

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF FORMALIZING) RESOLUTION NO 03-3366
BUDGET ASSUMPTION GUIDELINES FOR)
DEPARTMENTAL USE IN PREPARING THE) Introduced by Michael Jordan, Chief
FISCAL YEAR 2004-05 BUDGET, AND) Operating Office with the concurrence of the
DIRECTING THE THE CHIEF OPERATING) Council President
OFFICER TO ADVISE COUNCIL OF ANY)
SUBSTANTIVE CHANGES IN THE)
ASSUMPTIONS PRIOR TO THE SUBMISSION)
OF THE PROPOSED BUDGET TO COUNCIL)
FOR PUBLIC REVIEW)

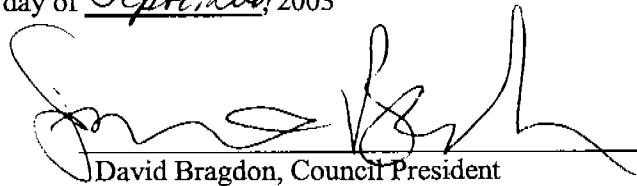
WHEREAS, The Metro Council has deliberated upon the global budget assumptions shown in Attachment 1 a) better understand the factors that are used in creating Metro departmental and agency assumptions; b) discuss questions, issues, or concerns related to these proposed assumptions; c) determine areas where a change in assumptions may be desirable; and d) determine areas where Council has little or no discretion in changing assumptions; and

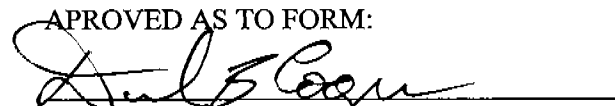
WHEREAS, The Metro Council has agreed upon the need for this set of assumptions to be used by departments in the preparation of the Fiscal Year 2004-05 budget; and

WHEREAS, The Metro Council wishes to formalize these assumptions as guidelines prior to the dissemination of the Budget Preparation Manual; now therefore

BE IT RESOLVED that the Metro Council approves and formalizes the budget assumptions as guidelines for departmental use in preparing the Fiscal Year 2004-05 budget, and directs the Chief Operating Officer to advise the Council of any substantive changes in these assumptions prior to the submission of the budget to Council for public review.

ADOPTED by the Metro Council this 18 day of September, 2003


David Bragdon, Council President

APPROVED AS TO FORM:

Daniel B. Cooper, General Counsel



STAFF REPORT

IN CONSIDERATION OF RESOLUTION NO. 03-3366 FOR THE PURPOSE OF FORMALIZING BUDGET ASSUMPTION GUIDELINES FOR DEPARTMENTAL USE IN PREPARING THE FISCAL YEAR 2004-05 BUDGET, AND DIRECTING THE CHIEF OPERATING OFFICER TO ADVISE COUNCIL OF ANY SUBSTANTIVE CHANGES IN THE ASSUMPTIONS PRIOR TO THE SUBMISSION OF THE PROPOSED BUDGET TO COUNCIL FOR PUBLIC REVIEW

Date: August 25, 2003

Prepared by: Kathy Rutkowski

BACKGROUND

At the September 2, 2003 Council Work Session, Financial Planning staff will present to Council for discussion a series of financial assumptions to guide the development of the FY 2004-05 budget. The assumptions include estimates for salary adjustments for various employee groups, fringe benefit costs such as health & welfare and PERS, and a variety of general revenue or global assumptions such as excise tax forecast and allocations for FY 2004-05 and elections expense. Following discussion, the Council is asked to formalize the use of these assumptions as guidelines in the development of the FY 2004-05 departmental budgets. Should additional information arise that would necessitate a significant change in any of these assumptions, the Chief Operating Officer will advise the Council of the change prior to the submission of the Proposed Budget to the Council for public review.

In addition, at the September 9, 2003 Council Work Session, three departments (Solid Waste & Recycling, Oregon Zoo and MERC) will be making presentations on revenue projects. The Council will also hear a presentation on the Risk Management Fund and status of reserves. At that meeting, the Council will be asked to provide at least tentative direction on the level of allocations for the Risk Management Fund for FY 2004-05. The Attachment 1 to the resolution will need to be modified to reflect that direction and any other department specific assumption the Council would like added to the list.

ANALYSIS/INFORMATION

1. **Known Opposition:** None known.
2. **Legal Antecedents:** None.
3. **Anticipated Effects:** Approval of this resolution will formalize the assumptions to be used in the FY 2004-05 budget. It provides that any significant changes to these assumptions will be brought back to Council prior to submission of the Proposed Budget.
4. **Budget Impacts:** The estimated cost impact of each assumption has been calculated where appropriate, and is shown in Attachment 1 to the Resolution, Summary of Financial Assumptions.

RECOMMENDED ACTION

The Chief Operating Officer recommends approval of Resolution No. 03-3366.

ATTACHMENT 1
Resolution No. 03-3366
SUMMARY OF FINANCIAL ASSUMPTIONS FOR FY 2004-05 BUDGET

	FY 2004-05 Assumption	FY 2004-05 Cost Estimate
<i>Salary Adjustment:</i>		
✓ Elected Officials	0% increase	\$0
✓ Non-Represented (Metro & MERC), AFSCME	5% salary pool	\$1,411,580
✓ All Other Groups	2% COLA pool	\$256,247
<i>Fringe Benefits:</i>		
1. FICA	7.65% of salaries/wages with exceptions for Elected Officials	\$3,293,961
2. TriMet Payroll Tax	0.6218% of salaries/wages	\$267,732
3. Worker Comp Tax	\$0.018 per hour worked	\$36,207
4. Long Term Disability	0.74% of eligible salaries/wages	\$276,576
5. Life Insurance	\$0.17 per \$1,000 of annual salary (to a maximum of \$50,000) per month	\$69,330
6. Accidental Death Insurance	\$0.03 per \$1,000 of annual salary (to a maximum of \$50,000) per month	\$12,247
7. Dependent Life Insurance	\$0.35 per employee per month	\$2,839
8. Employee Assistance Program	\$1.78 per employee per month	\$14,667
9. TriMet Passport Program	Regular Employees Only Metro Regional Center - \$190/emp Offsite Facilities - \$21/emp Oregon Zoo - \$121/emp	\$85,761
10. Health & Welfare Program	\$629 per employee per month	\$5,206,082
11. PERS	6.00% Employee Pick-Up 7.14% Employer Contribution 6.65% Additional to Reserve	\$1,999,852 \$2,669,806 \$2,486,584

ATTACHMENT 1
Resolution No. 03-3366
SUMMARY OF FINANCIAL ASSUMPTIONS FOR FY 2004-05 BUDGET

	FY 2004-05 Assumption	FY 2004-05 Estimate
<i>General Revenue Estimates:</i>		
✓ Interest Rate	1.5% of cash balances	Varies
✓ Excise Tax Forecast		
○ Base solid waste excise tax	1.4% above FY 2003-04 base	\$6,214,451
○ All other facilities	Estimate based on discussions with departments	\$2,583,975
○ \$1.00 per ton to Parks (if continued)	1.4% above FY 2003-04 rate	\$1,271,134
<i>Other Global Assumptions:</i>		
✓ Excise Tax Allocations		
○ Planning Fund (general allocation)	Same as FY 2003-04	\$4,054,761
○ Regional Parks Fund (general allocation)	Same as FY 2003-04	\$476,847
○ Regional Parks Fund (landbanking)	Same as FY 2003-04	\$231,008
○ Regional Parks Fund (1% on SW)	Tied to formula of base SW excise tax	\$730,198
○ Support Service Fund (lobbyist contract)	Tied to legislative session need	\$100,000
○ MERC Operating Fund (OCC VDI Compliance)	Same as FY 2003-04	\$173,939
✓ \$1.00 per ton excise tax to Parks	Assume this allocation continues	\$1,271,134
✓ Inflation factor for other costs	2% where no other factors exist	Varies
✓ Contingency	4% of operating expenses with variances based on volatility of activity	Varies
✓ Special Appropriations		
○ Elections Expenses	\$250,000 for run-off elections for three Council seats	\$250,000
○ Contribution to RACC	Contribute same amount as in current year	\$25,000
○ Water Consortium Dues	Provide for same amount as in current year	\$15,000
○ Public Notifications	Newly fund same amount as in current year	\$75,000
✓ Central Service Transfers/Overhead Rates	Central service estimates to be provided in the budget manual based on a preliminary run of the FY 2004-05 cost allocation plan as described above.	TBD