

BEFORE THE METRO COUNCIL

AN ORDINANCE AMENDING THE FY 2002-03)
BUDGET AND APPROPRIATIONS SCHEDULE TO)
MOVE \$300,000 FROM THE GENERAL FUND)
CONTINGENCY TO SPECIAL APPROPRIATIONS;)
AND DECLARING AN EMERGENCY)

ORDINANCE NO. 03-1009

Introduced by Councilor Rod Park

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 appropriations has been justified; and

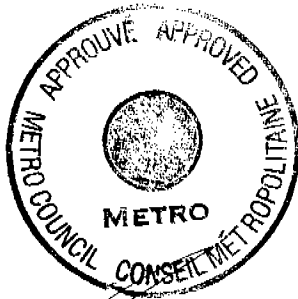
WHEREAS, adequate funds exist for other identified needs; now, therefore,

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 \$300,000 from the General Fund Contingency (funded from the General Fund Recovery Rate Stabilization reserve) to Special Appropriations.

2. This Ordinance being 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 29th day of May, 2003.



David Bragdon, Council President

ATTEST:

Approved as to Form:

Recording Secretary

Daniel B. Cooper, Metro Attorney

Exhibit A
Ordinance No.03-1009

ACCT	DESCRIPTION	Current Budget		Revision		Amended Budget	
		FTE	Amount	FTE	Amount	FTE	Amount
General Fund							
Special Appropriations							
<i>Materials & Services</i>							
<i>GOODS Goods</i>							
5210	Subscriptions and Dues		18,000		0		18,000
<i>SVCS Services</i>							
5240	Contracted Professional Svcs		70,000		0		70,000
5280	Other Purchased Services		75,000		0		75,000
<i>IGEXP Intergov't Expenditures</i>							
5305	Election Expenses		250,000		0		250,000
<i>OTHEX Other Expenditures</i>							
5490	Miscellaneous Expenditures		0		300,000		300,000
Total Materials & Services			\$413,000		\$300,000		\$713,000
TOTAL REQUIREMENTS		0.00	\$413,000	0.00	\$300,000	0.00	\$713,000

**Exhibit A
Ordinance No.03-1009**

ACCT	DESCRIPTION	Current Budget		Revision		Amended Budget	
		FTE	Amount	FTE	Amount	FTE	Amount
General Fund							
General Expenses							
<i>Contingency and Ending Balance</i>							
<i>CONT</i>	<i>Contingency</i>						
5999	Contingency						
	* General Contingency		500,000		(300,000)		200,000
<i>UNAPP</i>	<i>Unappropriated Fund Balance</i>						
5990	Unappropriated Fund Balance						
	* Undesignated ending balance		232,455		0		232,455
Total Contingency and Ending Balance			\$732,455		(\$300,000)		\$432,455
TOTAL REQUIREMENTS		29.10	\$11,555,847	0.00	\$0	29.10	\$11,555,847

Exhibit B
Ordinance No. 03-1009
FY 2002-03 SCHEDULE OF APPROPRIATIONS

	<u>Current Appropriation</u>	<u>Revision</u>	<u>Amended Appropriation</u>
GENERAL FUND			
Council Office			
Operating Expenses (PS & M&S)	\$1,540,583	\$0	\$1,540,583
Capital Outlay	0	0	0
<u>Subtotal</u>	<u>1,540,583</u>	<u>0</u>	<u>1,540,583</u>
Office of the Executive Officer			
Operating Expenses (PS & M&S)	915,789	0	915,789
Capital Outlay	0	0	0
<u>Subtotal</u>	<u>915,789</u>	<u>0</u>	<u>915,789</u>
Special Appropriations			
Operating Expenses (PS & M&S)	413,000	300,000	713,000
<u>Subtotal</u>	<u>413,000</u>	<u>300,000</u>	<u>713,000</u>
General Expenses			
Interfund Transfers	7,954,020	0	7,954,020
Contingency	500,000	(300,000)	200,000
<u>Subtotal</u>	<u>8,454,020</u>	<u>(300,000)</u>	<u>8,154,020</u>
Unappropriated Balance	228,929	0	228,929
Total Fund Requirements	\$11,552,321	\$0	\$11,552,321

All Other Appropriations Remain as Previously Adopted

STAFF REPORT

IN CONSIDERATION OF ORDINANCE NO. 03-1009, FOR THE PURPOSE OF AMENDING THE FY 2002-03 BUDGET AND APPROPRIATIONS SCHEDULE TO MOVE \$300,000 FROM THE GENERAL FUND CONTINGENCY TO SPECIAL APPROPRIATIONS; AND DECLARING AN EMERGENCY

Date: May 7, 2003

Prepared by: Councilor Rod Park

BACKGROUND

Section 5.02.047 Regional System Fee Credits of the Metro Code allows that:

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

Section 5.02.047 (e) states:

- (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.

The Solid Waste and Recycling Department provides monthly updates of the spending under this program. As of the April 15, 2003 update through February 2003 this program is scheduled to cost, if fully funded \$1,165,297. The budgeted amount in FY 2002-03 for the program is \$900,000. Therefore, scheduled expenditure would result in the program being approximately \$265,000 over the amount budgeted. As part of the Council's discussion on August 8, 2002, while adopting Ordinance No. 02-951B,

relating to Regional System Fee Credits, the Metro Council stated its intention that this be a 12-month program. They also requested to review the program if the budgeted amount is approached for the expressed purpose of deciding whether to exceed the budget.

The Solid Waste and Recycling Department is monitoring closely its compliance with the 1990 and 1993 Bond Covenant that requires a Net Revenue to Debt Service coverage of no less than 110%. Currently, without the additional expenditure of Regional System Fee credits to fully fund the \$1,165,297 it is estimated that the coverage ratio is 130%. With expenditure to exceed the credit program's budget, the ratio would drop to 117%, an uncomfortably close margin. If the Solid Waste Revenue Fund does not meet this coverage two years in a row, Metro's bond rating could be negatively impacted.

In fiscal year 2001, when the Metro Council established the per ton excise tax, it also established a procedure for dealing with any excess collections of that per ton tax in Metro Code Section 7.01.028. The following table summarizes the balance in that account to date and the anticipated balance for the period ending June 30, 2003. This ordinance assumes that the shortfall in the excise tax collections in FY 2000-01 will be reimbursed from future years' over collections. If no expenditures are authorized from these funds in the current fiscal year, it is projected that the General Fund Recovery Rate Stabilization Reserve will hold between \$413,000 to \$463,000 at year-end. The reimbursement from this fund does not affect the department's bond covenant.

	FY 2000-01	FY 2001-02	Projected FY 2002-03
Annual Over (Under) Excise Tax	(\$228,000)	\$63,000	\$350,000 - \$400,000
Cumulative Balance	-----	\$63,000	\$413,000 - \$463,000

Conclusion:

This action recognizes the importance of meeting the coverage requirement stipulated in Metro's bond covenants. In order to do so, the Regional System Fee credits paid out of the Solid Waste Revenue Fund will be capped at \$900,000. However, the Council recognizes its commitment to the solid waste industry for this fiscal year. To make up for the cap in regional system fee credits, the Council will make a one-time contribution from the General Fund Recovery Rate Stabilization Reserve to appropriate solid waste customers who meet the requirements of the program. The total amount of this contribution will not exceed a maximum of \$300,000 or the amount available in the General Fund Recovery Rate Stabilization Reserve whichever is less.

ANALYSIS/INFORMATION

1. **Known Opposition:** No known opposition

2. **Legal Antecedents:**

Rate Stabilization Reserve

Metro Code Chapter 7.01 provides for the apportioning of Excess Revenues generated by the "Per Ton" Solid Waste excise tax and requires the budgeting or expenditure of all such funds from the Recovery Rate Stabilization Reserve shall be subject to review and approval by the Metro Council.

Regional System Fee Credits

Metro Code Chapter 5.02 provides Material Recovery Facilities with an opportunity to pay a reduced Regional System Fee for the disposal of dry waste processing residual (i.e., the waste left over after recyclables have been recovered from loads of mixed dry waste.) This program is referred to as the Regional System Fee (RSF) credit program.

Excise Tax Credits

Metro Code Chapter 7.01 provides Material Recovery Facilities with an opportunity to pay a reduced solid waste Excise Tax for disposal of dry waste processing residual.

Budget Law

ORS 294.450 provides for transfers of appropriations within a fund, including transfers from contingency, if such transfers are authorized by official resolution or ordinance of the governing body for the local jurisdiction.

3. **Anticipated Effects:** This action allows the Council to fund the anticipated full amount of the Regional System Fee Credit Program without risking the violation of the Debt Coverage Ratio for a second year and will give Council adequate time to determine the fate of the Regional System Fee Credit Program
4. **Budget Impacts:** This action transfers \$300,000 from General Fund Contingency into Operating Expenditures (Miscellaneous Expenditures) as described in Exhibit B Schedule of Appropriations. The money will be funded from the Recovery Rate Stabilization Reserve and will not impact the General Fund's general reserves.

RECOMMENDED ACTION

Councilor Park recommends adoption of this ordinance.