

 **Metro** | *Agenda*

Meeting: Metro Council Work Session
Date: Tuesday, November 9, 2010
Time: 2 p.m.
Place: Council Chambers

CALL TO ORDER AND ROLL CALL

- | | | |
|----------------|--|--|
| 2 PM | 1. ADMINISTRATIVE/CHIEF OPERATING OFFICER COMMUNICATIONS | |
| 2:15 PM | 2. 2011 LEGISLATIVE SESSION - <u>INFORMATION</u> | Tucker |
| 2:40 PM | 3. FY 2010-11 QUARTERLY MANAGEMENT REPORT - <u>UPDATE / INFORMATION</u> | Jordan |
| 2:55 PM | 4. FIRST QUARTER FINANCIAL REPORT - <u>UPDATE / INFORMATION</u> | Norton |
| 3:10 PM | 5. BREAK | |
| 3:15 PM | 6. FY 2011-12 FINANCIAL ASSUMPTIONS - <u>DISCUSSION / DIRECTION</u> | Jordan
Norton
Rutkowski |
| 4:15 PM | 7. COUNCIL BRIEFINGS/COMMUNICATION | |

ADJOURN

Agenda Item Number 2.0

2011 LEGISLATIVE SESSION

Metro Council Work Session
Tuesday, Nov. 9, 2010
Metro Council Chambers

METRO COUNCIL

Work Session Worksheet

Presentation Date: November 9, 2010 Time: 2:15 pm Length: 25 minutes

Presentation Title: 2011 Legislative Session (work session #3)

Department: Government Affairs and Policy Development

Presenters: Randy Tucker

ISSUE & BACKGROUND

This work session includes the following discussion items:

- A continuation of the discussion that began in the September 14 and October 5 work sessions of the 2011 legislative session and the Metro Council's objectives for the session.
- A progress report on development of legislative concepts for the 2011 session and discussion of certain concepts that have been proposed.

OPTIONS AVAILABLE

Council may wish to discuss specific legislative concepts or direct staff to develop additional concepts.

IMPLICATIONS AND SUGGESTIONS

QUESTION(S) PRESENTED FOR CONSIDERATION

Staff requests that Councilors provide initial feedback on the legislative concepts presented. No specific Council actions are required at this time, but it is anticipated that the Council will formally adopt a legislative agenda later this year.

LEGISLATION WOULD BE REQUIRED FOR COUNCIL ACTION Yes No
DRAFT IS ATTACHED Yes No

METRO
2011 LEGISLATIVE ISSUE IDENTIFICATION

Department: Sustainability Center

Date: October 26, 2010

Person completing form: Heidi Rahn

Phone: 503-797-1535

ISSUE: Clean Energy Jobs and Prosperity Act

BACKGROUND: Leadership on minimizing contributions to global warming has been identified by the Metro Council and its regional partners as one of six desired outcomes critical to achieving the vision of the 2040 Growth Concept and creating great communities throughout the region. The Metro Council has also adopted legislative principles that express support for efforts to combat climate change and to meet the state's goals for reducing greenhouse gas emissions (see Resolution 09-4024).

Legislative concepts to improve energy efficiency policy are under consideration by stakeholders across the state and within the Portland region. These concepts will collectively be known as the Clean Energy Jobs and Prosperity Act. Specific provisions of the legislation are outlined below.

Energy Performance Scores: The purpose of this proposal is to ensure that purchasers of buildings are fully informed of the energy performance of a building by providing the building with an Energy Performance Score (EPS) or statement of energy performance. As buyers become more aware of the energy attributes of the buildings they buy, consumer demand will result in more investments in energy efficiency.

Proposed legislation would require disclosure of energy performance for residential and commercial buildings. Total site and building energy consumption and greenhouse gas ratings would be demonstrated by a numerical score using a consistent rating system.

Ultra-Efficient Building Incentives: The purpose of this proposal is to provide incentives for net zero energy and ultra-efficient buildings in the residential and commercial sectors. It calls for the Oregon Department of Energy (ODOE) to implement a partial property tax exemption to promote the construction and operation of efficient buildings. Eligible buildings must demonstrate both design intent and actual energy savings annually as the property tax exemption is claimed.

Energy Efficiency Prioritization Standard: Acquisition and maintenance of energy efficiency should be prioritized as the cheapest, cleanest source of energy, per this legislative proposal. This includes establishing an energy efficiency prioritization standard for both investor-owned and consumer-owned utilities. The proposal outlines a requirement that utilities acquire and maintain all cost-effective energy efficiency ahead of new energy generation.

RECOMMENDATION: Support the Clean Energy Jobs and Prosperity Act by signing on to the campaign. Encourage inclusion of a provision for equitable distribution of new jobs to historically disadvantaged communities and affordable options for low-income communities to meet Energy Performance Standards.

LEGISLATIVE HISTORY: The Clean Energy Jobs and Prosperity Act bill builds upon SB 79 from 2009, which introduced the concept of mandatory performance scores. While that provision did not pass, an amended SB 79 did pass that included a provision to establish a task force to study the performance

score concept. As of this date, the task force is expected to recommend a voluntary performance scoring system to the Legislature. The other elements of the expected energy efficiency legislation have not been introduced before. Twenty-three other states have adopted similar utility energy efficiency prioritization or resource standards.

OTHER INTERESTED PARTIES: This legislative effort is being led by the Northwest Energy Efficiency Council, along with Climate Solutions and the Oregon Environmental Council. Green building designers and architects and energy efficiency contractors are strong proponents of the energy efficiency proposals due to the potential to generate jobs. Organizations that have signed on to the campaign to date include:

Cascadia Green Building Council
Citizens Utility Board
Climate Solutions
Environment Oregon
Fluid Market Strategies
Northwest Energy Efficiency Council
Oregon Environmental Council
Oregon Global Warming Commission
Neil Kelly Inc.

The real estate community may oppose the energy performance score requirement, or specific components of it. Tax abatement incentives to encourage buildings to operate above building code standards may get pushback from special districts.

IMPACT IF PROPOSED ACTION OCCURS: The proposed energy efficiency standards and incentives are expected to have the following impacts:

- Reduction in the amount of energy consumed in the region, which saves money and reduces greenhouse gas emissions
- For internal government operations, Metro's deputy COO has given direction to Metro staff that new construction should be designed to the U.S. Green Building Council's LEED Silver standard. Metro's Sustainability Plan directs the agency to develop a green building policy that creates standards for new and existing buildings, including energy efficiency targets. Ultra-Efficient Building Incentives would be helpful to Metro and other local governments in retrofitting the public building stock and saving ratepayer dollars in the costs to operate those facilities
- Increased opportunities for green building and energy efficiency innovation and business development, aligning with the regional Climate Prosperity strategy
- As part of Metro's Sustainability Plan and greenhouse gas emissions inventory for internal business operations, staff collected energy consumption data for all facilities. Metro is prepared to comply with an EPS requirement if it is adopted
- Support for the Regional Solid Waste Management Plan's (RSWMP) objectives to foster sustainable operations within the solid waste industry

METRO
2011 LEGISLATIVE ISSUE IDENTIFICATION

Department: Government Affairs and Policy Development

Date: 11/1/2010

Person completing form: Randy Tucker

Phone: 797-1512

ISSUE: Community Investment Initiative

BACKGROUND: There is an emerging understanding among both public officials and business and community leaders that the Portland metropolitan region lacks the financial capacity to achieve its vision of prosperous and livable communities. The region's inability to upgrade existing infrastructure and make the investments needed to protect our communities as we grow threatens our economy, undermines our livability and increases our future repair and rebuilding costs. To make matters worse, fragmented governance and service delivery lead to duplication of services and waste public funds. Finally, the wide range of public infrastructure needs across the region underscores the importance of maintaining a robust toolbox of funding sources that allow for strategic and flexible investment.

In the current economic crisis, funding for infrastructure investment is decreasing at all levels of government and the state of Oregon faces a dire budgetary situation. It remains important, however, to protect and strengthen the ability of communities throughout the region to support their own aspirations and help the region lead the state out of recession.

To address these challenges, the 2010 COO recommendation calls for the development of an integrated federal, state, regional and local investment strategy to help close the gap between the region's needs and its financial means. This effort, known as the Community Investment Initiative (CII), involves working with the region's public decision-makers as well as high-level and respected community leaders from the private and nonprofit sectors to define public sector capital investment categories and priorities, identify funding mechanisms and develop a governance and management structure to implement these recommendations and leverage private investment.

While this process remains in its early stages, the region's local jurisdictions are eager to begin a conversation with the Legislature about protecting existing funding tools and expanding the region's ability to make strategic investments. It is possible that the region will come together behind legislative proposals that can support and facilitate the future recommendations of the Community Investment Initiative.

RECOMMENDATION:

- Oppose any limitations on existing local government authority
- Inform legislators of the region's efforts to create an infrastructure revenue stream, which will be used to match federal and state monies

- Collaborate with regional partners to seek opportunities to provide the region additional flexibility to raise revenue for infrastructure

LEGISLATIVE HISTORY: Existing statutes limit in various ways the ability of the region and its local governments to use certain financial tools (e.g. construction excise tax, real estate transfer fee, gas tax, etc.). The 2001 Legislature created a process based on intergovernmental agreements for governments to join together to raise revenues for transportation and public safety. While the region has enjoyed success when it has been unified behind legislative proposals, to date it has not brought any infrastructure financing proposals to Salem.

OTHER INTERESTED PARTIES: Metro has partnered with a group of business, public and community-based leaders in our region to establish a public/private/non-profit partnership supporting the development of an integrated community investment strategy. Metro has also been working with a small group of lobbyists from local jurisdictions across the region to prepare legislative concepts on the Community Investment Initiative for the upcoming session.

Metro and its partners expect that the Community Investment Initiative will be coordinated with and informed by other ongoing efforts to develop specific investment strategies. These efforts include, but are not limited to, the Intertwine, Regional Partners and Greater Greenlight Portland, the Climate Prosperity Project and the HUD grant consortium. As a result, participants in these existing efforts and others will be interested in any proposed legislation related to the Community Investment Initiative during the 2011 session.

IMPACT IF PROPOSED ACTION OCCURS:

- Protect existing and proposed funding tools for future use
- Maintain and perhaps increase local wherewithal to support community investments
- Provide authority to help implement the Community Investment Initiative
- Give region more flexibility in advancing an integrated investment initiative

METRO
2011 LEGISLATIVE ISSUE IDENTIFICATION

Department: Planning and Development

Date: September 27, 2010

Person completing form: Megan Gibb/ Meganne Steele

Phone: x1753

ISSUE: Multiple Unit Housing tax exemption program sunset extension

BACKGROUND: ORS Section 307.600¹ authorizes cities and counties to design and implement property tax exemption programs to stimulate the construction of transit supportive multiple-unit housing. This authority currently sunsets on January 1, 2012.

The City of Portland operates two tax abatement programs under this authority. The City of Gresham established its Transit Oriented Tax Exemption (TOTE) program under this authority and used it to assist two Metro TOD Program-funded projects, before discontinuing its use in favor of the Vertical Housing Tax Zone Program.

Oregon's Vertical Housing Tax Zone (VHTZ) legislation provides another framework for localities to authorize limited tax abatements for compact, mixed-use development. It has the advantages of being administratively easy for localities. However, it has the disadvantage of requiring active ground level retail uses. The economic recession and broader market trends have significantly reduced demand for retail space. The Multiple Unit Housing tax exemption legislation offers greater flexibility to localities to structure programs that respond to local needs and market conditions.

In response to an inquiry from Multnomah County, the Oregon Attorney General issued an opinion in 2009 that the commercial portions of mixed-use developments are not eligible for tax abatements under the Multiple Unit Housing program. This opinion spurred the City of

¹ Some excerpts from ORS 307's legislative findings might be of interest:

307.600 Legislative findings. (1) The Legislative Assembly finds that it is in the public interest to stimulate the construction of transit supportive multiple-unit housing in the core areas of Oregon's urban centers to improve the balance between the residential and commercial nature of those areas, and to ensure full-time use of the areas as places where citizens of the community have an opportunity to live as well as work.

(2) The Legislative Assembly further finds that it is in the public interest to promote private investment in transit supportive multiple-unit housing in light rail station areas and transit oriented areas in order to maximize Oregon's transit investment to the fullest extent possible and that the cities and counties of this state should be enabled to establish and design programs to attract new development of multiple-unit housing, and commercial and retail property, in areas located within a light rail station area or transit oriented area.

(3) The Legislative Assembly further finds that the cities and counties of this state should be enabled to establish and design programs to attract new development of multiple-unit housing in light rail station areas, in transit oriented areas or in city core areas by means of the local property tax exemption authorized under ORS 307.600 to 307.637. ...

(4) The Legislative Assembly further finds that it is in the public interest to preserve or establish existing housing that is affordable to low income persons ...

Portland and Multnomah County to collaborate on compromise legislation in the 2010 special session that grandfathered in any commercial space tax abatements granted previously.

The City and County are currently in discussion regarding the various tax abatement programs available within the City. There appears to be general agreement that the sunset of the Multiple Unit Housing legislation should be extended, and that the City and County should continue to work together over the next year to redesign the City's programs.

RECOMMENDATION: Considering the interests of other cities in the region and state, the flexibility of the current Multiple Unit Housing legislation should be retained. Going forward, it will be increasingly important to craft locally-specific programs that provide the most cost-effective return on these tax expenditures.

Metro should support extension of the ORS Section 307.600 Multiple Unit Housing tax exemption program and resist changes that may reduce flexibility for cities and counties to craft locally-specific programs.

LEGISLATIVE HISTORY: ORS Section 307.600 was apparently enacted in 1975. SB 839 (2005) extended the sunset by 6 years, to 1/1/2012; Metro supported SB 839.

OTHER INTERESTED PARTIES: City of Portland; City of Gresham; City of Hillsboro; City of Beaverton; Multnomah County; other local governments; TOD developers; affordable housing advocates.

IMPACT IF PROPOSED ACTION OCCURS: Extension of the Multiple Unit Housing enabling legislation would continue to provide local cities and counties with the option of adopting limited tax abatement programs to provide incentives for construction of multiple unit housing near transit.

METRO
2011 LEGISLATIVE ISSUE IDENTIFICATION

Department: Sustainability Center

Date: October 26, 2010

Person completing form: Heidi Rahn

Phone: 503-797-1535

ISSUE: Financing for Alternative Energy and Energy Efficiency

BACKGROUND: Leadership on minimizing contributions to global warming has been identified by the Metro Council and its regional partners as one of six desired outcomes critical to achieving the vision of the 2040 Growth Concept and creating great communities throughout the region. The Metro Council has also adopted legislative principles that express support for efforts to combat climate change and to meet the state's goals for reducing greenhouse gas emissions (see Resolution 09-4024). Among these efforts are various programs that provide financing for energy efficiency and clean energy development.

Oregon energy financing programs include the Business Energy Tax Credit (BETC) and the Small Scale Energy Loan Program (SELP). Both of these programs are undergoing a re-examination with the goal of developing an improved state energy investment strategy, but they also face challenges related to the state's dire budget situation. The BETC program has accomplished much, but was significantly revised in 2010 and may need additional adjustments in order to more efficiently leverage public financing. The SELP has not achieved what was expected of it due to its conservative lending structure. A primary objective of proposed modifications to these programs is to build knowledge and confidence in the private sector regarding the risks and opportunities associated with clean energy investments. Without investment, many projects will be stopped or delayed and many Oregon jobs will be lost. The Oregon Convention Center's (OCC) rooftop solar array is one example of a project that has been halted due to uncertainty about the availability of sufficient financing.

Climate Solutions is running a Clean Energy Financing campaign to demonstrate the need to identify financing solutions for energy efficiency and clean energy investments. Legislative concepts to improve current statutes governing these programs and other aspects of energy efficiency policy are under consideration by stakeholders across the state and within the Portland region. Prior to proposing legislation, there is a need to identify financing options.

RECOMMENDATION: Metro should endorse the Clean Energy Financing Campaign. If financing solutions are identified, Metro should monitor proposed modifications to the BETC and SELP to further assess the impact to our programs.

LEGISLATIVE HISTORY: Created in 1979, the State of Oregon Department of Energy's (ODOE) Business Energy Tax Credit (BETC) program is aimed at businesses or entities that conduct projects that produce clean energy, reduce energy consumption or increase energy efficiency. In 1985, ODOE added the Pass-Through Option Program to BETC, whereby businesses or non-profit entities (such as governments) that do not have a tax liability, and therefore have no need for a tax credit, can sell their tax credit to a partner that does have a tax liability.

The 2009 Oregon Legislature passed HB 2068, which placed limits on the pass-through option, and HB 2472, which substantially scaled back the BETC for large wind projects but left other provisions in place. HB 2472 would have resulted in substantial savings to the state, but was vetoed by Gov. Kulongoski.

The 2010 Oregon Legislature then passed HB 3680, which sets a biennial cap on the total amount of potential tax credits for which preliminary certifications for renewable energy projects may be issued to applicants. HB 3680 set a limit of \$300 million for the biennium ending June 30, 2011 and \$150 million for the year beginning July 1, 2011, and ending June 30, 2012. Metro urged the 2010 Oregon Legislature to provide certainty in project funding by removing the option of withdrawing a decision of precertification after the project is complete and by extending the program to 2016. However, the program was not extended to 2016 and the State still has the option to withdraw a decision of precertification even after a project is complete. The Oregon Convention Center solar array project developer, Sun Edison, felt the risk of losing the tax credit was too high; because the tax credit was a key element of the project's financing, they decided not to proceed with the project.

OTHER INTERESTED PARTIES: Additional energy financing solutions are likely to be supported by the clean energy community and traditional business organizations; opposition might come from groups concerned about potential budget implications of clean energy programs for education, human services, and other programs. Current supporters of the Clean Energy Financing Campaign include:

Association of Oregon Counties	Oregon Forest Industry Council
Association of Oregon Industries	Oregon Conservation Network
Climate Solutions	Oregon Small Wind Association
Community Renewable Energy Association	Oregon Solar Energy Industry Association
Drive Oregon	Oregon Wave Energy Trust
League of Oregon Cities	Renewable Northwest Projects
Northwest Energy Business Council	Smart Grid Oregon
Northwest Energy Efficiency Council	

IMPACT IF PROPOSED ACTION OCCURS: Continued investment in clean energy is expected to have the following impacts:

- Continued support for the Regional Travel Options program, which receives BETC funding to leverage federal dollars
- Creation of incentives and funding sources for operational improvements identified in Metro's Sustainability Plan
- Potential case study via SELP on leveraging private investment for infrastructure development and improvements
- Increased opportunities for green building and energy efficiency innovation and business development, aligning with the regional Climate Prosperity strategy
- Reduction in the amount of energy consumed in the region, which saves money and reduces greenhouse gas emissions
- More small- and medium-scale renewable energy projects such as solar, small wind and more
- Support for the Metro Council's desired outcome that the region be a leader in addressing climate change

METRO
2011 LEGISLATIVE ISSUE IDENTIFICATION

Department: Regional Transportation Planning

Date: September 26, 2010

Person completing form: Tom Kloster

Phone: 503-797-1832

ISSUE: Oregon Transportation Planning Rule (TPR)

BACKGROUND: The Oregon Transportation Planning Rule (TPR) was adopted in 1991, and has been periodically amended, with a major update in 2005. The rule requires cities, counties and Metropolitan Planning Organizations (MPOs) to adopt comprehensive transportation plans. The core principle of the TPR is maintaining balance between planned land uses and transportation systems, based on system performance standards.

Metro's Regional Transportation Plan (RTP) was already in place at the time the TPR was adopted, but was amended to incorporate the broad range of policy mandates contained in the TPR in 2000. The updated plan was acknowledged by the LCDC in June 2001.

At the time the 2000 RTP was adopted, it was among the first transportation plans in the country to acknowledge that the 1950s vision of "building our way out" of roadway congestion had become costly and undesirable, and that a more nuanced approach to roadway mobility was needed. This fundamental shift in the 2000 RTP was also incorporated into the Oregon Highway Plan as part of the acknowledgement process.

The 2000 RTP also called for an aggressive set of investments in non-roadway systems to promote transit, bicycle and walking as viable alternatives to driving, and funding in our region has shifted accordingly. This shift in funding priorities has not been echoed at the state level, despite the direction called out in the TPR and other state policies.

Metro has been a strong advocate for the TPR since it was first adopted, and continues to strongly support the concept of linked land use and transportation decisions, and the requirement that all jurisdictions maintain regularly updated transportation plans.

However, Metro opposed the major TPR amendments that came in 2005, largely because they represented a rollback from the balanced, multi-modal approach to managing congestion that was advanced by the RTP in 2000. Instead, the amended TPR created a form of transportation concurrency that hinders local and regional efforts to realize the vision of the 2040 Growth Concept and continues to be opposed by many local jurisdictions and MPOs around the state.

The controversy stemming from the 2005 amendments to the TPR was not new: the rule has been controversial from the beginning, but mostly because it represented a challenge to the old "build your way out" freeway vision that some still pursue in Oregon. In 2009, several bills emerged from the Legislature that were in some way connected to the TPR, and threats to completely repeal the rule through legislation have also been rumored in past legislative sessions.

RECOMMENDATION: Metro should oppose attempts to legislate transportation planning requirements that are already addressed in the TPR or other administrative rules. While Metro's frustration with the 2005 TPR amendments is significant, the evidence from past sessions suggests that a legislative "fix" would likely bring along other changes that could substantially undermine the rule, and Metro's ability to continue implementing the 2040 Growth Concept.

The LCDC signaled its own concern over legislative fixes to the TPR when it heard local concerns over the TPR at its August 2010 meeting. Given Oregon's economic climate, most concerns were over the prospect of slowing development of any kind. Metro's concerns are more strategic, and driven by our interest in building toward the 2040 Growth Concept.

Our concerns with the amendments are real, as the 2005 TPR amendments have had the unintended effect of creating barriers to infill and redevelopment, thereby increasing the pressure to sprawl at the urban fringe. However, the most predictable realm for rationally addressing this concern is within the rulemaking process, working with the LCDC.

Metro's newly initiated work to develop growth scenarios that meet state greenhouse gas targets provides an excellent forum for a more targeted review of the 2005 TPR amendments, which can inform a deeper dialogue with the LCDC over the next 3-5 years over possible fixes to problematic aspects of the rule.

LEGISLATIVE HISTORY: Though legislative changes and even repealing the TPR legislatively have been discussed over the years, the only major challenge came in the form of HB 3379, which was signed into law during the 2009 session. This bill was a direct response to the TPR amendments of 2005 that were opposed by Metro and other local governments as constituting a form of concurrency.

HB 3379 directed the OTC to adopt rules that would provide flexibility for local governments in meeting the so-called "reasonably likely" test of whether a planned transportation improvement should be considered when making a land use decision. The law specifies a number of areas where flexibility must be provided, and the OTC has convened a task force to assist in drafting the rules.

OTHER INTERESTED PARTIES: Cities and counties in the Portland metropolitan area and statewide; Oregon's six MPOs; Oregon Department of Transportation; Oregon Department of Land Conservation and Development; TriMet and other transit agencies around the state; private development interests.

IMPACT IF PROPOSED ACTION OCCURS: The hoped-for long-term outcome is targeted revisions to the TPR (especially the 2005 amendments and linkage to the Oregon Highway Plan) that take into consideration the realities of our dense urban region and enable the communities of the region to achieve their aspirations, while keeping intact the core of the TPR.

Agenda Item Number 3.0

**FY 2010 - 11 QUARTERLY
MANAGEMENT REPORT**

Metro Council Work Session
Tuesday, Nov. 9, 2010
Metro Council Chambers

Agenda Item Number 4.0

FIRST QUARTER FINANCIAL REPORT

Metro Council Work Session
Tuesday, Nov. 9, 2010
Metro Council Chambers

METRO COUNCIL

Work Session Worksheet

Presentation Date: November 9, 2010 Time: 2:55 pm Length: 15 minutes

Presentation Title: 1st Quarter Financial Report (unaudited)

Service, Office, or Center:

Finance and Regulatory Services

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

Margo Norton, Director (x1934)

ISSUE & BACKGROUND

Although the first quarter information is preliminary, it poses a number of important questions:

1. How is the current year performing?
 - Is the current year's budget plan on track?
 - Are there any concerning trends?
 - Are adjustments needed to remain on track?
2. Does the current performance provide information to inform the development of the FY 2011-12 budget?

The first quarter report will be distributed separately, prior to the work session, and posted on Metro's website.

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

Agenda Item Number 6.0

FY 2011-12 FINANCIAL ASSUMPTIONS

Metro Council Work Session
Tuesday, Nov. 9, 2010
Metro Council Chambers

METRO COUNCIL

Work Session Worksheet

Presentation Date: 11/9/10 Time: _____ Length: 60 minutes

Presentation Title: FY 2011-12 Financial Assumptions

Service, Office, or Center: Finance & Regulatory Services

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

Michael Jordan, ext 1541; Margo Norton, ext. 1934; Kathy Rutkowski ext. 1630

ISSUE & BACKGROUND

The discussion will focus on the major financial assumptions to be used in the development of the FY 2011-12 annual budget. Key among these are preliminary assumptions and forecast for general revenues such as operating property tax, Metro excise tax and interest rates as well as assumptions for labor costs such as COLA, merit, PERS, and various benefit costs.

The packet attached provides a 2 page summary of the major financial assumptions as well as tables and graphs comparing and forecasting key general revenues. Where appropriate the assumption or actual award for FY 2010-11 is also shown for comparison purposes. Brief notes are provided in the summary to assist in framing the context for the assumption.

Staff will be available to answer questions.

QUESTION(S) PRESENTED FOR CONSIDERATION

Seeking consensus among the Councilors on the key global financial assumptions to begin formulation of the FY 2011-12 annual budget.

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

FINANCIAL ASSUMPTIONS FOR FY 2011-12 BUDGET

Summary of Significant Assumptions

Presentation to Council

Council Work Session November 9, 2010

Major General Revenue Assumptions:

- **Property Taxes**

Recommendation: 3% assessed value growth (same as FY 2010-11)
93% collection rate (same as FY 2010-11)

- **Excise Tax Resources**

Recommendation: 1.59% CPI inflation (based on actual CPI indicator) (0% in FY 2010-11)
Tonnage forecast based on October 2010 forecast
MERC facilities estimate 3% increase on FY 2010-11
Other Metro facilities based on receive 5-year forecasts

	FY 2010-11 Budget	FY 2010-11 Forecast	FY 2011-12 Estimate	Change from FY 2010-11 Budget	Percent Change
<i>Excise Tax Sources</i>					
Solid Waste Base	11,370,000	11,370,000	11,550,783	180,783	1.6%
All Other Facilities	2,240,207	2,232,670	2,318,792	78,585	3.5%
Excise Tax Available for Allocation	\$13,610,207	\$13,602,670	\$13,869,575	\$259,368	1.9%
<i>Est. Contribution to Rec. Rate Stab. Reserve</i>	<i>\$1,293,730</i>	<i>\$930,512</i>	<i>\$1,396,943</i>	<i>\$103,213</i>	<i>8.0%</i>
TOTAL EXCISE TAX	\$14,903,937	\$14,533,182	\$15,266,518	\$362,581	2.4%

- **Interest Rate**

Recommendation: 0.50% of average cash balances (1.0% in FY 2010-11)

Major Global Expenditure Assumptions:

- **Inflation Factor**

Recommendation: 1% for FY 2011-12 (0% in FY 2010-11)

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

Indicator	1st Half	Jul	Aug	Sep
US City Average	2.06%	1.24%	1.15%	1.14%
Class Size A (more than 1,500,000)	1.84%	1.14%	0.94%	0.96%
Class Size B/C (between 50,000 and 1,500,000)	2.32%	1.34%	1.38%	1.37%
West Urban	1.38%	0.84%	0.75%	0.49%
West Class Size A	1.36%	0.93%	0.77%	0.59%
West Class Size B/C	1.45%	0.69%	0.71%	0.31%
Portland-Salem	1.59%	n/a	n/a	n/a

Salaries & Wages

- ✓ Non-represented merit award date moved from March 1st to July 1st
- ✓ Represented salaries/wages and salary adjustments based on collective bargaining
- ✓ AFSCME 3580 (Metro) current agreement expires 6/30/11. Negotiations to begin after first of the new calendar year
- ✓ AFSCME 3580 employees eligible for 5% step on anniversary date
 - 58% of represented employees at top of range
 - 45% of employees have anniversary dates in last 6 months of fiscal year
- ✓ LIU Local 483 employees eligible for step progression on anniversary date
 - 95% of employees at top of range
- ✓ Non-represented employees eligible for merit increase on July 1st
 - 52% of Metro non-represented employees in 1st quartile of range
 - 80% of Metro non-represented employees below mid-point of range

	Assumed Rate		Assumed Rate
<i>Elected Officials</i>	0.00%		
<i>AFSCME 3580</i>		<i>MERC Represented groups</i>	
Cost of living	1.50%	Cost of living	2.50% -
Step increase (5% step)	1.10%	(minimum guarantee)	3.00%
Other salary adjustments	0.50%	<i>Non-represented (Metro & MERC)</i>	
<i>LIU Local 483</i>		COLA / Merit / Bonus	3.00%
Cost of living (minimum guarantee)	1.50%	Other salary adjustments	0.50%

• **PERS – Public Employee Retirement System**

- ✓ New rates effective 7/1/11
- ✓ Eliminates contribution to PERS Reserve

Recommendation: 8.2% Employer contribution rate (currently 3%)
 6.0% Employee pick-up contribution rate
 3.0% PERS Bond Recovery Rate (to pay debt service on PERS bonds)
 0.0% PERS Reserve contribution (currently 3%)
 Defers recommendation on use of PERS Reserve

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

- ✓ AFSCME bargaining agreement expires at end of FY 2010-11. Negotiations to begin after first of calendar year.
- ✓ LIU 483 bargaining agreement begins premium sharing plan effective July 1, 2011.
 - Metro contributes 94% of premium
 - Employee contributes 6% of premium
- ✓ Impact of Health Care Act on premiums is currently unknown
- ✓ Recommendations continues historical trend of 10% increase
 - Average cost per FTE
 - Actual cost per employee will vary based on coverage status and choices

Recommendation: \$1,118 per employee per month (10% increase over FY 2010-11)
 Defers recommendation on use of opt out money

FINANCIAL ASSUMPTIONS FOR FY 2011-12 BUDGET

as of 11-1-10

Summary of Estimated Labor Costs

Presentation to Council

Council Work Session November 9, 2010

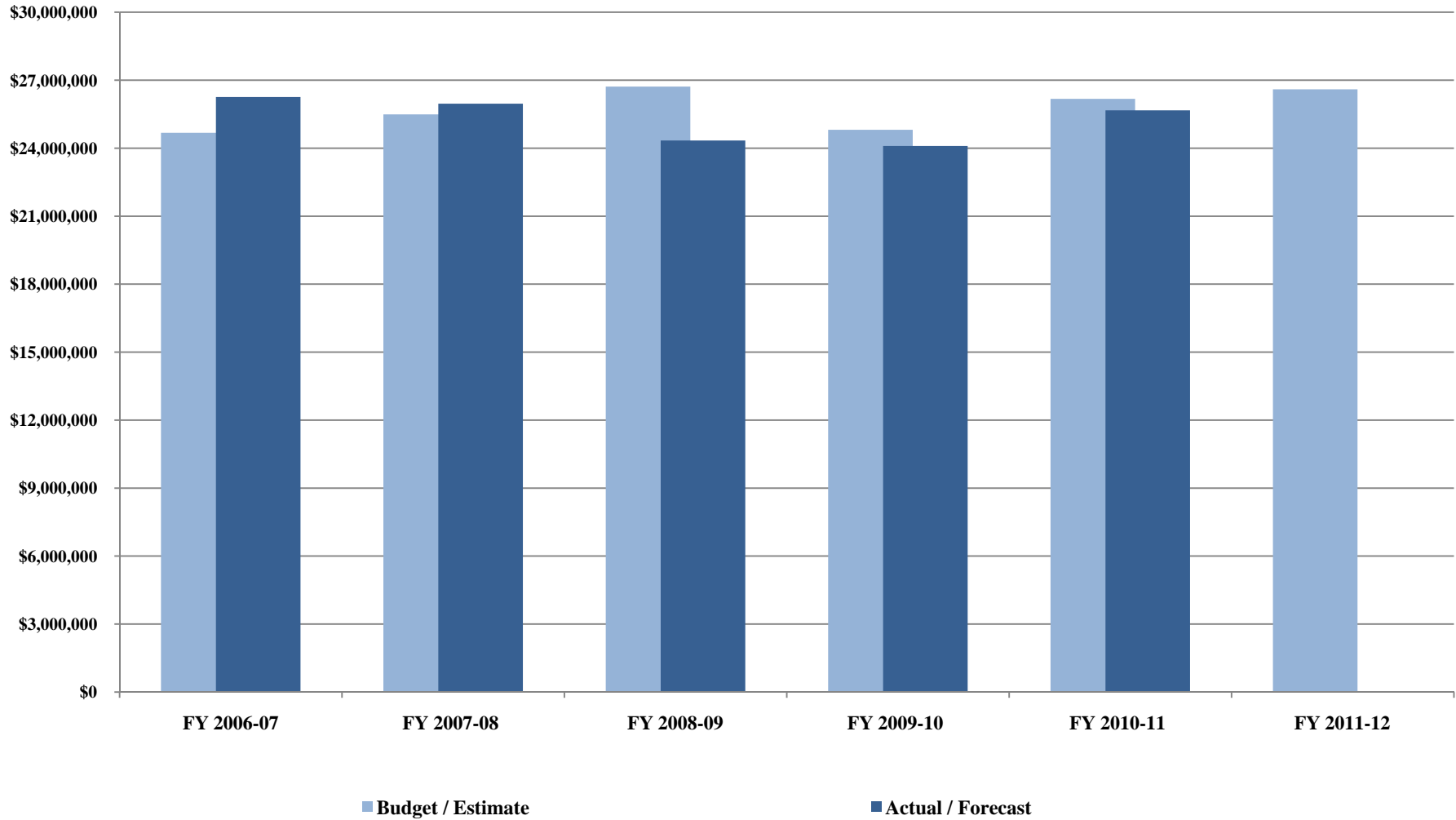
	Assumption FY 2010-11	Assumption FY 2011-12	Estimated Cost
<u>Estimated Beginning Base Salaries</u>			
Elected Officials	8.00	8.00	434,978
Non-represented (Metro & MERC)	278.90	278.90	21,018,884
AFSCME 3580	292.44	292.44	18,535,758
LIU Local 483	93.60	93.60	4,889,437
MERC Represented groups (full-time)	81.00	81.00	3,661,348
MERC part-time	-	-	2,978,734
Temporary/Seasonal/Overtime	-	-	5,392,788
Total Estimated Beginning Base Salaries	753.94	753.94	\$56,911,927
<u>Salary Adjustments</u>			
<i>Elected Officials</i>	0.00%	0.0%	0
<i>Non-represented (Metro & MERC)</i>			
COLA / Merit / Bonus	3.00%	3.0%	630,580
Other salary adjustments	0.50%	0.5%	105,095
<i>AFSCME 3580 (1)</i>			
Cost of living (minimum guarantee)	1.50%	1.5%	278,032
Step increase (5% annual step)	1.50%	1.1%	203,892
Other salary adjustments	0.50%	0.5%	92,673
<i>LIU Local 483 (2)</i>			
Cost of living	1.50%	1.5%	73,342
Compensation Study Implementation	3.50%	0.0%	0
<i>MERC Represented groups</i>			
Cost of living	1.0% - 2.0%	2.5%-3.0%	170,988
Total Estimated Salary Adjustment Cost			\$1,554,602
<u>Estimated Benefit Costs</u>			
<i>Payroll Taxes</i>			
FICA	7.65%	7.65%	4,472,673
TriMet Tax	0.6918%	0.7018%	410,331
Worker Comp Tax	\$0.014	\$0.014	21,916
<i>Subtotal</i>			<i>4,904,920</i>
<i>Health & Welfare</i>			
Long Term Disability	0.39%	0.39%	195,083
Life Insurance	\$0.130	\$0.130	52,488
Accidental Death Insurance	\$0.025	\$0.025	10,106
Dependent Life Insurance	\$0.350	\$0.350	3,113
Health & Welfare	\$1,016.00	\$1,118.00	10,114,860
<i>Subtotal</i>			<i>10,375,650</i>
<i>Retirement - PERS</i>			
Employee contribution / pickup	6.00%	6.00%	2,703,465
Employer contribution	3.00%	8.20%	4,101,679
Bond Recovery (debt payment)	3.00%	3.00%	1,500,622
<i>Subtotal</i>			<i>8,305,766</i>
Total Estimated Benefit Cost			\$23,586,336
Total Estimated Personal Services			\$82,052,865
PERS Reserve (unappropriated ending balance)	3.00%	0.00%	0
TOTAL ESTIMATED LABOR COSTS			\$82,052,865

shaded cells = FY 2009-10 actual award

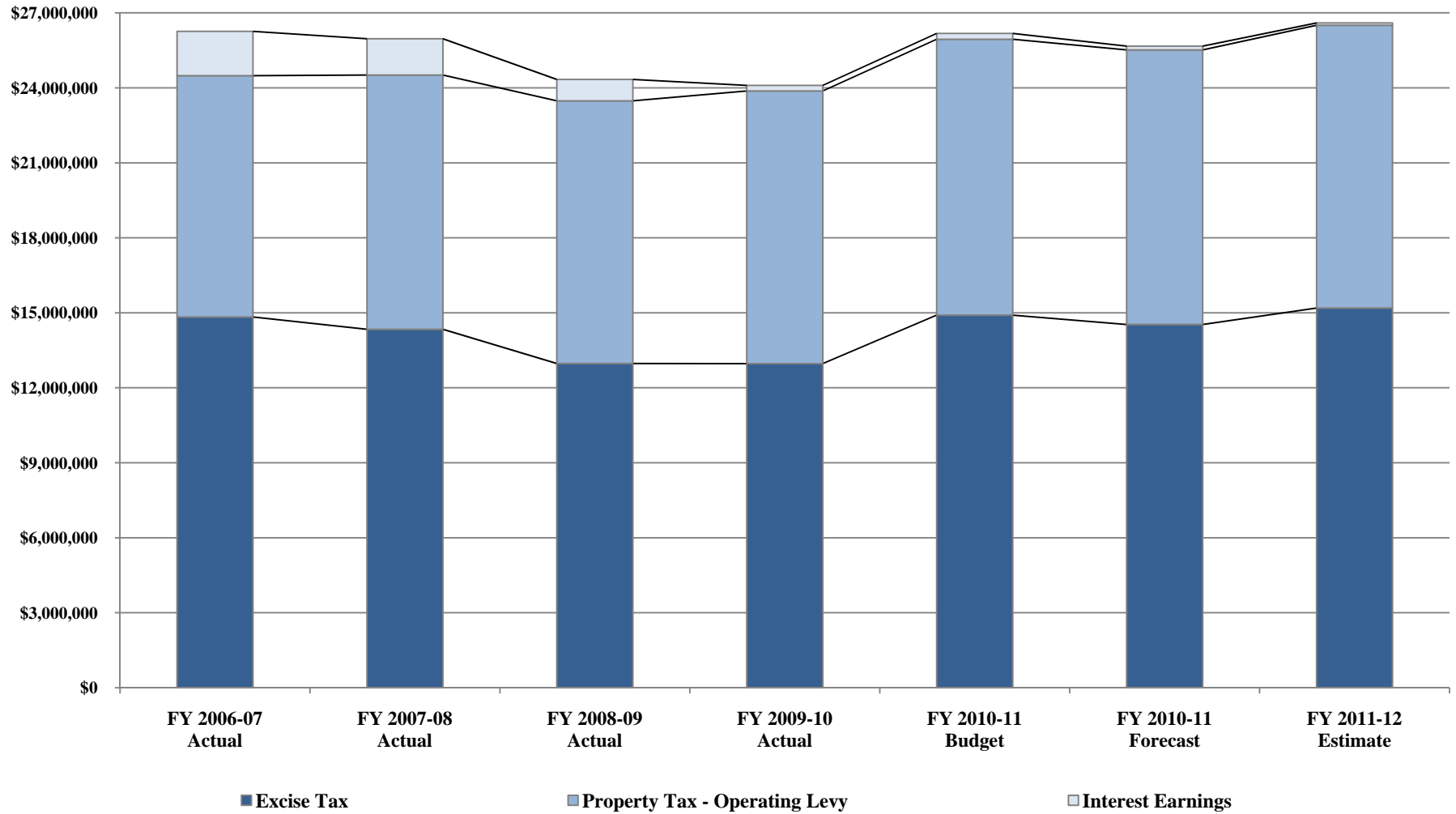
(1) 58% of the employees in the AFSCME bargaining group are or will be at the top step by 6/30/10. Of the remaining employees eligible for a step increase, 45% have anniversary dates in the last 6 months of the fiscal year.

(2) 95% of the employees in the LIU 483 bargaining group are or will be at the top step by 6/30/10.

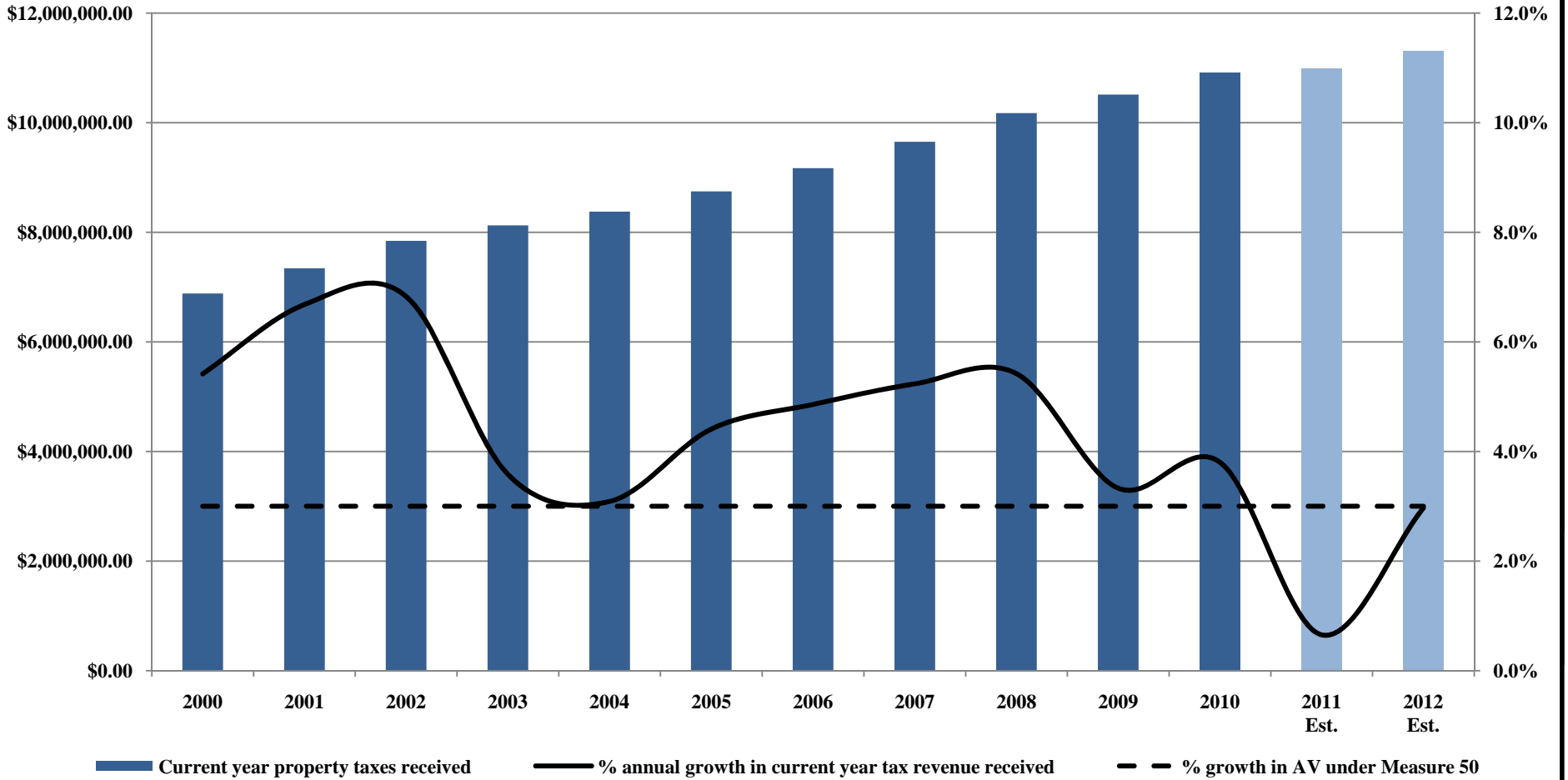
Five-Year Summary of General Revenues



Five-Year Summary of General Revenues

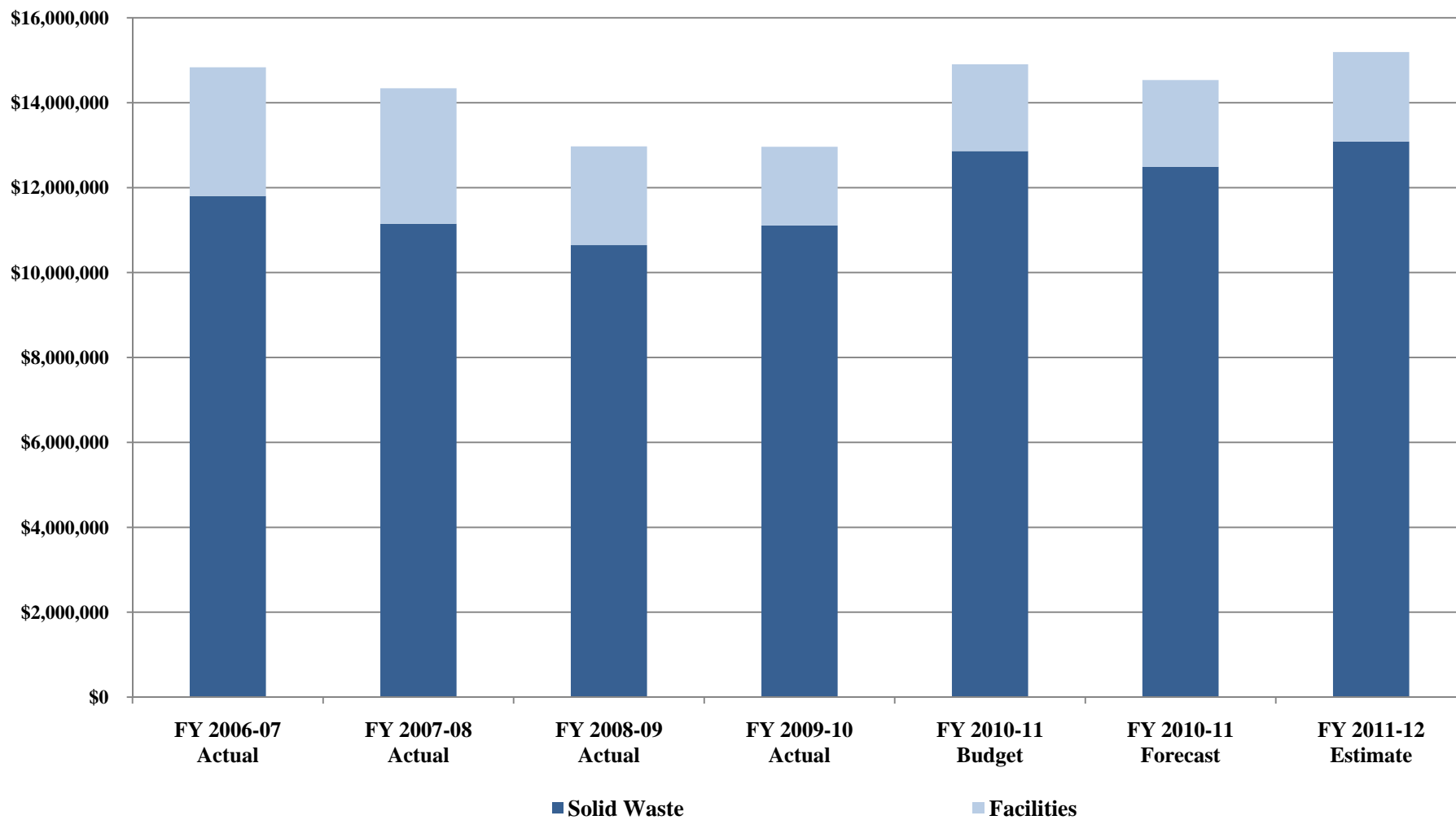


Operating Property Tax Levy

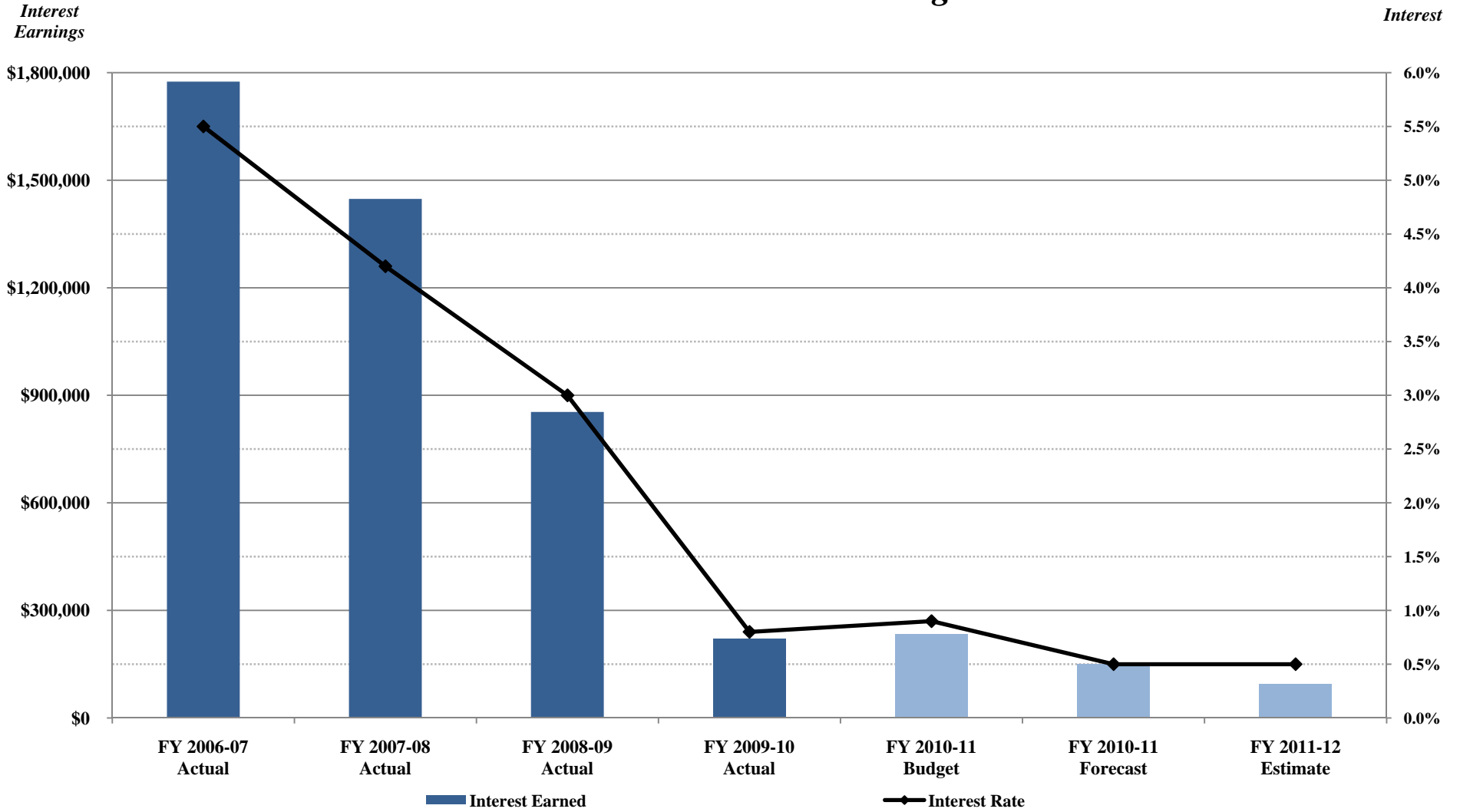


Note: collection rate on current year property taxes was reduced from 94.0% to 93% in FY 2010-11 dropping the % growth in tax revenue below the statutory growth allowed under Measure 5

Metro Excise Tax

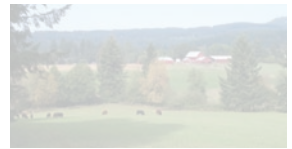
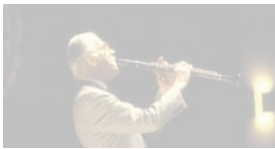


General Fund Interest Earnings



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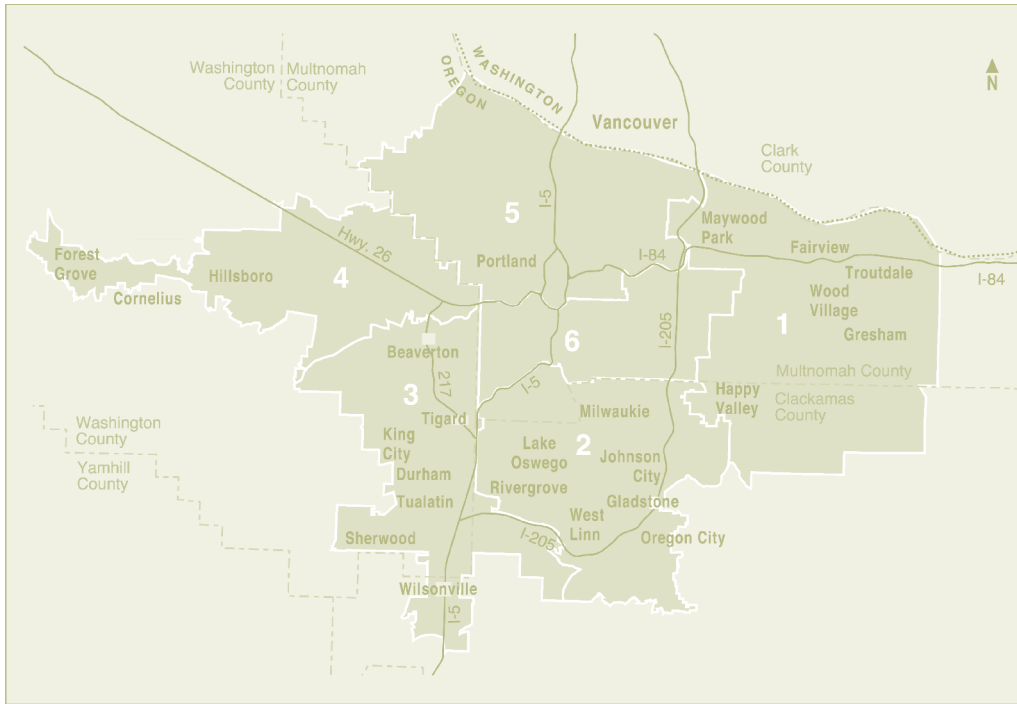


2010-11

FIRST QUARTER REPORT
July through September



Metro | *Making a great place*



Your Metro
representatives

Council President
Carlotta Collett
503-797-1887

District 1
Rod Park
503-797-1547

District 2
vacant

District 3
Carl Hosticka
503-797-1549

District 4
Kathryn Harrington
503-797-1553

District 5
Rex Burkholder
503-797-1546

District 6
Robert Liberty
503-797-1552

Auditor
Suzanne Flynn, CIA
503-797-1891

Metro

People places • Open spaces

Clean air and clean water do not stop at city limits or county lines. Neither does the need for jobs, a thriving economy and good transportation choices for people and businesses in our region. Voters have asked Metro to help with the challenges that cross those lines and affect the 25 cities and three counties in the Portland metropolitan area.

A regional approach simply makes sense when it comes to protecting open space, caring for parks, planning for the best use of land, managing garbage disposal and increasing recycling. Metro oversees world-class facilities such as the Oregon Zoo, which contributes to conservation and education, and the Oregon Convention Center, which benefits the region's economy.

2010-11

FIRST QUARTER REPORT
July through September

printed on recycled content paper

**FY 2010-11
Quarterly
Report**

**First
Quarter**

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EXECUTIVE SUMMARY

November 9, 2010

Dear President Collette and Members of the Metro Council:

On behalf of the Finance Team I am pleased to present Metro's First Quarter Financial Report for FY 2010-11. The budget for the current year anticipated a continuing economic slump, and the first quarter performance confirms this, although there are some positive exceptions.

The first quarter report serves two useful purposes:

- Is the current year on track?
- Is the information helpful in setting the next year's budget assumptions?

Enterprise Revenues show some sizzle ...

On the good news front, the visitor venues had a very good first quarter. The Oregon Zoo continued record breaking attendance, sparked by a strong concert season including the addition of three premium concerts which boosted both attendance and per-capita revenues. Per capita revenues rebounded and bested not only last year's depressed per-caps but also the per-caps of the two prior benchmark years.

The Oregon Convention Center had a very strong July and August run, traditionally its slower months. First quarter total attendance was about the same as the prior year, but several events generated substantial food and beverage margins. Portland Center for the Performing Arts had a 70 percent increase in attendance during the first quarter, in part a function of a longer Broadway series with three events in the quarter compared to only one in the previous year. While the Expo revenues appeared slightly off, this is attributable in large part to the shifting of the Home and Garden Show from the first to the second quarter.

... and some fizzle

On the other hand, revenues from park activities were significantly off. The cool summer and a rainy September contributed to a 6 percent drop at Blue Lake and a 27 percent drop at Oxbow. Unless there is an extremely warm spring, we would not expect these revenues to recover over the remainder of the year.

Solid Waste tonnage continues its downward trend, confounding earlier predictions of a glimmering economic recovery. Nationally, last week's news of some modest private sector job recovery is not translating into jobs or construction debris, the two changes what would most contribute to an uptick in tonnage. Additionally, tonnage coming through the Metro transfer stations is further off than at the private facilities. While this does not affect excise tax or regional system fees, it does reduce disposal revenues. More importantly, it demonstrates that the integrated companies controlling hauling routes and either transfer stations or landfills or both are directing tonnage to their own facilities first as they try to address overall declining tonnage.

Tax revenues are mixed ...

The first quarter does not shed much light on property tax collections, the majority of which are received in late November and early December. However, the collection rate for last year through June remained better than previously expected despite continuing foreclosures and is forecast to remain steady.

Transient lodging tax was strong in the first quarter, easily up from last year and more in line with the prior year. Occupancy rates are good, and room rates are slightly improved. Construction excise tax is not faring as well. Although not reflected in this report because of the later tax turnover cycle, we do know that the first quarter was slightly better than last year's first quarter, although not within the City of Portland, the usual leader. Clackamas County, Washington County and the cities of Hillsboro, Beaverton and Gresham had sizeable gains over the prior year. Nevertheless, the total tax collected in the first quarter, when reported in early November, remained half of what it had been in the two previous years.

Excise tax followed enterprise revenues and is forecast to be underperforming by almost \$400,000 at year-end. For the facility-based taxes of 7.5 percent we see a slight uptick at the Convention Center, slightly off at Expo, considerably off in parks and not really out of the gate with the new PaintCare venture. A slowdown in organizing the collection sites statewide has delayed both the service contract and the product sales. For the tonnage-related tax, less tonnage yields less tax. The expectation that recovery rate stabilization contributions would resume significantly under the new yield-based provisions enacted last year has eroded after recognizing the base tonnage-related tax shortfall.

...and bond sales are favorable

In August Metro issued \$15 million of Build America Bonds, a new financing instrument authorized under the federal economic stimulus package. The federal government will pay 35 percent of interest costs, resulting in a borrowing cost to Metro's taxpayers of less than one percent over two years.

Expenditures generally follow enterprise activity

Visitor venue event-related activity reasonably includes increased expenditures which we see in the first quarter. Even with increased attendance and per-capita spending, the zoo has also been focused on managing seasonal and temporary staffing as well as overtime costs. The reduction in tonnage at the transfer stations has also resulted in a decline in some variable disposal-related costs, although fixed costs remain. In addition, effective October 1, an increase in the Oregon weight-mile tax will increase transport costs for the remainder of the year.

Capital spending in the first quarter is usually modest and often related to the completion of projects carried forward from the prior year. Local share and new acquisitions under the Natural Areas bond measure continue to be modest. Zoo bond-related expenses are modest in the first quarter and will begin to rise significantly with the construction of the Veterinary Medical Center, the Penguin Filtration project and the comprehensive master planning and land use work, all projects now under contract.

... but require continuous monitoring

Balancing the revenue sparks and the fizzles, we believe the current year is generally on track. Parks and Environmental Services will need continuous monitoring and adjustment if revenues continue to lag. Visitor venues should be able to use the strong first quarter start as a cushion against the seasonal slowdowns, adjusting variable expenses to event-driven or attendance-driven activity and monitoring fixed expenses for efficiencies.

As we prepare for the next budget cycle...

The first quarter report coincides with the setting of budget assumptions for the next year. We review the assumptions made last year to guide this year's operations, and we consider adjustments to make in forming the new budget assumptions. We expect revenues to remain flat-to-modestly upward, recalling that even with an upward tick, the base is still below pre-downturn levels and will remain so until at least late 2013 or early 2014. We expect labor costs to rise, particularly in the areas of PERS retirement with a composite increase in Metro's employer costs rising from 3 percent to 8.2 percent on July 1, 2011. Some small labor agreements are already in place and have floors higher than current economic indicators; the large AFSCME contract will be bargained in the spring.

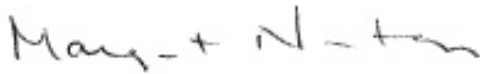
Will we be able to remain true to our financial policies, maintaining responsible reserves and protecting our public assets? And still balance the FY 2011-12 budget, particularly in light of our recent review of the financial condition of the General Fund over the next five years?

... choices must be strategic, focused and will come with a price

Without siding with one particular economic opinion over another, nevertheless we expect the vestiges of the downturn to follow us for at least two more years. This means that short term expedient decisions will not address, and may, in fact, exacerbate or eliminate future solutions.

The key to managing through these constraints will be to make active, strategic choices, focused on the future, not just for the next year. As we move into budget development, we look forward to the discussion.

Sincerely,



Margo Norton

Director of Finance and Regulatory Services

METRO REVENUES

Overall Revenues

	Budget	Actual YTD	Year-end Projection	Year-end % of Budget	3-Year Average
All Revenue					
Program Revenues	139,637,862	32,630,266	132,606,407	95.0%	90.7%
General Revenues	77,451,244	4,345,958	76,789,731	99.1%	98.0%
Other Financing Sources	15,300,000	15,001,900	15,301,900	100.0%	0.5%
All Revenue	\$232,389,106	\$51,978,123	\$224,698,038	96.7%	92.8%

Revenues for Metro, including the Metropolitan Exposition Recreation Commission (MERC), totaled \$52 million through the first quarter, or 22 percent of the annual budget. Revenues at year-end are projected to reach \$224 million, 97 percent of the budgeted \$232.4 million. Zoo and MERC enterprise revenues are projected to rebound somewhat from FY 2009-10, while Parks and Solid Waste enterprise revenues continue to come in low. As they did last year, interest and excise tax earnings are trending below budget.

Program revenues, described by type and operating unit in the sections below, generally include enterprise revenues, grants, internal services charges and contributions.

General revenues, detailed on page 9, include property and excise tax revenues, interest earnings and other shared government revenues.

Flat revenues trend to flat budget

Program Revenues

	Budget	Actual YTD	Year-end Projection	Year-end % of Budget	3-Year Average
Program Revenues					
Charges for Services Revenue	109,137,267	28,962,647	105,698,626	96.8%	93.8%
Internal Charges for Svcs-Rev	9,470,278	2,166,183	8,664,731	91.5%	92.5%
Licenses and Permits	406,000	91,665	386,000	95.1%	96.4%
Miscellaneous Revenue	2,258,124	999,839	1,780,918	78.9%	95.8%
Grants	14,783,392	193,421	12,224,446	82.7%	65.7%
Contributions from Government:	2,361,371	5,000	2,296,907	97.3%	158.8%
Contributions - Private Source	1,084,600	201,311	1,554,679	143.3%	82.2%
Capital Grants	136,830	10,200	100	0.1%	222.9%
Program Revenues	\$139,637,862	\$32,630,266	\$132,606,407	95.0%	90.7%

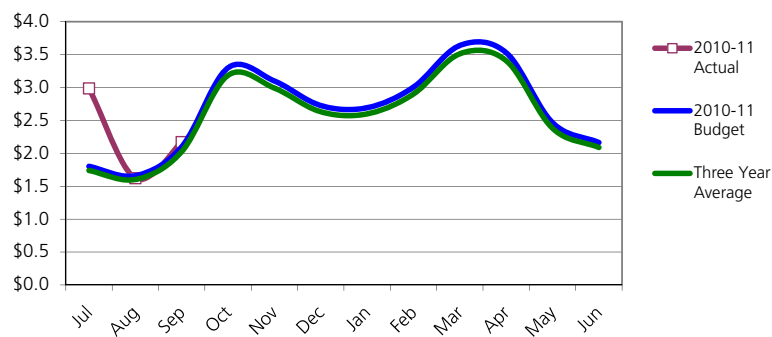
PROGRAM REVENUE BY OPERATING UNIT

Finance and Regulatory Services

Contractors' Business License revenue is projected to end the year at \$386,000, three percent below budget, about the same as the prior year. License renewals traditionally peak in late winter and into spring.

Metropolitan Exposition Recreation Commission MERC- Program Revenues by Month

shown in millions



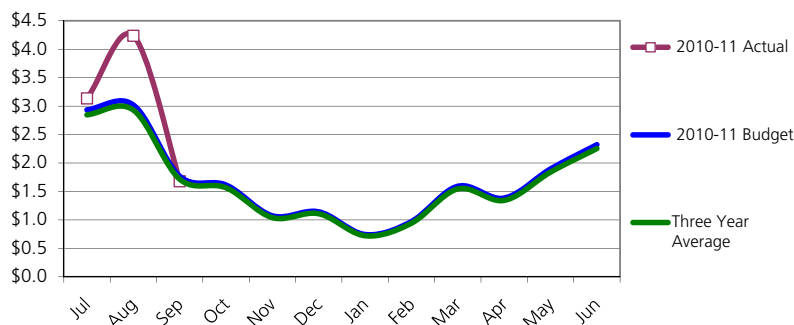
Venues have strong first quarter

During the first quarter OCC revenues reached \$3.2 million, much higher than the prior year's \$1.8 million. July and August, traditionally slower months, were particularly strong. Year-over-year attendance was about the same, but the individual events generated stronger revenues. OCC had 12 events with revenue greater than \$150,000 per event; two of these generated revenue greater than \$400,000. PCPA had a strong start to the Broadway series with three events generating approximately \$780,000, compared to only one in the prior year. Overall first quarter PCPA attendance was 70 percent higher this year. Expo revenues were slightly lower (\$94,000) than prior year, due in part to a change in date for the Home and Garden Show from first to second quarter.

Oregon Zoo

Oregon Zoo- Program Revenues by Month

shown in millions



Concert season sparks zoo revenue

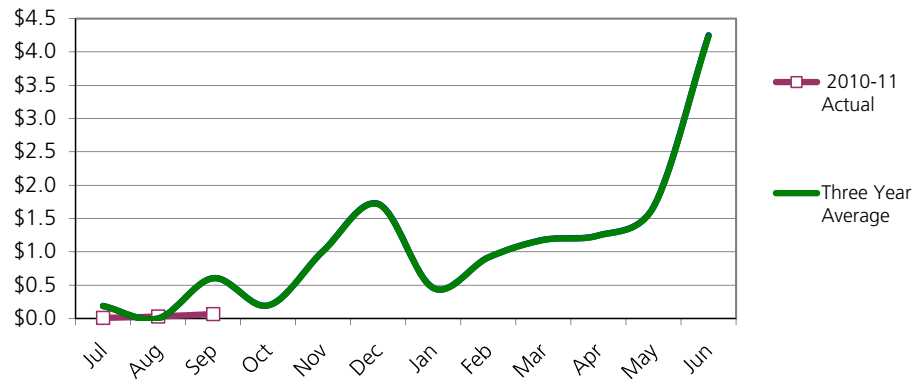
Oregon Zoo revenues were up in the first quarter, with record-breaking attendance driven by a strong concert season, *Prehistoric Predators* and the opening of the *Red Ape Reserve*. Per capita spending in the quarter was not only higher than FY 2009-10, but surpassed the strong per capita spending of FYs 2007-08 and 2008-09. Concert admission revenues were up 72 percent, for a total of \$1,089,234, due to the addition of three premium concerts and an impressive line-up of entertainment. The temporary dinosaur exhibit also drove summer attendance, with revenue greater than \$560,000. Food sales and railroad revenue were also strong. For the first quarter the zoo was above last year's attendance by nearly 25,000.

The zoo received the first contribution of more than \$135,000 from The Oregon Zoo Foundation's fundraising drive for Veterinary Medical Center equipment, which will be purchased during the last phase of the project.

Planning and Development

Planning- Program Revenues by Month

shown in millions



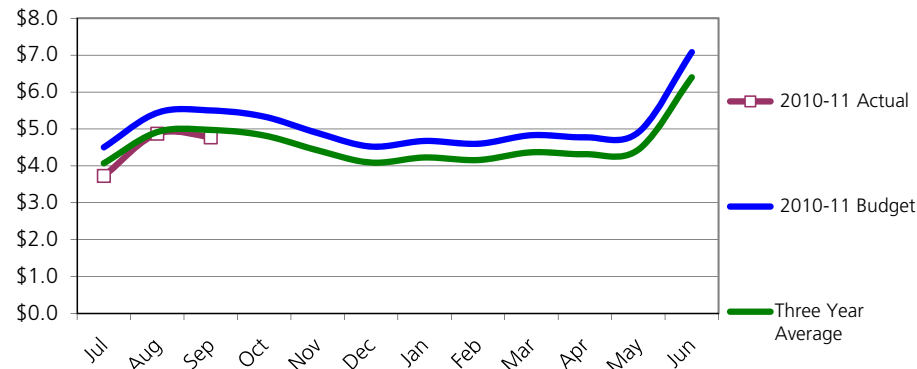
Planning revenues in the first quarter are customarily quite low, as the first billing of the year does not occur until October. At this point, revenues are projected to end the year close to budget.

Because the timing of grant revenues varies significantly and unpredictably from year to year, the “budget” line is not included in the chart above. Each year the August revenues are adjusted in the Planning chart to reflect year-end accounting entries.

Parks and Environmental Services

Parks and Environmental Services- Program Revenues by Month

shown in millions



Overall Parks and Environmental Services program revenues are projected to end the year 4.4 percent lower than budgeted levels.

Property Services: Parking revenues at the Metro Regional Center are down fiscal year-to-date and forecasted to end 13 percent (\$75,000) less than budget. Parking revenue is affected by the partial closing of the garage for repairs. Construction is expected to finish by the end of October 2010.

Parks Operations: Overall Parks revenues are projected to end the year 10 percent lower than budgeted levels. Park attendance during the first quarter of FY 2010-11 at Blue Lake Park and Oxbow Park was down 6 percent and 27 percent, respectively, compared to FY 2009-10, due to the cooler summer weather and a rainy September. The decrease in revenue was partially offset by higher rental fees and grave sales revenues at Multnomah, Brainard and Douglass cemeteries.

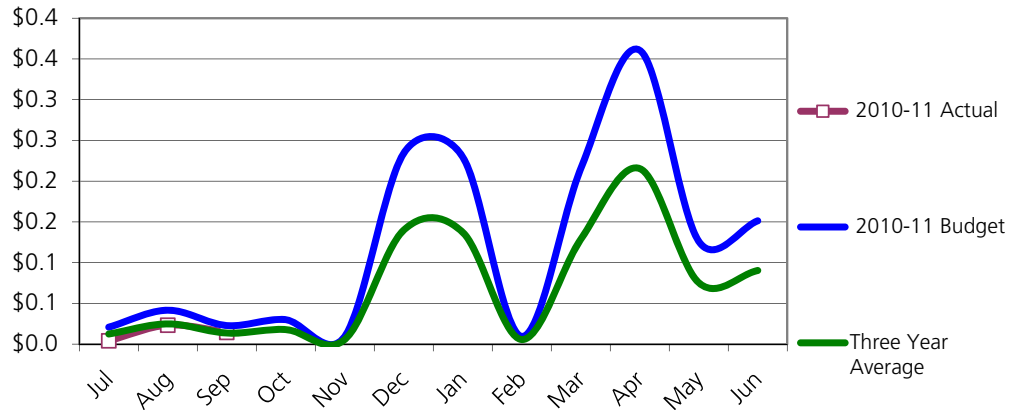
Cool summer impacts parks

Tonnage still down

Solid Waste Operations: Tonnage at Metro facilities is projected to underperform budget by 8.0 percent; regional tonnage at private facilities is down by 4.2 percent, according to the most recent tonnage forecast. An emerging factor is the effect of new food waste initiatives that divert organics from mixed putrescible waste formerly destined for regional waste disposal facilities, including Metro transfer stations, to composting facilities. Parks and Environmental Services projects year-end program revenue to be 6.0 percent lower than budgeted.

Sustainability Center

Sustainability Center- Program Revenues by Month*



*Prior year revenues that make up the Three Year Average exclude a \$4.3 million land donation made in June 2009.

Trail funding changes

Sustainability Center program revenues are projected to end the year 78 percent lower than budget, due in large part to a shift in funding for trails. Grants of \$1,013,000 that were expected from the Oregon Department of Transportation in FY 2010-11 for the Blue Lake Trail and Tonquin Trail will not occur. Instead, Oregon Department of Transportation will be directly responsible for expenditures on these projects; Metro will manage the work.

Actual grant revenues for other projects will depend on the ability to complete the work associated with the grants. Several projects associated with grants have been in a scoping phase during the first quarter.

General Revenues

	Budget	Actual YTD	Year-end Projection	Year-end % of Budget	3-Year Average
General Revenue					
Real Property Taxes	48,483,349	234,011	48,483,349	100.0%	100.1%
Excise Taxes	14,903,937	2,866,546	14,516,996	97.4%	93.3%
Construction Excise Tax	1,300,000	70,229	1,300,000	100.0%	100.2%
Other Derived Tax Revenues	23,300	7,723	23,300	100.0%	114.4%
Local Govt Shared Revenues	11,129,553	1,129,396	11,103,753	99.8%	94.3%
Interest Earnings	1,611,105	38,053	1,362,333	84.6%	90.5%
General Revenue	\$77,451,244	\$4,345,958	\$76,789,731	99.1%	98.0%

Transient Lodging Tax: The first payment of the Transient Lodging Tax (TLT) was higher than FY 2009-10 by \$591,000. Room nights sold in the market overall are up, occupancy rates are showing signs of improvement, and the average daily room rate is slightly improved compared to a year ago.

Construction Excise Tax- The construction excise tax (CET) is now in its fifth year of collection. First quarter payments are not reflected in their entirety in the table above because mandatory tax turnover does not occur until the month following the end of quarter. While results reported in October show a slight increase in first quarter collections over the prior year (\$350,000 compared to \$330,000), they remain approximately half of what they were in the second and third “boom” years.

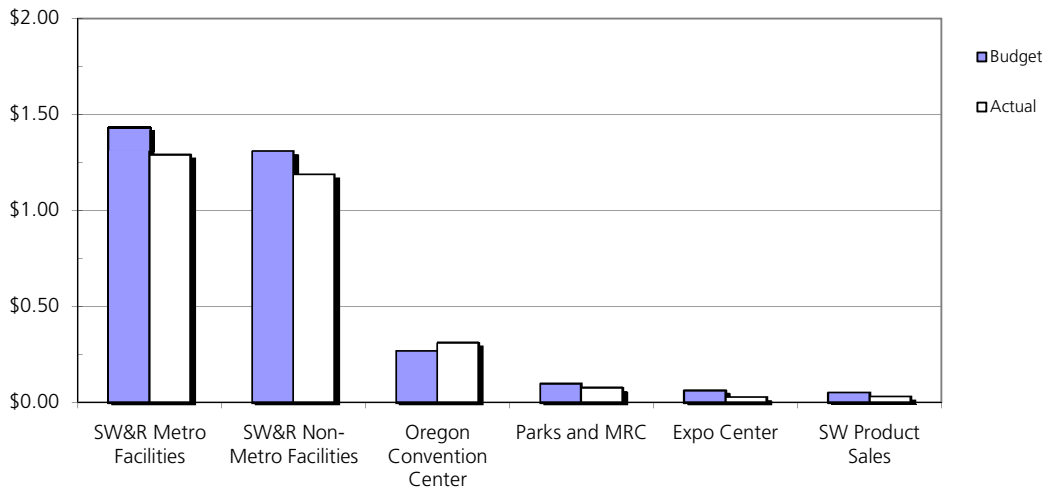
Interest Earnings- The average yield on investments during the first quarter was 0.75 percent, below that already low budgeted rate of 1.0 percent, resulting in a projected interest shortfall of \$250,000.

TLT rebounding; CET, not

Excise Tax

Excise Tax Received Through September 30, 2010, Budget vs. Actual

shown in millions



Excise tax still short

Metro Excise Tax- Based on the first quarter revenues and estimated June 30 forecast, the year-end projection for non-tonnage excise tax is below budget by 3.2 percent. The statewide collection system for unused paint has been slower in starting up, affecting taxes on both the PaintCare contract and sales of recycled paint in the first quarter. Although the updated tonnage forecast is off by six percent, solid waste excise tax is falling by about 2.5 percent, moderated by self-haul minimum loads. Please see the excise tax appendix for more detail.

METRO EXPENDITURES– OPERATING DEPARTMENTS

Metro Operating Departments (including MERC)

	Budget	Actual YTD	Year-end Projection	Year-end % of Budget	3-Year Average
Personal Services	60,939,118	15,004,881	59,826,488	98.2%	95.5%
Materials and Services	99,986,362	15,550,919	87,971,974	88.0%	77.1%
Total Operating Expenditures	160,925,480	30,555,800	147,798,462	91.8%	83.2%
Total Capital Outlay	58,611,439	2,592,256	31,688,105	54.1%	45.2%
Total Renewal and Replacement	2,388,502	353,799	2,244,000	94.0%	73.1%
Total Expenditures	\$221,925,421	\$33,501,855	\$181,730,567	81.9%	71.2%

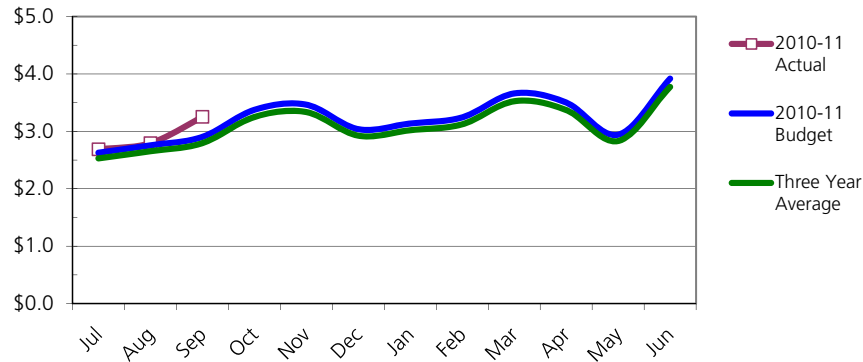
EXPENDITURES BY DEPARTMENT

MERC

	Budget	YTD Actual	Year-end Projection	Year-end % of Budget	3-Year Average
Personal Services	17,989,676	4,100,711	17,794,930	98.9%	93.4%
Materials and Services	20,580,326	4,634,257	19,816,435	96.3%	99.7%
Total Operating Expenditures	38,570,002	8,734,969	37,611,365	97.5%	96.8%
Total Capital Outlay	5,299,105	218,234	5,299,105	100.0%	44.3%
Total Expenditures	\$43,869,107	\$8,953,203	\$42,910,470	97.8%	93.4%

MERC- Operating Expenditures by Month

shown in millions



Event-related expenditures follow increased activity

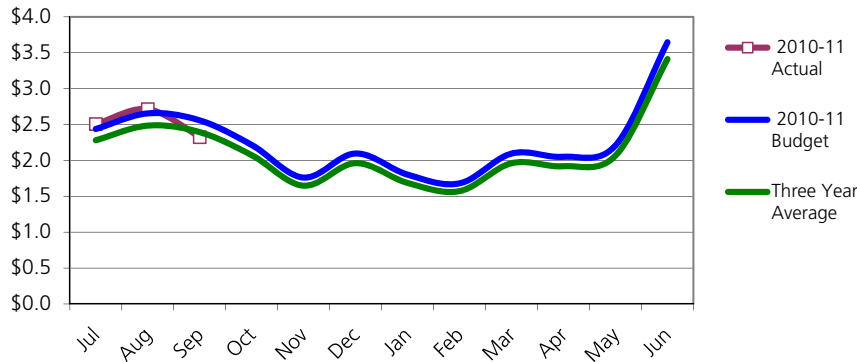
Higher expenditures relate directly to venue event activity. Strong first quarter revenues compared to FY 2009-10 resulted in higher event-related spending, including food and beverage costs that were \$790,000 higher than the prior year. Similarly, a strong Broadway schedule at PCPA (12 weeks versus nine last year) has increased staff costs. Projected spending at year-end remains well within budget.

Oregon Zoo

	Budget	Actual TYD	Year-end Projection	Year-end % of Budget	3-Year Average
Personal Services	16,255,128	4,481,951	16,239,815	99.9%	97.1%
Materials and Services	10,949,064	3,062,548	10,949,064	100.0%	92.1%
Total Operating Expenditures	27,204,192	7,544,499	27,188,879	99.9%	95.1%
Total Capital Outlay	350,000	39,593	325,000	92.9%	68.5%
Total Renewal and Replacement	1,082,142	24,043	1,022,142	94.5%	93.5%
Total Expenditures	28,636,334	7,608,134	\$28,536,021	99.6%	91.1%

Oregon Zoo- Operating Expenditures by Month

shown in millions



Personal services and material and service expenditures are on track with budget. The focus is on managing seasonal and temporary staffing and overtime and carefully monitoring all expenditures.

Capital and Renewal and Replacement: The *Red Ape Reserve* project was completed and successfully opened to the public September 3, 2010.

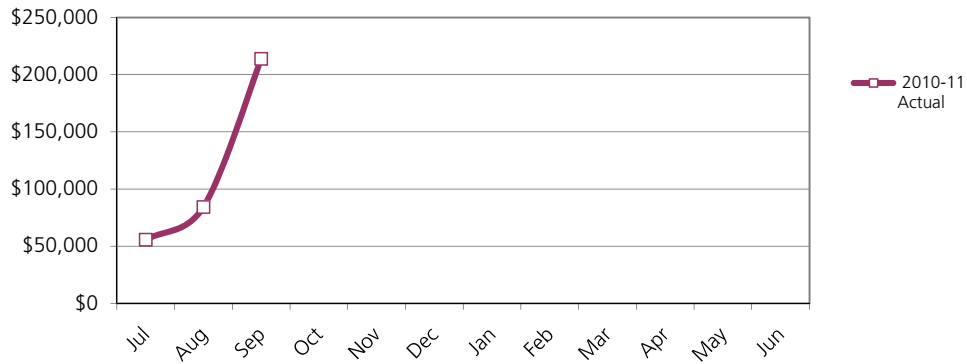
The zoo is in the process of renewing and replacing outdated assets from the renewal and replacement schedule, which includes updating the zoo's point of sale system, a number of roof replacement projects, the commissary elevator, and several "greener" vehicles and a variety of other small projects.

Zoo focuses on operational management

Oregon Zoo Infrastructure and Animal Welfare Bond

	Budget	Actual TYD	Year-end Projection	Year-end % of Budget	3-Year Average
Personal Services	659,562	174,636	650,609	98.6%	
Materials and Services	0	2,590	10,000		
Total Operating Expenditures	659,562	177,226	660,609	100.2%	
Total Capital Outlay	14,696,830	250,715	9,829,221	66.9%	
Total Expenditures	\$15,356,392	\$427,941	\$10,489,830	68.3%	N/A

Oregon Zoo Infrastructure and Animal Welfare Bond- Expenditures by Month



Bond construction begins

Work on the bond program is increasing with several projects in process. The program finalized the *Comprehensive Capital Master Plan* scope of work and contract documents with the consulting team. The contract amount totals \$1.5 million.

The *Veterinary Medical Center* general construction contract terms were finalized. The project is within budget. The quarantine building was demolished and mass site excavation began in preparation for the soil nail retaining wall installation.

The formal bid opening for the *Penguin Water Filtration* project occurred September 9, 2010. Staff is working through final contract terms, and construction is planned to begin in November.

A final scope of work for land use support is incorporated into the master plan consulting team contract. This consultant will compile the zoo's land use history and identify current non-conforming land use conditions. In addition, the consultant will identify strategies for upcoming conditional use permit applications and support and land use process that may be needed in the interim to begin bond construction projects. Project design and construction plans for the *Water Main Pressure Reducing/Backflow Assembly and Building* have been submitted to the City of Portland for review and approval.

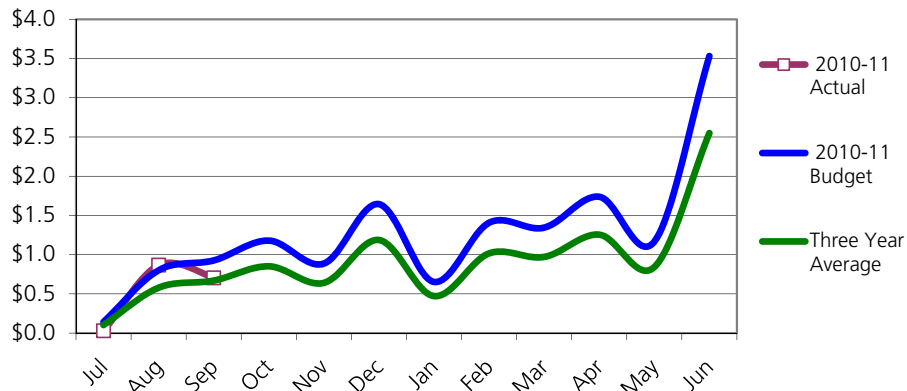
In August Metro issued a two-year private placement for \$15 million of Build America Bonds (35 percent of interest payments subsidized by the federal government) with a true interest cost of 0.8491 percent.

Planning and Development

	Budget	Actual YTD	Year-end Projection	Year-end % of Budget	3-Year Average
Personal Services	6,087,179	1,455,216	5,870,000	96.4%	74.8%
Materials and Services	9,327,050	146,154	8,750,000	93.8%	41.5%
Total Expenditures	\$15,414,229	\$1,601,370	\$14,620,000	94.8%	54.3%

Planning and Development- Operating Expenditures by Month

shown in millions



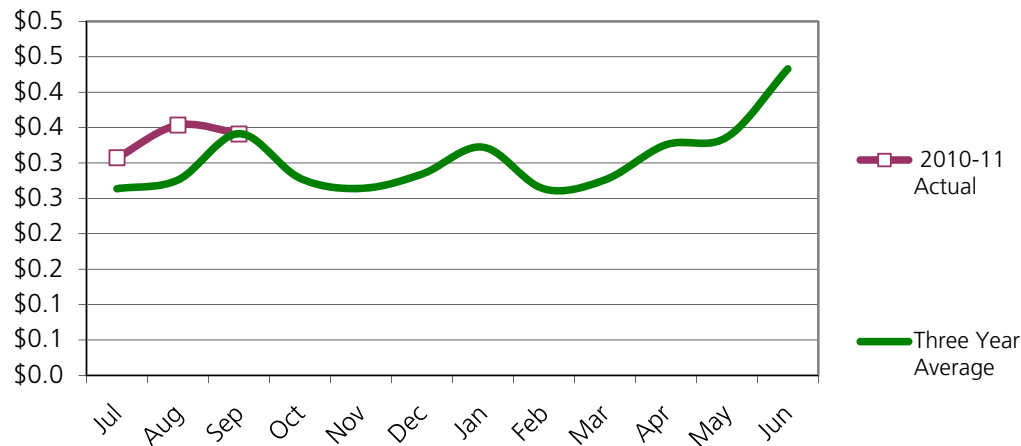
Projected underspending at year end is attributable primarily to reduced contracting needs in the Corridors program. As of first quarter, Transit Oriented Development spending is still estimated at the full budgeted amount of \$5,500,000, preserving the opportunity for large property purchases this year, should they develop.

Research Center

	Budget	Actual YTD	Year-end Projection	Year-end % of Budget	3-Year Average
Personal Services	3,425,572	812,865	3,290,000	96.0%	99.4%
Materials and Services	1,206,173	189,089	1,190,000	98.7%	100.0%
Total Expenditures	\$4,631,745	\$1,001,954	\$4,480,000	96.7%	99.5%

Research Center- Operating Expenditures by Month

shown in millions



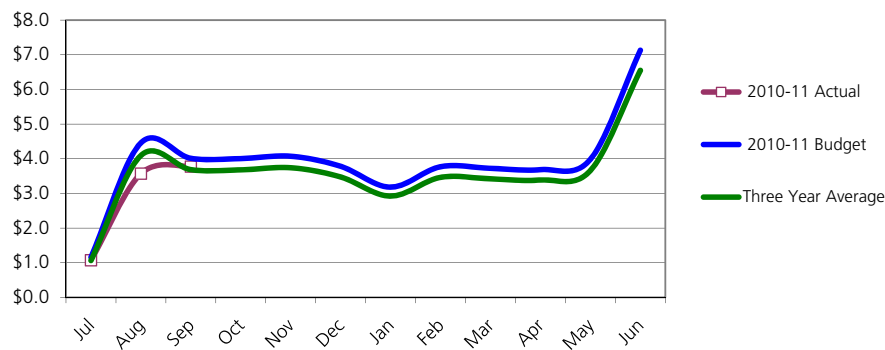
Spending in the Research Center is projected to end the year very close to budgeted figures, as it did in FY 2009-10.

Parks and Environmental Services

	Budget	YTD Actuals	Year-End Projection	% of Budget	
General Fund	\$6,942,305	1,385,983	\$6,558,625	94.5%	
Solid Waste Revenue Fund	\$44,319,344	7,059,431	\$41,665,563	94.0%	
General Renewal and Replacement Fund	\$1,306,360	329,756	\$1,221,763	93.5%	
All Funds	Budget	YTD Actuals	Year-End Projection	% of Budget	3-year Average
Personal Services	9,325,881	2,297,466	8,952,635	96.0%	93.5%
Materials and Services	37,639,485	6,116,757	35,468,270	94.2%	93.6%
Total Operating Expenditures	46,965,366	8,414,223	44,420,905	94.6%	93.5%
Capital Outlay	4,510,783	42,544	4,004,783	88.8%	15.1%
Renewal and Replacement	1,306,360	329,756	1,221,763	93.5%	0.0%
Total Expenditures	52,782,509	8,786,522	49,647,451	94.1%	85.2%

Parks and Environmental Services- Operating Expenditures by Month

shown in millions



Parks and Environmental Services' operating expenditures for the first quarter of FY 2010-11 tracked closely the budgeted amount and historical average expenditures. Expenditures, in general, reflect normal seasonal patterns of Parks and Solid Waste Operations.

Solid Waste Operations: Based on first quarter results the year-end tonnage projection is lower than budgeted, dominated by a new projection in which tonnage to Metro facilities is expected to fall 8.0 percent below budget. The new projection incorporates recent tonnage trends; an emerging difference is the effect of new food waste initiatives that divert organics from mixed putrescible waste formerly destined for regional waste disposal facilities, including Metro transfer stations, to composting facilities. The expected shortfall in revenue will not be fully offset by a reduction in expenditures. The reduction in tonnage translates to a 4.3 percent (\$1.3 million) decrease in tonnage-related materials and services. The decline is not one-to-one because Metro's operations contracts contain fixed costs that must be paid regardless of tonnage. In addition, effective Oct. 1, 2010, Metro's transport contract requires an increase of \$9.94/load (about \$105,000 for the remainder of the year) due to Oregon weight-mile tax increases.

Capital: Parks and Environmental Services spent less than 1 percent of its capital budget during the first quarter. About 98 percent of the capital budget is related to Solid Waste Operations. During the first quarter capital projects were under needs assessment or in the scoping phase. Capital expenditures under Renewal and Replacement during the first quarter are mostly related to the Metro Regional Center Garage Project and the Fleet Vehicle Replacement Project.

Weight-mile tax rate increases transport costs

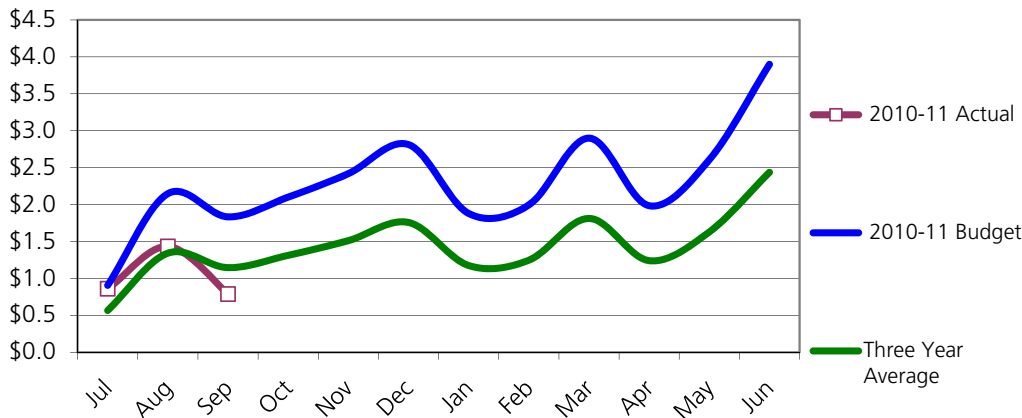
Sustainability Center

	Budget	YTD	Year-End Projection	% of Budget
General Fund	\$5,470,794	\$888,249	\$5,133,030	93.8%
Solid Waste Revenue Fund	\$8,099,253	\$744,778	\$6,905,196	85.3%
Natural Areas Fund	\$46,703,288	\$3,766,542	\$18,425,000	39.5%

All Funds	Budget	YTD	Year-End Projection	% of Budget	3-year Average
Personal Services	7,196,120	1,682,036	7,028,499	97.7%	94.4%
Materials and Services	20,284,264	1,399,525	11,788,205	58.1%	58.0%
Total Operating Expenditures	27,480,384	3,081,560	18,816,704	68.5%	67.4%
Capital Outlay	33,824,721	2,333,498	12,300,000	36.4%	48.3%
Total Expenditures	61,305,105	5,415,058	31,116,704	50.8%	55.4%

Sustainability Center- Operating Expenditures by Month

shown in millions, excluding capital acquisitions



Sustainability Center operating expenditures for the first quarter of FY 2010-11 track the three year average and are below budget primarily due to delays in intergovernmental agreements. Generally, during the first quarter projects are in the scoping phase and therefore quarterly expenditure levels are lower than the rest of the year.

Parks Planning and Development: The start of several projects has been delayed awaiting required approval by all stakeholders. A new project, the Lake Oswego to Portland trail analysis, is being initiated with the funding switched from the Lake Oswego to Milwaukie Bridge study, which was declared infeasible. Final approval for the new project is scheduled in December. As noted in the revenue section, the funding plan for the Blue Lake Trail and Tonquin Trail has changed. The Oregon Department of Transportation now will be directly responsible for expenditures on these projects (approximately \$1 million), although Metro will manage the projects. Graham Oaks Nature Park was open to the public in mid-September.

Resource Conservation and Recycling: Expenditures in this program generally take place from the second to fourth quarter, mainly as Grants to Other Governments. The Diesel Retrofit Project (\$803,000) has experienced a delay in completion of the inter-governmental agreement and procurement process with the Department of Environmental Quality, with expenses now expected to occur in the third quarter.

Natural Areas: Expenditures in materials and services from the Local Share program closely tracked the budgeted amount during the first quarter. These expenses are for local jurisdictions to implement Parks projects under the Natural Areas Bond Program. Expenses are on a reimbursement basis. The year-end forecast for Local Share and for capital (land acquisition) remains conservative, reflecting the continued economic conditions, historical patterns and expected acquisitions by the end of the fiscal year.

Lake Oswego to Portland Trail initiated

EXPENDITURES– SUPPORT DEPARTMENTS

All Support Departments

	Budget	Actual YTD	Year-end Projection	Year-end % of Budget	3-Year Average
Personal Services	15,766,077	3,874,974	15,525,505	98.5%	92.9%
Materials and Services	15,994,188	3,272,725	13,259,400	82.9%	79.3%
Total Operating Expenditures	31,760,265	7,147,699	28,784,905	90.6%	86.4%
Total Capital Outlay	893,000	23,195	893,000	100.0%	90.5%
Total Renewal and Replacement	1,031,004	227,673	824,803	80.0%	49.6%
Total Expenditures	\$33,684,269	\$7,398,567	\$30,502,708	90.6%	85.4%

Several support services departments are more fully staffed than in recent years, resulting in personal services projections that are higher than the three-year average.

Council Office

	Budget	Actual YTD	Year-end Projection	Year-end % of Budget	3-Year Average
Personal Services	2,816,386	681,192	2,673,000	94.9%	96.7%
Materials and Services	870,527	29,269	662,300	76.1%	58.8%
Total Expenditures	\$3,686,913	\$710,461	\$3,335,300	90.5%	92.0%

Office of the Auditor

	Budget	Actual YTD	Year-end Projection	Year-end % of Budget	3-Year Average
Personal Services	632,082	137,576	568,874	90.0%	89.8%
Materials and Services	39,351	14,571	36,203	92.0%	91.1%
Total Expenditures	\$671,433	\$152,147	\$605,077	90.1%	89.8%

Office of the Metro Attorney

	Budget	Actual YTD	Year-end Projection	Year-end % of Budget	3-Year Average
Personal Services	1,951,684	456,197	1,852,000	94.9%	94.9%
Materials and Services	61,202	6,276	57,000	93.1%	101.3%
Total Expenditures	\$2,012,886	\$462,474	\$1,909,000	94.8%	95.1%

Communications

	Budget	Actual YTD	Year-end Projection	Year-end % of Budget	3-Year Average
Personal Services	2,220,057	535,573	2,120,154	95.5%	94.8%
Materials and Services	294,618	4,611	181,800	61.7%	45.9%
Total Expenditures	\$2,514,675	\$540,184	\$2,301,954	91.5%	87.1%

Finance and Regulatory Services

	Budget	Actual YTD	Year-end Projection	Year-end % of Budget	3-Year Average
Personal Services	4,523,947	1,094,271	4,485,000	99.1%	90.4%
Materials and Services	1,413,739	57,443	1,161,601	82.2%	78.5%
Total Expenditures	\$5,937,686	\$1,151,714	\$5,646,601	95.1%	87.5%

Human Resources

	Budget	Actual YTD	Year-end Projection	Year-end % of Budget	3-Year Average
Personal Services	1,505,090	398,103	1,519,647	101.0%	95.8%
Materials and Services	331,717	38,319	295,900	89.2%	79.2%
Total Expenditures	\$1,836,807	\$436,422	\$1,815,547	98.8%	92.4%

Information Services

	Budget	Actual YTD	Year-end Projection	Year-end % of Budget	3-Year Average
Personal Services	2,306,831	572,061	2,306,831	100.0%	89.0%
Materials and Services	751,549	327,088	676,394	90.0%	79.4%
Total Operating Expenditures	3,058,380	899,149	2,983,225	97.5%	86.5%
Total Capital Outlay	125,000	23,195	125,000	100.0%	25.5%
Total Renewal and Replacement	1,031,004	227,673	824,803	80.0%	49.6%
Total Expenditures	\$4,214,384	\$1,150,017	\$3,933,028	93.3%	78.0%

EXPENDITURES– NON-DEPARTMENTAL

Non-departmental

	Budget	Actual YTD	Year-end Projection	Year-end % of Budget	3-Year Average
Personal Services	0	0		0%	0%
Materials and Services	4,876,637	330,822	3,645,073	74.7%	114.5%
Total Operating Expenditures	4,876,637	330,822	3,645,073	74.7%	114.5%
Total Debt Service	38,855,255	9,931,754	38,855,255	100.0%	100.0%
Total Renewal and Replacement	3,419,506	336,333	3,068,708	89.7%	70.5%
Total Expenditures	\$47,151,398	\$10,598,908	\$45,569,036	96.6%	99.3%

Non-departmental special appropriation expenditures during the first quarter include the following:

- \$6,800 of expected \$125,000 for external financial audit.
- \$25,000 of \$40,000 in sponsorships.
- First half (\$6,700) of yearly Lloyd Business Improvement District dues.
- \$25,000 to Regional Arts and Culture Council.
- \$1,300 in Nature in Neighborhoods grant reimbursements.







APPENDIX – Fund Tables, year to year comparison

General Fund (consolidated), as of Sept. 30, 2010

FY 2010-11

	Adopted Budget	Actuals 1st Qtr	YTD Actuals	June 30 Projection	% Budget
Resources					
Beginning Fund Balance	\$ 26,354,341		\$ 30,196,399	\$ 30,196,399	
Program Revenues	39,241,663	10,663,611	10,663,611	35,927,000	91.6%
General Revenues	28,304,127	3,069,478	3,069,478	26,612,000	94.0%
Transfers	40,730,002	6,470,200	6,470,200	19,730,002	48.4%
Employee 401K Contributions	0	0	0	0	
Special Items	0	0	0	0	
Extraordinary Items	0	0	0	0	
Other Financing Sources	0	100	100	100	
Subtotal Current Revenues	108,275,792	20,203,389	20,203,389	82,269,102	76.0%
Total Resources	\$134,630,133		\$50,399,787	\$112,465,501	
Requirements					
Operating Expenditures	81,814,513	16,417,865	16,417,865	75,965,439	92.9%
Debt Service	1,529,472	0	0	1,529,472	100.0%
Capital Outlay	0	0	0	0	
Interfund Transfers	4,313,554	2,111,280	2,111,280	4,313,551	100.0%
Intrafund Transfers	30,301,998	3,946,996	3,946,996	10,301,998	34.0%
Contingency	3,478,646				
Subtotal Current Expenditures	121,438,183	22,476,141	22,476,141	92,110,460	75.8%
Unappropriated Balance	13,191,950		27,923,646	20,355,041	
Total Requirements	\$134,630,133		\$50,399,787	\$112,465,501	

FY 2009-10

	Adopted Budget	Actuals 1st Qtr	YTD Actuals	June 30 Actuals	% Budget
Resources					
Beginning Fund Balance	\$ 26,616,367		\$ 28,627,795	\$ 28,627,795	
Program Revenues	41,114,826	8,836,207	8,836,207	37,251,325	90.6%
General Revenues	27,108,490	2,748,679	2,748,679	26,354,137	97.2%
Transfers	40,659,713	6,254,146	6,254,146	22,417,107	55.1%
Employee 401K Contributions	0	0	0	0	
Special Items	0	0	0	0	
Extraordinary Items	0	0	0	0	
Other Financing Sources	0	0	0	0	
Subtotal Current Revenues	108,883,029	17,839,033	17,839,033	86,022,569	79.0%
Total Resources	\$135,499,396		\$46,466,827	\$114,650,364	
Requirements					
Operating Expenditures	82,935,188	16,352,776	16,352,776	65,805,825	79.3%
Debt Service	1,472,340	0	0	1,472,339	100.0%
Capital Outlay	0	224	224	40,838	0.0%
Interfund Transfers	4,770,610	2,062,326	2,062,326	4,027,306	84.4%
Intrafund Transfers	30,694,846	3,942,009	3,942,009	13,107,658	42.7%
Contingency	3,854,033				
Subtotal Current Expenditures	123,727,017	22,357,335	22,357,335	84,453,966	68.3%
Unappropriated Balance	11,772,379		24,109,492	30,196,399	
Total Requirements	\$135,499,396		\$46,466,827	\$114,650,364	

Metro Capital Fund, as of Sept. 30, 2010

FY 2010-11

	Adopted Budget	Actuals 1st Qtr	YTD Actuals	June 30 Projection	% Budget
Resources					
Beginning Fund Balance	\$ 787,638		\$ 945,080	\$ 945,080	
Program Revenues	186,330	24,558	24,558	186,330	100.0%
General Revenues	3,900	1,111	1,111	3,900	100.0%
Transfers	20,000	0	0	20,000	100.0%
Employee 401K Contributions	0	0	0	0	
Special Items	0	0	0	0	
Extraordinary Items	0	0	0	0	
Other Financing Sources	0	0	0	0	
Subtotal Current Revenues	210,230	25,669	25,669	210,230	100.0%
Total Resources	\$997,868		\$970,750	\$1,155,310	
Requirements					
Operating Expenditures	0	99	99	99	0.0%
Debt Service	0	0	0	0	
Capital Outlay	559,500	62,788	62,788	534,000	95.4%
Interfund Transfers	0	0	0	0	
Intrafund Transfers	20,000	0	0	20,000	100.0%
Contingency	74,839				
Subtotal Current Expenditures	654,339	62,886	62,886	554,099	84.7%
Unappropriated Balance	343,529		907,864	601,211	
Total Requirements	\$997,868		\$970,750	\$1,155,310	

FY 2009-10

	Adopted Budget	Actuals 1st Qtr	YTD Actuals	June 30 Actuals	% Budget
Resources					
Beginning Fund Balance	\$ 6,406,821		\$ 3,315,015	\$ 3,315,015	
Program Revenues	1,253,953	143,757	143,757	1,587,799	126.6%
General Revenues	76,851	(2,672)	(2,672)	20,912	27.2%
Transfers	139,000	0	0	139,000	100.0%
Employee 401K Contributions	0	0	0	0	
Special Items	0	0	0	0	
Extraordinary Items	0	0	0	0	
Other Financing Sources	0	0	0	0	
Subtotal Current Revenues	1,469,804	141,085	141,085	1,747,711	118.9%
Total Resources	\$7,876,625		\$3,456,100	\$5,062,726	
Requirements					
Operating Expenditures	102,541	29,364	29,364	84,449	82.4%
Debt Service	0	0	0	0	
Capital Outlay	3,750,303	1,588,236	1,588,236	3,183,255	84.9%
Interfund Transfers	910,663	0	0	849,942	93.3%
Intrafund Transfers	0	0	0	0	
Contingency	2,727,503				
Subtotal Current Expenditures	7,491,010	1,617,600	1,617,600	4,117,646	55.0%
Unappropriated Balance	385,615		1,838,499	945,080	
Total Requirements	\$7,876,625		\$3,456,100	\$5,062,726	

MERC Fund, as of Sept. 30, 2010

FY 2010-11

	Adopted Budget	Actuals 1st Qtr	YTD Actuals	June 30 Projection	% Budget
Resources					
Beginning Fund Balance	\$ 24,850,944		\$ 27,086,280	\$ 27,086,280	
Program Revenues	32,206,334	6,779,311	6,779,311	32,560,745	101.1%
General Revenues	10,794,076	1,099,908	1,099,908	10,794,076	100.0%
Transfers	475,000	0	0	475,000	100.0%
Employee 401K Contributions	0	0	0	0	
Special Items	0	0	0	0	
Extraordinary Items	0	0	0	0	
Other Financing Sources	0	0	0	0	
Subtotal Current Revenues	43,475,410	7,879,219	7,879,219	43,829,821	100.8%
Total Resources	\$68,326,354		\$34,965,499	\$70,916,101	
Requirements					
Operating Expenditures	38,570,002	8,734,969	8,734,969	37,611,365	97.5%
Debt Service	0	0	0	0	
Capital Outlay	5,299,105	218,234	218,234	5,299,105	100.0%
Interfund Transfers	3,681,630	706,345	706,345	3,681,630	100.0%
Intrafund Transfers	0	0	0	0	
Contingency	2,452,773				
Subtotal Current Expenditures	50,003,510	9,659,548	9,659,548	46,592,100	93.2%
Unappropriated Balance	18,296,543		25,305,951	24,324,001	
Total Requirements	\$68,300,053		\$34,965,499	\$70,916,101	

FY 2009-10

	Adopted Budget	Actuals 1st Qtr	YTD Actuals	June 30 Actuals	% Budget
Resources					
Beginning Fund Balance	\$ 26,074,761			\$ 26,619,236	
Program Revenues	32,609,089	4,829,308	4,829,308	33,028,256	101.3%
General Revenues	11,517,152	489,821	489,821	10,067,961	87.4%
Transfers	692,490	0	0	187,252	27.0%
Employee 401K Contributions	0	0	0	0	
Special Items	0	0	0	0	
Extraordinary Items	0	0	0	0	
Other Financing Sources	0	0	0	0	
Subtotal Current Revenues	44,818,731	5,319,129	5,319,129	43,283,469	96.6%
Total Resources	\$70,893,492		\$5,319,129	\$69,902,705	
Requirements					
Operating Expenditures	39,862,986	7,769,354	7,769,354	37,573,803	94.3%
Debt Service	152,258	8,694	8,694	139,620	91.7%
Capital Outlay	3,421,251	427,691	427,691	1,607,526	47.0%
Interfund Transfers	3,704,857	710,485	710,485	3,495,476	94.3%
Intrafund Transfers	0	0	0	0	
Contingency	8,122,416				
Subtotal Current Expenditures	55,263,768	8,916,224	8,916,224	42,816,425	77.5%
Unappropriated Balance	15,629,724		(3,597,095)	27,086,280	
Total Requirements	\$70,893,492		\$5,319,129	\$69,902,705	

Natural Areas Fund, as of Sept. 30, 2010

FY 2010-11

	Adopted Budget	Actuals 1st Qtr	YTD Actuals	June 30 Projection	% Budget
Resources					
Beginning Fund Balance	\$ 50,775,000		\$ 56,792,607	\$ 56,792,607	
Program Revenues	943,210	10,128	10,128	10,128	1.1%
General Revenues	505,750	(89,114)	(89,114)	404,600	80.0%
Transfers	0	0	0	0	
Employee 401K Contributions	0	0	0	0	
Special Items	0	0	0	0	
Extraordinary Items	0	0	0	0	
Other Financing Sources	0	0	0	0	
Subtotal Current Revenues	1,448,960	(78,986)	(78,986)	414,728	28.6%
Total Resources	\$52,223,960		\$56,713,621	\$57,207,335	
Requirements					
Operating Expenditures	13,500,698	1,433,194	1,433,194	6,125,000	45.4%
Debt Service	0	0	0	0	
Capital Outlay	33,202,590	2,333,348	2,333,348	12,000,000	36.1%
Interfund Transfers	1,502,241	334,724	334,724	1,502,241	100.0%
Intrafund Transfers	0	0	0	0	
Contingency	3,988,905				
Subtotal Current Expenditures	52,194,434	4,101,266	4,101,266	19,627,241	37.6%
Unappropriated Balance	29,526		52,612,356	37,580,094	
Total Requirements	\$52,223,960		\$56,713,621	\$57,207,335	

FY 2009-10

	Adopted Budget	Actuals 1st Qtr	YTD Actuals	June 30 Actuals	% Budget
Resources					
Beginning Fund Balance	\$ 75,000,000		\$ 77,109,207	\$ 77,109,207	
Program Revenues	925,710	19,253	19,253	335,730	36.3%
General Revenues	1,875,000	(35,111)	(35,111)	940,859	50.2%
Transfers	0	0	0	0	
Employee 401K Contributions	0	0	0	0	
Special Items	0	0	0	0	
Extraordinary Items	0	0	0	0	
Other Financing Sources	0	0	0	50,000	
Subtotal Current Revenues	2,800,710	(15,858)	(15,858)	1,326,589	47.4%
Total Resources	\$77,800,710		\$77,093,349	\$78,435,796	
Requirements					
Operating Expenditures	13,447,344	1,345,516	1,345,516	7,178,112	53.4%
Debt Service	0	0	0	0	
Capital Outlay	45,119,612	891,317	891,317	13,085,103	29.0%
Interfund Transfers	1,472,292	238,669	238,669	1,379,974	93.7%
Intrafund Transfers	0	0	0	0	
Contingency	17,642,838				
Subtotal Current Expenditures	77,682,086	2,475,502	2,475,502	21,643,188	27.9%
Unappropriated Balance	118,624		74,617,847	56,792,607	
Total Requirements	\$77,800,710		\$77,093,349	\$78,435,796	

Oregon Zoo Infrastructure and Animal Welfare Bond Fund, as of Sept. 30, 2010

FY 2010-11

	Adopted Budget	Actuals 1st Qtr	YTD Actuals	June 30 Projection	% Budget
Resources					
Beginning Fund Balance	\$ 2,121,338		\$ 2,806,954	\$ 2,806,954	
Program Revenues	0	88	88	88	0.0%
General Revenues	21,213	10,950	10,950	21,213	100.0%
Transfers	0	0	0	0	
Employee 401K Contributions	0	0	0	0	
Special Items	0	0	0	0	
Extraordinary Items	0	0	0	0	
Other Financing Sources	15,000,000	15,000,000	15,000,000	15,000,000	100.0%
Subtotal Current Revenues	15,021,213	15,011,038	15,011,038	15,021,301	100.0%
Total Resources	\$17,142,551		\$17,817,992	\$17,828,255	
Requirements					
Operating Expenditures	659,562	177,226	177,226	650,609	98.6%
Debt Service	0	0	0	0	
Capital Outlay	14,696,830	176,622	176,622	9,829,221	66.9%
Interfund Transfers	294,915	74,093	74,093	294,915	100.0%
Intrafund Transfers	0	0	0	0	
Contingency	1,476,683				
Subtotal Current Expenditures	17,127,990	427,941	427,941	10,774,745	62.9%
Unappropriated Balance	14,561		17,390,051	7,053,510	
Total Requirements	\$17,142,551		\$17,817,992	\$17,828,255	

FY 2009-10

	Adopted Budget	Actuals 1st Qtr	YTD Actuals	June 30 Actuals	% Budget
Resources					
Beginning Fund Balance	\$ 4,512,846		\$ 4,260,056	\$ 4,260,056	
Program Revenues	0	0	0	0	
General Revenues	362,821	8,550	8,550	26,398	7.3%
Transfers	0	0	0	0	
Employee 401K Contributions	0	0	0	0	
Special Items	0	0	0	0	
Extraordinary Items	0	0	0	0	
Other Financing Sources	10,000,000	0	0	0	0.0%
Subtotal Current Revenues	10,362,821	8,550	8,550	26,398	0.3%
Total Resources	\$14,875,667		\$4,268,606	\$4,286,455	
Requirements					
Operating Expenditures	684,142	134,598	134,598	458,143	67.0%
Debt Service	0	0	0	0	
Capital Outlay	11,350,000	235,229	235,229	1,021,358	9.0%
Interfund Transfers	0	0	0	0	
Intrafund Transfers	0	0	0	0	
Contingency	2,826,363				
Subtotal Current Expenditures	14,860,505	369,828	369,828	1,479,501	10.0%
Unappropriated Balance	15,162		3,898,778	2,806,954	
Total Requirements	\$14,875,667		\$4,268,606	\$4,286,455	

General Renewal and Replacement, as of Sept. 30, 2010

FY 2010-11

	Adopted Budget	Actuals 1st Qtr	YTD Actuals	June 30 Projection	% Budget
Resources					
Beginning Fund Balance	\$ 6,876,878		\$ 6,591,200	\$ 6,591,200	
Program Revenues	500,000	542,666	542,666	542,666	108.5%
General Revenues	58,777	6,384	6,384	55,000	93.6%
Transfers	1,282,635	316,059	316,059	1,282,635	100.0%
Employee 401K Contributions	0	0	0	0	
Special Items	0	0	0	0	
Extraordinary Items	0	0	0	0	
Other Financing Sources	0	1,800	1,800	1,800	
Subtotal Current Revenues	1,841,412	866,909	866,909	1,882,101	102.2%
Total Resources	\$8,718,290		\$7,458,109	\$8,473,301	
Requirements					
Operating Expenditures	892,231	245,139	245,139	797,864	89.4%
Debt Service	0	0	0	0	
Capital Outlay	2,527,275	336,333	336,333	2,270,844	89.9%
Interfund Transfers	128,000	0	0	128,000	100.0%
Intrafund Transfers	0	0	0	0	
Contingency	4,870,784				
Subtotal Current Expenditures	8,418,290	581,471	581,471	3,196,708	38.0%
Unappropriated Balance	300,000		6,876,637	5,276,593	
Total Requirements	\$8,718,290		\$7,458,109	\$8,473,301	

FY 2009-10

	Adopted Budget	Actuals 1st Qtr	YTD Actuals	June 30 Actuals	% Budget
Resources					
Beginning Fund Balance	\$ 6,379,524		\$ 6,978,925	\$ 6,978,925	
Program Revenues	1,244,500	0	0	1,221,298	98.1%
General Revenues	216,559	(5,533)	(5,533)	65,726	30.3%
Transfers	2,274,845	309,810	309,810	1,989,175	87.4%
Employee 401K Contributions	0	0	0	0	
Special Items	0	0	0	0	
Extraordinary Items	0	0	0	0	
Other Financing Sources	0	0	0	0	
Subtotal Current Revenues	3,735,904	304,277	304,277	3,276,199	87.7%
Total Resources	\$10,115,428		\$7,283,202	\$10,255,124	
Requirements					
Operating Expenditures	978,363	62,070	62,070	842,370	86.1%
Debt Service	0	0	0	0	
Capital Outlay	3,764,924	47,769	47,769	2,821,554	74.9%
Interfund Transfers	0	0	0	0	
Intrafund Transfers	0	0	0	0	
Contingency	2,370,004				
Subtotal Current Expenditures	7,113,291	109,839	109,839	3,663,924	51.5%
Unappropriated Balance	3,002,137		7,173,363	6,591,200	
Total Requirements	\$10,115,428		\$7,283,202	\$10,255,124	

Risk Management Fund, as of Sept. 30, 2010

FY 2010-11

	Adopted Budget	Actuals 1st Qtr	YTD Actuals	June 30 Projection	% Budget
Resources					
Beginning Fund Balance	\$ 8,142,227		\$ 7,998,239	\$ 7,998,239	
Program Revenues	9,525,278	2,166,343	2,166,343	8,665,374	91.0%
General Revenues	25,000	8,042	8,042	10,000	40.0%
Transfers	1,186,095	484,096	484,096	1,186,095	100.0%
Employee 401K Contributions	0	0	0	0	
Special Items	0	0	0	0	
Extraordinary Items	0	0	0	0	
Other Financing Sources	0	0	0	0	
Subtotal Current Revenues	10,736,373	2,658,481	2,658,481	9,861,469	91.9%
Total Resources	\$18,878,600		\$10,656,721	\$17,859,708	
Requirements					
Operating Expenditures	12,498,637	2,862,044	2,862,044	10,586,000	84.7%
Debt Service	0	0	0	0	
Capital Outlay	0	0	0	0	
Interfund Transfers	5,225,000	5,225,000	5,225,000	5,225,000	100.0%
Intrafund Transfers	0	0	0	0	
Contingency	528,084				
Subtotal Current Expenditures	18,251,721	8,087,044	8,087,044	15,811,000	86.6%
Unappropriated Balance	626,879		2,569,677	2,048,708	
Total Requirements	\$18,878,600		\$10,656,721	\$17,859,708	

FY 2009-10

	Adopted Budget	Actuals 1st Qtr	YTD Actuals	June 30 Actuals	% Budget
Resources					
Beginning Fund Balance	\$ 2,756,352		\$ 8,301,172	\$ 8,301,172	
Program Revenues	8,631,555	2,023,819	2,023,819	8,383,041	97.1%
General Revenues	200,000	(6,768)	(6,768)	87,473	43.7%
Transfers	1,211,710	494,596	494,596	1,161,806	95.9%
Employee 401K Contributions	0	0	0	0	
Special Items	0	0	0	0	
Extraordinary Items	0	0	0	0	
Other Financing Sources	0	0	0	0	
Subtotal Current Revenues	10,043,265	2,511,647	2,511,647	9,632,320	95.9%
Total Resources	\$12,799,617		\$10,812,820	\$17,933,492	
Requirements					
Operating Expenditures	11,434,039	2,652,119	2,652,119	9,935,253	86.9%
Debt Service	0	0	0	0	
Capital Outlay	0	0	0	0	
Interfund Transfers	0	0	0	0	
Intrafund Transfers	0	0	0	0	
Contingency					
Subtotal Current Expenditures	11,434,039	2,652,119	2,652,119	9,935,253	86.9%
Unappropriated Balance	1,365,578		8,160,700	7,998,239	
Total Requirements	\$12,799,617		\$10,812,820	\$17,933,492	

Solid Waste Revenue Fund, as of Sept. 30, 2010

FY 2010-11

	Adopted Budget	Actuals 1st Qtr	YTD Actuals	June 30 Projection	% Budget
Resources					
Beginning Fund Balance	\$ 36,535,502		\$ 37,982,915	\$ 37,982,915	
Program Revenues	57,502,348	12,443,560	12,443,560	54,072,120	94.0%
General Revenues	357,537	34,330	34,330	303,554	84.9%
Transfers	5,446,449	5,225,000	5,225,000	5,446,449	100.0%
Employee 401K Contributions	0	0	0	0	
Special Items	0	0	0	0	
Extraordinary Items	0	0	0	0	
Other Financing Sources	0	0	0	0	
Subtotal Current Revenues	63,306,334	17,702,890	17,702,890	59,822,123	94.5%
Total Resources	\$99,841,836		\$55,685,804	\$97,805,038	
Requirements					
Operating Expenditures	50,304,431	8,137,979	8,137,979	46,786,532	93.0%
Debt Service	0	0	0	0	
Capital Outlay	5,194,283	42,544	42,544	4,688,283	90.3%
Interfund Transfers	6,995,233	1,693,712	1,693,712	6,995,233	100.0%
Contingency	14,540,763				
Subtotal Current Expenditures	77,034,710	9,874,235	9,874,235	58,470,048	75.9%
Unappropriated Balance	22,807,126		45,811,570	39,334,990	
Total Requirements	\$99,841,836		\$55,685,804	\$97,805,038	

FY 2009-10

	Adopted Budget	Actuals 1st Qtr	YTD Actuals	June 30 Actuals	% Budget
Resources					
Beginning Fund Balance	\$ 35,470,285	\$ 0	\$ 38,769,438	\$ 38,769,438	
Program Revenues	53,794,894	12,522,587	12,522,587	50,990,354	94.8%
General Revenues	883,119	(24,916)	(24,916)	367,099	41.6%
Transfers	421,287	0	0	159,802	37.9%
Employee 401K Contributions	0	0	0	0	
Special Items	0	0	0	0	
Extraordinary Items	0	0	0	0	
Other Financing Sources	0	0	0	0	
Subtotal Current Revenues	55,099,300	12,497,670	12,497,670	51,517,255	93.5%
Total Resources	\$90,569,585		\$51,267,109	\$90,286,693	
Requirements					
Operating Expenditures	48,576,119	8,452,476	8,452,476	45,379,308	93.4%
Debt Service	0	0	0	0	
Capital Outlay	5,066,583	105,406	105,406	549,264	10.8%
Interfund Transfers	17,478,579	1,662,936	1,662,936	6,375,207	36.5%
Contingency	11,172,580				
Subtotal Current Expenditures	82,293,861	10,220,818	10,220,818	52,303,779	63.6%
Unappropriated Balance	8,275,724		41,046,291	37,982,915	
Total Requirements	\$90,569,585		\$51,267,109	\$90,286,693	

APPENDIX – Excise Tax Annual Forecast, as of Sept. 30, 2010

Total Excise Tax Collections

Facility/Function	FY 2010-11 Budget	Revised Annual Forecast	Difference	% Difference
Oregon Convention Center	1,313,778	1,337,778	24,000	1.83%
Expo Center	441,301	426,293	(15,008)	-3.40%
Planning Fund	4,830	15,847	11,017	228.09%
SW Product Sales	197,250	117,192	(80,058)	-40.59%
Parks and MRC	283,048	271,048	(12,000)	-4.24%
Total	2,240,207	2,168,158	(72,049)	-3.22%

Tonnage-Related Excise Tax (using the revised annual forecast)	FY 2010-11 Budget	Revised Annual Forecast	Difference	% Difference
Solid Waste and Recycling Metro Facilities	5,428,740	5,059,586	(369,154)	-6.80%
Solid Waste and Recycling Non Metro Facilities	7,234,990	7,289,252	54,262	0.75%
Total Solid Waste Per Ton Excise Tax	12,663,730	12,348,838	(314,892)	-2.49%
Grand Total Excise Tax	14,903,937	14,516,996	(386,941)	-2.60%

Assumptions:

Split between Metro and Non Metro is based upon budgeted tonnage.

Non Metro tonnage includes Environmental Cleanup charge (ECU) of \$1 per ton and Outside of Metro Tonnage disposed at Metro sites.

Recovery Rate Stabilization Reserve Balance

Solid Waste General by Code	11,370,000	11,370,000	-	0.00%
Transfer to Recovery Rate Stabilization Reserve	1,293,730	978,838	(314,892)	-24.34%

Beginning Balance	\$	-
FY 2010-11 Contribution	\$	978,838
FY 2010-11 Ending Balance	\$	978,838





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November 13, 2010

COUNCIL PRESIDENT CARLOTTA COLLETTE

Oregon Flexible Funds Program
c/o Robert Sherman
555 13th St. NE, Suite 2
Salem, OR 97301

Dear Mr. Sherman and Review Committee members:

I am writing on behalf of the Metro Council to support ODOT's State Flexible Funds grant application for \$1.3 million to construct a new bicycle/pedestrian/transit user undercrossing at SE Division Street as part of the existing I-205 Multi-Use Path.

Metro supports ODOT's work to make improvements to the north/south I-205 Multi-Use Path, an important transportation corridor in our region. The I-205 Multi-Use Path allows bicyclists and pedestrians to access transit (both bus and MAX), and is an important connection in the Lents neighborhood area to the Springwater Trail where bicyclists and pedestrians travel east/west. Metro, the Cities of Portland and Milwaukie, and Clackamas County have successfully pursued and invested in completing connections along the Springwater Trail to make this area safe and convenient for users in our region. Metro and the City of Portland Parks and Recreation Bureau have also secured funds to begin the planning process for another future bicycle and pedestrian connection known as Sullivan's Gulch which will travel east/west parallel to I-84.

Metro appreciates ODOT's vision for making the I-205 Multi-Use Path a safer and more aesthetically pleasing facility for users. We applaud ODOT Region 1's partnership with Friends of Trees to add thousands of trees and shrubs to the I-205 Multi-Use Path. Metro's Nature in Neighborhoods Capital Grant program also awarded Friends of Trees and ODOT a total of \$410,000 over a three-year period to green the existing ODOT right-of-way adjacent to the I-205 Multi-Use Path from Marine Drive south to Gladstone. Metro has been very impressed with the depth and breadth of this project and the number of creative collaborations and support that ODOT and Friends of Trees have garnered from this initiative. Metro received the project's first year report indicating that ODOT and Friends of Trees together with volunteers added a total of 2,405 trees and shrubs to the I-205 Multi-Use Path. With two more years left in the grant cycle, we believe that the I-205 Multi-Use Path will be enhanced greatly by adding important green infrastructure to its adjacent right-of-way.

Along with the addition of trees and shrubs, Metro has also become aware of the improvements ODOT plans for the I-205 Multi-Use Path. Several of these improvements, in fact, serve as a required match to the Nature in Neighborhoods Capital Grant awarded to ODOT and Friends of Trees. Metro supports these improvements and supports construction of a new undercrossing at SE Division to make trips safer by bicycle and on foot. Metro supports efforts to recognize the I-205 Multi-Use Path as a key regional transportation corridor for bicyclists, pedestrians and transit users and appreciates efforts to improve this important asset in our region.

The I-205 Multi-Use Path crosses through several neighborhoods that include people from a variety of socioeconomic, immigrant and minority communities. Councilor Robert Liberty has been working in collaboration with the East Portland Action Plan to bring about more public investment in East Portland and the Metro Council views this funding application as another opportunity to support these efforts.

Thank you for the opportunity to show Metro's support for the application to secure funding to construct a new undercrossing at SE Division Street, and we look forward to working with you to support improvements to the I-205 Multi-Use Path in the future.

Sincerely,

A handwritten signature in cursive script, appearing to read "Carlotta Collette".

Carlotta Collette
Metro Council President



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November 8, 2010

COUNCIL PRESIDENT CARLOTTA COLLETTE

Oregon Flexible Funds Program
c/o Robert Sherman
555 13th St. NE, Suite 2
Salem, OR 97301

Re: Support for **Wilkins Street Trailhead for Rock Creek Regional Trail**

Dear Mr. Sherman and Review Committee members,

I am writing to show Metro's support of Hillsboro's application for development of the Wilkins St. and Cherry Lane Trailheads for the Rock Creek Regional Trail. The Rock Creek Regional Greenspace and Trail are key facilities recognized in Metro's Regional Trails Plan, Greenspace Plan, and Transportation Plan. Facilities like this provide for active transportation and recreation and are critical to livability in our urban areas. The scenic qualities of the greenspace corridor make the trail especially appealing, particularly with our increasing urban density; the off-street trail provides a safe environment for all users regardless of skill level.

The Rock Creek Regional Trail connects people with destinations: employment, retail, neighborhoods and parks. The 2011 trail extension will provide a connection to the Quatama Light Rail Station, expanding the multi-modal nature of the trail and linking several densely populated neighborhoods with the trail. Although additional connections and trail extensions will be made in the future, Wilkins Street is expected to be the terminus for at least five years and a trailhead is needed at this location. The Cherry Lane trailhead will serve those entering the trail from the west, linking to the Orenco Town Center area.

Trailheads are key anchors for the regional trail, providing needed support facilities for trail users: restrooms, drinking water, an information kiosk, parking, tables, benches and waste/recycling receptacles. Developed with low-impact features and sustainability in mind, including an electric car charging station, the trailheads will be welcoming and attractive features for all users, from proficient commuters to those just beginning to use alternative transportation. These projects will help make active transportation safe and inviting for everyone; basics such as restrooms and drinking water are critical to helping people make healthy lifestyle changes to active transportation and recreation.

As a region, we look to a future that offers livability and quality of life, with sustainable development, protection of our sensitive areas and transportation alternatives that are

interconnected and available to all. The Trailhead projects are poised to move forward in conjunction with the trail extension construction planned for 2011, making this a seamless investment in alternative transportation. I urge your support for this project.

Sincerely,

A handwritten signature in black ink, appearing to read 'Carlotta Collette', written in a cursive style.

Carlotta Collette
Metro Council President