

BEFORE THE COUNCIL OF THE  
METROPOLITAN SERVICE DISTRICT

FOR THE PURPOSE OF APPROVING A ) RESOLUTION NO. 87-788  
FY 1987-88 SUPPLEMENTAL BUDGET AND )  
TRANSMITTING THE APPROVED BUDGET ) Introduced by the  
TO THE TAX SUPERVISING AND CONSER- ) Executive Officer  
VATION COMMISSION )

WHEREAS, A supplemental budget is necessary as provided in ORS 294.480 (1)(a) due to "an occurrence or condition which had not been ascertained at the time of the preparation of a budget for the current year which requires a change in financial planning;" and

WHEREAS, The Council of the Metropolitan Service District convened as Budget Committee has reviewed the Proposed Supplemental Budget and held a public hearing on the proposed Budget on August 13, 1987, and considered overall issues affecting the FY 1987-88 Supplemental Budget; and

WHEREAS, Pursuant to Oregon Budget Law, the Council convened as Budget Committee must approve the FY 1987-88 Supplemental Budget and said approved budget must be transmitted to the Tax Supervising and Conservation Commission (TSCC) for public hearing and review; now, therefore,

BE IT RESOLVED,

1. That the Proposed FY 1987-88 Supplemental Budget as amended by the Council of the Metropolitan Service District convened as Budget Committee, which is on file at the Metropolitan Service District offices, is hereby approved.

2. That the Executive Officer is hereby directed to submit the Approved FY 1987-88 Supplemental Budget to the Tax Supervising and Conservation Commission for public hearing and review.

ADOPTED by the Council of the Metropolitan Service District this 13th day of August, 1987.

  
Richard Waker, Presiding Officer

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CONSIDERATION OF RESOLUTION NO. 87-788 APPROVING  
A FY 1987-88 SUPPLEMENTAL BUDGET AND TRANSMITTING  
THE APPROVED BUDGET TO THE TAX SUPERVISING AND  
CONSERVATION COMMISSION

*\* PUBLIC HEARING ON RESOL. 87-787*

Date: July 27, 1987

Presented by: Jennifer Sims

FACTUAL BACKGROUND AND ANALYSIS

The debt payment schedule for the Convention Center Project General Obligation bonds was revised in June. The revision moved the FY 87-88 interest payment from January 1, 1988, to June 1, 1988. The deferred payment is higher than that budgeted and requires a budget amendment.

This item is presented as a supplemental budget under Oregon Budget Law ORS 294.480 (1)(a), which allows this type of amendment when there is "an occurrence or condition which had not been ascertained at the time of the preparation of a budget for the current year which requires a change in financial planning."

The current adopted budget anticipates a \$2,493,800 payment funded by the property tax levy and some interest earnings on those taxes. The actual payment will be \$4,409,513. Oregon Budget Law prohibits an increase in the tax levy so the difference must be derived from other funding sources.

Two funding sources were considered to cover the extra amount of debt service. One option is to borrow from the bond proceeds which is an eligible use of these funds. The funds would be repaid from a higher tax levy in FY 88-89. This approach reserves the entire projected \$6.5 million interest earnings for project contingency and tax stabilization. If during the FY 1988-89 budget process the Convention Center Project budget uncertainties were favorably resolved, the bonds could be repaid from interest earned on the bonds in the Capital fund and the balance of interest earned could be utilized for tax rate stabilization in subsequent years. A second option is to use a portion of the first year interest earnings on the bond proceeds. This would reduce the project's interest reserve by about \$1.7 million leaving \$4.8 million for project contingency and tax stabilization. This is an eligible use of these funds and in accordance with the previously planned use of these earnings.

EXECUTIVE OFFICER'S RECOMMENDATION

The Executive Officer recommends adoption of Resolution No. 87-787 approving a supplemental budget using \$1.7 million of interest earnings on the bond proceeds to pay FY 1987-88 debt service requirements.

Councilor Kirkpatrick asked about the dollar impact of Amendment No. 8, relating to sick leave usage, incentive and accrual. Article 14.11.1 of the new agreement would authorize employees who use 40 hours or less of sick leave in a fiscal year to have set aside an amount equal to 25 percent of their sick leave accrual for the fiscal year in an account. They would be paid the balance of the account when they terminated employment with Metro. The current sick leave incentive program would be deleted.

Ray Phelps explained the administration viewed the amendment as an opportunity to reduce the amount of sick leave taken by Zoo employees and the amount of expenses resulting from sick leave. The average union employee used over seven days sick leave annually, he said, plus additional expenses of hiring temporary workers and paying other employees overtime when an employee was absent. Mr. Boose added that the maximum liability to Metro would be \$18,500 annually if no one was sick. The figure would be reduced another \$6,000 by eliminating the former sick leave incentive program. He noted the new program would be implemented on a one year, trial basis.

Councilor Bonner asked why management had not placed a cap on the amount of sick leave an employee could accumulate. Mr. Phelps said ceilings had been imposed in the past but when long-term employees came close to reaching the ceiling, union officials would bargain to raise the limit and management would concede. Given that history, Mr. Phelps recommended imposing no cap.

Motion: Councilor Gardner moved, seconded by Councilor Van Bergen, to approve Resolution No. 87-789.

Vote: A vote on the motion resulted in all eleven Councilors present voting aye. Councilor Collier was absent.

The motion carried and Resolution No. 87-789 was adopted.

8.3 Consideration of Resolution No. 87-788, for the Purpose of Approving a FY 1987-88 Supplemental Budget (related to Convention Center Project Debt Service Requirements) and Transmitting the Approved Budget to the Tax Supervising and Conservation Commission (TSCC); and

Consideration of Resolution No. 87-787, for the Purpose of Amending Resolution No. 87-744, Adopting a Supplemental Budget and Revising the FY 1987-88 Budget and Appropriations and Increasing Convention Center Project Debt Service Payments (Public Hearing)

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Jennifer Sims, Management Services Director, reported the Council would be asked to adopt Resolution No. 87-789 at this meeting. The approved supplemental budget would then be forwarded to the TSCC for review, public hearing and certification. The certified budget would be returned by the TSCC to Metro for final adoption. The Council would then be asked to adopt Resolution No. 87-787. A public hearing would be conducted on Resolution No. 87-787 at this meeting.

Ms. Sims reviewed the actions requested. She said the current adopted budget anticipated a \$2,493,800 payment funded by the property tax levy and some interest earnings on those taxes. The actual payment would be \$4,409,513. Since Oregon Budget Law prohibited an increase in the tax levy, the difference had to be derived from other funding sources. Staff recommended using \$1.7 million of interest earnings on the bond proceeds to pay FY 1987-88 debt service requirements.

Presiding Officer Waker left the Council Chamber and Deputy Presiding Officer Gardner opened the public hearing on Resolution No. 87-787. There being no testimony, The Deputy closed the hearing.

Motion: Councilor Ragsdale moved to adopt Resolution No. 87-788. Councilor Knowles seconded the motion.

Responding to Councilor Gardner's question, Ray Phelps, Finance & Administration Director, reported that if the proposed supplemental budget were not approved, property taxes would increase from about 9¢ per \$1,000 assessed value to about 25¢ per \$1,000.

Presiding Officer Waker returned to the Council Chamber.

Vote: A vote on the motion to adopt Resolution No. 87-788 resulted in all 10 Councilors present voting aye. Councilors Collier and Hansen were absent.

Deputy Presiding Officer Gardner explained the Council would be asked to adopt Resolution No. 87-787 when the certified budget was returned from the TSCC.

8.2 Consideration of Resolution No. 87-797, for the Purpose of Authorizing Two New Positions (Construction Project Manager and Secretary), Amending the Pay and Classification Plans, and Amending the FY 1987-88 Budget and Appropriations Schedule

Executive Officer Cusma reviewed the need for upgrading construction management oversight. Construction activities were increasing and the complexity of the Disadvantaged Business Enterprise Program required a Construction Project Manager to oversee Metro's activi-