due was $934.47. Monthly interest on said excise tax is $14.02 from the date due until paid.

ORDER

Based upon the above findings of fact, ultimate findings of fact, reasoning and conclusions of law, It is hereby ORDERED THAT:

1. For violating the reporting requirement in May 2001 Metro imposed a $500 penalty pursuant to Metro code Section 5.05.070(a). That Fine is hereby affirmed.

2. For violating the reporting requirement in June 2001 Metro imposed a $500 penalty pursuant to Metro code Section 5.05.070(a). That Fine is hereby affirmed.

3. For violating the reporting requirement in July 2001 Metro imposed a $500 penalty pursuant to Metro code Section 5.05.070(a). That Fine is hereby affirmed.

4. For violating the reporting requirement in August 2001 Metro imposed a $500 penalty pursuant to Metro code Section 5.05.070(a). That Fine is hereby affirmed.

5. For violating the reporting requirement in September 2001 Metro imposed a $500 penalty pursuant to Metro code Section 5.05.070(a). That Fine is hereby affirmed.

6. For violating the reporting requirement in October 2001 Metro imposed a $500 penalty pursuant to Metro code Section 5.05.070(a). That Fine is hereby affirmed.

7. For violating the reporting requirement in November 2001 Metro imposed a $500 penalty pursuant to Metro code Section 5.05.070(a). That Fine is hereby affirmed.

8. For May 2001 Licensee shall pay to Metro the sum of $3,001.70 in user fees, and $1,088.99 in excise taxes. Interest on the excise taxes shall accumulate in the amount of $16.33/month from the due date until paid.

9. For June 2001 Licensee shall pay to Metro the sum of $4,969.60 in user fees, and $1,802.92 in excise taxes. Interest on the excise taxes shall accumulate in the amount of $27.04/month from the due date until paid.

10. For July 2001 Licensee shall pay to Metro the sum of $3,900.57 in user fees, and $1,523.94 in excise taxes. Interest on the excise taxes shall accumulate in the amount of $22.86/month from the due date until paid.

11. For August 2001 Licensee shall pay to Metro the sum of $2,801.88 in user fees, and $1,094.69 in excise taxes. Interest on the excise taxes shall accumulate in the amount of $16.42/month from the due date until paid.

12. For September 2001 Licensee shall pay to Metro the sum of $3,534.21 in user fees, and $1,380.81 in excise taxes. Interest on the excise taxes shall accumulate in the amount of $20.71/month from the due date until paid.

13. For October 2001 Licensee shall pay to Metro the sum of $2,839.94 in user fees, and $1,109.56 in excise taxes. Interest on the excise taxes shall accumulate in the amount of $16.64/month from the due date until paid.

14. For November 2001 Licensee shall pay to Metro the sum of $2,391.79 in user fees, and $934.47 in excise taxes. Interest on the excise taxes shall accumulate in the amount of $14.02/month from the due date until paid.

15. Licensee's NSL N-033-00 shall be terminated and revoked pursuant to Metro Code Section 5.05.035(e).

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SUMMARY:

Fines imposed for Violation of the requirement to Report Monthly:	$ 3,500.00
Total User Fees Due:	$23,439.69
Total Excise Taxes Due:	$ 8,935.38
TOTAL DUE WITHOUT INTEREST:	$35,875.07

Plus interest accruing on each monthly excise tax due but not yet paid.

Robert J. Harris
Hearing Officer

Dated: February 24, 2003

THIS ORDER MAY BE REVIEWED PURSUANT TO THOSE PROVISIONS AS SET FORTH IN METRO CODE SECTION 2.05

040303c-01

MINUTES OF THE METRO COUNCIL MEETING

Thursday, March 27, 2003
Metro Council Chamber

Councilors Present:	David Bragdon (Council President), Susan McLain, Brian Newman, Carl Hosticka, Rod Monroe, Rod Park
Councilors Absent:	Rex Burkholder (excused)

Council President Bragdon convened the Regular Council Meeting at 2:01 p.m.

1. INTRODUCTIONS

There were none.

2. CITIZEN COMMUNICATIONS

There were none.

3. CONSENT AGENDA

3.1 Consideration of minutes of the March 20, 2003 Regular Council Meetings.

Motion:	Councilor Hosticka moved to adopt the meeting minutes of the March 20, 2003, Regular Metro Council meeting, Resolution No. 03-3298 and 03-3304.
Vote:	Councilors Park, Hosticka, McLain, Monroe, Newman and Council President Bragdon voted in support of the motion. The vote was 6 aye, the motion passed.

3.2 **Resolution No. 03-3298**, For the Purpose of Confirming Nancy Kluss and Suellen Coverdill to the Metro 401(k) Employee Savings Plan Advisory Committee.

Vote:	Councilors Park, Hosticka, McLain, Monroe, Newman and Council President Bragdon voted in support of the motion. The vote was 6 aye, the motion passed.

3.3 **Resolution No. 03-3304**, For the Purpose of Confirming the Re-Appointment of Sheryl Manning to Complete her original four-year term appointment with the Metropolitan Exposition-Recreation Commission.

Vote:	Councilors Park, Hosticka, McLain, Monroe, Newman and Council President Bragdon voted in support of the motion. The vote was 6 aye, the motion passed.

4. ORDINANCES – FIRST READING

4.1 **Ordinance No. 03-1002,** For the Purpose of Amending Section 2.20.020 of the Metro Code Relating to the Chief Operating Officer; and Declaring an Emergency.

Council President Bragdon assigned Ordinance No. 03-1002 to the Council. He announced that this ordinance would be considered at the April 10, 2003 Council meeting.

5. ORDINANCES - SECOND READING

5.1 **Ordinance No. 03-991,** For the Purpose of Adopting Performance Measures To Monitor the Progress of Implementing the Urban Growth Management Functional Plan and Amending Title 9 (Performance Measures) of the Urban Growth Management Functional Plan.

Motion:	Councilor Park moved to adopt Ordinance No. 03-991.
Seconded:	Councilor Hosticka seconded the motion.

Motion:	Councilor Park moved to substitute Ordinance No. 03-991A for 03-991.
Seconded:	Councilor Hosticka seconded the motion.

Vote to Substitute:	Councilors Park, Hosticka, McLain, Monroe, Newman and Council President Bragdon voted in support of the motion. The vote was 6 aye, the motion passed.

Councilors thanked Gerry Uba, Planning Department, for his efforts in pulling this together.

Council President Bragdon opened a public hearing. No one came forward. Council President Bragdon closed the public hearing.

Vote on the Main Motion:	Councilors Park, Hosticka, McLain, Monroe, Newman and Council President Bragdon voted in support of the motion. The vote was 6 aye, the motion passed.

5.2 **Ordinance No. 03-996,** For the Purpose of Increasing Grave Prices, Procuring A Niche Wall and Establishing a Cemetery Surcharge.

Motion:	Councilor McLain moved to adopt Ordinance No. 03-996.
Seconded:	Councilor Newman seconded the motion

Councilor McLain reviewed the reasons for the ordinance.

Council President Bragdon opened a public hearing. No one came forward. Council President Bragdon closed the public hearing.

Vote:	Councilors Park, Hosticka, McLain, Monroe, Newman and Council President Bragdon voted in support of the motion. The vote was 6 aye, the motion passed.

5.3 **Ordinance No. 03-997,** For the Purpose of Amending the FY 2002-03 Budget and Appropriations Schedule by Transferring $10,786 from the General Revenue Bond Fund Contingency to Capital Outlay and Interfund Transfers To Provide Appropriation Authority for the Carryover and Completion of the Council Chamber Camera Project; and Declaring an Emergency.

Motion:	Councilor McLain moved to adopt Ordinance No. 03-997.
Seconded:	Councilor Park seconded the motion.

Councilor McLain spoke to the grant for the camera project and the need for more outreach. She noted John Donovan's efforts on this project. Councilor Park asked for an update. Mr. Donovan, Public Affairs Department, updated the Council on the project and thanked those who had participated. He spoke to the agreement to broadcast live on Channel 11, a region-wide broadcast. Councilor Newman talked about Milwaukie cable access.

Council President Bragdon opened a public hearing. No one came forward. Council President Bragdon closed the public hearing.

Vote:	Councilors Park, Hosticka, McLain, Monroe, Newman and Council President Bragdon voted in support of the motion. The vote was 6 aye, the motion passed.

5.4 **Ordinance No. 03-1000,** For the Purpose of Amending Metro Code Chapter 5.02 to Amend Disposal Charges and System Fees.

Motion:	Councilor Park moved to adopt Ordinance No. 03-1000.
Seconded:	Councilor McLain seconded the motion

Council President Bragdon opened a public hearing.

Ray Phelps, Willamette Resources, 10295 SW Ridder Wilsonville, OR 97070, summarized his letter (a copy of which may be found in the meeting record). He noted that he had testified at the Rate Review Committee as well. Councilor Park asked about excise tax. Mr. Phelps explained his remarks. Councilor Newman asked about a staff report on this ordinance and suggested that he be briefed next week on this ordinance. He then asked for clarification on disposal charges and system fees. Mr. Phelps responded to his questions.

Dave White, Oregon Refuse and Recycle Association and Tri County Council, 1739 NW 156th Avenue, Beaverton, OR 97006 echoed Mr. Phelps comments. He shared some concerns that the haulers might have. He would come next week with additional testimony.

Council President Bragdon closed the public hearing. He declared that Ordinance No. 03-1000 would be held over until April 3, 2003 for final consideration.

6. RESOLUTIONS

6.1 **Resolution No. 03-3262,** For the purpose of Directing the Chief Operating Officer to Submit the Performance Measures Report to the Oregon Department of Land Conservation and Development.

Motion:	Councilor Park moved to adopt Resolution No. 03-3262.
Seconded:	Councilor Newman seconded the motion.

Councilor Park explained that this was a companion to the ordinance that was just passed and explained further the reasons for the resolution which was to prepare additional benchmarks. Councilor Hosticka supported the resolution. He shared his concerns concerning consideration of new measures, he cautioned care in choosing our measures wisely and to be cautious of the changes made. He also talked about setting targets and the perception of failure when in actuality the situation was being improved. Councilor Park urged support.

Vote:	Councilors Park, Hosticka, McLain, Monroe, Newman and Council President Bragdon voted in support of the motion. The vote was 6 aye, the motion passed.

6.2 Resolution No. 03-3286, For the Purpose of Authorizing Metro to Contribute toward the Purchase of Property on Hogan Butte in The East Buttes/Boring Lava Domes Target Area.

Motion:	Councilor Park moved to adopt Resolution No. 03-3276.
Seconded:	Councilor Monroe seconded the motion

Councilor Park explained the purchase on Hogan Butte. He spoke to the difficulties with other government entities. He noted that he would be requesting an amendment to this resolution so they have opportunity to exercise all of their options. This purchase closed a gap in this area. Councilor Newman asked for a display map. Jim Desmond, Director of Parks and Greenspaces, gave an overview of the area under consideration and explained the history. Councilor Monroe asked about sending the money back to Washington DC, how was that decision made? Mr. Desmond explained the reason for this action.

Councilor President opened a public hearing.

Don Robertson, City of Gresham, 3331 NW Eastman Parkway, Gresham Oregon, 97080 spoke on behalf of Mayor Becker and the City of Gresham. They supported the purchase. Councilor Park said he wanted to make sure that the City of Gresham was supportive of this property and would be willing to take over the management of the property. Mr. Robertson said the City will honor its agreement. Councilor Hosticka asked about the purchase. Councilor Park responded to his questions.

Council President Bragdon closed the public hearing.

Mr. Desmond explained the amendment.

Motion to Amend:	Councilor Park moved to substitute Resolution No. 03-3276A.
Seconded:	Councilor Monroe seconded the motion

Vote to Amend:	Councilors Park, Hosticka, McLain, Monroe, Newman and Council President Bragdon voted in support of the motion. The vote was 6 aye, the motion passed.

Vote on the Main Motion:	Councilors Park, Hosticka, McLain, Monroe, Newman and Council President Bragdon voted in support of the motion. The vote was 6 aye, the motion passed.

6.3 **Resolution No. 03-3279**, For the Purpose of Directing the Chief Operating Officer to

Submit an Amendment to the Periodic Review Work Order to the Department of Land Conservation and Development to Add Task 3 to Meet the Remaining Need for Industrial Land.

Motion:	Councilor Park moved to adopt Resolution No. 03-3279.
Seconded:	Councilor Newman seconded the motion

Councilor Park asked Council President Bragdon to explained the resolution. Council President Bragdon explained the resolution. Councilor Hosticka asked about the number of acres and thought that the number of acres was not to be included in the resolution. Council President Bragdon concurred and asked Dan Cooper, Metro Attorney, to make this revision before signing the resolution. Council President Bragdon opened a public hearing.

Al Burns, City of Portland Planning Bureau, 1900 SW 4th Avenue, Portland, OR 97201 summarized his letter (a copy of which is included in the meeting record). Councilor Newman talked about the discussion at MPAC. He wanted to clarify where the City of Portland stood. Mr. Burns explained further the City's position. Councilor Park asked how these two items were related. Mr. Burns clarified the City's position. Councilor Park asked how Mr. Burns saw this to be a change in assumptions. Mr. Burns responded to his question. Councilor Park talked about the possibility of revisiting land. Councilor Hosticka commented on land use decisions current and future. He would be supporting this resolution but would be watchful of how we proceed. Council President Bragdon agreed with Councilor Newman about the City of Portland's stance on this issue. We need to get clear signals from local governments.

Council President Bragdon closed the public hearing.

Councilor McLain echoed Councilor Hosticka's comments. We must be realistic in our decisions. She would support this resolution but wanted to make sure as we go forward that we used common sense. Councilor Park closed by responding the Councilors comments and urging support.

Vote:	Councilors Park, Hosticka, McLain, Monroe, Newman and Council President Bragdon voted in support of the motion. The vote was 6 aye, the motion passed.

6.4 **Resolution No. 03-3292,** For the purpose of Issuing a Renewed Metro Solid Waste Facility License to Yard Debris Composting to Allwood Recyclers, Inc.

Motion:	Councilor Monroe moved to adopt Resolution No. 03-3292.
Seconded:	Councilor Newman seconded the motion

Councilor Monroe explained that Allwood Recyclers, Inc had been granted a license five years ago. They were doing a good job. This measure extended their license for an additional five years. He urged support.

Vote:	Councilors Park, Hosticka, McLain, Monroe, Newman and Council President Bragdon voted in support of the motion. The vote was 6 aye, the motion passed.

6.5 Resolution No. 03-3276, For the Purpose of Granting an Easement to Northwest Natural for Non-Park Use through Metro Property at River Road and Farmington Road.

Motion:	Councilor McLain moved to adopt Resolution No. 03-3276.
Seconded:	Councilor Newman seconded the motion.

Councilor McLain explained the reason for the easement for Northwest Natural. The company met all of the criteria. She didn't think it would cause Metro any problems. She urged support. Councilor Park asked if the property owners to the north and south had agreed to this as well. Jim Morgan, Regional Parks and Greenspaces, answered his question. Councilor Park asked about the public right-of-way. The gas line was using new areas rather than using public right-of-way. Councilor Newman asked what the property was used for now. Mr. Morgan said it was residential. The easement was in a flood plain. Mr. Desmond added that this was a green ribbon site. Councilor Newman summarized that, with future development of the property, this easement would not impact the property in a negative way. He then asked about liability. Mr. Morgan spoke to Metro's liability and insurance. Mr. Cooper further clarified the liability and insurance issues for this property. Councilor Hosticka asked if the two parcels on the map were contiguous. He asked about surface rights and would it affect public use? Mr. Morgan explained future needs for access. Councilor Hosticka asked about eminent domain. Mr. Cooper responded to his question. Mr. Desmond added that the gas company had the easement appraised. The area was valued at $9700. Metro would be receiving compensation.

Vote:	Councilors Park, McLain, Monroe, Newman and Council President Bragdon voted in support of the motion, Councilor Hosticka abstained from the vote. The vote was 5 aye/1 abstain, the motion passed.

6.6 **Resolution No. 03-3310**, For the Purpose of Providing Additional Direction to Pac/West Communications Concerning Bills before the 2003 Oregon Legislature.

Motion:	Councilor Hosticka moved to adopt Resolution No. 03-3310.
Seconded:	Councilor Monroe seconded the motion.

Councilor Hosticka explained the resolution. Mr. Cooper added his comments and explained Exhibit A. He clarified his understanding of Councilors feedback at Tuesday's Informal. Council President Bragdon talked about their discussion at the Informal. Councilor Monroe added his comments on some of the bills. Councilor Newman asked about a certain bill. Mr. Cooper clarified the bill. Councilor Newman supported the resolution but clarified his support of affordable housing. Mr. Cooper said there was several bills he needed to update Council on.

Vote:	Councilors Park, Hosticka, McLain, Monroe, Newman and Council President Bragdon voted in support of the motion. The vote was 6 aye, the motion passed.

Mr. Cooper updated the Council on several new bills to be considered at the Oregon Legislature.

7. COUNCILOR COMMUNICATION

Councilor Hosticka said on Monday there would be hearing at the legislature on revenue sharing. He noted local jurisdiction support. He also spoke to Washington County and Westside Economic Alliance concerns.

8. ADJOURN

There being no further business to come before the Metro Council, Council President Bragdon adjourned the meeting at 3:36 p.m.

Prepared by

Chris Billington
Clerk of the Council

ATTACHMENTS TO THE PUBLIC RECORD FOR THE MEETING OF MARCH 27, 2003

ITEM #	TOPIC	DOC DATE	DOCUMENT DESCRIPTION	DOC. NUMBER
5.1	ORDINANCE NO. 03-991A	MARCH 2003	PERFORMANCE MEASURES REPORT COMPLETE RESULTS	032703C-01
5.1	ORDINANCE NO. 03-991A	3/26/03	EXHIBIT B TO ORDINANCE NO. 03-991A SUBSTITUTED LANGUAGE	032703C-02
6.2	RESOLUTION NO. 03-3286A	3/27/03	AMENDMENT TO RESOLUTION NO. 03-3286	032703C-03
6.3	RESOLUTION NO. 03-3310	3/26/03	FOR THE PURPOSE OF PROVIDING ADDITIONAL DIRECTION TO PAC/WEST COMMUNICATIONS CONCERNING BILLS BEFORE THE 2003 OREGON LEGISLATURE	0327039C-04
6.3	RESOLUTION NO. 03-3310	3/27/03	LETTER TO COUNCIL FROM: AL BURNS CITY OF PORTLAND	032703C-05
5.3	ORDINANCE NO. 03-1000	3/27/03	LETTER TO COUNCIL FROM: RAY PHELPS, WILLAMETTE RESOURCES	032703C-06

Metro Budget

METRO

PEOPLE PLACES
OPEN SPACES

Proposed Budget

FY 2003-04

040303C-02

Volume 1 of 2

Metro Budget

Proposed Budget

FY 2003-04

METRO

PEOPLE PLACES
OPEN SPACES

Volume 2 of 2

Metro Budget

Proposed

Budget Notebook

FY 2003-04

Office of the Council/Chief Operating Officer
Planning
Regional Parks and Greenspaces
Public Affairs
Office of the Auditor
Office of the Metro Attorney
Business Support
Finance

METRO

PEOPLE PLACES
OPEN SPACES

Book 1 of 2

Metro Budget

Proposed

Budget Notebook

FY 2003-04

MERC
Oregon Zoo
Regional Environmental Management
Miscellaneous

METRO

PEOPLE PLACES
OPEN SPACES

Book 2 of 2

040303c-03

SP RECYCLING CORP.

March 28, 2003

Metro Council
600 NE Grand Avenue
Portland, OR 97232

Dear Councilors:

I am writing to you regarding Metro Ordinance No. 03-1000, for the purpose of amending disposal charges and system fees. My firm, SP Recycling Corporation, processes newsprint from curbside collection. This material is used in the manufacture of recycled content newsprint at the SP Newsprint Co mill in Newberg, Oregon. We have been quite successful in reducing the tonnage we are taking to the landfill from the Clackamas plant - almost all of what we take to the transfer station is material that shouldn't have been put out at the curbside in the first place. This increase in the disposal fees will further increase our costs, which further increases the raw material costs at the Newberg mill. The market for newsprint has been at record low levels and our industry is not in a position to absorb any additional costs.

I am assuming that Metro is looking at this as a last resort effort and has already implemented cost reduction activities at their transfer stations in an effort to offset the reduction in revenue. Nevertheless, we are opposed to any increase in disposal cost as a result of this Ordinance.

Sincerely,

John Lucini
Vice President, Pacific Region

cc: Sam Miller, SP Recycling
Mike Hoglund, Metro
Lee Barrett, Metro

PACIFIC REGION
16810 S. E. 120TH AVENUE * CLACKAMAS, OR 97015
PHONE 503 723-7180 * FAX 503729-3086

040303c-04

METRO

Metro Budget

Fiscal Year 2003-04

Presented to Council

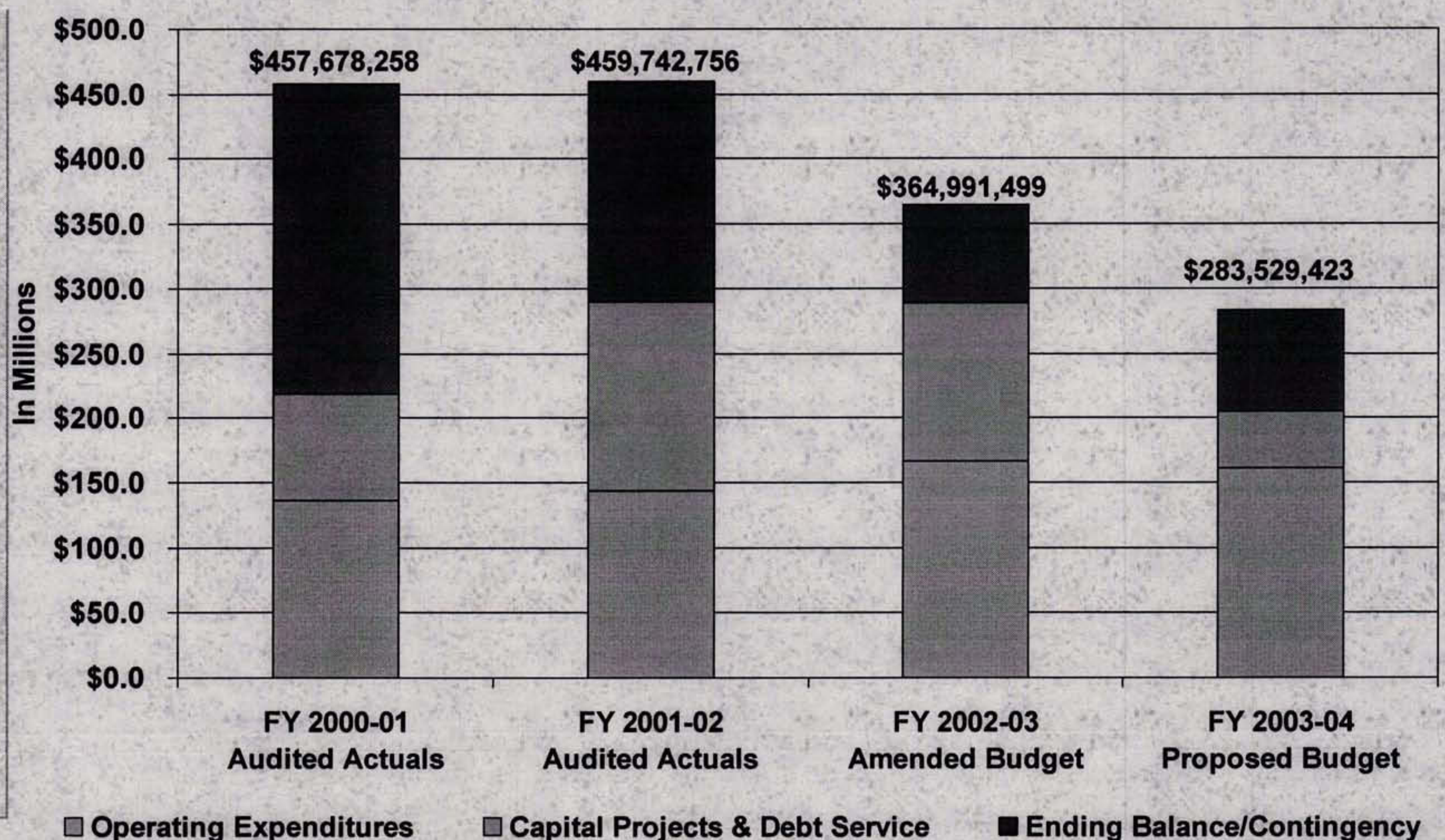
April 3, 2003

Budget Principles

- Financial stability is the foundation for future success
- Transition created savings, Consolidation creates efficiencies
- Focus on services, limit overhead
- Do what the public has asked us to do

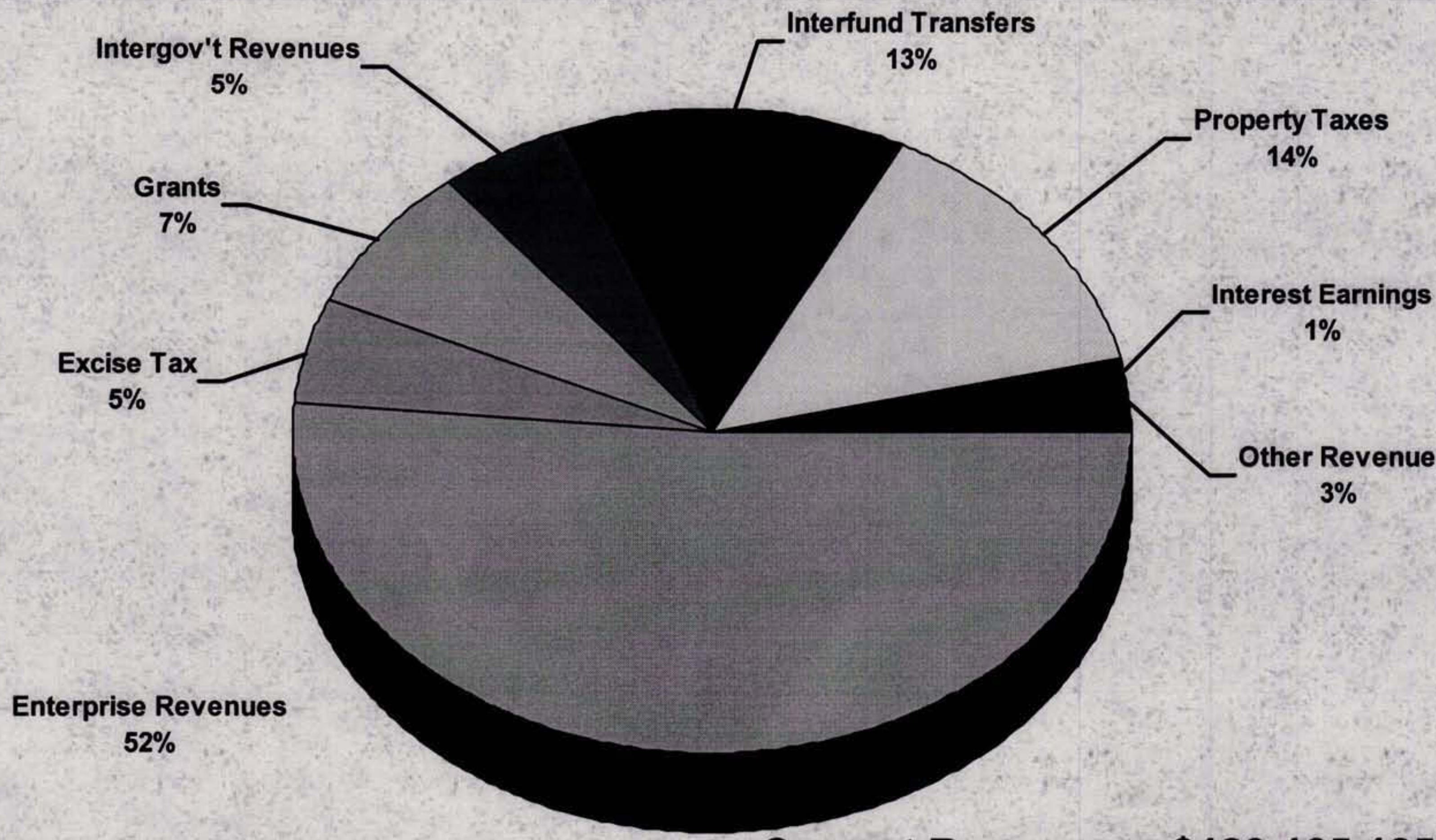
Budget Summary

By Type of Expense



Where the Money Comes From

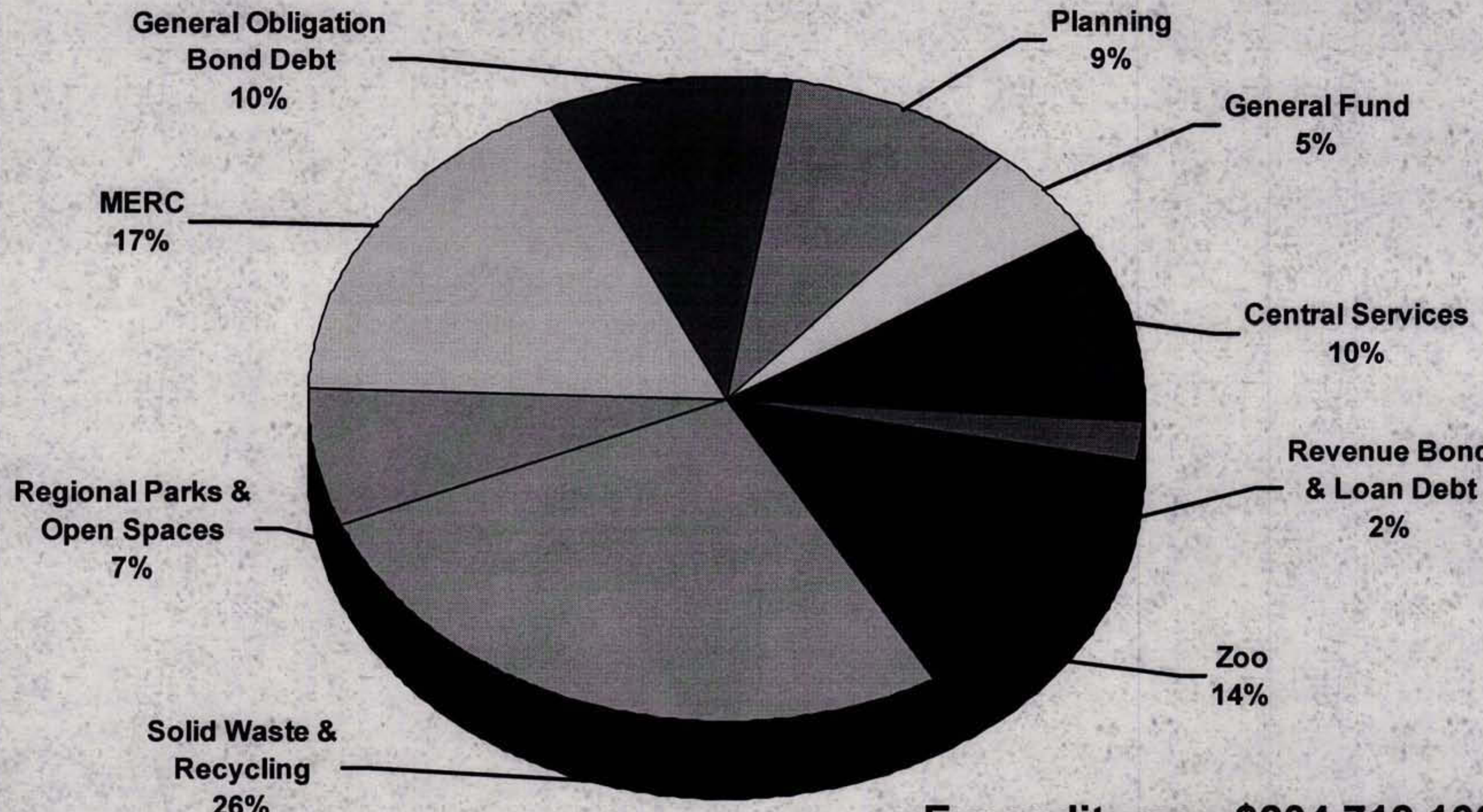
FY 2003-04 Current Revenues



Current Revenues: $189,125,125

Where the Money Goes

FY 2003-04 Expenditures by Function



Expenditures: $204,712,166

Solid Waste & Recycling

- Adjust rates to ensure fairness to ratepayers & industry
- Reevaluate existing programs to provide greatest value for the dollar spend
- Refinance debt, watch expenses and adjust revenue to meet policy goals
- Comply with bond covenants and maintain Metro's credit rating

MERC

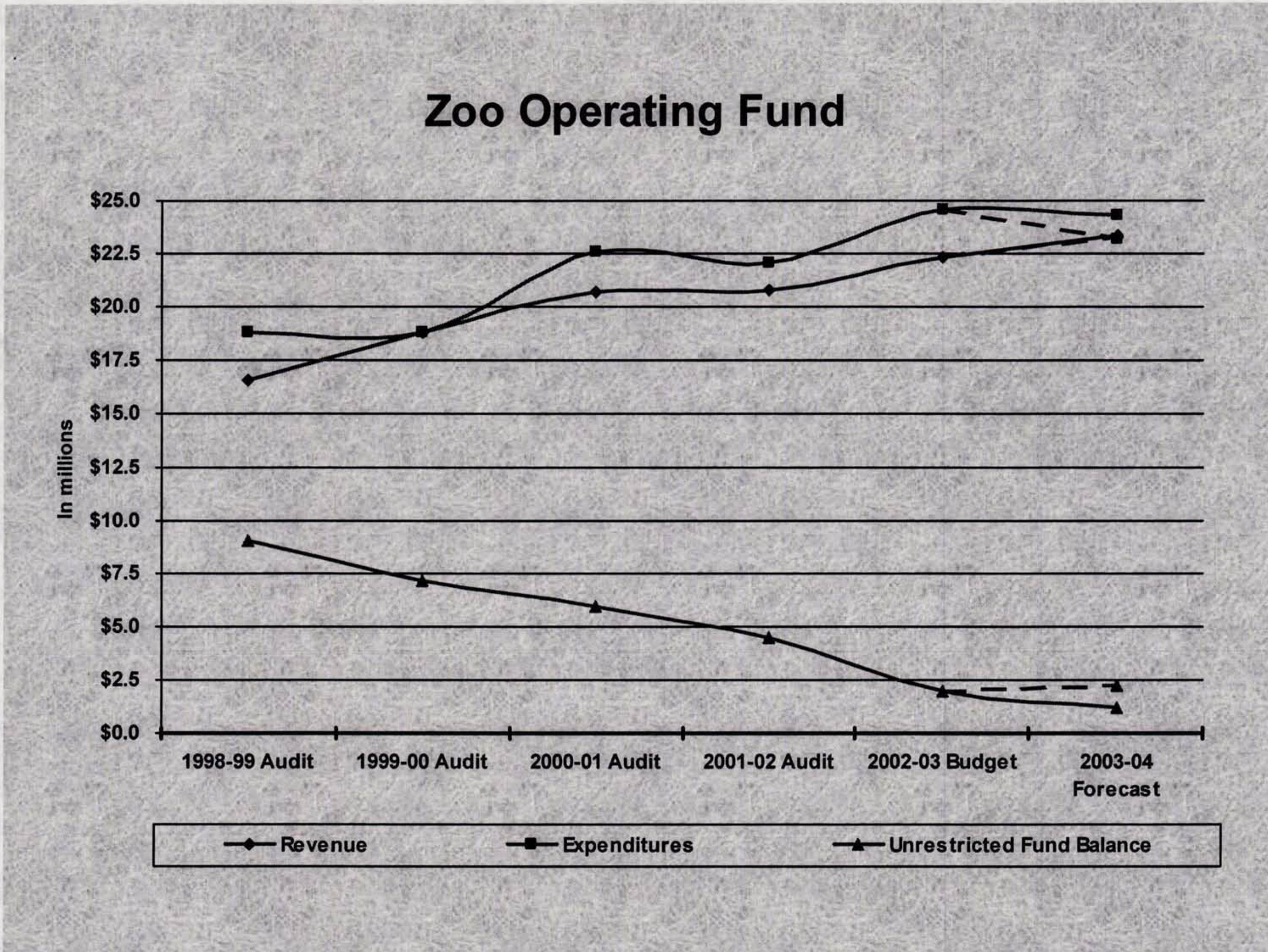
- OCC expansion successful
- Increase resources with creative revenue ideas and sound management
- Fulfill agreement with tourism industry to contain overhead costs
- Next step is a headquarters hotel

Planning

- **Keep up the good work – remaining best in the nation**
- **Focus on Council policy goals:**
  - ✓ Centers
  - ✓ Industrial land
  - ✓ Fish & wildlife habitat protection
  - ✓ Strategic investment of transportation funds

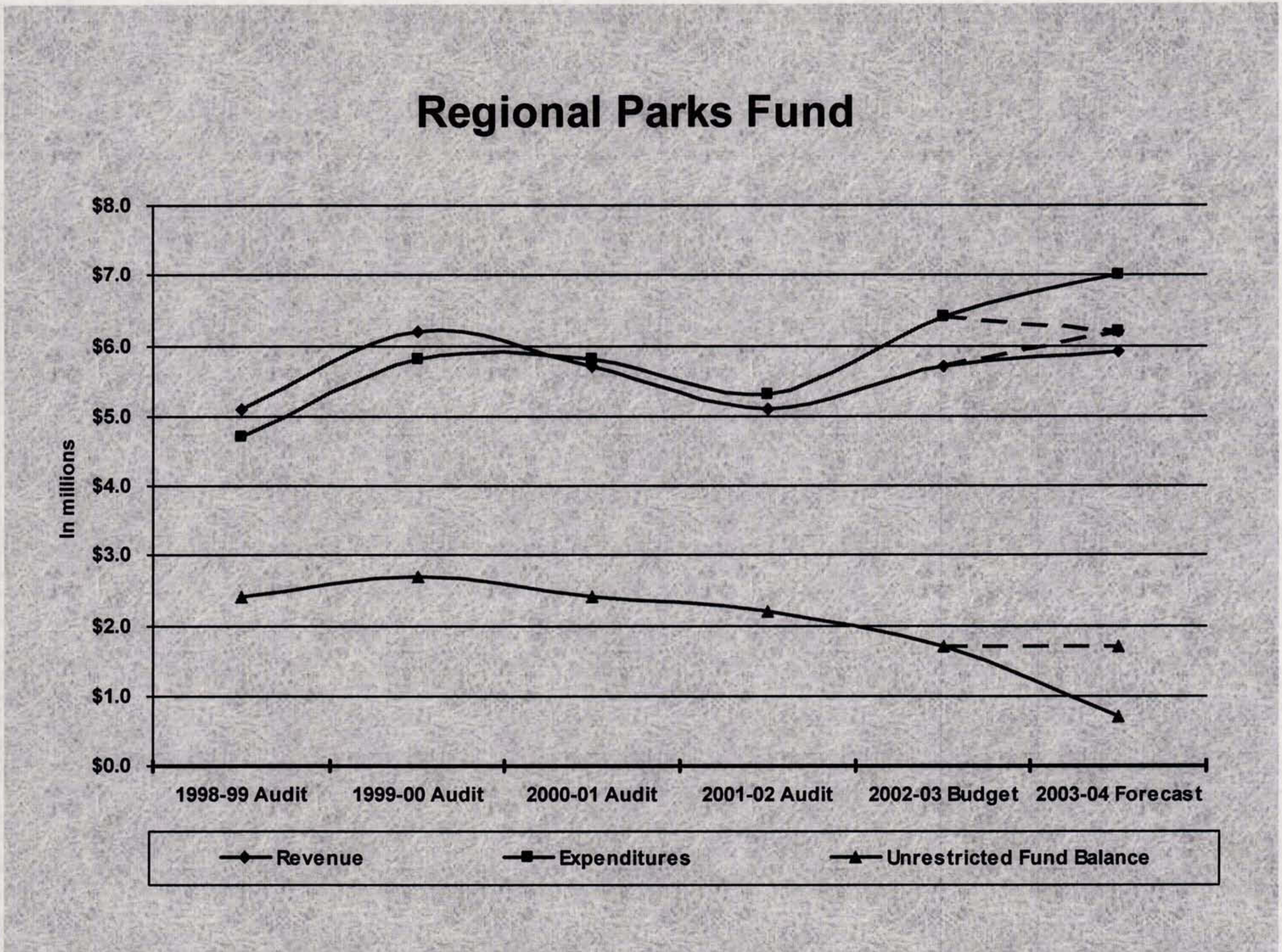
Oregon Zoo

- Submitted balanced budget without use of reserves for the first time in several years
- Stabilize operating and personnel costs
- Increase revenues by implementing new educational attractions
- Eagle/Salmon exhibit to open in early 2004
- Condor project: an honor and a challenge


Zoo Operating Fund
$25.0
$22.5
$20.0
$17.5
$15.0
$12.5
$10.0
$7.5
$5.0
$2.5
$0.0
In millions
1998-99 Audit
1999-00 Audit
2000-01 Audit
2001-02 Audit
2002-03 Budget
2003-04 Forecast
Revenue
Expenditures
Unrestricted Fund Balance

Regional Parks & Greenspaces

- Use resources regionally and focus management on positive change
- Reasonable increases in admission to match market, address inflation
- Open Spaces bond measure: job well done!
- Funding is an ongoing challenge with $1.00 per ton resources ending next year


Regional Parks Fund
$8.0
$7.0
$6.0
$5.0
$4.0
$3.0
$2.0
$1.0
$0.0
In millions
1998-99 Audit
1999-00 Audit
2000-01 Audit
2001-02 Audit
2002-03 Budget
2003-04 Forecast
Revenue
Expenditures
Unrestricted Fund Balance

Central Services

- Central Services include
  - ✓ Council Office
  - ✓ Public Affairs Department
  - ✓ Office of the Auditor
  - ✓ Office of Metro Attorney
  - ✓ Finance Department
  - ✓ Business Support Department
- Funded in one of two ways
  - ✓ General Fund excise tax
  - ✓ Cost allocation plan

Council, Public Affairs, COO

- Fulfill pledge to save money and increase accountability
- Offer clear communication that tells the whole story about Metro
- Reevaluate and improve intergovernmental relations practices

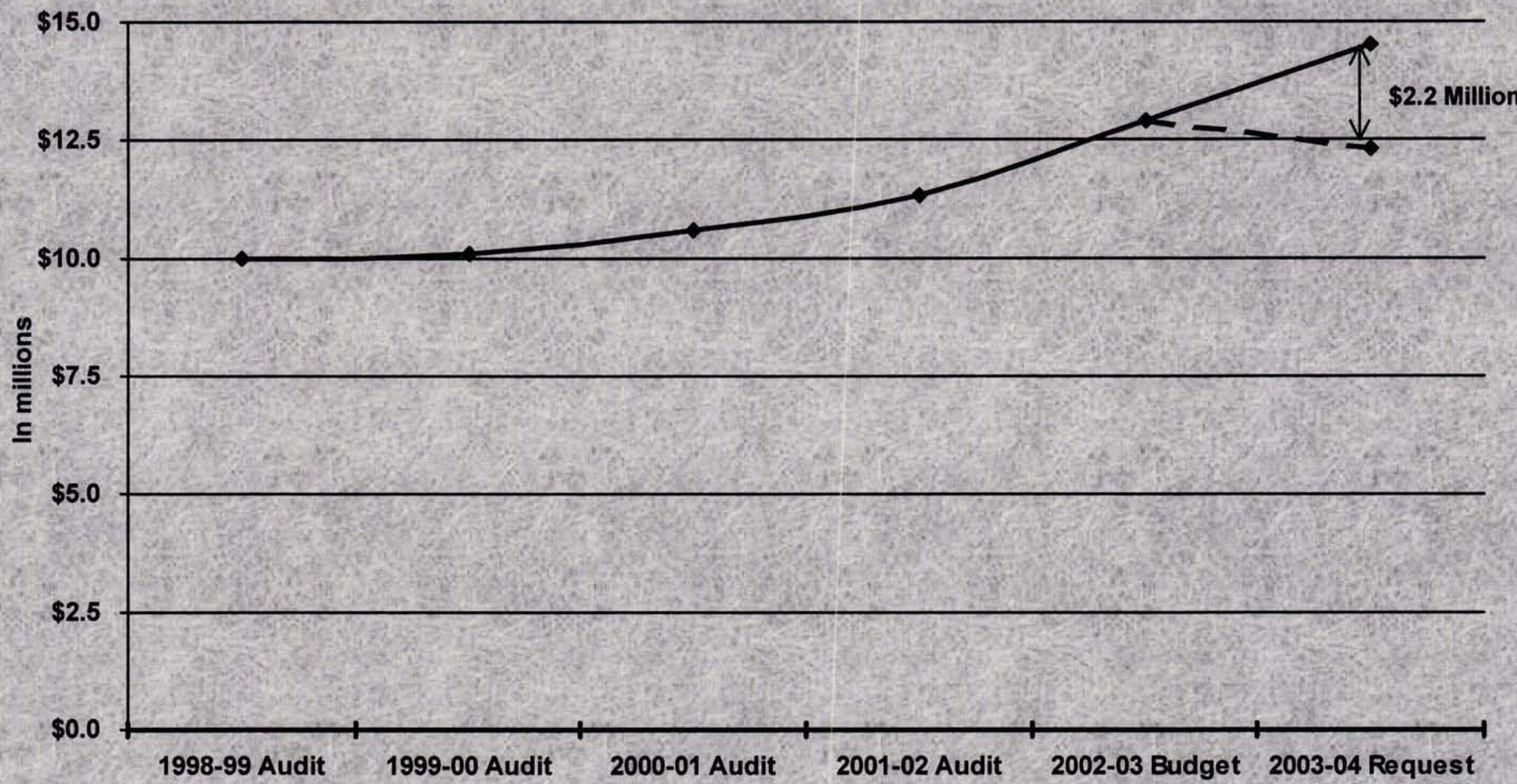
Business Support / Finance

- Monitor rising PERS costs
- Address rising insurance costs
  - ✓ Liability
  - ✓ Property
  - ✓ Workers Comp
  - ✓ Health Care
- Provide efficient, high quality business services

Allocated Costs

- If past practices continued, allocated costs would have increased $1.6 million
- Instead reduced costs by $600,000
- No longer funding costs of general government through cost allocation plan
  - ✓ Council staff
  - ✓ Public Affairs staff
  - ✓ Lobbyist contract
- Result: More money going to direct programs not overhead

Total Allocated Overhead Costs



Change in FTE

Total Agency

	FY 2002-03 Adopted Budget	FY 2003-04 Proposed Budget	Change in FTE	% Change in FTE
Transition Related	36.10	27.00	(9.10)	(25.21%)
Operating Departments	598.88	568.78	(30.10)	(5.03%)
Central Services	96.65	90.85	(5.80)	(6.00%)
Total Agency	731.63	686.63	(45.00)	(6.15%)

Closing Remarks

- **Success requires financial stability**
  - ✓ **Achieve $1.0 million in General Fund reserves**
  - ✓ **Stabilize operating reserves**
  - ✓ **Maintain credit rating and credibility with public**
- **Responsible budgeting is an important tool to achieve out mission:**
  - ✓ **Implement 2040**
  - ✓ **Manage parks and open spaces**
  - ✓ **Protect fish & wildlife habitat**
  - ✓ **Increase recycling & waste reduction**
  - ✓ **Operate great facilities**

040303c-08

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF AMENDING METRO CODE CHAPTER 5.02 TO AMEND DISPOSAL CHARGES AND SYSTEM FEES	)))))	ORDINANCE NO. 03-1000 Introduced by: Mark Williams, Interim Chief Operating Officer, with the concurrence of David Bragdon, Council President

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

WHEREAS, Metro Code Chapter 5.02 establishes fees assessed on solid and hazardous 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 programs have increased; 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~~A Tonnage Charge as provided in subsection (b)~~ for each ton of solid waste delivered for disposal:~~;~~

(A) A tonnage charge of $42.55 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) A Transaction Charge of $6.00 for each Solid Waste Disposal Transaction.

~~(b) The Tonnage Charge specified in subsection (a) of this section shall consist of:~~

~~(1) A disposal charge of $33.02 per ton;~~

~~(2) A regional transfer charge of $7.53 per ton;~~

~~(3) The fees specified in section 5.02.045;~~

~~(4) An enhancement fee of $.50 per ton; and~~

~~(5) DEQ fees totaling $1.24 per ton.~~

(b~~e~~) Notwithstanding subsection (a) of this section, 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 340 pounds or less of $17, which shall consist of a minimum Tonnage Charge of $11.00 plus a Transaction Charge of $6.00 per Transaction.

(c~~d~~) 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~~e~~) The Director of the Regional Environmental Management 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) Regional System Fee: Solid waste system facility operators shall collect and pay to Metro a Regional System Fee of $16.57~~$24.00~~ per ton for the disposal of solid waste generated, originating, collected, or disposed of within Metro boundaries, in accordance with Metro Code section 5.01.150.

(b) Metro Facility Fee: Metro shall collect a Metro Facility Fee of $1.09~~$2.55~~ per ton for all solid waste delivered to Metro Central Station or Metro South Station.

(c) System fees described in paragraph (a) shall not apply to exemptions listed in section 5.01.150(b) of this Code.

Section 3. Metro Code Section 5.02.047 is amended to read:

5.02.047 Regional System Fee Credits

(a) A solid waste facility which is certified, licensed or franchised by Metro pursuant to Metro Code Chapter 5.01 or a Designated Facility regulated by Metro under the terms of an intergovernmental agreement shall be allowed a credit against the Regional System Fee otherwise due each month under Section 5.02.045 for disposal of Processing Residuals from the facility. The Facility Recovery Rate shall be calculated for each six-month period before the month in which the credit is claimed. The amount of such credit shall be in accordance with and no greater than as provided on the following table:

System Fee Credit Schedule

Facility Recovery Rate		
From Above	Up To & Including	System Fee Credit of no more than
0%	30%	0.00
30%	35%	9.92
35%	40%	11.46
40%	45%	13.28
45%	100%	14.00

(b) The Chief Operating Officer:

(1) Shall establish administrative procedures to implement subsections (b) and (c) of Metro Code Section 5.02.046; and,

(2) May establish additional administrative procedures regarding the Regional System Fee Credits, including, but not limited to establishing eligibility requirements for such credits and establishing incremental System Fee Credits associated with Recovery Rates which fall between the ranges set forth in paragraph (a) of this section.

~~(c) The following users of Metro solid waste system facilities shall be allowed a credit in the amount of $9 per ton against the Regional System Fee otherwise due under Section 5.02.045(a):~~

~~(1) Users of Metro Central and Metro South Transfer Stations;~~

~~(2) Any Person delivering authorized waste:~~

~~(A) to any landfill or other solid waste facility that is authorized to receive such waste through a Metro license, certificate, franchise or Designated Facility Agreement; or~~

~~(B) under the authority of a Metro Non-System License.~~

(c~~d~~) 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 ~~$12.50~~$14.07 against the Regional System Fee otherwise due under Section 5.02.045(a) of this Chapter.

(d~~e~~) During any Fiscal Year, the total aggregate amount of credits granted under the Regional System Fee credit program shall not exceed the dollar amount budget without the prior review and authorization of the Metro Council.

(e~~f~~) The Director of the Regional Environmental Management Department shall make a semi-annual report to the Council on the status of the credit program. The report shall include that aggregate amount of all credits paid during the preceding six months and the amount paid to each facility eligible for the credit program. The report shall also project whether the appropriation for the credit program will be sufficient to meet anticipated credit payment requests and maintain existing contingency funding.

Section 4. Effective Date

The provisions of this ordinance shall become effective on July 1, 2003.

ADOPTED by the Metro Council this ______ day of ________________, 2003.

David Bragdon, Council President

ATTEST:

Approved as to Form:

Recording Secretary

Daniel B. Cooper, General Counsel

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STAFF REPORT

IN CONSIDERATION OF ORDINANCE NO. 03-1000 FOR THE PURPOSE OF AMENDING METRO CODE CHAPTER 5.02 TO AMEND DISPOSAL CHARGES AND SYSTEM FEES

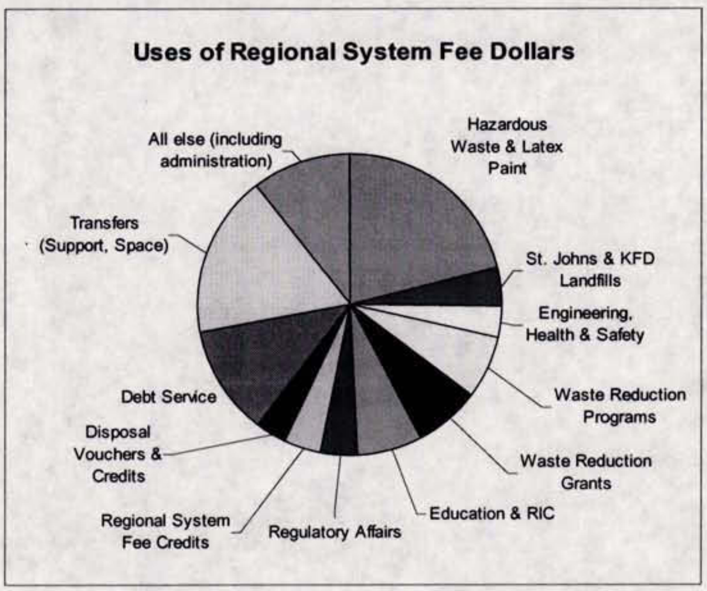
Date: March 20, 2003 Prepared by: Douglas Anderson

BACKGROUND

This Ordinance would increase the Regional System Fee by $1.57 per ton and the Metro tip fee by $1, from $66.25 to $67.25 in Fiscal Year 2003-04. These changes are projected to raise an additional $1.56 million for the Solid Waste Revenue Fund in FY 2003-04. They would increase the residential garbage customer's bill by an average of about 6¢ per month.

Although the Department had proposed to draw deeper into reserves for FY 2003-04 and had not included a rate increase in its requested budget of November 15, 2002, the continuing slump in tonnage-related revenue points toward the need for a mild rate increase to avoid drawing-down reserves below their target levels. This ordinance would reduce the amount of the draw-down.

The Regional System Fee is a user charge that Metro levies on disposal of solid waste generated or disposed in the District. The Regional System Fee ("RSF") is currently $15 per ton, and is included in the tipping fees of all landfills and regional transfer stations (including the Metro stations) that accept waste from the region. The RSF currently raises about $18 million per year that is used to fund regional solid waste programs and the Department's debt service. The RSF is established in Metro Code Chapter 5.02, and has been an element of the regional solid waste revenue system since the late 1980s. The uses of Regional System Fee revenue are depicted in the following graph. Revenue from the RSF does not pay for disposal operations at the Metro transfer stations, for which there are separate user charges.*



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* However, the user charges for disposal generate a bit more revenue than required, and this "overcollection" has historically been used to offset the RSF. Some councilors have expressed concern that transfer station customers effectively pay a greater share of the RSF than users of non-Metro facilities. This issue is addressed further below.

In recent years, the Department has implemented a planned draw-down of reserves by paying for a portion of these programs from the fund balance. As a consequence, for some time now the RSF has been suppressed below the price that would fully recover costs. As reserves began to approach their target levels, the Department had planned a gradual transition to a full-cost rate from FY 2002-03 to 2004-05. An increase of $2.10 (from $12.90 to the current $15) was implemented last July. However, the Department's requested FY 2003-04 budget* did not include any rate changes, on the assumption that the Department could suspend rate increases for a year and dig further into reserves until the current economic climate changed. In the first draft of the budget, the shortfall between the cost of regional programs and RSF revenue required a draw of $3.18 million from the fund balance. (The total difference of $3.9 million between budget requirements of $22.33 million and RSF revenues of $18.43 million is partially offset by $720,000 of "overcollection" at the Metro transfer stations.) These figures are shown in the "Requested" column of the table below.

Comparison of Sources & Uses of Funds
FY 2003-04 Regional Solid Waste Programs
Based on the Department's Requested Budget

	Amount (million$)	
Source/Use of Funds	Requested	Updated
Regional program budget (uses)	**$22.33**	**$22.27**
Resources		
Transfer station revenue in excess of costs	$ 0.72	$ 0.47
Draw required from fund balance	$ 3.18	$ 3.83
RSF revenue at $15 per ton‡	$18.43	$17.97
Total resources	**$22.33**	**$22.27**

The "Regional Program" budget includes hazardous waste, waste reduction, latex paint, RIC, inspections, etc.—net of dedicated revenue such as paint sales. It also includes debt service and transfer payments within Metro, but *excludes* the cost of transfer station disposal operations.

‡ The Regional System Fee would have to be $18.59 per ton to recover the $22.3 million in program costs, based on 1.2 million regional tons.

However, tonnage-related revenue has continued to slump since the preparation of the proposed budget, with implications for next year's financing strategy. The Department has updated its assumptions about the revenue generated during FY 2003-04 to account for this trend (see "Updated" column). Specifically:

- Next year's RSF revenue is now expected to be about $460,000 less than the projection in the requested budget (see "RSF revenue" line in table above).
- Collections from disposal operations are projected down about a quarter million dollars (from $720,000 to $470,000) next year (see "Transfer station revenue" in table).

All told, the draw required from the fund balance next year is now projected to be $3.83 million, up $650,000 from the requested budget (see "Draw from fund balance" in table above). Adding the $470,000 available from revenue in excess of costs at the transfer stations, the total subsidy on regional services from all sources would be $4.3 million, or 20 percent of the program budget.

* References to the Department's proposed budget mean the FY 2003-04 budget submitted to Finance on November 15, 2002. Throughout this report, fixed expenditures are as submitted in that draft; but variable costs, revenues and reserves have been adjusted to account for changes since last November.

This situation gives rise to two concerns of fiscal management: (1) in order to meet the shortfall in revenue, the reserves will have to be drawn below the fiscally-prudent targets recommended last year by an independent consultant; *and* (2), the Department will require a steeper rate increase in FY 2004-05 or a longer transition period to realize cost-of-service rates. A minimum prudent fiscal course is to implement a mild increase in the Regional System Fee, barring reductions in the proposed budget. Increasing the RSF will raise additional revenue in FY 2003-04 and simultaneously begin the transition to cost-of-service rates.

Metro's Rate Review Committee (RRC) has been reviewing these conditions and issues, and on March 5, recommended that the Regional System Fee be increased $1.50 per ton, to $16.50, for FY 2003-04. The RRC further recommended that this increase be passed-on at Metro transfer stations, for a tip fee of $66.75, up from $66.25. In addition, the RRC recommended that the Council examine the Department's budget carefully to determine if cost savings and efficiencies could be found to further reduce the potential draw-down of reserves.

The Council President has considered the RRC's recommendation, and further has taken into account the issue of overcollection at the Metro transfer stations. The Council President proposes an increase in the Regional System Fee of $1.57 (within 7¢ of that recommended by the RRC), but further proposes charging the unit cost of disposal at Metro transfer stations—a reduction of 57¢ in this component of the rate, to $42.55 per ton. This proposal will help meet the Department's original objective of having fees equal to unit cost by FY 2004-05, but will also hold the line on increases to the Metro tip during the current economic conditions. This rate package is projected to raise an additional $1.56[*] million for regional programs, reduce the subsidy of non-Metro facilities, and reduce the draw on the fund balance from $3.83 million to $2.27 million, which will maintain reserves closer to their target levels.

The specific changes to Metro's tip fee and the RSF are shown in the following table.

Components of the Metro Tip Fee, FY 2002-03—03-04
(dollars per ton)

Rate Component	Current Rate (FY 2002-03)	FY 2003-04 Recommendations: Rate Review Committee	FY 2003-04 Recommendations: Council President
Disposal Operations*	$ 43.12	$ 43.12	$ 42.55
Regional System Fee	$ 15.00	$ 16.50	$ 16.57
Excise Tax	$ 6.39	$ 6.39**	$ 6.39**
DEQ Fees	$ 1.24	$ 1.24	$ 1.24
Host Fee	$ 0.50	$ 0.50	$ 0.50
Tip Fee	**$ 66.25**	**$ 67.75**	**$ 67.25**

* Includes station operation, transport, fuel, disposal and miscellaneous contracts.
** FY 2002-03 excise tax rate. Actual FY 2003-04 rate may differ slightly.

A comparison of costs and draw-downs on reserves is shown in the table on the following page. Metro's costs and revenue bases are depicted in the left-most columns. The degree of over- and under-collection by each of the rates is shown in the columns to the right. The table shows the $3.83 million draw from

[*] The $1.57 increase in the RSF raises $1.88 million, and the $0.57 reduction in disposal charges reduces collections at the transfer stations by $0.324 million, for a net increase of $1.56 million for the whole rate package.

reserves if the current rates are held into next year. The table also shows that the rate package proposed by this ordinance would reduce this draw by $1.56 million (to $2.27 million) while holding the tip fee to only a $1 increase.

This table is also set up to simplify analysis during the budget deliberations. Specifically, ***any reductions from the Department's requested FY 2003-04 program budget may be deducted directly from the draw on reserves***. For example, if $600,000 were cut from the budget, the draw on reserves would be further reduced by exactly this amount ($2.27 million - $0.60 million = $1.67 million revised draw on reserves).

Comparison of Rate Package with Department's Requested Budget
Analysis of Tip Fees and Under- & Over-Collection by Rate Bases
(FY 2003-04)

Operating Budget Components		Costs		Current		This Ordinance	
Cost Center	Rate Base	Total ($million)	Per Unit[1]	Rates[1]	Over(Under) Collection[2]	Rates[1]	Over(Under) Collection[2]
Scalehouse*	342,133 trans.	$1.910	$5.58*	$6.00*	$0.144	$6.00*	$0.144
Disposal[3]	569,015 tons	$24.210	$42.55	$43.12	$0.324	$42.55	$0.000
Programs	1,198,101 tons	$22.270	$18.59	$15.00	($4.301)	$16.57	($2.420)
		Total per-ton costs	$61.14	$58.12		$59.12	
		Plus: add-ons[4]	*$8.13*	*$8.13*		*$8.13*	
		Equals: tip fee	**$69.27**	**$66.25**		**$67.25**	
Draw needed from fund balance					***($3.833)***		***($2.276)***

1 Figures in these columns are per-ton costs except for the scalehouse, which is the cost per transaction.
2 The amount that the indicated rate over- or under-collects, relative to the total cost.
3 Includes station operation, transport, fuel, disposal and miscellaneous contracts.
4 Metro excise tax at $6.39 + DEQ fees at $1.24 + enhancement fee of $0.50 per ton.
* These costs are recovered through the Transaction Fee, currently $6.00 per visit to the transfer station.

INFORMATION/ANALYSIS

1. Known Opposition.

Although no specific opposition has been voiced as of this writing, there is precedent for opposition to solid waste rate increases. The following are historical reactions from various user groups:

Haulers. Haulers' reactions to rate increases have been mixed. But generally, haulers tend to dislike rate increases because these costs are passed on to their customers, and the haulers are typically the first in line to field the resulting complaints and potential loss of business. In some local jurisdictions that regulate haulers' service charges, the allowed rate-of-return is based on the cost-of-sales; and in some of these cases, haulers may profit mildly from a rate increase because it increases the base on which their rate of return is calculated. However, historically, the majority of haulers have testified that negative customer relations issues outweigh any other advantages to rate increases, and therefore haulers have generally opposed such increases.

Private Facility Operators. Private solid waste facility operators have historically supported increases in Metro's tip fee because their own private tip fees can follow the public lead. However, the RSF is a cost to these same operators. Because this ordinance raises the system fee by more than the tip fee, facility operators' relative costs will go up, and they are very likely to be opposed. This opinion was expressed at the RRC. Operators that receive RSF credits are likely to argue that the credit schedule should be adjusted upward to keep their operating margins whole.

Private Disposal Site Operators. Landfills and private transfer stations will simply pass the increase in the RSF on to their customers through an increase in their tip fees. Private operators have typically opposed increases in the system fee because they have to field customers' negative responses to rate increases.

Ratepayers. Ratepayers costs will go up (see also "Anticipated Effects" below). Ratepayers typically oppose rate increases, although increases of only \$1 per ton have historically not motivated significant opposition. However, the current economic climate may magnify the effect of any rate increase. Some non-residential ratepayers that use non-Metro disposal facilities will experience increases in the full amount of the RSF.

Not all interests are necessarily opposed, however:

Recycling Interests. Because the RSF is levied on disposal only, it makes recycling relatively more attractive. For this reason, recycling interests have historically supported increases in the RSF.

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:** This ordinance will increase the cost of disposal throughout the region by \$1.00 to \$1.57 per ton—meaning, tip fees are likely to rise by up to \$1.57 per ton. The increase in the Metro tip fee is based on the assumption that there will be no change in the Metro excise tax rate. The effect of the \$1 tip fee increase on an average residential garbage customer would be a bump of about 6¢ per month in the garbage bill. See also Budget Impacts, below.

   As discussed earlier in this staff report, the deep subsidy of the RSF from reserves and revenue from Metro transfer stations, have led some policy observers to considered the Department's past financing strategy an implicit subsidy of non-Metro facilities by Metro facilities. By moving the RSF closer to its cost-recovery level of \$18.59 per ton, this implicit subsidy is significantly reduced.

4. **Budget Impacts.** The rate package described in this ordinance is projected to raise an additional \$1.56 million in operating revenue for the Solid Waste Revenue Fund in FY 2003-04, and a similar amount in subsequent years. This revenue estimate is based on the Department's tonnage projections.

RECOMMENDATION

The Chief Operating Officer recommends approval of Ordinance No. 03-1000.

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Metro Proposed Budget

Proposed FY 2003-04 Budget Presentation Summary

April 3, 2003

METRO

PEOPLE PLACES
OPEN SPACES

Metro Proposed Budget
FY 2003-04

Council Budget Presentation
Department Summaries
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Table of Contents

METRO

Summary of All Departments

Financial Summary

Additional discussion of all departments can be found in the Proposed Budget, Volume 1, beginning on page 17. Additionally, the Budget Summary section of the Proposed Budget, Volume 1, beginning on page 1, provides a discussion of the overall budget.

Budget by Classification	Audited Actual FY 2001-02	Amended Budget FY 2002-03	Proposed Budget FY 2003-04	Change from FY 2002-03 Amended Budget $	%
Personal Services	$49,885,398	$55,319,701	$57,058,220	$1,738,519	3.14%
Materials and Services	73,306,895	91,625,818	82,168,079	(9,457,739)	(10.32%)
Capital Outlay	67,987,375	85,139,149	15,117,304	(70,021,845)	(82.24%)
Debt Service	73,909,391	28,956,411	24,861,052	(4,095,359)	(14.14%)
Interfund Transfers:					
Interfund Reimbursements	11,591,944	13,040,728	12,860,569	(180,159)	(1.38%)
Internal Service Charges	924,814	1,607,530	1,088,099	(519,431)	(32.31%)
Interfund Loan	403,690	106,100	106,100	0	0.00%
Fund Equity Transfers	11,629,517	12,826,902	11,452,743	(1,374,159)	(10.71%)
Totals	**$289,639,024**	**$288,622,339**	**$204,712,166**	**($83,910,173)**	**(29.07%)**
Budget by Department					
Office of the Auditor	$573,416	$678,792	$607,940	($70,852)	(10.44%)
Office of the Council	1,326,723	1,540,583	1,345,146	(195,437)	(12.69%)
Office of the Executive Officer	1,323,027	1,493,461	0	(1,493,461)	(100.00%)
Office of Metro Attorney	1,690,836	2,032,420	1,475,692	(556,728)	(27.39%)
Business Support	10,580,883	13,543,094	13,047,786	(495,308)	(3.66%)
Finance	2,342,538	2,647,764	2,552,507	(95,257)	(3.60%)
Metro E-R Commission	80,891,480	96,349,725	33,083,277	(63,266,448)	(65.66%)
Oregon Zoo	20,654,007	23,045,594	26,103,298	3,057,704	13.27%
Planning	13,141,679	17,995,121	15,589,955	(2,405,166)	(13.37%)
Public Affairs Department	0	0	1,118,750	1,118,750	n/a
Regional Parks and Greenspaces	15,794,694	19,713,911	11,485,695	(8,228,216)	(41.74%)
Solid Waste & Recycling	47,789,596	61,014,466	51,195,686	(9,818,780)	(16.09%)
Non-Departmental	93,530,145	48,567,408	47,106,434	(1,460,974)	(3.01%)
Totals	**$289,639,024**	**$288,622,339**	**$204,712,166**	**($83,910,173)**	**(29.07%)**
Contingency	*0*	*14,463,552*	*17,147,109*	*2,683,557*	*18.55%*
Ending Fund Balance	*170,103,732*	*61,905,608*	*61,670,148*	*(235,460)*	*(0.38%)*
Total Budget	**$459,742,756**	**$364,991,499**	**$283,529,423**	**($81,462,076)**	**(22.32%)**
Full-Time Equivalents (FTE)	**690.43**	**731.63**	**686.63**	**(45.00)**	**(6.15%)**

The Department Summaries that follow reflect only those costs that are directly related to functions and operations of each Department. All interfund transfers, while they are costs to departments, are considered indirect costs and are reflected in the non-department summary at the end. Also, contingencies and ending balances are requirements to a fund (not a department) and are only shown at the bottom of the All Department Summary.

For more information on all funds and departments, please refer to the Proposed Budget, Volume 1:

Department Summaries ....Beginning on Page 17
Fund Summaries...............................Beginning on Page 107

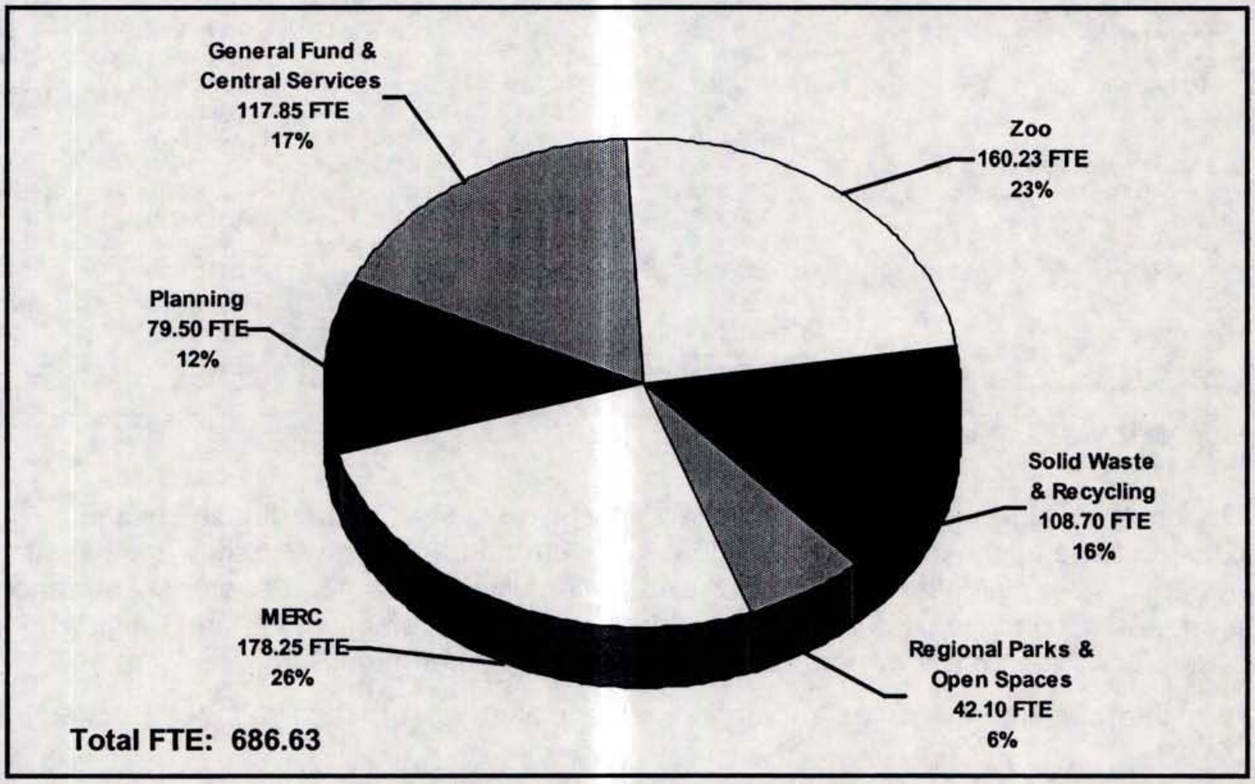
Summary of All Departments

Non-Departmental Expenditures

Authorized FTE by Department

	FY 2001-02 Adopted	FY 2002-03 Adopted	FY 2003-04 Proposed	Change from FY 2002-03 Adopted	
Office of the Auditor	5.00	5.00	5.00	0.00	0.00%
Office of the Council	20.00	20.00	16.00	(4.00)	(20.00%)
Office of the Executive Officer	16.60	16.10	0.00	(16.10)	(100.00%)
Office of Metro Attorney	13.75	13.50	10.50	(3.00)	(22.22%)
Business Support	47.55	48.55	47.65	(0.90)	(1.85%)
Finance	28.60	29.60	27.70	(1.90)	(6.42%)
Metro E-R Commission	152.00	193.00	178.25	(14.75)	(7.64%)
Oregon Zoo	167.03	169.73	160.23	(9.50)	(5.60%)
Planning	80.25	79.00	79.50	0.50	0.63%
Public Affairs Department	0.00	0.00	11.00	11.00	New
Regional Parks and Greenspaces	49.50	48.00	42.10	(5.90)	(12.29%)
Solid Waste & Recycling	110.15	109.15	108.70	(0.45)	(0.41%)
Total Authorized FTE	**690.43**	**731.63**	**686.63**	**(45.00)**	**(6.15%)**

FY 2003-04 Full-Time Equivalent Positions by Function



Auditor, Office of

Department Financial Summary

A more detailed discussion of the Office of the Auditor can be found in the Proposed Budget, Volume 1, pages 31-35

Budget by Classification	Audited Actual FY 2001-02	Amended Budget FY 2002-03	Proposed Budget FY 2003-04	Change from FY 2002-03 Amended Budget	
				$	%
Personal Services	$466,847	$457,531	$495,979	$38,448	8.40%
Materials and Services	106,569	221,261	111,961	(109,300)	(49.40%)
Totals	**$573,416**	**$678,792**	**$607,940**	**($70,852)**	**(10.44%)**
Budget by Division					
Office of the Auditor	$573,416	$678,792	$607,940	($70,852)	(10.44%)
Totals	**$573,416**	**$678,792**	**$607,940**	**($70,852)**	**(10.44%)**
Budget by Fund					
Support Services Fund	$573,416	$678,792	$607,940	($70,852)	(10.44%)
Totals	**$573,416**	**$678,792**	**$607,940**	**($70,852)**	**(10.44%)**
Full-Time Equivalents (FTE)	**5.00**	**5.00**	**5.00**	**0.00**	**0.00%**

- The Office of the Auditor is budgeted in one fund, the Support Services Fund. (Proposed Budget, Volume 1, pages 195-198)
- The resources for this office are from transfers from other funds as determined by the cost allocation plan.
- The personal services expenses for this office reflect the merit and cost of living increases for the Auditor's staff.
- The 2002-03 budget included $53,000 in funds carried over from the prior year. Adjusting for these non-recurring funds establishes a base budget of $625,792
- The 2003-04 budget of $607,940 represents a 2.85% decrease from the 2002-03 base budget. This is the smallest decrease among the Support Service Fund departments:
  - Auditor .... -2.85%
  - Finance .... -3.60%
  - Business Support................................. -3.70%
  - Metro Attorney .... -4.46%
  - Public Affairs (Creative Services): .... -6.80%
- The Auditor's staffing is preserved at the 2002-03 level. All other central service departments have reductions in staffing.
- Materials and Services were reduced to comply with the Council President's direction for decreases in the Central Services Departments. The changes include reductions in Contracted Professional Services and travel and training for staff. The budget for Materials & Services maintains funding for the required services of annual audit ($88,000) and bond covenant compliance letter ($3,600), plus some $20,000 for remaining needs.

Auditor, Office of

- The Proposed Budget for the Auditor's Office represents a significant reduction from the Auditor's budget request. That request totaled $822,789, an increase of 31.5% from the 2002-03 base budget.

Ten Questions

1. *Significant changes in departmental resources.*

   The Auditor Office is part of the Support Services Fund. Resources for this Fund are primarily obtained through the overhead cost allocation process. Although budget information was denied despite a public records request, I understand efforts have been made to reduce the amounts allocated through the overhead cost allocation process. It is also my understanding that this reduction is being accomplished primarily by two methods. One is by charging general government costs to the General Fund and the other is by curtailing valid overhead costs subject to allocation. Some general government costs previously had been charged to the Support Services Fund and were then allocated even though such costs are specifically disallowed for federal grant purposes. The reductions in overhead costs allocated throughout Metro will allow any additional Auditor Office related costs to be more easily funded.

2. *Program additions, deletions, or significant modifications.*

   Reinstated in this budget proposal is the 0.5 FTE temporary senior auditor position that was eliminated last year. This position had existed for four previous years and is crucial to ensure an effective Auditor function as envisioned under the Metro Charter.

   An additional 0.5 FTE senior auditor position is proposed in response to the Metro Charter amendment that eliminated the Executive Officer position. This change, in effect, eliminated some of the "checks and balances" that previously existed in the Metro governance structure. The additional audit support is intended to mitigate this loss.

3. *Program changes that may affect other departments or funds.*

   Program changes planned will have a negligible effect, if any, on other departments and funds.

4. *Changes requiring additional current or future excise tax resources.*

   The amount of excise taxes needed to fund proposed changes is nominal.

5. *Changes that have a long-range impact, including changes that will have a greater impact in future years.*

   No changes will have a greater impact in future years. The additional FTE will be ongoing.

6. *Changes that will affect support service needs.*

   The proposed changes will have negligible effect on support service needs.

7. *Changes that affect existing Metro policies or require the Council to set new policy.*

   None.

8. *Extraordinary one-time expenditures.*

   There are three extraordinary one-time *Contracted Professional Services* expenditures:

   $2,500.................... Peer review

   $3,600.................... Bond covenant compliance letter

   $15,000.................. Transition review

   The Auditor's Office is required to have a peer review every three years. This is due in FY 03-04, and is budgeted at $2,500. Metro's bond covenant compliance letter is required every three years. It is due in FY 03-04, and is budgeted at $3,600.

   The transition review is a one-year request for $15,000. It will supplement Auditor Office resources as it undertakes an evaluation of the recent governance structure changes at Metro. Risks are inherently greater whenever change occurs. This is a fact and this transition is a major change for Metro. Also, efficiencies and savings were promised to the area citizens as a benefit of this voter-approved change that became effective on January 6, 2003. It is important that Metro independently report its accomplishment of successful transition and the Auditor is the only independent resource within Metro.

9. *Unresolved factors that may affect the final budget; for example, funding sources that are still pending.*

   The Auditor Office budget I submitted differs from the one incorporated into the budget by the Council President David Bragdon. The Council President reduced funding for the Auditor Office. He did this without my concurrence. Mr. Bragdon's proposal contains insufficient funds to perform legally required activities such as the annual financial statement audit, peer review and keeping my staff qualified to perform government audits. The effect of Mr. Bragdon's proposed reduction diminishes the Metro Auditor's ability to fulfill legal and contractual requirements; it weakens public accountability; and it precludes the Auditor's ability to fulfill the intent of the Metro Charter.

   The Executive Officer proposed cuts to the Auditor budget in recent years. Neither the Metro Council nor the media supported these cuts. The Council wisely chose to protect the public interest by reinstating funds to the Auditor Office. I trust the Council will hold a similar view this year and uphold the Metro Charter and Code by providing the resources necessary to maintain an Auditor Office appropriate for an organization of Metro's size and complexity.

10. *Whether current program levels are sustainable within current or projected resources.*

    Yes, current program levels are sustainable. Metro has continued to grow during the past five years with no corresponding increase in audit level. In fact, last year audit staffing was reduced 14%. The change in governance structure calls for increased auditing effort. The Auditor Office can fulfill its Charter mandate within the Auditor requested level of funding, barring sizable expansion of current Metro operations or the addition of significant new undertakings.

Council Office/Executive Office/Public Affairs Department
Combined Summary

Financial Summary

A more detailed discussion of these departments can be found in the Proposed Budget, Volume 1, pages 23-29, and 83-86

Budget by Classification	Audited Actual FY 2001-02	Amended Budget FY 2002-03	Proposed Budget FY 2003-04	Change from FY 2002-03 Amended Budget $	%
Personal Services	$2,320,552	$2,642,639	$2,110,266	($532,373)	(20.15%)
Materials and Services	329,198	391,405	353,630	(37,775)	(9.65%)
Totals	**$2,649,750**	**$3,034,044**	**$2,463,896**	**($570,148)**	**(18.79%)**
Budget by Division					
Council	$1,174,974	$1,336,439	$1,345,146	$8,707	0.65%
Council Public Outreach	148,281	124,822	0	(124,822)	(100.00%)
Office of the Executive	406,763	535,053	0	(535,053)	(100.00%)
Exec. Public Aff. & Gov't. Relations	352,067	380,736	0	(380,736)	(100.00%)
Public Affairs Department	0	0	545,935	545,935	n/a
Office of Citizen Involvement	57,805	79,322	34,440	(44,882)	(56.58%)
Creative Services	509,860	577,672	538,375	(39,297)	(6.80%)
Totals	**$2,649,750**	**$3,034,044**	**$2,463,896**	**($570,148)**	**(18.79%)**
Budget by Fund					
General Fund	$2,591,945	$2,456,372	$1,925,521	($530,851)	(21.61%)
Support Services Fund	57,805	577,672	538,375	(39,297)	n/a
Totals	**$2,649,750**	**$3,034,044**	**$2,463,896**	**($570,148)**	**(18.79%)**
Full-Time Equivalents (FTE)	**36.60**	**36.10**	**27.00**	**(9.10)**	**(25.21%)**

- The Council Office, the new Public Affairs Department, and the former Office of the Executive Officer are budgeted in two funds – the General Fund and the Support Services Fund (see Proposed Budget, Volume 1, Fund Summaries, pages 107-208 for further details).
- With the exception of the salary and fringe for the Chief Operating Officer, all of the Council Office is funded with excise tax revenues.
- The Office of Citizen Involvement and the Public Affairs Division, both in the Public Affairs Department, are in the General Fund and supported entirely with excise tax revenues.
- The Creative Services Division of the Public Affairs Department will remain in the Support Services Fund, and will continue to be funded through the cost allocation plan.

Council Office/Executive Office/Public Affairs Department Combined Summary

- The budgets include a net reduction of 9.10 FTE. The following position changes have been made:

Department	FTE	Position	Action
Council Office	(1.00)	Councilor – Presiding Officer	Eliminated Position
Council Office	(1.00)	Council Operations Officer	Eliminated Position
Council Office	(1.00)	Legislative Officer	Eliminated Position
Council Office	(2.00)	Council Analyst	Eliminated Position
Council Office	(1.00)	Communications Officer	Eliminated Position
Council Office	(1.00)	Council Clerk	Eliminated Position
Council Office	(7.00)	Council Assistant	Eliminated Position
Executive Office	(0.50)	Executive Officer	Eliminated Position
Executive Office	(2.00)	Executive Analyst	Eliminated Position
Executive Office	(2.00)	Executive Administrative Assistant	Eliminated Position
Executive Office	(0.60)	Senior Public Affairs Specialist	Eliminated Position
Executive Office	(2.00)	Public Relations Specialist	Eliminated Position
Executive Office	(1.00)	Associate Public Affairs Specialist	Eliminated Position
Executive Office	(1.00)	Manager I	Eliminated Position
Executive Office	(1.00)	Assistant Creative Services Specialist	Eliminated Position
Council Office	1.00	Council President	New Position
Council Office	1.00	Assistant to the Council President	New Position
Council Office	1.00	Program Supervisor II	New Position
Council Office	2.00	Confidential Secretary	New Position
Council Office	3.00	Council Support Specialist	New Position
Council Office	1.00	Administrative Assistant II	New Position
Public Affairs	1.00	Director I	New Position
Public Affairs	2.00	Senior Public Relations Coordinator	New Position
Public Affairs	1.00	Associate Public Relations Coordinator	New Position
Public Affairs	1.00	Public Relations Support Specialist	New Position
Public Affairs	1.00	Program Supervisor II	New Position

- Staffing in the Council Office is reduced by 7.5 FTE when compared with the combined Council Office and the Office of the Executive Officer (excluding Public Affairs, Creative Services, Public Outreach, and the Office of Citizen Involvement) in the FY2002-03 adopted budget.
- Staffing for Public Affairs functions, including Creative Services, has been reduced by 1.6 FTE from the FY2002-03 adopted budget.

Council Office

Department Financial Summary

In the following table, the FY 2001-02 Audited Actual, and the FY 2002-03 Amended Budget columns contain data from the Council Office only. For a comparison that includes the former Office of the Executive Officer, refer to the Combined Financial Summary section in this document. A more detailed discussion of the Council Office can be found in the Proposed Budget, Volume 1, pages 23-26

	Audited Actual	Amended Budget	Proposed Budget	Change from FY 2002-03 Amended Budget	
Budget by Classification	FY 2001-02	FY 2002-03	FY 2003-04	$	%
Personal Services	$1,176,969	$1,308,982	$1,187,821	($121,161)	(9.26%)
Materials and Services	149,754	231,601	157,325	(74,276)	(32.07%)
Totals	**$1,326,723**	**$1,540,583**	**$1,345,146**	**($195,437)**	**(12.69%)**
Budget by Division					
Council General Administration	$0	$0	$1,345,146	$1,345,146	n/a
Council	1,174,974	1,336,439	0	(1,336,439)	(100.00%)
Public Outreach	148,281	124,822	0	(124,822)	(100.00%)
Office of Citizen Involvement	3,468	79,322	0	(79,322)	(100.00%)
Totals	**$1,326,723**	**$1,540,583**	**$1,345,146**	**($195,437)**	**(12.69%)**
Budget by Fund					
General Fund	$1,323,255	$1,540,583	$1,345,146	($195,437)	(12.69%)
Support Services Fund	3,468	0	0	0	n/a
Totals	**$1,326,723**	**$1,540,583**	**$1,345,146**	**($195,437)**	**(12.69%)**
Full-Time Equivalents (FTE)	**20.00**	**20.00**	**16.00**	**(4.00)**	**(20.00%)**

- The Council Office is budgeted in one fund – the General Fund (see Proposed Budget, Volume 1, Fund Summaries, pages 107-208 for further details).
- Public Outreach and the Office of Citizen Involvement, formerly in the Council Office, are now in the newly created Public Affairs Department.
- With the exception of the salary and fringe for the Chief Operating Officer, all of the Council Office is funded with excise tax revenues.
- Salary and fringe for the Chief Operating Officer are funded through the cost allocation plan.
- Staffing in the Council Office is reduced by 4.0 FTE when compared with the FY2002-03 adopted budget. For a comparison reflecting the net reduction in FTE resulting from the transition, see the Combined Summary section of this document.

Ten Questions

1. *Significant changes in departmental resources.*

   The Council Office is funded primarily by the excise tax. In prior years, portions of the Council Office were funded through the cost allocation plan, but in FY 2003-04 only the salary and fringe costs for the Chief Operating Officer are allocated.

2. *Program additions, deletions, or significant modifications.*

   On January 6, 2003, the Council Office commenced a transition resulting from the Charter amendment approved by the voters in 2000. The Council Office absorbed and/or delegated the authorities and functions previously vested in the Executive Officer, a position that was abolished. A new appointed position, Chief Operating Officer, was created to manage the agency under the general supervision of the new, regionally elected position of Council President and Council as a whole. In addition, the Council eliminated the committee structure, and established weekly informal meetings.

3. *Program changes that may affect other departments or funds.*

   Shifting funding for Council from the cost allocation plan to excise taxes will reduce the allocated costs charged to the other departments.

4. *Changes requiring additional current or future excise tax resources.*

   Shifting funding for the Council Office from the cost allocation plan to excise taxes requires more excise tax resources. However, this change reduces the allocated costs charged to departments through the cost allocation plan, including those receiving excise tax resources, thereby reducing the need for additional excise tax resources in those departments.

5. *Changes that have a long-range impact, including changes that will have a greater impact in future years.*

   Shifting funding for the Council Office away from the cost allocation plan reduces allocated costs charged to departments, freeing up department resources for direct program needs.

6. *Changes that will affect support service needs.*

   The elimination of Council Analysts will result in assignment of certain analytical work to the appropriate departmental staff.

7. *Changes that affect existing Metro policies or require the Council to set new policy.*

   None

8. *Extraordinary one-time expenditures.*

   None

9. *Unresolved factors that may affect the final budget; for example, funding sources that are still pending.*

   None

10. *Whether current program levels are sustainable within current or projected resources.*

    The FY 2003-04 program levels are within current and projected excise tax resources.

Public Affairs Department

Department Financial Summary

A more detailed discussion of the Public Affairs Department can be found in the Proposed Budget, Volume 1, pages 83-86

Budget by Classification	Audited Actual FY 2001-02	Amended Budget FY 2002-03	Proposed Budget FY 2003-04	Change from FY 2002-03 Amended Budget	
				$	%
Personal Services	$0	$0	$922,445	$922,445	n/a
Materials and Services	0	0	196,305	196,305	n/a
Totals	**$0**	**$0**	**$1,118,750**	**$1,118,750**	**n/a**
Budget by Division					
Public Affairs	$0	$0	$545,935	$545,935	n/a
Creative Services	0	0	538,375	538,375	n/a
Office of Citizen Involvement	0	0	34,440	34,440	n/a
Totals	**$0**	**$0**	**$1,118,750**	**$1,118,750**	**n/a**
Budget by Fund					
General Fund	$0	$0	$580,375	$580,375	n/a
Support Services Fund	0	0	538,375	538,375	n/a
Totals	**$0**	**$0**	**$1,118,750**	**$1,118,750**	**n/a**
Full-Time Equivalents (FTE)	**0.00**	**0.00**	**11.00**	**11.00**	**n/a**

- Created as part of the transition, Public Affairs is a new department consolidating communications functions formerly performed by both Council Office and former Office of the Executive Officer staffs.
- The Public Affairs Department is budgeted in two funds – the General Fund and the Support Services Fund (see Proposed Budget, Volume 1, Fund Summaries, pages 107-208 for further details).
- The Office of Citizen Involvement and the Public Affairs Division, both in the Public Affairs Department, are in the General Fund and supported entirely with excise tax revenues.
- The Creative Services Division of the Public Affairs Department will remain in the Support Services Fund, and will continue to be funded through the cost allocation plan.
- Staff in the Public Affairs Department report directly to the newly created Director of Public Affairs and Government Relations.
- Staffing for Public Affairs functions, including Creative Services, has been reduced by 1.6 FTE from the FY2002-03 adopted budget.

Ten Questions

1. *Significant changes in departmental resources.*

   In the 2002-03 fiscal year budget, Public Affairs functions in the Council Office and the former Office of the Executive Officer are funded through the cost allocation plan. By consolidating the Public Affairs staff into one department, and eliminating duplication in communications functions, considerable savings were achieved. In this budget, all of

Public Affairs with the exception of Creative Services, is funded with excise tax rather than through the cost allocation plan. Creative Services will remain in the Support Services Fund, and will continue to be funded through the cost allocation plan.

2. *Program additions, deletions, or significant modifications.*

   On January 6, 2003, the Council Office commenced a transition resulting from the Charter amendment approved by the voters in 2000. As part of this transition, communications functions, previously split between the Council Office and the former Office of the Executive Officer were consolidated under the newly created Public Affairs Department. A new position, Director of Public Affairs and Government Relations was created to head this department.

3. *Program changes that may affect other departments or funds.*

   Shifting funding for Public Affairs from the cost allocation plan to excise tax will reduce the allocated costs charged to the departments. The Public Affairs Department provides support to all of the departments within the agency, and should have sufficient staffing to meet these needs.

4. *Changes requiring additional current or future excise tax resources.*

   Shifting funding for Public Affairs from the cost allocation plan to excise tax will require more excise tax resources in the future. However, this change will reduce the allocated costs charged to the departments through the cost allocation plan, including those receiving excise tax resources, thereby reducing the need for additional excise tax resources in those departments.

5. *Changes that have a long-range impact, including changes that will have a greater impact in future years.*

   None

6. *Changes that will affect support service needs.*

   None

7. *Changes that affect existing Metro policies or require the Council to set new policy.*

   None

8. *Extraordinary one-time expenditures.*

   None

9. *Unresolved factors that may affect the final budget; for example, funding sources that are still pending.*

   None

10. *Whether current program levels are sustainable within current or projected resources.*

    The 03-04 program levels are within current and projected excise tax resources.

Business Support Department

Department Financial Summary

A more detailed discussion of the Business Support Department can be found in the Proposed Budget, Volume 1, pages 41-48

Budget by Classification	Audited Actual FY 2001-02	Amended Budget FY 2002-03	Proposed Budget FY 2003-04	Change from FY 2002-03 Amended Budget $	%
Personal Services	$3,131,422	$3,611,998	$3,902,275	$290,277	8.04%
Materials and Services	7,004,628	9,515,886	8,821,891	(693,995)	(7.29%)
Capital Outlay	394,989	377,150	289,000	(88,150)	(23.37%)
Debt Service	49,844	38,060	34,620	(3,440)	(9.04%)
Totals	**$10,580,883**	**$13,543,094**	**$13,047,786**	**($495,308)**	**(3.66%)**
Budget by Division					
Office of the Director	$19,235	$22,903	$134,425	$111,522	486.93%
Contracts & Purchasing	246,419	283,578	366,061	82,483	29.09%
Property Services	1,383,707	1,669,345	1,598,311	(71,034)	(4.26%)
Human Resources	753,200	935,620	918,682	(16,938)	(1.81%)
Risk Management	5,940,389	7,806,575	7,622,358	(184,217)	(2.36%)
Information Technology	2,237,933	2,825,073	2,407,949	(417,124)	(14.77%)
Totals	**$10,580,883**	**$13,543,094**	**$13,047,786**	**($495,308)**	**(3.66%)**
Budget by Fund					
Support Services	$3,787,056	$4,680,764	$4,507,369	($173,395)	(3.70%)
Building Management	834,203	1,032,852	918,059	(114,793)	(11.11%)
Risk Management	5,959,624	7,829,478	7,622,358	(207,120)	(2.65%)
Totals	**$10,580,883**	**$13,543,094**	**$13,047,786**	**($495,308)**	**(3.66%)**
Full-Time Equivalents (FTE)	**47.55**	**48.55**	**47.65**	**(0.90)**	**(1.85%)**

- The Business Support Department is a new department that is composed of the Human Resources and Information Technology Departments, and the Business Services Division of the former Administrative Services Department. The historical information show above includes the same programs/departments/divisions that are included in the new department.
- The Business Support Department is budgeted in three different funds:
  1. Support Services Fund – Revenues to this fund are transfers as determined by the cost allocation plan. The Divisions that are budgeted in this fund include: (Proposed Budget Vol. I, pp 195-198)
     - o Contracts and Purchasing
     - o Human Resources
     - o Information Technology
     - o Property Services – office services and parts of building services
  2. Building Management Fund – Revenues for this fund are transfers as determined by the cost allocation plan, parking fees, and space rental. The expenditures are for Metro Regional Center (MRC), building services provided through Property Services, including debt service on MRC bonds. (Proposed Budget Vol. I, pp 113-116)
  3. Risk Management Fund – The Revenue for this fund is transfers as determined through the cost allocation plan as well as fringe benefits paid by departments for benefit eligible

employees. The programs included in this fund include: (Proposed Budget Vol. I, pp 179-182)

- o Liability and Property Risk Assessment and Insurance
- o Worker's Compensation
- o Unemployment Insurance
- o Health and Welfare benefits
- o Emergency Management

- The department's budget includes changes from past levels.
  - o Office of the Director has increased due to the inclusion of 1.0 FTE Director rather than 0.1 FTE for the former ASD Director.
  - o Contracts and Purchasing has increased due to absorbing more of the costs of the Program Director I.
  - o Property Services has decreased due to the reduction in materials and services expenditures. These reductions are in operating supplies and in maintenance and repair services.
  - o Human Resources has reduced contracted services for special studies, etc.
  - o Risk Management appears to have been reduced. However, this is due to a change in accounting treatment for employee health insurance costs. Actual continuing expenditures have increased approximately $300,000 due to increases in insurance premiums.
  - o Information Technology made significant reductions in its budget. These reductions included materials and services, capital outlay, and elimination of 2.0 FTE.
- The ending fund balances for both the Building Management and Risk Management funds are composed of required reserves.
  - o In the Building Management Fund the required reserves are established by covenants on the bonds for the construction of Metro Regional Center.
  - o In the Risk Management Fund the reserves are set by the annual actuarial review.

Ten Questions

1. *Significant changes in departmental resources.*

   Metro is making a concerted effort to reduce the cost of controllable overhead in its central services budget. With operational revenues flat, overhead costs must be reduced where possible to allow maximum financial resources to programs. The Business Support Department represents a significant piece of central services, encompassing the functions of human resources, information technology, employee benefits, information technology, contracts and purchasing, risk management and the building management for the Metro Regional Center.

   In addition, the cost of property/fire and general liability insurance has increased 40 percent. The result of the cost reduction mandate and insurance cost increases has meant the department is working with fewer resources than in past years.

2. *Program additions, deletions, or significant modifications.*

   It is essentially a business-as-usual approach with no major additions or modifications. Our goal is to maintain current levels of service to our customers. There is a reduction of 2.0 FTE in the information technology division that may result in slower response times for desktop computer help. In addition, the purchase of new modules to our PeopleSoft enterprise technology system is being postponed pending review of the current system and to allow for user prioritization of future technology expenditures.

   We will still proceed with the purchase of the upgrade of the PeopleSoft financial system. Failure to purchase the upgrade at this point will result in the loss of support from PeopleSoft with additional charges above and beyond our annual licensing fee.

   Human resources will continue to provide existing recruiting and support services. Implementation of a set of recommended comprehensive changes in our compensation and performance management systems has been recommended. If fully adopted, these will need to be implemented within the scope of the existing budget.

   Cost of employee benefits will increase significantly as medical benefit premiums continue to skyrocket. We are budgeting at our capped per employee amount of $562; however, it is anticipated that the out-of-pocket cost to some employees will increase significantly to cover the amount between our cap and the renewed premium amount. These issues continue to be addressed on an on-going basis by the Joint Labor Management Committee on Health and Welfare.

3. *Program changes that may affect other departments or funds.*

   The only budgeted change that will significantly affect another department is the upgrade of the PeopleSoft Financial system. This will require staff time from the Finance Department.

4. *Changes requiring additional current or future excise tax resources.*

   None

5. *Changes that have a long-range impact, including changes that will have a greater impact in future years.*

   None

6. *Changes that will affect support service needs.*

   None

7. *Changes that affect existing Metro policies or require the Council to set new policy.*

   None budgeted. However, if the compensation and performance management system changes that have been recommended are adopted, Council policy changes will be required.

8. *Extraordinary one-time expenditures.*

   None

9. *Unresolved factors that may affect the final budget; for example, funding sources that are still pending.*

   Our year-to-date self-funded, risk management costs are low. If in the final months of the year, workplace injuries or liability claims increase dramatically, it could impact our risk management fund balance and result in a requirement to allocate additional amounts to maintain our risk management fund at the required level.

10. *Whether current program levels are sustainable within current or projected resources.*

    Current program levels are sustainable within current and projected resources.

Finance Department

Department Financial Summary

A more detailed discussion of the Finance Department can be found in the Proposed Budget, Volume 1, pages 49-53

Budget by Classification	Audited Actual FY 2001-02	Amended Budget FY 2002-03	Proposed Budget FY 2003-04	Change from FY 2002-03 Amended Budget $	%
Personal Services	$1,857,005	$2,174,004	$2,070,876	($103,128)	(4.74%)
Materials and Services	485,533	473,760	481,631	7,871	1.66%
Totals	**$2,342,538**	**$2,647,764**	**$2,552,507**	**($95,257)**	**(3.60%)**
Budget by Division					
Office of the Director/CFO	$289,830	$319,777	$221,432	($98,345)	(30.75%)
Accounting Services	1,619,768	1,821,860	1,868,901	47,041	2.58%
Financial Planning	432,940	506,127	462,174	(43,953)	(8.68%)
Totals	**$2,342,538**	**$2,647,764**	**$2,552,507**	**($95,257)**	**(3.60%)**
Budget by Fund					
Support Services	$2,342,538	$2,647,764	$2,552,507	($95,257)	(3.60%)
Totals	**$2,342,538**	**$2,647,764**	**$2,552,507**	**($95,257)**	**(3.60%)**
Full-Time Equivalents (FTE)	**28.60**	**29.60**	**27.70**	**(1.90)**	**(6.42%)**

- The Finance Department is a new department created from parts of the former Administrative Services Department. The historical amounts shown above are for the same divisions in previous years.
- The Finance Department is budgeted in one fund, the Support Services Fund.
- The resources for the department are primarily from transfers from other funds as determined by the cost allocation plan.
- The Contractor's Business License Program, which is the exception to the other programs, is self-sufficient. License fees are collected and disbursed to participating government organizations.
- Total FTE was reduced by two positions, a Program Analyst III in Financial Planning and an Administrative Assistant in the Office of the Director/CFO.

Ten Questions

1. *Significant changes in departmental resources.*

   The Finance Department's resources consist almost exclusively of transfers from Metro departments through the cost allocation plan, so its resources are driven by its budget. The department's budget is reduced in FY 2003-04, so its allocated costs are reduced commensurately. Transfers from departments are down $80,005 (3.54%) from the FY 2002-2003 Adopted Budget.

2. *Program additions, deletions, or significant modifications.*

   - Adds: None

- Deletions: Staffing Reductions
  - Reduction of Program Analyst III in Financial Planning (1.0 FTE)
  - Reduction of Administrative Assistant III in the Office of the CFO (0.8 FTE)

Significant modifications: None

3. *Program changes that may affect other departments or funds.*

   The planned upgrade of the PeopleSoft financial applications will affect the entire agency; however, the impact to the departments will be at a more programmatic level than a budget level.

   As a result of the reduction of the FTE in this department, it is anticipated that the Business Support Department will absorb some additional assignments (Wellness Committee support, transportation demand management program, etc.).

   The Financial Planning Division will be reorganizing departmental assignments in the coming weeks to reduce any potential service impact.

4. *Changes requiring additional current or future excise tax resources.*

   None

5. *Changes that have a long-range impact, including changes that will have a greater impact in future years.*

   None

6. *Changes that will affect support service needs.*

   None

7. *Changes that affect existing Metro policies or require the Council to set new policy.*

   None

8. *Extraordinary one-time expenditures.*

   None

9. *Unresolved factors that may affect the final budget; for example, funding sources that are still pending.*

   None

10. *Whether current program levels are sustainable within current or projected resources.*

    Current levels are sustainable.

Metro Attorney, Office of

Department Financial Summary

A more detailed discussion of the Office of the Metro Attorney can be found in the Proposed Budget, Volume 1, pages. 37-40

Budget by Classification	Audited Actual FY 2001-02	Amended Budget FY 2002-03	Proposed Budget FY 2003-04	Change from FY 2002-03 Amended Budget $	%
Personal Services	$1,241,111	$1,304,846	$1,135,465	($169,381)	(12.98%)
Materials and Services	449,725	727,574	340,227	($387,347)	(53.24%)
Totals	**$1,690,836**	**$2,032,420**	**$1,475,692**	**($556,728)**	**(27.39%)**
Budget by Division					
Office of Metro Attorney	$1,063,842	$1,228,910	$1,174,044	($54,866)	(4.46%)
Open Spaces Due Diligence Program	626,994	803,510	301,648	($501,862)	(62.46%)
Totals	**$1,690,836**	**$2,032,420**	**$1,475,692**	**($556,728)**	**(27.39%)**
Budget by Fund					
Support Services	$1,063,842	$1,228,910	$1,174,044	($54,866)	(4.46%)
Open Spaces	626,994	803,510	301,648	($501,862)	(62.46%)
Totals	**$1,690,836**	**$2,032,420**	**$1,475,692**	**($556,728)**	**(27.39%)**
Full-Time Equivalents (FTE)	**13.75**	**13.50**	**10.50**	**(3.00)**	**(22.22%)**

- The Office of the Metro Attorney is budgeted in two funds:
  - Support Services Fund – the programs included in this fund are the Metro Attorney's Office and the materials and services portion of the Archives Program. The funding for these two programs comes from transfers from other funds as determined through the cost allocation plan. A transfer from the General Fund will be made to cover the cost of the Lobbyist contract. (Proposed Budget, Vol I, pp 195-198)
  - Open Spaces Fund – the program in this fund is the Open Spaces Due Diligence Program. The funding for this program is from the bond proceeds of the Open Spaces Bond Measure. (Proposed Budget, Vol I, pp 151-154)
- The personal services has been reduced due to the elimination of 3.0 FTE.
  - The Due Diligence Program was reduced by 1.0 Senior Attorney and 1.0 Paralegal II. This is due to the reduction in the workload in this area.
  - The Archivist position was eliminated, and the major duties have been transferred to the Council staff.
- Materials and Services were reduced as a result of the reduction in the workload in Open Spaces and the elimination of the Archivist position. The position of Archivist was eliminated, but the costs for record storage, etc., remains in the Office of the Metro Attorney.

Metro Attorney, Office of

Ten Questions

1. *Significant changes in departmental resources.*
   - Funding for the Open Spaces Acquisition Due Diligence Program has been significantly reduced reflecting the near completion of the Acquisition Program.
   - Funding resources from the Support Services Fund have been constrained because support services fund expenses have been increasing faster than overall agency revenues. The Office of Metro Attorney budget reflects an attempt to reduce overall support service expenses.
2. *Program additions, deletions, or significant modifications.*
   - The Open Spaces Acquisition Due Diligence Program has been modified by eliminating 2.0 FTE, reducing the program from 3.5 FTE to 1.5 FTE. Materials and service expenses have also been decreased to reflect fewer expected acquisitions in FY 2003-04.
   - The Records Archive Program is proposed to be eliminated.
3. *Program changes that may affect other departments or funds.*
   - The elimination of 1.0 FTE attorney in the Open Spaces Acquisition Due Diligence Program will affect other departments because the due diligence attorneys have provided legal services to other departments and funds in the past. Without this position, the remaining attorney positions will need to cover more territory. The Office of Metro Attorney will need to re-prioritize work assignments.
   - The elimination of the Archivist Program will impact primarily the Council Department but also other Departments. The Council Department will be responsible for electronic and hard copy storage and retrieval of records related to Council actions, ordinances and resolutions. Other departments will take a primary responsibility for long-term retention and destruction of records pursuant to the agency's approved record retention schedule. The Office of Metro Attorney will serve as legal advisor to the agency regarding the record retention and destruction schedule's requirements.
4. *Changes requiring additional current or future excise tax resources.*

   Not applicable.
5. *Changes that have a long-range impact, including changes that will have a greater impact in future years.*

   Not applicable.
6. *Changes that will affect support service needs.*

   Not applicable.
7. *Changes that affect existing Metro policies or require the Council to set new policy.*

   Not applicable.
8. *Extraordinary one-time expenditures.*

   Not applicable.

9. *Unresolved factors that may affect the final budget; for example, funding sources that are still pending.*

   Not applicable.

10. *Whether current program levels are sustainable within current or projected resources.*

    Yes.

Metro Exposition-Recreation Commission (MERC)

Department Financial Summary

A more detailed discussion of the Metro Exposition-Recreation Commission (MERC) Department can be found in the Proposed Budget, Volume 1, pages 55-65

Budget by Classification	Audited Actual FY 2001-02	Amended Budget FY 2002-03	Proposed Budget FY 2003-04	Change from FY 2002-03 Amended Budget $	%
Personal Services	$11,628,702	$13,625,674	$14,828,858	$1,203,184	8.83%
Materials and Services	13,148,887	15,639,588	16,267,888	628,300	4.02%
Capital Outlay	55,105,266	65,694,904	834,980	(64,859,924)	(98.73%)
Debt Service	1,008,625	1,389,559	1,151,551	(238,008)	(17.13%)
Totals	**$80,891,480**	**$96,349,725**	**$33,083,277**	**($63,266,448)**	**(65.66%)**
Budget by Division					
MERC Administration	$1,011,749	$1,194,340	$1,134,664	($59,676)	(5.00%)
Oregon Convention Center	67,966,311	76,363,727	18,665,928	(57,697,799)	(75.56%)
Portland Center for the Performing Arts	6,276,951	6,084,566	6,828,639	744,073	12.23%
Exposition Center	4,994,717	5,393,934	5,367,418	(26,516)	(0.49%)
Pooled Capital	641,752	7,313,158	1,086,628	(6,226,530)	(85.14%)
Totals	**$80,891,480**	**$96,349,725**	**$33,083,277**	**($63,266,448)**	**(65.66%)**
Budget by Fund					
MERC Operating Fund	$24,311,776	$28,554,907	$30,542,907	$1,988,000	6.96%
Oregon Convention Center Project Capital Fund	54,570,961	59,402,795	325,000	(59,077,795)	(99.45%)
MERC Pooled Capital Fund	641,752	7,313,158	1,086,628	(6,226,530)	(85.14%)
General Revenue Bond Fund (Hall D Expansion)	1,366,991	1,078,865	1,128,742	49,877	4.62%
Totals	**$80,891,480**	**$96,349,725**	**$33,083,277**	**($63,266,448)**	**(65.66%)**
Full-Time Equivalents (FTE)	**152.00**	**193.00**	**178.25**	**(14.75)**	**(7.64%)**

- The Metro Exposition-Recreation Commission is budgeted in three funds – MERC Operating Fund, MERC Pooled Capital Fund (see Proposed Budget, Volume 1, Fund Summaries, pages 139-148 for further detail on each fund), and the Convention Center Project Capital Fund (see Proposed Budget, Volume 1, Fund Summaries, pages 117-120 for further detail).
- The expanded Oregon Convention Center (OCC) opened on time, April 15, 2003.
- MERC will be receiving $173,939 in General Fund Excise Tax to stay in compliance with the IGA with partners participating in the funding of the expansion to the Oregon Convention Center.
- Enterprise revenues are increasing from:
  - Operation of the expanded Oregon Convention Center
  - PCPA second year of user fee phase-in
  - Expo user fee implementation
  - Increased Expo parking revenue from rate increase
  - New OCC Booth Cleaning services
  - Ongoing push to increase Food and Beverage revenues
- MERC's budget is balanced with no draw down of its $10,000,000 fund balance.

- The MERC Operating Fund and the MERC Pooled Capital Fund include the following funding by facility for maintenance:

Facility	Personal Services	Materials and Services
Expo	423,000	77,550
OCC	4,250,000	518,995
PCPA	343,476	480,616

The MERC Pooled Capital Fund includes the following funding by facility for renewal and replacement:

Facility	Personal Services	Materials and Services and Capital
Expo	18,190	45,000
OCC	48,320	153,580
PCPA	391,826	69,000

A detailed explanation of the department's compliance with the Council's adopted Capital Asset Management Policies can be found in the MERC Budget Notebook materials (three-ring binder of budget documentation) volume 2. (see the Expenditure Analysis directly following the Expenditure Detail).

- The budget includes a net reduction of 14.75 FTE. The following full-time position changes have been made (portions of FTE changes are not displayed here):

Fund	FTE	Position	Action
MERC Operating Fund	-	Assistant Ops Mgr. Housekeeping	Reclassified to Ops Manager Housekeeping/Setup
MERC Operating Fund	-	Events Services Manager	Reclassified to Event Service Director
MERC Operating Fund	-1.00	Event Service Manager	Eliminate position
MERC Operating Fund	-	Operations Manager I	Reclassified to Ops Manager Technical Services
MERC Operating Fund	-	Senior Event Coordinator	Reclassified to Senior Event Manager
MERC Operating Fund	-	Ticket Services Manager I	Reclassified to Ticketing and Parking Services Manager
MERC Operating Fund	-	3 Administrative Secretary	Reclassified to Administrative Technician
MERC Operating Fund	1.00	Administrative Assistant	New
MERC Operating Fund	1.00	Door and Locksmith	New
MERC Operating Fund	1.00	Electrician	New
MERC Operating Fund	-	5 Facility Security Agent	Reclassified to Lead Facility Security Agent
MERC Operating Fund	-3.00	Facility Security Agent	Eliminated
MERC Operating Fund	-2.00	Secretary	Eliminated
MERC Operating Fund	-2.00	Utility Lead	Eliminated
MERC Operating Fund	-1.00	Utility Maintenance	Eliminated
MERC Operating Fund	-1.00	Utility Technician	Eliminated
MERC Operating Fund	-3.00	Utility Worker I	Eliminated
MERC Operating Fund	-1.00	Utility Worker II	Eliminated
MERC Operating Fund	-	Booking Coordinator	Reclassified from hourly to salary

MERC Operating Fund	1.00	Ticket Services Coordinator	New
MERC Operating Fund	-	Administrative Secretary	Reclassified to Administrative Assistant
MERC Operating Fund	-1.00	Booking Coordinator	Eliminated
MERC Operating Fund	-1.00	Receptionist	Eliminated

Full detail of all FTE changes are included in the MERC Budget Notebook materials (three-ring binders, Volume 2, in each facility's *Expenditure Analysis* section).

- Capital Projects have been budgeted in accordance with the adopted Capital Improvement Plan.

Ten Questions

1. *Significant changes in departmental resources.*

MERC-wide budgeted earned revenues are expected to increase 20% to $25.7 in FY 03-04 million compared to $21.6 million in FY 2002-03.

Oregon Convention Center's (OCC) earned revenues are expected to increase $2.5 million, a 23% increase over the FY 02-03 budget, reflecting anticipated improvements in earned revenues as result of the expansion of the center. Facility rental, concessions/ catering sales, utilities and parking fees are anticipated be higher than FY 02-03 levels. In addition, this increase includes revenues from planned increases in ATM fees as well as the implementation of a new booth cleaning service.

Expo Center's (Expo) earned revenues are expected to increase $775,000, a 14% increase over FY 02-03 budget. This increase is primarily due to the implementation of a user fee (6% of ticket sales/$.50 minimum per ticket) for ticketed events and an increase in parking fees. Revenues from the user fee at Expo will be dedicated to Expo's master plan for redevelopment. As result of an intergovernmental agreement between Metro and Tri-Met, Expo will receive approximately $2.3 million for purchase of property at Expo to facilitate light rail extension. These proceeds are committed to Phase III of Expo's master plan for redevelopment.

Portland Center for the Performing Arts' (PCPA) earned revenues are expected to increase $830,000, a 15% increase over FY 02-03 budget. The proposed budget reflects anticipated increases in commission revenues due to the resumption of box office operations and growth in user fee revenues from an increase in the user fee on tickets to resident company performances.

MERC-wide revenue includes an increase of approximately $1 million in reimbursed labor revenue, which reflects a change in the accounting treatment of 'pass thru costs', costs that are collected by facilities on behalf of a third party. Prior to FY 03-04, these costs were shown on a net basis. Lodging tax receipts are budgeted to be flat compared to FY 02-03, due to the continued weakness in the travel and hospitality industry in general and concerns about the impact the war on Iraq will have on future travel.

2. *Program additions, deletions, or significant modifications.*

   The convention center expansion project will substantially be complete in April 2003, bringing on an additional 400,000 square feet of space. The first full year of operating the newly expanded center should provide opportunities to host larger and concurrent major events, which is expected to increase revenues. However, the continued weakness in the economy, uncertainty surrounding the war in Iraq and the absence of a headquarters hotel continue to dampen our expectations.

   OCC will begin performing booth cleaning services, which is now done by other providers. This service is expected to generate new revenue with limited investment and ongoing cost, as available shift labor can perform much of these services.

   Additionally, as a result of the expansion, approximately 4,000 sq. ft. will be available to retailers, which should provide an additional revenue source.

   Expo will implement its 6% user fee and PCPA will implement its scheduled increase in user fee for resident companies in FY03-04.

   MERC will continue its focus to increase food and beverage sales at all three of its facilities. Whereas historically, the marketing approach was a centralized effort to market each facility, we now have marketing support at each facility, and additionally each facility has its own chef. While this approach is more costly, we anticipate that increases in revenues will more than make up for the increase in costs.

3. *Program changes that may affect other departments or funds.*

   Completion of the convention center expansion project will substantially reduce/ eliminate central services administrative support effort expended for the Convention Center Project Capital Fund.

4. *Changes requiring additional current or future excise tax resources.*

   The FY 03-04 OCC budget includes a $173,000 transfer from the Metro General Fund to offset increases in budgeted Metro support services costs for OCC. This transfer was affected by Metro in order to stay within the overhead costs projected in the Visitor Development Initiative Agreement, under which the financing for the OCC expansion was determined.

5. *Changes that have a long-range impact, including changes that will have a greater impact in future years.*

   The pressing issue for OCC in the future is operational subsidy/support for the expanded facility. Convention centers are traditionally operated as "loss leaders" for community economic development and tax generation, and OCC is no exception. Operating subsidies, usually from lodging tax, are provided to cover the full cost of bringing in economic-generating conventions and trade shows to a region. The larger the convention center, the larger the operating cost and greater the need for subsidy/support. The VDI provides a mechanism for Metro to request continued operating support for OCC after 2006, but such support is not guaranteed. Additionally, it is subject to both political discussion and dispute resolution processes. The community's support for long-term, ongoing operating subsidy for OCC beyond 2006 will be a significant factor in its continuing success.

Additionally, the lack of sufficient hotel inventory near the convention center puts OCC at a competitive disadvantage. Even with the expanded convention center, Portland still finds itself at a distinct competitive disadvantage when battling for citywide conventions because of a lack of a headquarters hotel on the eastside near the convention center. In this era of expansions, other communities are adding hotel rooms near their expanded or completed convention facilities. Hotel inventory will be an essential factor to stay competitive in the future.

PCPA continues to face its quest for funding major capital needs in the future. PCPA has re-engineered its operations and is generating positive cash flow. In addition, the funding provided by the VDI and the City provides limited resources to pay for renewal and replacement. However, additional resources need to be identified to revitalize its aging facilities and to address the need for enhanced technology infrastructure and services.

Expo must focus on identifying resources to complete the final phase of its multi-phase plan to complete replacement of the remaining older buildings with modern facilities. Hall D was replaced in FY 2001-02. The estimated cost to replace Halls A, B, and C is more than $20 million.

One proposal to assist with the challenges listed in this item is the Sponsorship and Naming Program proposed by MERC for all three facilities. Implementation of this program will depend on obtaining certain Metro Code changes which should come before the Council in the next month or so.

6. *Changes that will affect support service needs.*

   MERC expects its need for central support services to go down. While the additional business from the expansion will result in a moderate increase in central administration, the majority of the impact on administration and business support services will be absorbed and provided by MERC Administration.

   The moderate increase in central administration support due to the additional business will be more than offset by the discontinuance of administering and business support services associated with the convention center expansion project. In addition, MERC is changing its accounting for food and beverage operations. This will significantly reduce the number of PeopleSoft transactions.

7. *Changes that affect existing Metro policies or require the Council to set new policy.*

   MERC has proposed a Sponsorship and Naming Program aimed at identifying new resources to support future operating and capital needs of its nearly $1 billion in facilities, equipment, and furnishings. MERC staff has briefed the Councilors on this proposed program and expects that an opportunity for action will come to the Council in the next month or so.

8. *Extraordinary one-time expenditures.*

   FY 03-04 proposed budget includes a one-time expenditure of $600,000 associated with constructing covered walkways between the new TriMet Light Rail Station and Expo, pursuant to an intergovernmental agreement between TriMet and Metro. TriMet will reimburse Expo for this construction.

9. *Unresolved factors that may affect the final budget; for example, funding sources that are still pending.*

   MERC developed a realistic, but reasonably aggressive budget for FY 03-04 based on prevailing and projected economics and social circumstances. Since over 70% of MERC funding comes from earned revenues, continuation of the weak economy and downturn in travel and tourism, or other changes in the economy could have a significant impact on MERC's ability to achieve its target. We monitor our budget closely throughout the year.

   In addition, we believe there is significant value in our proposed Sponsorship and Naming Program. The FY 03-04 budget as proposed however, does not include revenue from naming and sponsorship opportunities, as the requisite changes to the Metro Code have not yet been approved.

10. *Whether current program levels are sustainable within current or projected resources.*

    The Visitor Development Initiative (VDI), which enabled the expansion project to go forward, will provide a total of $8.74 million of operational support to OCC, for fiscal years 2001 through 2006. This funding recognized the impact of the expansion project, including down time during construction, ramping up to full occupancy and the necessary operational support for a much larger facility. However, it is important to recognize that the VDI provides no *guaranteed* enhanced operational support after FY 05-06. Furthermore, the subsidy is significantly reduced in FY 04-05. The subsidy drops from $1 million in FY 03-04 to $250,000 in FY 04-05.

Oregon Zoo

Department Financial Summary

A more detailed discussion of the Oregon Zoo can be found in the Proposed Budget, Volume 1, pages 67-71

Budget by Classification	Audited Actual FY 2001-02	Amended Budget FY 2002-03	Proposed Budget FY 2003-04	Change from FY 2002-03 Amended Budget $	%
Personal Services	$12,066,748	$12,837,648	$13,094,466	$256,818	2.00%
Materials and Services	7,468,211	7,559,649	7,351,770	(207,879)	(2.75%)
Capital Outlay	686,815	2,219,338	5,221,743	3,002,405	135.28%
Debt Service\Capital Leases	432,233	428,959	435,319	6,360	1.48%
Totals	**$20,654,007**	**$23,045,594**	**$26,103,298**	**$3,057,704**	**13.27%**
Budget by Division					
Administration	$856,279	$1,161,241	$997,405	($163,836)	(14.11%)
Construction/Maint.	2,606,519	5,598,821	8,655,053	3,056,232	54.59%
Design Services	656,035	611,786	586,161	(25,625)	(4.19%)
Education Services	1,295,768	1,436,332	1,435,234	(1,098)	(0.08%)
Guest Services	9,122,230	7,854,517	7,844,297	(10,220)	(0.13%)
Living Collections	4,356,787	4,630,247	4,915,673	285,426	6.16%
Marketing	1,760,389	1,752,650	1,669,475	(83,175)	(4.75%)
Totals	**$20,654,007**	**$23,045,594**	**$26,103,298**	**$3,057,704**	**13.27%**
Budget by Fund					
Zoo Operating Fund	$19,682,634	$21,021,497	$20,653,017	($368,480)	(1.75%)
Zoo Capital Fund	539,140	1,407,000	4,839,681	3,432,681	243.97%
General Revenue Bond Fund	432,233	617,097	610,600	(6,497)	(1.05%)
Totals	**$20,654,007**	**$23,045,594**	**$26,103,298**	**$3,057,704**	**13.27%**
Full-Time Equivalents (FTE)	**167.03**	**169.73**	**160.23**	**(9.50)**	**(5.60%)**

- The Oregon Zoo is budgeted in three different funds:
  - √ Zoo Operating Fund – where all of the operating revenues and costs for the Oregon Zoo are budgeted and tracked. (Proposed Budget, Vol. 1 pp 203-207)
  - √ Zoo Capital Fund – where all of the revenues and expenditures associated with capital projects are budgeted. This includes the Great Northwest Project, and the Condor Rehabilitation Facility which are the two major projects planned in FY 03-04 (Proposed Budget, Vol. 1 pp 199-202)
  - √ General Revenue Bond Fund – the expenditures in this fund are the debt service payments on an OECDD loan for the construction of the parking lot at the Zoo. (Proposed Budget, Vol. 1 pp 133-137)

Oregon Zoo

- The Zoo's proposed budget for the Operating Fund represents a balanced budget where current revenues equal current expenditures. This required changes in both resources and requirements for each of the funds

  ❖ Resources – The resources for the Zoo have been developed with the following assumptions:

  √ Attendance estimate of 1.275 million visitors up from 1.25 million
  √ Admissions fee increase effective January 1, 2004
  √ Changes to the Retail Operations that will result in additional revenue
  √ Introduction of a new 'simulator' ride to provide educational opportunities

  ❖ Requirements – Changes were made in areas that will not affect the care of Zoo animals

  √ Personal Services – Reduction of 10.50 FTE

    - 1.0 FTE reduction of a current employee in Zoo Administration
    - .50 FTE voluntary reduction by an employee
    - 8.0 FTE reductions in positions that are currently vacant
    - 1.0 FTE transfer to Zoo Capital Fund

  √ Materials and Services

    - Reductions in staff development
    - Reductions in marketing
    - Elimination of Animal Waste Contract
    - Increases in the purchases of food and retail items for sale, due to the increase in attendance

- Zoo Capital Fund includes increases in planned expenditures including the Great Northwest Project ($2.7 million) and the Condor Rehabilitation Facility ($2 million). The transfer of 1.0 FTE from the Zoo Operating Fund is also reflected here.

Ten Questions

1. *Significant changes in departmental resources.*

   Charges for Services are budgeted for a 6% increase over the 2002-03 budget. Part of this increase is due to an increase in projected attendance from 1,250,000 in 2002-03 to 1,275,000 in 2003-04. Our proposed January 2004 admission price increase of $1.00 for adults, senior and youth adds $238,000 to admission revenue. Retail revenue is projected to increase by 33% over 2002-03 with the conversion to an outside concessionaire. Food Service revenues were budgeted in the current fiscal year to exceed fiscal year 2001-02 by 13%. However, due to the economic downturn, we are not meeting those goals. Therefore, the 2003-04 budget projects a 10% decrease in Food Service revenue over the 2002-03 budget.

   Although property tax resources increased 7% from 2000-01 to 2001-02 and are budgeted to increase 5% in 2002-03, we are budgeting only a 4% increase in 2003-04 because of lower than expected increases in assessed property value in Multnomah County.

The budget for donation revenues for the operating and capital funds combined shows an 81% increase over 2002-03. The 2003-04 capital fund donation budget of $2,000,000 is earmarked for construction of the Condor Breeding Facility.

A new revenue-generating program will be introduced in May 2003 and is projected to increase 2003-04 operating revenues by $88,000. The ZooWerks Thrill Ride is an 18-seat mobile simulator, or "ridefilm."™ The opening film called ***Deep Sea*** takes visitors "aboard a submersible in search of the two great monsters of the deep ocean: the Giant Squid and the Sperm Whale."

The 2003-04 budget for current revenues for the Zoo Operating Fund shows a 4% increase over the 2002-03 budget. Factoring in the beginning fund balance, however, results in flat resource growth between the two years.

2. *Program additions, deletions, or significant modifications.*

   Program additions of significance include the construction of Phase IV of the Great Northwest exhibit and construction of the first phase of the off-site location for the California Condor Recovery project. Other significant modifications to programs include a reduction of 9.50 FTE and a reduction of $207,879 in materials and services zoo-wide. The affect of these reductions spans all existing programs.

3. *Program changes that may affect other departments or funds.*

   There are no program changes that affect other departments or funds.

4. *Changes requiring additional current or future excise tax resources.*

   There are no changes requiring excise tax resources.

5. *Changes that have a long-range impact, including changes that will have a greater impact in future years.*

   Completion of Phase IV of the Great Northwest exhibit will have a positive impact on visitor attendance, future revenue generation and our potential to reach a larger community with conservation and education messages. In addition, these new exhibits will enhance the Oregon Zoo Foundation's ability to fundraise.

6. *Changes that will affect support service needs.*

   The new exhibit construction projects slated to begin early in the fiscal year will have an impact on various support services. Primarily our contracts consultant at the zoo will handle contracts and contract administration, but there will be an impact on MRC staff who support these functions and consult with us on the details of contracts. Increased purchasing of materials and services will increase the burden on accounting. Construction of new high-tech exhibitry will in part rely on the expertise of the IT department to assist and advise.

7. *Changes that affect existing Metro policies or require the Council to set new policy.*

   There are no changes that affect existing policies or require new policy.

8. *Extraordinary one-time expenditures.*

   Capital Fund expenditures to complete Phase IV of the Great Northwest exhibit, and construction of the first phase of the off-site location for the California Condor Recovery project.

9. *Unresolved factors that may affect the final budget; for example, funding sources that are still pending.*

   There are no unresolved factors.

10. *Whether current program levels are sustainable within current or projected resources.*

    The Zoo has prepared a balanced budget that provides for existing programs. Increased fundraising efforts on the part of the Oregon Zoo Foundation will provide additional resources for future phases and ongoing operation of the new exhibit construction that is currently underway.

Planning Department

Department Financial Summary

A more detailed discussion of the Planning Department can be found in the Proposed Budget, Volume 1, pages 73-82

Budget by Classification	Audited Actual FY 2001-02	Amended Budget FY 2002-03	Proposed Budget FY 2003-04	Change from FY 2002-03 Amended Budget $	%
Personal Services	$6,165,458	$6,677,575	$7,184,288	$506,713	7.59%
Materials and Services	6,705,608	11,204,773	8,361,455	($2,843,318)	(25.38%)
Capital Outlay	223,161	72,000	0	($72,000)	(100.00%)
Debt Service	47,452	40,773	44,212	$3,439	8.43%
Totals	**$13,141,679**	**$17,995,121**	**$15,589,955**	**($2,405,166)**	**(13.37%)**
Budget by Division					
Planning	$13,141,679	$17,995,121	$15,589,955	($2,405,166)	(13.37%)
Totals	**$13,141,679**	**$17,995,121**	**$15,589,955**	**($2,405,166)**	**(13.37%)**
Budget by Fund					
Planning Fund	$13,141,679	$17,995,121	$15,589,955	($2,405,166)	(13.37%)
Totals	**$13,141,679**	**$17,995,121**	**$15,589,955**	**($2,405,166)**	**(13.37%)**
Full-Time Equivalents (FTE)	**80.25**	**79.00**	**79.50**	**0.50**	**0.63%**

- The Planning Department is budgeted in one fund – the Planning Fund (see Proposed Budget, Volume 1, Fund Summaries, pages 107-208 for further details)
- Grants are declining almost $2 million from the current year with the largest decrease in the corridor planning section.
- Several grant prospects are not included in the budget such as applications for the Robert Woods Johnson foundation for Centers implementation and personal travel behavior survey; TGM grants for highway 217 and Creating Livable Corridors; MTIP allocations for freight survey, centers/TOD funding and Tualatin Sherwood corridor; and several other miscellaneous applications for Metroscope enhancements and growth management data base development.
- Excise tax allocations are reduced to the Planning Department in an amount equal to the reduction of the non-grant eligible General Fund costs that were previously allocated through the cost allocation plan. These General Fund costs are now borne directly by the General Fund instead of by allocations to the departments.
- The budget includes a net increase of 0.50 FTE. The following changes are proposed:

FTE	Position	Funding/Comments
(1.00)	Assistant Transportation Planner	Grants – Funding never received.
1.00	Associate Transportation Planner	Grants
(1.00)	Administrative Secretary	DRC revenues
0.50	Office Assistant	DRC revenues
0.50	Assistant Regional Planner	DRC revenues
0.50	Associate Public Affairs Specialist	Grants – Reclass position from Assistant and increase to full-time

A contribution of $90,000 has been made to a computer replacement reserve in accordance with the Council's adopted Capital Asset Management Policies.

- Capital purchases of $60,000 for the DRC computer system planned in the adopted Capital Improvement Plan have been deferred due to funding constraints.
- Central Service transfers paid by the Planning Department have been reduced almost 11 percent from FY 2002-03.
- Debt service is budgeted in accordance with the capital lease debt service schedule. FY 2003-04 is the last year of repayment on the one outstanding capital lease.
- FY 2003-04 includes the third of three annual repayments to the Solid Waste Revenue Fund for the interfund loan made to purchase the computer equipment necessary to implement TRANSIMS.

Ten Questions

1. *Significant changes in departmental resources.*

Over the past five years, the Planning excise tax budget has seen the following changes:

	Total Excise Tax	Disallowed	One Time	Available Excise Tax	*Percentage*
FY 98-99	$4,441,420	$242,091	$0	$4,199,329	
FY 99-00	$3,984,883	$347,466	$0	$3,637,417	15% decrease
FY 00-01	$3,688,103	$287,243	$0	$3,400,860	7% decrease
FY 01-02	$3,966,110	$383,767	$0	$3,582,343	5% increase
FY 02-03	$4,287,339	$602,244	$65,000	$3,620,095	1% increase
FY 03-04	$4,054,761	$195,923	$0	$3,858,838	7% increase

Regarding the FY 2003-04 budget $4,054,761, 7 percent increase: In part, this reduction reflects excise tax allocations in the amount equal to the reduction of the non-grant eligible General Fund costs that were previously allocated through the cost allocation plan. Both the expense and the revenues were moved from the Planning budget. In effect, this action was neutral for the Planning Department budget. However, the reduction in overhead from 33 percent to 29.7 percent provided an opportunity to direct more excise tax to program needs.

Over the past five years, the Planning grants/contracts have seen the following changes:

FY 1998-99	$18,295.949
FY 1999-00	$14,368,342
FY 2000-01	$14,406,075
FY 2001-02	$15,699,326
FY 2002-03	$14,987,703

The FY 2003-04 budget includes $13,145,064 for grants, a 14 percent decrease.

The Department is continuing to use its Fund Balance to meet Growth Management expenses. The FY 2002-03 budget is balanced using Fund Balance of $160,000 for Long Range Planning and $237,000 for Community Development. Additionally, the FY 2003-04 budget proposes to use $97,500 of Fund Balance for Long Range Planning and $25,000 for Community Development.

2. *Program additions, deletions, or significant modifications.*

   In relationship to program additions, deletions or significant modifications, the FY 2003-04 proposed budget includes:

   - a major emphasis on Goal 5, Metro's Fish and Wildlife Program
   - an initiation of Task 3 of Metro's Periodic Review of the Urban Growth Boundary
   - a start-up of a new "Centers" program intended to encourage more development in the designated 2040 Centers
   - a start-up of Concept planning for the newly added areas to the Urban Growth Boundary, especially the Damascus/Gresham area
   - the first update to the Regional Transportation Plan since its major revision two years ago
   - a follow-through on implementation of the South Corridor project
   - completion of the Hwy 217 and Powell/Foster Corridor Studies
   - transitioning of TRANSIMS into operational use within the department
   - a minor emphasis on Performance Measures and Affordable Housing due to staff and resource constraints

3. *Program changes that may affect other departments or funds.*

   One of the grant-funded projects proposed in this budget is the Willamette Shoreline, a Metro-led planning effort to evaluate the potential for development of the Willamette Shoreline right-of-way between Portland and Lake Oswego into a regional transportation corridor eligible for federal funding. As this program is anticipated to include a 'trails project', coordination with the Parks Department is being initiated.

   Additionally, Planning proposes to integrate the Goal 5, Fish and Wildlife Program with the Parks Department. The Fish and Wildlife Program is intended to include regulatory, acquisition, incentive and volunteer programs. As such, it is proposed to rely upon the Parks Department expertise and integrate the role of future Metro Parks programs.

4. *Changes requiring additional current or future excise tax resources.*

   See number 5.

5. *Changes that have a long-range impact, including changes that will have a greater impact in future years.*

   The Planning Department continues to be concerned regarding the cost of inflation outstripping general resources over time and an inability to support the Growth Management work efforts at sustainable levels. Some of the factors that have attributed to this include costs associated with PERS and health care insurance that continue to grow significantly. This only exacerbates a situation where costs are growing faster than revenues. The standard annual excise tax increase for the Department is 3 percent. PERS increased approximately 5 percent throughout Metro, while merit and COLA increases amounted to just under 4 percent for the Department. The effect is that the department has limited resources for materials and services expenses such as consultants, printing, and advertising. In addition, it is necessary to balance this budget by shifting general fund resources from transportation planning programs to land use and natural resource planning programs. This makes the transportation group much more reliant on grants from outside Metro, resulting in program priorities that can be funded in this manner.

6. *Changes that will affect support service needs.*

   Goal 5, Fish and Wildlife Program will require significant attention from the Public Affairs Department.

7. *Changes that affect existing Metro policies or require the Council to set new policy.*

   The following programs/projects will lead to policy-oriented decisions by Metro Council:

   RTP Update: Council must adopt by January 2004 to be in compliance with federal regulations

   Goal 5: Metro Council review and decisions about the last two steps – analysis of the economic, social, environmental and energy consequences and the program – is desired in FY03-04. Accordingly, the Metro Council will be considering a draft map showing areas where resources should be protected and determining what programs or mix of programs (regulations, acquisition from willing sellers, incentives, education, etc.) are best suited to protect the public and private interests and should be recommended to, or required of, local governments.

   Affordable Housing: The annual local government affordable housing progress report deadline was January 31, 2003. Metro staff will compile a report based on these submissions, including an analysis, and present it to the Metro Council. This report will help the Metro Council assess local government voluntary efforts to address affordable housing. The third and last local government annual report is due in 2004.

   UGB Periodic Review – Task 3: By the end of FY 2003-04, decisions to amend the UGB to satisfy Task 3 must be completed.

   South Corridor: An amendment to the Supplemental Draft Environmental Impact Statement is anticipated to include the Downtown LRT Study, which is anticipated to be complete by mid 2003.

   Willamette Shoreline: Planning anticipates beginning a combined Rail and Trail Study of this corridor early in FY04. Transportation Improvement Program funds have been identified to begin the study. Planning is currently initiating a grant application, along with a detailed work plan. The work plan will be circulated for comment, coordination with the Parks & Greenspaces Department will occur, and Planning will seek Council concurrence on the process.

   Highway 217 Corridor Plan: The need to add a lane to Highway 217 has been recognized by a number of transportation plans and studies. It was part of the preferred alternative to the Western Bypass. However, the 2000 RTP called for a refinement study to determine the type of lane (general purpose, carpool or peak period priced) and to examine associated improvements such as auxiliary lanes, connections to the regional centers, and additional transit. The study has obtained funding from the FHWA Value Pricing Program. Request for Proposals for Consultant work have been initiated and the following schedule is anticipated:

- June 2003 – Execute Consultant Contracts
- June 2003 - Initial Policy Committee Meeting
- October 2003 – Select Alternatives for study
- March 2004 – Preliminary Evaluation Complete

It is anticipated that the Council will have an opportunity at all key study milestones. Potential Council meetings could take place as follows:

- November 2003 – Review of Alternatives Selected for Study
- March 2004 – Review Preliminary Evaluation Report and provide input on alternatives to be studied in more detail

Powell Boulevard/Foster Road Corridor Transportation Plan:

- June 2003 – Final Report for Phase I and Draft Work Program for Phase II
- Commencement of Phase II is contingent upon receipt of additional grant funding. Some monies are available through on-going PL/STP funds and a small MTIP grant. If additional funding is obtained, work with these monies would commence as follows:
  - Final scope of work/contract with ODOT – December 2003.
  - Periodic Briefings with the Council are anticipated.
  - July 2003 – Review and Approval of conclusions and recommendations for further study.

8. *Extraordinary one-time expenditures.*

   None anticipated at this time.

9. *Unresolved factors that may affect the final budget; for example, funding sources that are still pending.*

   Budgets for the South Corridor are dependent upon the Federal Transit Administration authorization for Metro to move into Final Design.

   Additionally, grant prospects not currently reflected in budget:

   - Robert Woods Johnson – Centers implementation
   - TGM – 217 & Creating Livable Corridors
   - MTIP – Freight survey
   - MTIP – Centers/TOD funding
   - MTIP – Corridors funding for Tualatin-Sherwood Corridor (more likely the following year)
   - EPA/USDOT – Metroscope enhancements
   - US DOT/HUD/Lincoln Land Institute – Growth Management database development
   - US Fish & Wildlife Services – Baseline natural resources inventory in the Damascus area.

10. Whether current program levels are sustainable within current or projected resources.

The current program levels are not sustainable in the Growth Management work programs areas. This is due to the current rate of inflation (COLA/merit), PERS, health costs, and budget policy that allocates not more than 3 percent, annually, of general excise tax to the Planning fund.

Regional Parks and Greenspaces Department

Department Financial Summary

A more detailed discussion of the Regional Parks & Greenspaces Department can be found in the Proposed Budget, Volume 1, pages 87-94

Budget by Classification	Audited Actual FY 2001-02	Amended Budget FY 2002-03	Proposed Budget FY 2003-04	Change from FY 2002-03 Amended Budget $	%
Personal Services	$3,527,683	$3,731,569	$3,555,314	($176,255)	(4.72%)
Materials and Services	2,576,030	6,828,231	3,981,000	(2,847,231)	(41.70%)
Capital Outlay	9,690,981	9,154,111	3,949,381	(5,204,730)	(56.86%)
Totals	**$15,794,694**	**$19,713,911**	**$11,485,695**	**($8,228,216)**	**(41.74%)**
Budget by Division					
Administration	$793,706	$1,539,356	$1,277,183	($262,173)	(17.03%)
Parks & Visitor Services	2,417,012	4,528,860	3,723,744	(805,116)	(17.78%)
Planning & Education	1,242,253	2,110,944	1,722,156	(388,788)	(18.42%)
Open Spaces Acquisition	11,341,723	11,534,751	4,762,612	(6,772,139)	(58.71%)
Totals	**$15,794,694**	**$19,713,911**	**$11,485,695**	**($8,228,216)**	**(41.74%)**
Budget by Fund					
Regional Parks & Expo Fund	$4,326,726	$6,646,143	$5,461,443	($1,184,700)	(17.83%)
Open Spaces Fund	11,341,723	11,534,751	4,762,612	(6,772,139)	(58.71%)
Smith & Bybee Lakes Fund	126,045	1,392,917	1,261,540	(131,377)	(9.43%)
Regional Parks Special Accts Fund	200	140,100	100	(140,000)	(99.93%)
Totals	**$15,794,694**	**$19,713,911**	**$11,485,695**	**($8,228,216)**	**(41.74%)**
Full-Time Equivalents (FTE)	**49.50**	**48.00**	**42.10**	**(5.90)**	**(12.29%)**

- The Regional Parks & Greenspaces Department is budgeted in five funds – the Regional Parks Fund, the Open Spaces Fund, the Smith & Bybee Lakes Fund, the Regional Parks Special Accounts Fund and the Pioneer Cemetery Perpetual Care Fund (see Proposed Budget, Volume 1, Fund Summaries, pages 107-208 for further detail on each fund)
- The Pioneer Cemetery Perpetual Care Fund is proposed to be created in FY 2003-04. The purpose is to provide long term maintenance for the cemeteries once all burial sites are purchased. The revenue for the fund will be provided through a 15% surcharge on grave sales.
- The Willamina Farmer Family trust is being transferred from the Regional Parks Special Accounts Fund to the Pioneer Cemetery Perpetual Care Fund to provide seed funding for the long-term maintenance fund. The transfer is in accordance with the family trust.
- Revenues for the Regional Parks Fund includes increases in the entry fees at Oxbow Park, Blue Lake Park, Gleason Boat Ramp and Chinook Marine Park as well as increases in grave sales, camping fees, annual passes and selected picnic reservation fees.
- Excise tax to the Regional Parks Fund includes the second year of the additional $1.00 per ton levied on solid waste. This levy provides approximately $1.2 million annually and sunsets at the end of FY 2003-04.
- The Regional Parks Fund includes $175,000 in renewal & replacement/deferred maintenance projects as well as a second year contribution of $85,000 to a renewal & replacement reserve. A more detailed explanation of the department's compliance with the Council's adopted Capital Asset Management Policies can be found in the Regional Parks

Regional Parks and Greenspaces Department

Budget Notebook materials (three-ring binder of budget documentation) Volume 1. (see the *Expenditure Analysis* under the Parks & Visitor Services Division)

- The budget includes a net reduction of 5.90 FTE. The following position changes have been made:

Fund	FTE	Position	Action
Regional Parks	(1.00)	Regional Parks Supervisor	Eliminated Position
Regional Parks	(1.00)	Gardener I	Eliminated Position
Regional Parks	0.10	Associate Regional Planner	Increased position to .80 FTE
Open Spaces	(1.00)	Manager II	Eliminated Position
Open Spaces	(1.00)	Real Estate Negotiator	Eliminated Position
Open Spaces	(1.00)	Program Assistant II	Eliminated Position
Parks/Open Spaces	(1.00)	Public Affairs Specialist	Eliminated Position
Parks/Open Spaces	------	Senior Regional Planner	Transferred .50 FTE from Open Spaces to Regional Parks Fund

- Capital Projects have been budgeted in accordance with the adopted Capital Improvement Plan except for the Diack Nature Center which has been delayed for at least one year.
- Central Service transfers to the Regional Parks & Greenspaces Department have decreased by 15 percent from FY 2002-03 (about 8% for Regional Parks Fund and 35% for Open Spaces Fund).

Ten Questions

1. *Significant changes in departmental resources.*

   The budget assumes a number of fee increases in the next fiscal year. Council considered and adopted a fee increase for grave sales at the pioneer cemeteries and created a niche sales fee in Ordinance 03-996. The fee increase will generate approximately $14,000 in FY 2003-04.

   The budget also assumes fee increases for entry fees at Oxbow and Blue Lake Parks, boat launch fees at Chinook Landing and Gleason Boat Ramp, annual passes, camping fees, and picnic shelter reservations on selected weekends at Blue Lake Park. These fees, if adopted by Council, have been scheduled to change effective October 1, 2003. These fee increases will generate approximately $58,000 in FY 2003-04, and $148,000 in FY 2004-05, the first full year of the fee increase.

2. *Program additions, deletions, or significant modifications.*

   There are no program additions or deletions proposed in the FY 2003-04 budget.

   This next year is scheduled to be the final year of an active open spaces acquisition program. There are now only 2 negotiators, 0.5 FTE attorneys and 1 paralegal working on acquisitions, a decrease of 5 FTE from FY 2002-03.

   The proposed budget includes a master planning effort for the Cooper Mountain area. This plan will be developed in partnership with the city of Beaverton, Tualatin Hills Parks and Recreation District and others, who are contributing financially to the project.

The Diack Nature Center fundraising campaign has been placed on hold, awaiting a better economic environment for the campaign. The construction timeline for this project has been pushed back one year.

3. *Program changes that may affect other departments or funds.*

   FY 2003-04 is anticipated to be the active last year of the 1995 Open Spaces acquisition bond program. Several FTE will be eliminated on June 30, 2003, including an attorney position and a paralegal position. The elimination of these support positions may have an impact on other departments or funds, but the full extent of that impact is unclear at this time. Additionally, the end of the open spaces program will result in upward pressure on the central service costs paid by other departments when this program is completed and the costs they currently pay are reallocated.

4. *Changes requiring additional current or future excise tax resources.*

   The proposed budget uses annual resources to pay for anticipated annual expenditures, meaning that there is no expected draw down of fund balance for the parks department's operating funds. The budget anticipates the use of all of the excise tax it is scheduled to receive.

   The "$1 per ton" of excise tax on solid waste is scheduled to expire on June 30, 2004. This tax generates approximately $1.2 million and is dedicated to parks operations. If the tax is not continued or replaced, it will be necessary to significantly reduce expenditures. Even with additional fee increases, this amount cannot be absorbed without cuts to both programs and staff.

5. *Changes that have a long-range impact, including changes that will have a greater impact in future years.*

   The fee increases that will be effective October 1, if adopted by Council, will have a greater impact in future years than in the next fiscal year, because of the timing of the increase.

6. *Changes that will affect support service needs.*

   The completion of the open spaces acquisition program at the end of the next fiscal year may have some effect on support service needs, but that effect is unknown at this time.

7. *Changes that affect existing Metro policies or require the Council to set new policy.*

   The fee increase that the budget is based on must be considered and adopted as an ordinance by the Council before it becomes effective.

8. *Extraordinary one-time expenditures.*

   Most extraordinary one-time expenditures are the major capital projects in the department's 5-year Capital Improvement Plan. These include the beginning of Phase 1 construction at the M. James Gleason Boat Ramp and the construction of public facilities at Smith and Bybee Lakes Wildlife Area. The CIP also includes construction of restroom at Blue Lake Park, to replace the restrooms in the Swim Center that was demolished in FY 2002-03.

   Additionally, the department will be procuring and installing a "niche wall" at one of the pioneer cemeteries to provide another alternative for the burial of cremains.

9. *Unresolved factors that may affect the final budget; for example, funding sources that are still pending.*

   The fee increase that the budget is based on must be considered and adopted as an ordinance by the Council before it becomes effective. It is anticipated that the ordinance for this fee increase will not be before Council until after the adoption of the annual budget.

   There are no grant revenues in the budget that have not already been awarded to the department, with the exception of two proposals related to the facility improvements at Smith & Bybee Lakes Wildlife Area. Construction of the facility will not begin until all funding sources have been secured.

   If the department receives additional grant awards that are not included in the proposed budget, the department will bring those awards and the related expenditure budget to the Council for consideration as a supplemental budget request.

10. *Whether current program levels are sustainable within current or projected resources.*

   Current program levels are sustainable within current resources. It is anticipated that annual resources will be sufficient to pay for expected expenditures for FY 2003-04.

   This budget and the decision not to spend any fund balance is based in large part on the combination of the work teams at Oxbow and Blue Lake Parks and the elimination of one supervisor (a savings of approximately $100,000).

   The current levels of service and programs is not sustainable into the future if the "$1 per ton" excise tax on solid waste is not continued or replaced when it expires on June 30, 2004.

Solid Waste and Recycling Department

Department Financial Summary

A more detailed discussion of the Solid Waste and Recycling Department can be found in the Proposed Budget, Volume 1, pages 95-102

Budget by Classification	Audited Actual FY 2001-02	Amended Budget FY 2002-03	Proposed Budget FY 2003-04	Change from FY 2002-03 Amended Budget $	%
Personal Services	$7,479,870	$8,256,217	$8,680,433	$424,216	5.14%
Materials and Services	34,757,937	38,650,691	35,831,626	(2,819,065)	(7.29%)
Capital Outlay	1,760,949	7,593,607	4,822,200	(2,771,407)	(36.50%)
Debt Service	3,790,840	6,513,951	1,861,427	(4,652,524)	(71.42%)
Totals	**$47,789,596**	**$61,014,466**	**$51,195,686**	**($9,818,780)**	**(16.09%)**
Budget by Division					
Office of the Director	$481,951	$434,596	$1,291,391	$856,795	197.15%
Business & Regulatory Affairs	4,110,771	0	0	0	n/a
Environmental & Engineering Services	38,771,611	49,016,981	40,644,577	(8,372,404)	(17.08%)
Waste Reduction, Planning & Outreach	4,425,263	6,327,883	5,268,693	(1,059,190)	(16.74%)
Community & Administrative Services	0	1,536,974	533,952	(1,003,022)	(65.26%)
Financial Management & Analysis Division	0	2,854,360	2,542,559	(311,801)	(10.92%)
Regulatory Affairs	0	843,672	914,514	70,842	8.40%
Totals	**$47,789,596**	**$61,014,466**	**$51,195,686**	**($9,818,780)**	**(16.09%)**
Budget by Fund					
Solid Waste Revenue	$47,268,176	$60,447,714	$50,661,734	($9,785,980)	(16.19%)
Rehabilitation & Enhancement	521,420	566,752	533,952	(32,800)	(5.79%)
Totals	**$47,789,596**	**$61,014,466**	**$51,195,686**	**($9,818,780)**	**(16.09%)**
Full-Time Equivalents (FTE)	**110.15**	**109.15**	**108.70**	**(0.45)**	**(0.41%)**

- The Solid Waste and Recycling Department is budgeted in two funds – Solid Waste Revenue Fund and the Rehab and Enhancement Fund (see Proposed Budget, Volume 1, Fund Summaries, pages 189-194 and pages 175-178 for further detail on each fund).
- The department reorganized to implement efficiencies during fiscal year 2002-03. Community and Administrative Services Division was eliminated and the duties it performed were distributed primarily between the Office of the Director and the Financial Management and Analysis Division.
- Revenues are proposed to increase. An increase to the Regional System Fee is proposed. Tonnage is expected to remain flat. The department will still be using fund balance to cover some operating expenses thereby subsidizing the rate for FY 2003-04.
- The per ton excise tax rate will decline slightly to $6.32 from $6.39. This rate includes the continued "$1.00 per ton" for Regional Parks that sunsets at the end of FY 2003-04.
- The budget includes the funding necessary to defease 1990 bonds equating to an additional half year of the debt serve payments.
- The Solid Waste Revenue Fund includes adequate funds for renewal & replacement and maintenance projects and are in full compliance with the Capital Asset Management Policy. This budget includes $377,810 for maintenance, $2,899,000 for renewal and replacement projects and $1,200,600 for landfill projects. A more detailed explanation of the department's compliance with the Council's adopted Capital Asset Management Policies can be found in the Solid Waste and Recycling Budget Notebook materials (three-ring

binder of budget documentation) Volume 1. (see the *Department Overview* and the *Expenditure Analysis* included in the Department Overview.)

- The budget includes a net reduction of .45 FTE. The following position changes have been made:

Fund	FTE	Position	Action
Solid Waste & Recycling Fund	1.00	Associate Solid Waste Planner	Add a new Regulatory Affairs Position
Solid Waste & Recycling Fund	.55	Hazardous Waste Technician	Increase three part time FTE to full time
Solid Waste & Recycling Fund	-1.00	Senior Management Analyst	Position eliminated with the RBAP Program elimination
Solid Waste & Recycling Fund	-1.00	Administrative Secretary	Position eliminated
Solid Waste & Recycling Fund	-1.00	Associate Engineer	Adjustment to staff to reflect changing operational needs
Solid Waste & Recycling Fund	1.00	Latex Storekeeper	Adjustment to staff to reflect changing operational needs
Solid Waste & Recycling Fund	0	Manager I reclassified to a Program Supervisor I	Adjustment to staff to reflect changing operational needs

- The budget proposes to cut the Regional System Credit Program in half reducing available credits from $900,000 to $450,000.
- Other disposal subsidies are reduced and some program cuts implemented. (See detail below in the department responses to the ten questions Council directed them to answer.)
- Capital Projects have been budgeted in accordance with the adopted Capital Improvement Plan.

Ten Questions

1. *Significant changes in departmental resources.*

   Increase in enterprise revenue:

   - Budget reflects $1 increase in the Regional System Fee, from $15 to $16. *(The tip fee increases by this same $1, because the Regional System Fee is passed through.)*
   - This increase is projected to raise $1.2 million in FY 2003-04.

   After the budget was submitted, the Council President amended this increase as follows:

   - Increase the Regional System Fee $1.57 ($1.88 million revenue increase)
   - Reduce the disposal component of the Metro tip fee 57¢ ($324,000 revenue decrease)

These changes mean:

- Net revenue increase of $1.56 million ($1.88 million *minus* $324,000)
- Metro tip fee of $67.18 ($42.55 disposal charge+$16.57 RSF+$8.06 excise & DEQ & host)

Either of these changes will require approval of an ordinance by the Council. Ordinance 03-1000 reflecting the Council President's recommendation has been filed, and final action is scheduled for April 3, 2003. If the ordinance is approved, the proposed budget would have to be amended to reflect this change in revenue. This point is also noted in #9 below.

2. *Program additions, deletions, or significant modifications.*

Adds: None

Deletions ($1.6 million & 2 FTE total):

a. Efficiencies/Cost Reductions $404,465
    - Reduce travel, supplies, management support contracts, secretary (-1 FTE)
    - Also, reduction in transfers for Central Services

b. Eliminate Disposal Subsidies $427,921
    - Eliminate disposal credits for thrift organizations
    - Halve neighborhood disposal vouchers
    - Phase out Regional System Fee credits (dollar amount in #4 below)

c. Non-Core Programs $82,500
    - Halve ENACT
    - Eliminate end-market studies

d. Underperforming Programs $690,733
    - Eliminate market development loans/grants (-1 FTE)
    - Halve Regional System Fee credits (1st year of 2-year phase-out)
    - Eliminate business prevention/reuse grants & pilots

Significant modifications:

a. Add an inspector (+1 FTE) to address increasing number and distance to private facilities.

b. Move latex paint operation
    - Consolidate production, warehousing, and sales at better location.
    - Eliminate capital expenditures for disposal operations by freeing-up site space at South.
    - Eliminate engineer FTE; convert to paint specialist (no net FTE change).

3. *Program changes that may affect other departments or funds.*

None identified.

4. *Changes requiring additional current or future excise tax resources.*

None – Solid Waste & Recycling is funded entirely through enterprise revenue.

5. *Changes that have a long-range impact, including changes that will have a greater impact in future years.*

   Waste Reduction.

   Continuation of waste reduction work plans is proposed in the budget, with emphasis on food waste processing and recovery from construction & demolition (C&D) debris in FY 2003-04. These work plans are aimed at the recovery objectives of the Regional Solid Waste Management Plan. If successful, each initiative would divert at least 50,000 tons per year from the waste stream. The loss of tonnage will put upward pressure on Metro's tip fee and Regional System Fee in the future, all else equal. However, this fact is not unique to these initiatives. *Any* diversion of tonnage from the revenue base *for any reason* puts upward pressure on rates—and this trade-off is acknowledged and accepted in the Regional Solid Waste Management Plan. The majority of the food waste is expected to be diverted from Metro transfer stations, and the majority of C&D waste from non-Metro facilities. See also the response under #8 below.

   Debt Service.

   Different ways of managing the debt service are proposed beginning FY 2003-04:

   a. The budget proposes a "rolling defeasance" of the uncallable zero-coupon bonds to take further advantage of the Council's action to pre-pay ("defease") some of these bonds last February. This is a cash management strategy that will allow the agency to manage its rate covenant ("110% coverage ratio") with relative ease and without increasing the scheduled debt service.
   b. The division is currently working to refund the callable bonds, capitalizing on low interest rates to reduce annual debt service payments through 2009. See also the response under #9 below.

6. *Changes that will affect support service needs.*

   SW&R stands ready to participate in the agency's e-government initiative, especially implementation of web-based billing of solid waste accounts and filing of reports.

7. *Changes that affect existing Metro policies or require the Council to set new policy.*

   None identified through the budget.

   Certain planning questions will arise in 2003 that will have budgetary implications over time:

   - Re-regulation of private transfer stations & licensing of "wet" waste in late 2003.
   - Amount of waste flowing to Metro transfer stations.
   - Re-bid of transfer station operating contract.
   - St. Johns final closure permit and work plan.
   - Metro's trucking contract.

8. *Extraordinary one-time expenditures.*

   The Waste Reduction division is proposing grant money totaling $800,000 for private food waste processing infrastructure and to expand food waste prevention. See also #5 above.

No other extraordinary expenditures except as identified in the Capital Improvement Plan.

9. *Unresolved factors that may affect the final budget; for example, funding sources that are still pending.*

   The Department is pursuing a refunding of a portion of its revenue bonds. The outcome will not be known until May 2003. Successful refunding would reduce future debt service payments by up to $100,000 per year from the current schedule, beginning in FY 2003-04. See also the response to question #5 above.

   New solid waste fees are pending approval as of this writing. See #1 above.

10. *Whether current program levels are sustainable within current or projected resources.*

   Current levels are sustainable. FY 2003-04 marks the last year of planned draws from reserves. The Department intends to propose full-cost recovery solid waste charges beginning FY 2004-05.

Non-departmental Summary

Financial Summary

Additional discussion of the Non-departmental expenditures can be found in the Proposed Budget, Volume 1, pages 103-105

Budget by Classification	Audited Actual FY 2001-02	Amended Budget FY 2002-03	Proposed Budget FY 2003-04	Change from FY 2002-03 Amended Budget $	%
Materials and Services	$274,569	$413,000	$265,000	($148,000)	(35.84%)
Capital Outlay	125,214	28,039	0	(28,039)	(100.00%)
Debt Service	68,580,397	20,545,109	21,333,923	788,814	3.84%
Interfund Reimbursements	11,591,944	13,040,728	12,860,569	(180,159)	(1.38%)
Internal Service Charges	924,814	1,607,530	1,088,099	(519,431)	(32.31%)
Interfund Loan	403,690	106,100	106,100	0	0.00%
Fund Equity Transfers	11,629,517	12,826,902	11,452,743	(1,374,159)	(10.71%)
Totals	**$93,530,145**	**$48,567,408**	**$47,106,434**	**($1,460,974)**	**(3.01%)**

Budget by Fund	Audited Actual FY 2001-02	Amended Budget FY 2002-03	Proposed Budget FY 2003-04	Change $	%
Building Management Fund	$1,703,435	$1,715,506	$1,755,696	$40,190	2.34%
Convention Center Project Capital Fund	222,993	202,137	0	(202,137)	(100.00%)
General Fund	6,690,422	8,367,020	8,187,056	(179,964)	(2.15%)
General Obligation Bond Debt Service Fund	66,862,261	18,759,603	19,548,227	788,624	4.20%
General Revenue Bond Fund	1,963,649	1,923,545	1,785,696	(137,849)	(7.17%)
MERC Operating Fund	3,556,168	4,793,294	3,695,791	(1,097,503)	(22.90%)
Open Spaces Fund	640,726	1,218,408	747,448	(470,960)	(38.65%)
Planning Fund	2,249,405	2,711,625	2,430,572	(281,053)	(10.36%)
Regional Parks Fund	930,642	1,239,703	1,221,290	(18,413)	(1.49%)
Regional Parks Special Accounts Fund	0	48,911	93,993	45,082	92.17%
Rehabilitation & Enhancement Fund	43,050	35,318	23,923	(11,395)	(32.26%)
Smith & Bybee Lakes Fund	47,847	53,722	52,272	(1,450)	(2.70%)
Solid Waste Revenue Fund	4,098,987	4,210,036	4,208,397	(1,639)	(0.04%)
Support Services Fund	2,058,456	668,900	756,557	87,657	13.10%
Zoo Operating Fund	2,462,104	2,619,680	2,599,516	(20,164)	(0.77%)
Totals	**$93,530,145**	**$48,567,408**	**$47,106,434**	**($1,460,974)**	**(3.01%)**
Full-Time Equivalents (FTE)	**0.00**	**0.00**	**0.00**	**0.00**	**n/a**

- Non-departmental expenditures are budgeted throughout almost all funds. They include such items as general obligation debt service, all interfund transfers, and special appropriations that cannot be easily tied to the program of any single department or office.
- Specials appropriations in the General Fund include $150,000 for elections expense, $75,000 for ballot measure 56 notifications, $25,000 contribution to RACC, and $15,000 for water consortium dues.
- $19.5 million in general obligation bond debt service is included for FY 2003-04 as follows:
  - $5,267,665 for the original Convention Center bonds
  - $11,849,052 for the Open Spaces, Parks and Streams bonds
  - $2,431,510 for the Great Northwest Exhibit at the Zoo

Non-Departmental Expenditures

- Also included is $3.35 million in other debt service payments on the Metro Regional Center General Revenue Bonds and the outstanding OECDD loans for the Zoo Parking Lot and Expo Hall D.
- Fund equity transfers include $7.0 million in excise tax transfers from the General Fund to the following departments:
  - Planning $4,054,761
  - Regional Parks 2,658,538
  - OCC – VDI Compliance 173,939
  - Metro Attorney – Lobbyist contract..................... 70,000
- Central service transfers for costs allocated through the cost allocation plan are included in non-departmental expenditures. The following is a two-year comparison of allocated costs by fund and department.

	FY 2002-03 Adopted Budget	FY 2003-04 Proposed Budget	Change from FY 2002-03 Budget $	Change from FY 2002-03 Budget %
GENERAL FUND				
Council Office	658,669	224,400	(434,269)	(65.93%)
Office of the Executive Officer	532,425	0	(532,425)	(100.00%)
Subtotal	***$1,191,094***	***$224,400***	***($966,694)***	***(81.16%)***
SUPPORT SERVICES FUND				
Finance	$2,262,828	$2,182,823	(80,005)	(3.54%)
Business Support	$4,064,881	$4,358,299	293,418	7.22%
Office of Metro Attorney	1,199,451	1,104,044	(95,407)	(7.95%)
Office of the Auditor	625,792	607,940	(17,852)	(2.85%)
Public Affairs-Creative Services	577,672	530,078	(47,594)	(8.24%)
Subtotal	***$8,730,624***	***$8,783,184***	***$52,560***	***0.60%***
BUILDING MANAGEMENT FUND	***$2,114,324***	***$2,159,498***	**45,174**	**2.14%**
RISK MANAGEMENT FUND	***$694,017***	***$1,000,000***	**305,983**	**44.09%**
TOTAL TRANSFERS	**$12,730,059**	**$12,167,082**	**($562,977)**	**(4.42%)**

040303c-07

Council's Consideration of Proposed Order in
Solid Waste Enforcement Matter Against
A & R Environmental Services LLC / A. Noble Inc.

1. **Late-Filed Exceptions.** Consider whether to accept late-filed written exceptions, if any are submitted. Council may determine the information it needs to make this decision—it could rely solely on the licensee's written submittal, or ask for oral argument from licensee and Metro staff. If the additional exceptions are accepted, Council must continue its consideration of the matter until the next Council meeting at least two weeks after the date Metro received the additional written exceptions.

If there are no additional exceptions filed, or if they are submitted, but Council refuses to consider them, then continue:

2. **Hearings Officer Presents Proposed Order.** Ask hearings officer to present his Proposed Order to provide the appropriate context and background for the rest of the Council's deliberations.

3. **Licensee's Request to Submit Additional Evidence.** Ask licensee to present oral argument on request, ask the hearings officer for information regarding how he conducted the hearing and why such evidence was not offered at that time, then provide Metro staff an opportunity to rebut the request. Ask Office of Metro Attorney for legal guidance on standard for allowing new evidence

   Council must decide to either:

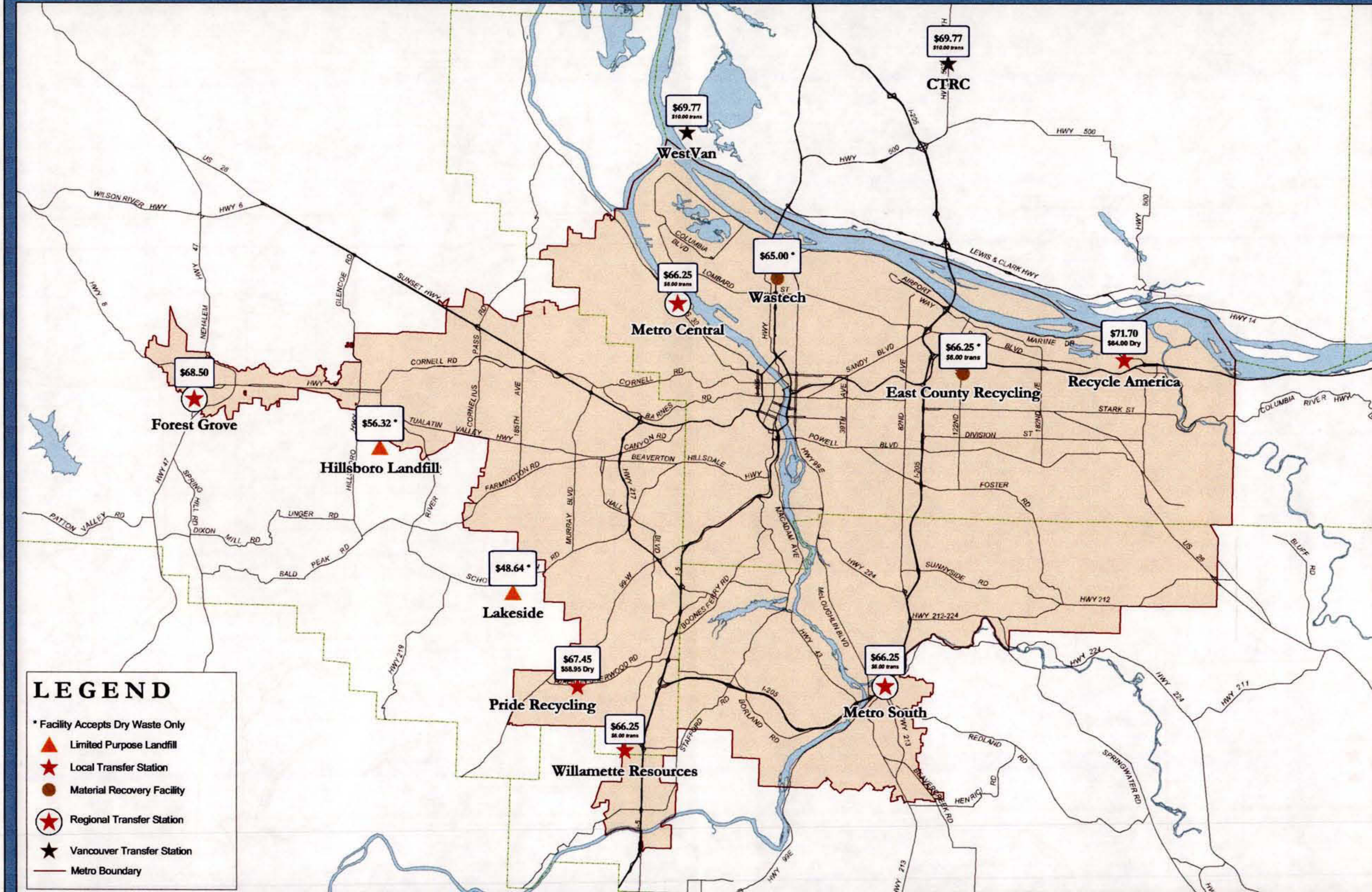
   (a) refuse the request, or
   (b) remand to hearings officer to receive new evidence, or
   (c) hear and consider the new evidence.

If matter not remanded, then continue:

4. **Consideration of Proposed Order and Licensee's Exceptions.** Provide licensee opportunity to contest Proposed Order, provide Metro staff opportunity to speak in support of the Proposed Order, then provide hearings officer opportunity to further explain Proposed Order in light of licensee's exceptions.

   Council must decide to either:

   (a) adopt the Proposed order and authorize entry of Final Order (via resolution), or
   (b) revise or replace the findings or conclusions of the Proposed Order, or
   (c) remand the matter back to the hearings officer.



Posted Tip Fees for Putrescible Waste

Except Where Noted

04/0303c-09

Posted Tip Fees

(Other Rates May Apply)
April 2, 2003

	Transaction Fee	Tip Fee
Regional Transfer Stations		
Metro Central	**$6.00**	**$66.25**
Metro South	**$6.00**	**$66.25**
Forest Grove	*none*	**$68.50**
Local Transfer Stations		
Pride Recycling	*none*	**$67.45** *$58.95 dry*
Recycle America	*none*	**$71.70** *$64.00 dry*
WRI	**$6.00**	**$66.25**
Material Recovery Facilities		
East County Recycling	**$6.00**	**$66.25** *dry*
Wastech	*none*	**$65.00** *dry*
Landfills		
Hillsboro	*none*	**$56.32** *dry*
Lakeside	*none*	**$48.64** *dry*
Transfer stations in Vancouver	**$10.00**	**$69.77**

060303c - 10

Overview of Ordinance No. 03-1000
Amending Solid Waste Rates for FY 2003-04

Issues

- ❑ Rates not at unit costs *("average cost per ton")*
- ❑ Therefore:
  - Metro customers paying ABOVE cost-of-service
  - Non-Metro customers paying LESS than cost-of-service *("cross-subsidies")*

What this ordinance does

Adjusts rates to unit costs:

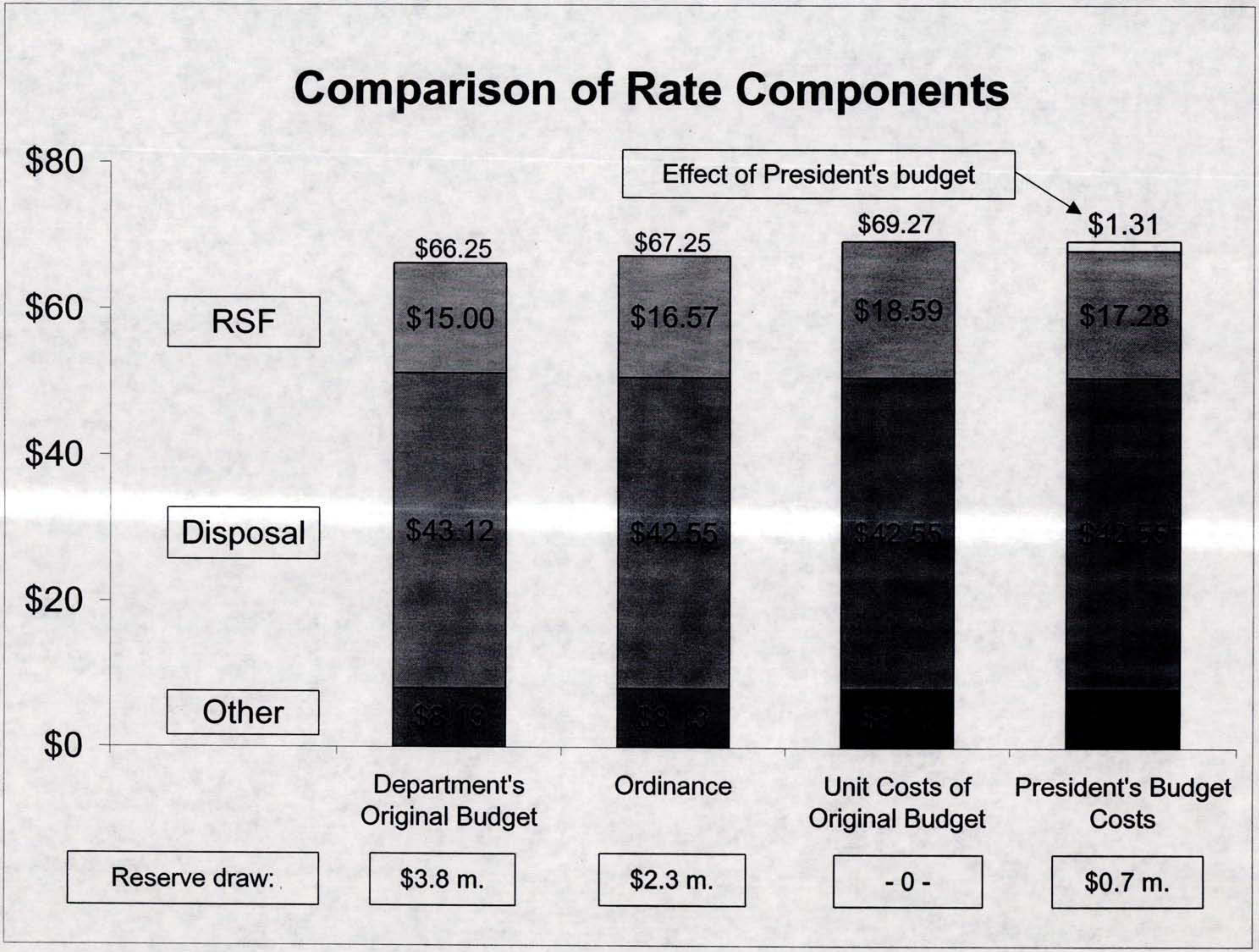
1. **Disposal component *(of tip fee)* .... down 57¢**
   - \$43.12 → \$42.55 (57¢ reduction)
   - Done in 1 year
   - Possible because we sharpened our capital budget

2. **Regional System Fee *(program component)*: .... up \$1.57**
   - Moves toward unit cost—not all the way there
   - Current fee is \$15.00—vs. \$17.28 unit cost
     President's budget → \$1.31 reduction from Department's \$18.59 cost.
   - Ordinance: \$15.00 → \$16.57 (\$1.57 increase)
   - Still a gap
   - Plan is to bridge the balance of the gap next year

Net effect:

1. **Metro tip fee .... up \$1.00 to** $\boxed{\$67.25}$

2. **Regional System Fee .... up \$1.57 to** $\boxed{\$16.57}$


Comparison of Rate Components
$80
$60
$40
$20
$0
Effect of President's budget
$66.25
$67.25
$69.27
$1.31
RSF
$15.00
$16.57
$18.59
$17.28
Disposal
$43.12
$42.55
$42.55
Other
Department's Original Budget
Ordinance
Unit Costs of Original Budget
President's Budget Costs
Reserve draw:
$3.8 m.
$2.3 m.
- 0 -
$0.7 m.

Overview of Policy, Budget, Allocation and Rate Issues

In 1996 & 1997 industry was asking Metro to revisit its policy on reloads:
(later, "Local Transfer Stations")

- Licensing of private facilities to handle wet waste
- Industry wanted better access/reduction of travel costs

The fiscal impact made Metro Council reluctant to engage in this discussion

- Concern about the fiscal impact of stranding public investment
- Ability to pay for long-run commitments made for the regional disposal system:

Debt service	$2,665,000
Transport contract, fixed cost	$829,400
Disposal contract, fixed cost	$1,802,950
Total	**$5,298,350**

- These long-run costs were recovered from the tonnage at Metro transfer stations:
- These costs added $7.10 to the tip fee (750,000 ton base)
- *NOTE: the disposal payment was later eliminated in a contract negotiation.*

In Spring 1998 SWAC and RRC recommended:

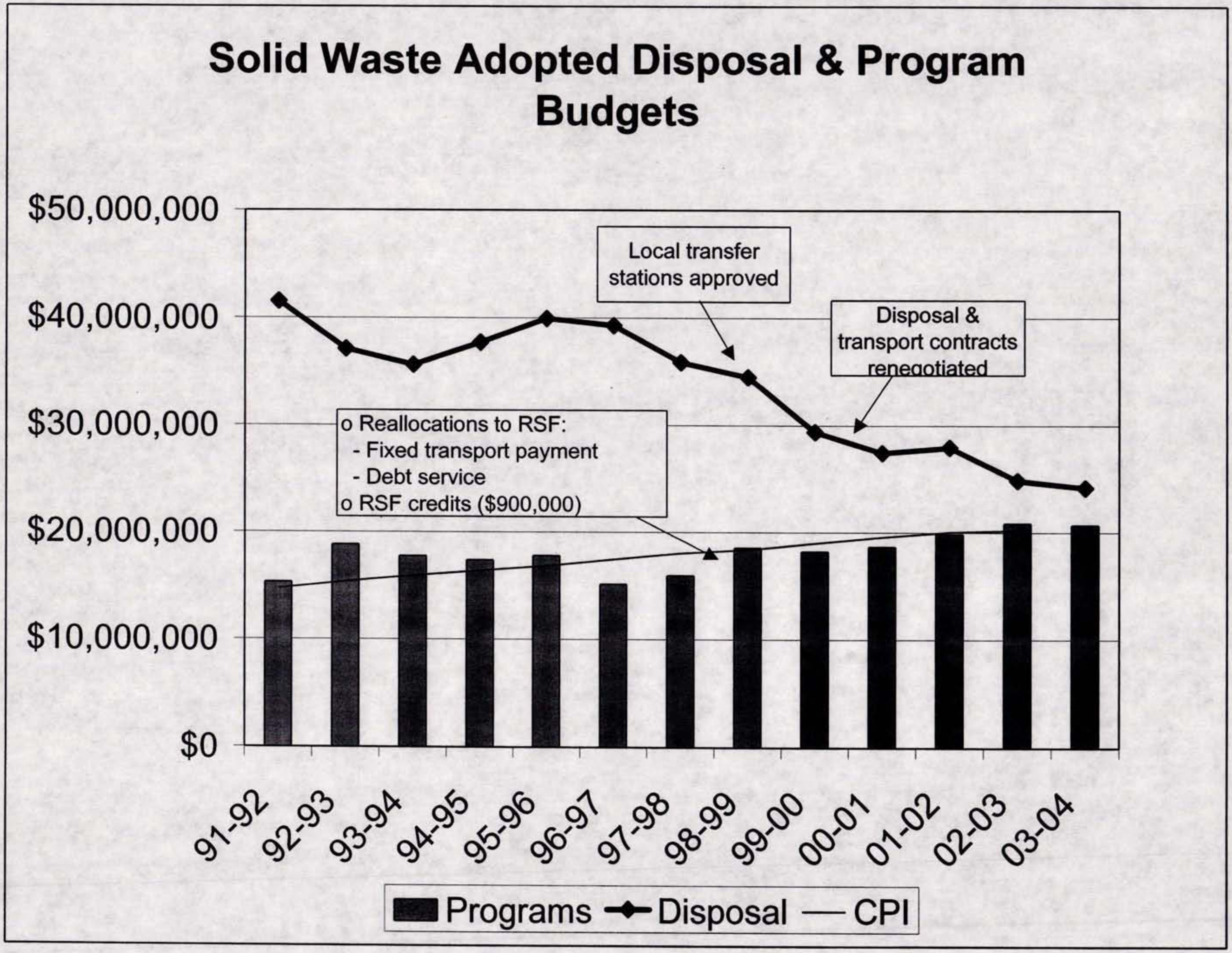
- Move long-run commitments to the Regional System Fee base
- "Everybody pays"
- Avoided stranding these costs
- These re-allocations (debt service & transport payment) **took effect in July 1998**

Results:

- Reduced fiscal impact allowed Council to focus on transfer station POLICY
- Council decision:
  - Allow local transfer stations
  - Limit ("cap") tonnage
  - Everybody pays toward debt service
- These were the "rules of the game" when new facilities applied to handle wet waste.
- Three local transfer stations approved September 1998
- Caps increase to 65,000 tons & unlimited dry waste in 2001

Subsequent contract renegotiations

- In 1999-2000, Metro renegotiated its disposal and transport contract
  - Reduced rates for disposal at Arlington **took effect January 2000**
  - Reduced rates for transport to Arlington **took effect July 2000**
  - Fixed transport payment eliminated.
- Council did not change rates
  - Concern about impact on recycling
  - Significant overcollection at Metro transfer stations
  - Significant undercollection on Regional System Fee



Solid Waste Adopted Disposal & Program Budgets
$50,000,000
$40,000,000
$30,000,000
$20,000,000
$10,000,000
$0
Local transfer stations approved
Disposal & transport contracts renegotiated
o Reallocations to RSF:
- Fixed transport payment
- Debt service
o RSF credits ($900,000)
91-92
92-93
93-94
94-95
95-96
96-97
97-98
98-99
99-00
00-01
01-02
02-03
03-04
Programs
Disposal
CPI

040303c-11

Parks Visitor Services – Operations Support

Scope of Work Since Transition to Metro Regional Services

Our Mission – Go Anywhere, Anytime, Do Anything

The scope of the job changed when Parks moved to Metro in 1995, however the job designation of gardener was never officially amended.

Job requires:

- OR Dept. of Agriculture Public Pesticide Applicator License
- Class A Commercial Drivers License.
- Ability to operate large equipment, including:
  - Tractor with PTO and front loader
  - Backhoe
  - Drott
  - Cat
  - Riding Mowers
- Ability to operate small power equipment including:
  - Trimmer
  - Blower
  - Chain saw
  - Tiller
  - Hedge trimmer
- Knowledge of Irrigation Systems; programming, operations and repair

Job Categories (listed in order of priority)

- IPM – Integrated Pest Management (Metro Goal)

  A project to eliminate the use of pesticides as much as possible by planting natives and ornamentals as companions, using native ground covers as mulch instead of bark dust, and using natural fertilizers and compost tea to promote healthy soil.
- Restoration / Mitigation - Forests, Wetlands, Riparian, Trails

  Returning areas to the indigenous vegetation and habitat that was originally there. In cases of mitigation, this may include removal of invasive plants, returning water, changing drainage and hydrology patterns, amending soil, use of pesticides, and other measures.
- Propagation – Native plants and ornamentals at holding area

  Growing new plants by using cuttings, seeds, and plant divisions gleaned from native and ornamental plants growing on our sites.
- Horticulture - Established ornamental beds

  Maintaining and enhancing established ornamental beds in parks now open to the public.

Group & Volunteer Program Leader

Labor and services provided by our Volunteer Coordinator, MCIJ Crews, Americorp, Envirocorp, OSU Master Gardeners, Environmental School classes funded by grants, volunteer garden clubs (e.g. Ramblin' Good Sam's), At Risk Youth Program, YESS Program, and individuals interested in gardening.

Notes

(1) Parks - OS, Scope of Job

[IPM]

1999- 2003 Turf Renovation @ Pioneer Cemetaries, Blue Lake @ Lake House, all front entrances, Swim Beach grass terraces 1999-2003

1995- 96 IPM Management Plan for all metro parks and facilities with Nancy Owen Meyer; devlloped Strategy to identify pest problems, treatment, monitoring; keeping data.

2001 Weed Toaster Enact Grant from REM presented by Dale Vashite and Mary McGaughey. Toasters Reduce use of pesticides, noise, emission polution

1995- 96 Living Mulch System - consists of diverse ground covers, native and ornamental, ~~that~~ precluded invasive weed growth.

2002- 03 Compost Tea - Use of Elaine Ingham PhD system of extracting living organisms from aerobic Compost; apply liquid slurry ("tea") to plant Surfaces and Soil, restoring beneficial organisms resulting in healthy Soil and plants. On going in Conjuncti with Solid Waste, Lisa Heigh and Jason Baker, Americorp, long term Compost tea Study

② Notes - continued

[Restoration and Mitigation]

1993-95 Blue Lake West Wetland Mitigation Project. Metro and Meyer Corporation Grant, 4-5 years, to the Environmental Middle School (PPS), teacher Therese Whelan. OSU Master Gardeners (volunteers and staff worked with student teaching planting, fertilizing, mulching techniques, mitigation and biological principles

1995-98 Lynn Wilson, Metro, procured grants to fund continued Environmental Education Classroom participation in mitigation, monitoring and evaluation with a summary report submitted by Americorp Volunteers

Howell Territorial Park - Ongoing

1996-97 wetland mitigation plan by Dennis O'Conner, Riparian Enhancement Specialist consulted with POS staff and Americorp Group to develop strategy

1998 • Eagle Scout Planting Project. Volunteer troop and parents with POS Staff planted 300 natives contributing to ongoing restoration of wetland area at Howell Territorial Park.

• Fir Grove at HTP - Ground cover

1994-96 and understory recovered from the development of Elk Meadows

(3) Notes

[Restoration and Mitigation Continued]

was subsequently planted at the Fir Grove Picnic area to restore native understory.

1994-96 • Elk Meadows Mitigation and development at Oxbow Park. Native understory was recovered, potted, held for 1.5 years for root development. Planted at Hte Fir Grove Picnic Area.

Chinook Landing Boat Ramp

1996-2000 • North River Bank repair and restoration using live facines, Willow, cottonwood cuttings and Douglas Spirea (all native stock) to stop erosion and slow growth of Himalayan Blackber

1996 • Cement Container Project. To restore river bank washed out by flood of 1996, by Marine Board. Prevented further erosion. 10 Containers planted with native riparian trees and understory.

2000-2003 • West and East Mounds - ongoing mitigation / restoration with divers native ground covers stopping weeds.

1994/95 • Interperative Wetland Circle in parking area restored with native spirea, roses etc.

(4)

Notes

[Restoration and Mitigation]

- South Slough Wetland restored
2001-02 to wetland tree and companion understory communities.

All restorations at Chinook Landing was accomplished with POS staff work with MCW crews, Met Volunteers, Americorp.

- Boat Ramp adjacent north turf
1995 area restored to sedges, rushes, cattails, smartweed since it was too wet to support conventional turf

Blue Lake Park

- Dead Poplar grove restored to
1997-99 a native shrub bed using spruce, Big Leaf maple, ferns, shrubs, iris and groundcover. Americorp assisted.
- East Mound restored using native rushes, dogwoods, willow, Spirea companioned with ornamental varieties. MCW crews assisted
- Pinto Bay roadside perimeter
2000 restored with native understory. MCW assisted.

1995 - West Vincent Property mitigated to usable grass terraces allowing lake front access for picnicing, fishing. At Risk (Alternative) High School Students and MCW crews assisted.

(5) Notes

[Restoration and Mitigation]

1999-2000 • Bioswale Project on north side of POS (Curry) building was designed by Americorp consulting with Jim Schiller, City of Portland, Bureo of Environmental Services with Dale and Mary and POS staff.

2000 • West wetland Alder/Cottonwood grove restored to grass, trees, wildflowers with Americorp and MCCJ crew labor.

Oxbow Park

• Slide area - Storms of 1996 - repaired and restored assisted by Americorp. Mary, Dale, Oxbow Staff, planted with native trees, understory to prevent further erosion

1999-2000 • Campground Revegetation of denuded, compacted areas. Vegetatation recovered from newly cleared camp/park area with Reynolds High School Environmental Class

2000-2002 • New Restroom - Construction area repair using propagated and purchased native.

• Disturbed Areas of Campground also planted with natives, soil ammendments, microrhizal root

6

Notes

[Restoration and Mitigation]

growth support.

1998–2000 • Riparian areas restored. Josh with Americorp coordinated invasive blackberry removal, replanting with native shrubs and groundcovers, with Mary, Oxbow staff.

2002 • Split Rail fence and trails in campground area built by YESS Group Mary and Oxbow staff mentoring.

Sauvie Island Boat Ramp

1995–97 • Riverbank and grounds, perimeter replanted and restored using native ferns, cuttings preventing erosion and weed regrowth. Swale also revegetated.

2001–2002 • Weed Toaster renovated renovated turf area. Spotweeded, overseeded restoring natural turf.

2001 • Renovated facility - New beds and areas around restroom revegetated with native tree / understory communities. The staff coordinated with Jim Greene Oregon Department of Fish and Wildlife - ~~Sauvie~~ Sauvie Island, to compliment and enhance Fish and

(7) Notes

[Restoration and Mitigation]
Wildlife ongoing mitigation of Burlington Bottoms and adjacent areas.

Beggars Tick Wildlife Refuge

1994-95 • Start Restoration of Property South. (Initial mitigation by Multnomah County land cleared, illegal dump debris hauled; Swale excavated, Paths developed, bridge over Swale built.)

1993-94 • Initial Planting with wetland native trees, understory. Another planting after loss of first planting after second loss, Dale and Mary

199- consulted with Dennis O'Conner,
98 • Riparian Specialist. Topdressed with 300 yards of ~~top~~ Soil. Third planting with original natives plan Overseeded with Sterile, non germinat grass; then second installment of native communities. Successful.

1995- • Ongoing mitigation and restoration
present with labor assistance from Metro Volunteers, High School (Cleveland) Volunteers, Americorp, MCIJ crews. Invasive removal then restoration with native trees, Shrubs, Emergents

(8) Notes

[Propagation]
Accomplished by this staff at the holding sawdust bed and shade house area at the Parks operations support yard complex at Blue Lake. Cuttings, division seedling, bare root plants grown for restoration, revegetation, horticulture enhancement.

[Horticulture]
Blue Lake Park, Oxbow Regional Park, Chinook Landing Boat Ramp, James Gleason Boat Ramp, Sauvie Island Boat Ramp, Howell Territorial Park, and 14 Pioneer Cemetaries are open to the public. Some area in these parks have ornamental beds such as the Lake House, Blue Lake Office and Front Entrance, Swim Beach and Concession area, Oxbow Office, Pioneer Rose Garden at Lone Fir, Howell House Historical Beds, Chinook Landing East and West Mounds, Sauvie Island Boat Ramp park lot beds attended by this staff.

[Lead all Volunteer Groups Crews on Projects

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600 NORTHEAST GRAND AVENUE | PORTLAND, OREGON 97232 2736
TEL 503 797 1700 | FAX 503 797 1797

METRO

March 28, 2003

Mr. Mike ~~Hyuke~~ Huycke
Willamette Resources
10295 SW Ridder Rd.
Wilsonville, OR 97070

Dear Mr. Hyuke:

At the current pace of claims for Regional System Fee credits (RSFC), the budget of $900,000 will be reached in April 2003. Metro Code does not allow the Solid Waste & Recycling Department to exceed this limit:

> During any Fiscal Year, the total aggregate amount of credits granted under the Regional System Fee credit program shall not exceed the dollar amount budget without the prior review and authorization of the Metro Council. *[Metro Code section 5.02.047(e)]*

Similar language for Metro excise tax credits may be found in Metro Code section 7.01.020(g)(2).

The Director of the Solid Waste & Recycling Department notified the Metro Council and Chief Operating Officer of this situation in a memo dated March 13, 2003. The Chief Operating Officer has directed the Department to stay within the budget.

As of January 2003, the RSFC granted year-to-date total $641,775. The Department will allocate the $258,225 balance starting with February's applications through the end of this fiscal year. Facilities should continue to submit the RSFC claims as usual. The allocation procedure is described below.

The remaining budget has been divided into equal monthly shares of $51,645 for February through June. The credit granted to each facility will be pro-rated based on the total claims for each month. For example, if Facility A filed a claim for $50,000 in credits, and Facility B filed a claim for $25,000, the monthly allocation of $51,645 would be split two-thirds / one-third between them. That is, Facility A would receive $34,430, and Facility B would receive $17,215. A similar procedure will be used to allocate excise tax credits.

In the event that the total monthly claim from all facilities is less than $51,645, the facilities will receive the amounts claimed, and adjustments will be made to the June monthly allocation in such a way that the total fiscal year amount granted to all facilities will equal the budgeted $900,000.

If you have any questions, please let me know.

Sincerely,

Maria C. Roberts

Maria C. Roberts
Budget & Finance Administrator

MR:gbc
Attachment
cc: Michael Hoglund, Director, Solid Waste & Recycling Department
Doug Anderson, Financial Management & Analysis Division Mgr, SW&R
Mark Williams, Chief Operating Officer
Casey Short, Chief Financial Officer
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WASTE MANAGEMENT

7227 N.E. 55th Avenue
Portland, OR 97218
(503) 331-2221
(503) 331-2219 Fax

March 31, 2003

Dave Bragdon and Metro Council
600 Northeast Grand Avenue
Portland, Oregon 97232

Re: Ordinance No. 03-1000, For the Purpose of Amending Metro Code Chapter 5.02 To Amend Disposal Charges and System Fees.

Dear Dave Bragdon and Metro Council:

Waste Management of Oregon, Inc. ("WMO"), is the region's largest hauler of solid waste. WMO also operates the Wastech MRF, the Recycle America MRF, and the Forest Grove Transfer Station. WMO's affiliate Hillsboro Landfill, Inc., operates the Hillsboro Landfill.

WMO opposes the proposed Ordinance 03-1000 to raise the Regional System Fee ("RSF") by $1.57 while only raising the Metro Tip Fee by $1.00. The $0.57 differential between these fees will have a destabilizing, anticompetitive effect on the solid waste system, which consists of public and private components.

Any increase in the RSF that is not reflected in the Metro Tip Fee adversely affects private facilities in outlaying areas, such as Forest Grove Transfer Station, Recycle America - Troutdale, Pride - Sherwood and WRI - Wilsonville. Without the private facilities, users near Metro facilities would have lower disposal costs than users in outlaying areas because of the cost of hauling to the distant Metro facilities. The outlaying private facilities were built to allow outlaying users to have comparable transportation expenses to users nearer the Metro facilities. However, Metro is now proposing that the outlaying users should pay $0.57 more per ton than users of Metro facilities, placing them back at a disadvantage as well as the communities that they serve in higher collection costs. If WMO does not pass on the $0.57 per ton increase, it will lose over $115,000 per year.

Metro's Rate Review Committee studied all of these issues. The Committee agreed to a $1.50 increase, but also agreed that the RSF increase had to track with Metro Tip Fee Increases.

The proposal could also undermine recycling efforts. MRFs, which are already fragile on a cost to revenue basis, would have to pass on the $0.57 increase to customers who would have the choice of lower cost Metro facilities and dry waste landfills. Metro is at the same time encouraging MRFs to dig deeper into the waste stream and recycle marginal loads, further increasing MRF costs. The additional $0.57 would make it more difficult for the MRF's to pursue marginal waste streams because the increased cost would make them uncompetitive, and it would discourage recycling.

WMO also takes issue with Metro's claim that the Metro facilities are subsidizing the RSF. The argument is based on the assumption of allocation strategies between local facility costs and regional system fee costs, so the subsidy is really a result of allocated costs that do not truly represent the actual cost distributed to who it benefits the Region versus the Metro local facility.

For these reasons, WMO hopes that Metro will reconsider its approach to the RSF and the Metro Tipping Fee. The two fees, as recommended by the Rate Review Committee, should track each other.

Dean Kampfer

Dean Kampfer

Community and Municipal Marketing Manager
Waste Management Inc.