

A G E N D A

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METRO

Agenda

MEETING: METRO COUNCIL WORK SESSION MEETING
DATE: September 9, 2003
DAY: Tuesday
TIME: 2:00 PM
PLACE: Metro Council Chamber

CALL TO ORDER AND ROLL CALL

- | | | | |
|---------|----|--|---------------------|
| 2:00 PM | 1. | SALEM LEGISLATIVE REPORT | Cooper |
| 2:15 PM | 2. | DISCUSSIONS WITH METRO AUDITOR | Dow |
| 2:30 PM | 3. | 04-05 BUDGET ASSUMPTION DISCUSSION –
RISK FUND AND REVENUE | Short/
Rutkowski |
| 3:15 PM | 4. | CITIZEN COMMUNICATION | |
| 3:25 PM | 5. | EXECUTIVE SESSION HELD PURSUANT TO
ORS 192.660 (1) (d) FOR THE PURPOSE OF
DELIBERATING WITH PERSONS DESIGNATED
TO CONDUCT LABOR NEGOTIATIONS. | Aguilar/
Desmond |
| 4:05 PM | 6. | CHIEF OPERATING OFFICER COMMUNICATION | |
| 4:15 PM | 7. | COUNCILOR COMMUNICATION | |

ADJOURN

***DISCUSSION WITH METRO AUDITOR/FOLLOW UP TO IDENTIFYING MATTERS OF INTEREST TO
COUNCILORS***

Metro Council Work Session
Tuesday, September 9, 2003
Metro Council Chamber

METRO COUNCIL

Work Session Worksheet

Presentation Date: 9/9/03 Time: Length: 15 min.
Presentation Title: Informal Discussions With Metro Auditor/ Follow Up to
Identifying Matters of Interest to Councilors
Department: Office of the Auditor
Presenter: Alexis Dow

ISSUE & BACKGROUND

Continue the dialogue started between the Auditor and Council at the June 10, 2003 Work Session. At that meeting, the Council President and Councilors received a list of questions from Auditor Dow to initiate ongoing discussion between elected officials working to fulfill expectations of Metro-area citizens. Dow will follow up on responses received from the Council President and Councilors and continue the conversation initiated on June 10.

OPTIONS AVAILABLE

Councilor responses provided to Auditor Dow prior to the Work Session or distributed at the session.

IMPLICATIONS AND SUGGESTIONS

Lack of written comments will slow the process.

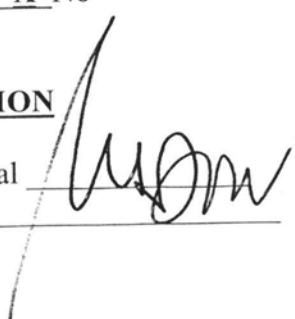
QUESTION(S) PRESENTED FOR CONSIDERATION

Auditor Dow requests Councilor response to the June 10 list of questions.

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

SCHEDULE FOR WORK SESSION

Department Director/Head Approval _____
Chief Operating Officer Approval _____



04-05 BUDGET ASSUMPTIONS DISCUSSION – RISK FUND AND REVENUE

Metro Council Work Session
Tuesday, September 9, 2003
Metro Council Chamber

METRO COUNCIL

Work Session Worksheet

Presentation Date: 9/2/03 & 9/9/03 Time: 2:00 Length: 45 min (each)

Presentation Title: FY 2004-05 Financial Assumptions for Annual Budget

Department: Finance

Presenters: Mike Jordan, Kathy Rutkowski on September 2, 2003
Department Representatives on September 9, 2003

ISSUE & BACKGROUND

Preparation of the annual budget includes the development of a variety of financial assumptions. These assumptions range from all factors that impact personal services (cost of living, PERS, health & welfare, etc) to general revenue factors such as interest rates to global factors such as allocations of excise tax and central service transfers. This year, more than any other year, more factors are in a state of flux. The assumptions have been crafted with the best information available at the time. There are several areas where changes have been recommended to the traditional way of calculating costs. These changes have been recommended in order to provide greater flexibility in meeting unknown needs or to provide greater accuracy in estimates.

In addition, revenue estimates for several departments (Solid Waste & Recycling, MERC and Zoo) are sensitive to economic situations. The revenue assumptions used by these departments drive not only the preparation of these department budgets but also significantly impact general fund revenue projections. The Council President has requested that these three departments discuss the current environment and expectations for the coming year.

Finally, reserves held in the Risk Management Fund for liability, property, and workers' compensation have reached an unacceptably low level. Projections indicate that if department allocations continue to be held constant, the fund will eat into the solid waste environmental impairment liability reserves by about \$2 million within five years. The Risk Manager will make a presentation explaining how we got to this situation, provide three possible financing alternatives for the fund, and discuss options for possible cost reductions.

OPTIONS AVAILABLE

A detailed report on all financial assumptions will be discussed with Council at the work session. The report provides an explanation and a rationale for each assumption. It also provides a recommendation for each assumption and cost estimates and options where appropriate.

IMPLICATIONS AND SUGGESTIONS

These financial assumptions will be used in the development of the FY 2004-05 budget. Although official budget preparation will not begin for a few months several departments have asked to have these assumptions as soon as possible in order to begin forecasting

and identifying issues for their departments. The approved FY 2004-05 financial assumptions will also form the basis for the five-year operating forecasts that will be prepared beginning the middle of September. These forecasts will be used to help determine sufficiency of resources when evaluating the CIP requests and, for central services, will be used to forecast preliminary central service costs to be included in the budget manual.

QUESTION(S) PRESENTED FOR CONSIDERATION

Review of each assumption may develop additional questions, however, currently identified questions are:

1. Does the Council approve the assumptions as presented? If not, what changes are acceptable?
2. Does the Council wish to continue reserving the savings from the legislative changes to PERS?
3. Should we assume the continuation of the \$1.00 per ton excise tax to Regional Parks?
4. Is the Council comfortable with maintaining excise tax allocations to operating departments at the current year levels (i.e. no increase based on flat revenue forecast)?
5. Is the Council comfortable with the proposed new method of estimating central service allocations for purposes of initial assumptions?
6. Which financing option for risk management does the Council wish to implement?

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

SCHEDULE FOR WORK SESSION

Department Director/Head Approval CASIM GHS
Chief Operating Officer Approval Michael Ford

FINANCIAL ASSUMPTIONS FOR FY 2004-05 BUDGET

*Presentation to Council
Council Work Session September 2, 2003
Prepared by: Kathy Rutkowski*

Assumptions are inherent in any financial planning process. They provide the numerical basis for the development of the annual budget. This report will outline and discuss the various global financial assumptions to be used in the development of the FY 2004-05 budget. It will be divided into four main categories: Salary Base and Adjustments, Fringe Benefits, General Revenue Estimates, and Other Global Assumptions. Each main category will include multiple assumptions. Significant assumptions, such as health & welfare, PERS and excise tax, will be discussed individually while other assumptions will be discussed as a group. Included in the report will be an estimate of the cost to Metro if the Council accepts the proposed assumption. The analysis includes all departments and facilities of Metro including MERC as well as all salary/wage costs including temporary, seasonal, MERC part-time event related staff and overtime/holiday pay.

A resolution has been submitted to Council that will formalize the financial assumptions to be used by departments in the preparation of their FY 2004-05 budget. It will also direct the Chief Operating Officer to advise the Council of any substantive changes in the assumptions prior to submission of the proposed budget to the Council for public review.

A. Salary Base and Adjustments

The analysis used the FY 2003-04 adopted budget salaries, wages and FTE as the base for all FY 2004-05 cost estimates. The analysis was broken down by fund, department and employee representation status or group such as non-represented, AFSCME, LIU 483, etc. This presentation will focus on costs by employee representation status or group.

Each employee group has its own pay plan and scale, however, certain generalities can be made. All collective bargaining agreements except Metro AFSCME have pay plans with limited steps. In all cases, employees in these other collective bargaining agreements reach the top step within one year. Metro AFSCME's pay plan includes seven steps with five percent increments between each step. An employee steps through the plan with annual increases on the anniversary of the date of hire into the position. Elected Officials' salaries are tied to the District Court Judge salary that is adjusted by the State Legislature. Non-represented employees, both Metro and MERC, and the Council unclassified position are paid within a salary range with increases based on merit review for Metro non-represented employees and implementation of a pay-for-performance plan for MERC non-represented staff. Unclassified employees of the Auditor are paid in accordance with the Auditor's direction. For purposes of this analysis all unclassified employees are treated the same as non-represented employees.

For discussion of the analysis all employees have been grouped into one of three categories: (1) elected officials, (2) non-represented, unclassified, Metro AFSCME, or (3) all other employee groups. The salary base and proposed assumption for FY 2004-05 will be discussed separately for each group.

1) *Elected Officials*

The elected officials include the salaries for the Council President, Auditor and six Councilors. The salaries are tied to the District Court Judge salary. Adjustments are allowed only through legislative action. At this time, no legislative bill has been proposed or approved that would change elected officials' salaries for FY 2004-05.

Proposed assumption: 0% increase for FY 2004-05

2) *Non-Represented (Metro and MERC), Metro AFSCME, Unclassified*

The pay structure of Metro's non-represented group is currently in a state of flux. The Council will soon be acting on a resolution to implement the recommendations of a recent pay and classification plan. In addition, the Council has tasked the Chief Operating Officer with implementing a "pay for performance" based system for department directors and non-represented staff. The Metro AFSCME group will enter collective bargaining negotiations in the Spring of 2004 for a new agreement to begin July 1, 2004.

Traditionally, separate assumptions were provided for each group for COLA and step/merit adjustment. Given the state of flux with these employee groups a different approach is proposed. The proposal is to set a straight percentage increase of current year salary to create a pool in each department from which all salary adjustments for employees within these groups will be funded. The salary pool will be budgeted in a separate line and not, for budgeting purposes, allocated among the various positions.

Currently, merit awards for non-represented staff range from 0% to 5% and step awards for AFSCME are 5% each. However, in most cases one-half to two-thirds of the employees in AFSCME are at the top of the scale. Providing a 5% increase for each employee is not necessary. In addition, the CPI for Portland-Salem through the first half of the year came in at 1.4 percent. The indicator that has historically been used to base COLA awards is the CPI for Portland-Salem through the second half of the year. While CPI has fluctuated, with recent trends downward, costs are beginning to increase in certain sectors of the economy. It is unknown how this will affect the CPI. Given these factors a salary pool of between 4% to 6% of salaries/wages would be reasonable.

Proposed assumption: 5% of salaries/wages to create salary pool.

3) *All Other Employee Groups*

All other employee groups, such as LIU local 483, IUOE local 701 and local 701-1, AFSCME local 3580-1 (MERC Utility Workers), IATSE local B-20 and local 28, and MERC non-represented part-time positions, have limited pay scales. In all cases, employees reach the top of the scale in one year. Thereafter, salary adjustments are based on annual cost of living adjustments. The financial assumptions for the budget usually assume that all employees in these groups have reached the top step, however, there is flexibility for departments to provide for the limited step increases for certain employees if needed. The only assumption provided for these groups is the annual cost of living adjustment awarded to each employee.

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As mentioned above, the CPI-U for Portland-Salem for the first half of the year (through June 2003) was 1.4 percent. The CPI-W for Portland-Salem for the same time period was 1.7 percent. The CPI indicator in the LIU Local 483 contract is the CPI-W for Portland, average January – June (first half) and July – December (second half). The COLA award range in the LIU Local 483 contract is 1 percent to 3 percent. To reach the 2 percent threshold for COLA award, the CPI-W for the second half of the year (through December 2003) would need to be at least 2.3 percent. Given the information known at this time, we would propose a 2 percent cost of living salary adjustment for all other employee groups not previously discussed. Again, we would recommend that this be budgeted in a separate line and not, for budgeting purposes, be allocated among the various positions.

Proposed assumption: 2% increase for FY 2004-05

Summary of Salary Base and Adjustment Assumptions:

	Proposed Assumption	Base Salary	Estimated FY 2004-05 Cost of Assumption
Elected Officials	0% increase	\$364,038	\$0
Non-Rep, AFSCME, Unclassified	5% salary pool	\$28,231,600	\$1,411,580
All Other Groups	2% COLA pool	\$12,812,350	\$256,247
Total		\$41,407,988	\$1,667,827

B. Fringe Benefits

Fringe benefits include all costs coded to the Fringe Benefit line item in personal services, which are rolled into each department's fringe benefit rate. They include items such as health & welfare (medical, dental, vision insurance), PERS, and life insurance, as well as required payroll taxes such as FICA, TriMet payroll tax and worker comp tax. Discussion of these costs will be divided into three categories: (1) Required or Miscellaneous Benefits, (2) Health & Welfare, and (3) PERS.

1) Required or Miscellaneous Benefits

Metro pays three required payroll taxes – FICA, TriMet payroll tax, and worker compensation tax. In addition, Metro provides for six miscellaneous benefits – long term disability insurance, life insurance, accidental death insurance, dependent care insurance, employee assistance program and TriMet Passport program. Except for the TriMet Passport program no increase is anticipated over the current year rates.

Metro's FY 2002-03 costs for the passport program were \$170 per employee for Metro Regional Center, \$115 per employee for the Oregon Zoo and \$10 per employee for Regional Parks and Solid Waste offsite facilities. Initially, the program requested an increase in Metro Regional Center costs for FY 2003-04 to \$196 per employee. Staff was successful in negotiating a reduction in the cost for FY 2003-04 to \$176 per employee. The cost for Zoo employees remained the same and offsite staff costs increased to \$20. Metro TDM staff have advised that since Metro Regional Center costs have remained relatively stable the last couple of years we should plan for an 8 to 10 percent increase in costs; between \$190 - \$195 per employee for FY

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2004-05. In addition, we were advised to plan for a 5 percent increase in all other costs to match a planned 5 percent increase in other TriMet passes.

The following table summarizes the proposed assumption for each benefit and estimates the cost to Metro for FY 2004-05.

Summary of Required and Miscellaneous Benefits:

Benefit	Proposed Rate Assumptions	Estimated FY 2004-05 Cost
FICA	7.65% of salaries/wages with exceptions for Elected Officials	\$3,293,961
TriMet Payroll Tax	0.6218% of salaries/wages	\$267,732
Worker Comp Tax	\$0.018 per hour worked	\$36,207
Total Required Benefits		\$3,597,900

Benefit	Proposed Rate Assumptions	Estimated FY 2004-05 Cost
Long Term Disability	0.74% of eligible salaries/wages	\$276,576
Life Insurance	\$0.17 per \$1,000 of annual salary (to a maximum of \$50,000) per month	\$69,330
Accidental Death Insurance	\$0.03 per \$1,000 of annual salary (to a maximum of \$50,000) per month	\$12,247
Dependent Life Insurance	\$0.35 per employee per month	\$2,839
Employee Assistance Program	\$1.78 per employee per month	\$14,667
TriMet Passport Program	Regular Employees Only Metro Regional Center - \$190/emp Offsite Facilities - \$21/emp Oregon Zoo - \$121/emp	\$85,761
Total Miscellaneous Benefits		\$461,420

2) Health & Welfare (medical, dental, vision)

Currently, Metro's cap on health & welfare for FY 2003-04 as set by various bargaining agreements is \$562 per employee per month. AFSCME, Metro's largest collective bargaining unit, will be subject to negotiations in the Spring 2004 for a new labor agreement to begin effective July 1, 2004. LIU local 483, the second largest collective bargaining unit, is in the first

year of a three-year collective bargaining agreement. The LIU agreement sets a health & welfare cap of \$629 in FY 2004-05, a 12 percent increase over the current year. The Joint Labor and Management Committee on health & welfare has been meeting regularly on a monthly basis to discuss, investigate and recommend options for the management of Metro's health & welfare program. At this time, it is too early in the fiscal year to have any better indication of actual benefit costs. We recommend using the agreed upon cap in the LIU local 483 bargaining agreement as the basis for Metro's health & welfare costs for all employees.

The following table shows the cost estimate by major employee group of the proposed assumption as well as the estimated cost for each 1 percent increase in the cap over \$629 and each \$10 increase in the cap.

Proposed assumption: \$629 per employee per month

	Estimated Cost @ \$629 cap	Estimated Cost of each 1% increase in Cap	Estimated Cost of Each \$10 Increase in Cap
Elected Officials	\$60,384	\$539	\$960
Non-Represented	\$1,983,236	\$17,673	\$31,530
Represented	\$3,162,462	\$28,223	\$50,278
Total	\$5,206,082	\$46,435	\$82,768

3) PERS – Public Employee Retirement System

Prior to recent legislative actions, Metro's employer PERS rate was set at 13.79 percent. When combined with the 6 percent employee pick-up provided to all employees except LIU Local 483 (member employees received an offsetting salary increase) Metro's total effective PERS rate was 19.79 percent. Departments had budgeted for an effective rate of 19.90 percent.

Legislative actions reduced Metro's employer rate to 7.14 percent, a 6.65 percent decrease. However, PERS cautions that several variables could affect future rates. First, the reduced rates do not recognize \$3.6 billion in unrecognized investment losses through 2001. Second, investment losses in 2002 of \$6.4 billion will eventually be reflected in higher employer contributions unless offset by future investment gains. And third, court challenges and any other legal initiatives, when resolved, may also have a major impact on future contributions.

With Council approval, we are currently reserving, where allowable, the difference between the budgeted rate of 19.90 percent and the actual rate we pay to PERS of 13.14 percent. The funds reserved will be available to offset, in some fashion, any future rate increases received from PERS. In addition, the current practice retains the ability to fund potentially higher rates in the future without making significant reductions to programs.

Until court challenges to recent legislative actions are resolved it is very difficult to forecast where PERS rates will be in the future. However, PERS has cautioned that even if all legislative changes are upheld, there will likely be increases in the near future because of investment losses already incurred that have yet to be recognized in the actuarial study. If no other action demands it, the next actuarial study would normally be scheduled for the fall of 2004 with rates effective July 1, 2005.

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In addition to paying the required rates of 6 percent employee pick-up and 7.14 percent employer contribution, we would also recommend departments continue to budget for and reserve an additional 6.65 percent. This represents the difference between the original rate for FY 2003-04 prior to legislative action and the revised rate that incorporates the actions. If the legislative actions to PERS are overturned and Metro has allocated the PERS savings to other program costs, it will be very difficult to recapture that funding for PERS costs. It would likely result in substantial program reductions. At least until the court challenges are resolved, we would not recommend allocating the PERS savings to other program costs.

The following table summarizes the estimated costs for FY 2004-05 for each rate:

	Proposed Assumption Rate	Estimated FY 2004-05 Cost
Required - Employee Pick-up	6.00%	\$1,998,852
Required - Current Employer Contribution	7.14%	\$2,669,806
Optional - Additional Contribution to Reserve	6.65%	\$2,486,584
TOTAL	19.79%	\$7,155,242

C. General Revenue Estimates

There are two areas for assumptions that impact General Revenue Estimates – interest rate assumption and excise tax forecast. Each will be discussed separately.

1) *Interest Rate*

Oregon law (and Metro’s investment policy) generally limits investments to no more than 18-months – short-term investments. While long-term interest rates are on the rise, the Federal Reserve has made it fairly clear that short-term interest rates will remain low for the foreseeable future. Short-term rates are currently at a 45-year low. Using various sources, including an analysis of the Treasury Yield Curve and an informal telephone survey of brokers, Metro’s Investment Manager estimates an average interest yield of about 1.5 percent for FY 2004-05.

Proposed assumption: 1.5% for FY 2004-05

2) *Excise Tax Forecast*

The discussion of the excise tax will be divided into two parts – solid waste generated excise tax and all other facility generated excise tax.

- a. Solid Waste Generated Excise Tax – Metro code sections 7.01.020 – 7.01.028 guide the calculation and budgeting of the excise tax generated from solid waste tonnage. The code provides for a base level of excise tax increased annually by a CPI factor. The base level of excise tax generated from solid waste tonnage is the amount that is available in the General Fund for general revenue purposes. Any amount collected over and above this amount is placed in a reserve in the General Fund and is accessible only by specific Council action. The CPI indicator stated in the code is the Portland-Salem CPI-U for the first half of the

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federal report year (January – June). The CPI indicator available in August of 2003 is used to determine the allowable increase in solid waste generated base excise tax for FY 2004-05. The following is a historical summary of the solid waste base excise tax calculations with the CPI indicator and base excise tax amount for FY 2004-05.

	CPI	Base General Amount	Increase from Previous Year
FY 2000-01	---	\$5,700,000	---
FY 2001-02	3.3%	\$5,888,100	\$188,100
FY 2002-03 ⁽¹⁾	2.7%	\$6,050,000	\$161,900
FY 2003-04	1.3%	\$6,128,650	\$78,650
FY 2004-05	1.4%	\$6,214,451	\$85,801

⁽¹⁾ \$5,888,100 + 2.7% increase = \$6,047,079. A revision to the excise tax ordinance set a new base rate in FY 2002-03.

- b. All Other Facility General Excise Tax – A discussion of excise tax generated from all other facilities must, by nature, include a discussion of the enterprise revenues generated by those facilities. While, at this time, there are no firm forecasts of FY 2004-05 enterprise revenues, discussions with departments did indicate certain revenue trends. These trends were used to estimate preliminary excise tax revenue generated from non-solid waste facilities.
- ✓ Although the Zoo is aggressively investigating new non-admission revenue sources, the proposals are still too early to include in the forecast for next year. In addition, revenue targets for the current year are aggressive. Very early fiscal year trends indicate that the Zoo is following the national trend in Zoos, where attendance is up but per caps are down slightly. Even with the recognition of a full year of the admission increase to take effect January 1, 2004, and the opening of the Eagle Canyon exhibit in March 2004, FY 2004-05 revenues were assumed for purposes of excise tax calculations to be no greater than the current year budget.
 - ✓ MERC has recently prepared a revised forecast for FY 2003-04 for all facilities. The revised forecast is in response to current economic circumstances and reduces revenues at both the Oregon Convention Center and the Expo Center. However, for FY 2004-05 MERC staff assume a 5 percent growth in revenues above the revised FY 2003-04 forecast for the Oregon Convention Center while Expo Center revenues are assumed to remain about the same. These assumptions produce less revenue than initially anticipated in the FY 2003-04 Adopted Budget.
 - ✓ The Regional Parks department increased many fees in FY 2003-04. The fee increases, however, do not go into effect until October 1, 2003. A preliminary projection of revenue for FY 2004-05 includes the full year effect of these fee increases as well as adjustments in revenues based on FY 2002-03 actual results. These assumptions produce approximately a 4 percent increase in enterprise revenues.
 - ✓ Enterprise revenues generated by the Planning Fund and Building Management Fund that are eligible for excise tax account for less than 1 percent of total excise tax eligible enterprise revenue (not including solid waste revenues). Revenue generation from these areas is limited. It was assumed that revenues would remain flat for FY 2004-05.

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Using the assumptions about enterprise revenues discussed above, Finance prepared preliminary excise tax revenue forecast. The following table compares excise tax generated by facility between the FY 2003-04 adopted budget and the FY 2004-05 preliminary estimate.

Facility	FY 2003-04 Adopted Budget	FY 2004-05 Preliminary Estimate	Change
Zoo	\$983,552	\$983,550	(\$2)
Planning	7,725	7,725	\$0
Regional Parks	183,112	191,250	\$8,138
Expo Center	479,585	463,500	(\$16,085)
Building Management	12,889	12,900	\$11
Convention Center	993,527	925,050	(\$68,477)
Base Excise Tax Earned	\$2,660,390	\$2,583,975	(\$76,415)

- c. \$1.00 per ton for Regional Parks – The excise tax ordinance currently includes a provision for an additional \$1.00 per ton to be levied on solid waste tonnage with the proceeds dedicated to Regional Parks. The same CPI inflator is applied to the \$1.00 per ton as to the base solid waste excise tax. This provision is currently set to sunset at June 30, 2004. Should the sunset clause be extended this provision is estimated to generate the following:

	CPI	\$1.00 per ton for Parks	Estimate to be earned on \$1.00 per ton
FY 2002-03 ⁽¹⁾	---	\$1.0000	\$1,210,246
FY 2003-04	1.3%	\$1.0130	\$1,230,914
FY 2004-05	1.4%	\$1.0272	\$1,271,134

⁽¹⁾ Amount based on actual tonnage for FY 2002-03.

Summary – Excise Tax Forecast

In summary, while solid waste generated excise tax will produce approximately \$85,000 more than FY 2003-04 the rest of the facilities are projected to be down about \$76,000, for a net increase of about \$9,400. The \$1.00 per ton for Regional Parks, should the provision be extended, is expected to product about \$1.27 million in FY 2004-05.

	FY 2003-04 Adopted Budget	FY 2004-05 Preliminary Estimate	Change	Percent Change
Base Solid Waste	6,128,650	6,214,451	85,801	1.40%
All other Facilities	2,660,390	2,583,975	(76,415)	(2.87%)
General Excise Tax Available	\$8,789,040	\$8,798,426	\$9,386	0.11%
\$1.00 Per ton	\$1,230,914	\$1,271,134	\$40,220	3.27%

D. Other Global Assumptions

1) *Excise Tax Allocations to Operating Departments*

Along with a forecast of the excise tax revenue to the General Fund, the Budget Manual provides initial operating transfer amounts for those departments dependent on excise tax. Except for those transfers tied to a specific formula or expense we would recommend that FY 2004-05 allocations be held at FY 2003-04 amount. The following table shows the proposed FY 2004-05 allocations, identifies the amount of change from FY 2003-04, if any, and explains the reason for that change.

	FY 2004-05 Proposed Assumption	Change from FY 2003-04	Reason for Change
to Planning Fund (general allocation)	\$4,054,761	\$0	
to Support Services Fund (lobbyist contract)	\$100,000	\$30,000	Tied to legislative session
to Reg. Parks Fund (general allocation)	\$476,847	\$0	
to Reg. Parks Fund (earned on base SW)	\$730,198	\$10,429	Formula: 11.75% of base SW excise tax
to Reg. Parks Fund (landbanking)	\$231,008	\$0	
to MERC Operating Fund (OCC - VDI Compliance)	\$173,939	\$0	

2) *Inflation Factor for Other Costs*

Most expenditures will be tied to one or more factors either stated in this report or required by external sources. For example, most contracts or intergovernmental agreements will have stated rates or provide for increases based on some CPI factor. Utility expense will be based on experience plus estimates of rates or rate increases provided by the utility provider. In those cases, however, in which there is no external basis for an increase the department is allowed to apply a basic inflation factor. This factor is usually tied to closely to the Portland-Salem CPI-U. This factor is currently at 1.4 percent. However, the US City Average CPI-U and the West Urban CPI-U for the same time period were 2.5 percent and 2.3 percent respectively. While CPI has fluctuated, with recent trends downward, costs are beginning to increase in certain sectors of the economy. It is unknown how these will affect the CPI. We would recommend an inflation factor of 2 percent for FY 2004-05.

Proposed assumption: 2.0% for FY 2004-05

3) *Contingency*

Each operating fund will provide for a contingency for unexpected needs that may arise throughout the year. By law, the Council may only transfer from contingency a cumulative amount not to exceed 15 percent of a fund's appropriations. Any amount exceeding the 15 percent threshold would require a supplemental budget with TSCC public hearing. The Budget Manual provides a general guideline for departments to follow but allows flexibility for each department to budget for a contingency that is more suited to its particular needs. For example, the Planning Fund being largely grant funded with exceptions provided in budget law for the recognition of additional grant funds may not need a large contingency. However, enterprise

operations such as the Zoo that are sensitive to factors outside of their control may wish to budget for higher contingency levels. Contingency levels are evaluated on a case-by-case basis.

Proposed assumption: 4% of operating expenses as a general guideline with variances based on volatility of activity.

4) *Special Appropriations in the General Fund*

- a. *Elections Expenses*: Currently, the only known possible elections are run-offs for three Council positions in November 2004. Until further information is known about the number of candidates for each position, it is prudent to assume that all three positions will be subject to run-off races. In addition, Multnomah County election expenses are usually the highest of the three counties. Since two of the three Council positions up for election are in Multnomah County we would recommend budgeting the same amount as currently budgeted for the primary elections in May.

Proposed assumption: \$150,000 for run-off elections for three Council seats

- b. *Contribution to RACC*: At the Council President's request, the FY 2003-04 budget included a \$25,000 contribution to RACC. It is assumed that this contribution will continue into FY 2004-05.

Proposed assumption: \$25,000 contribution to RACC

- c. *Water Consortium Dues*: For a period of years the budget has included an amount for Water Consortium dues. Historically, this amount has been budgeted around \$15,000. It is assumed that these dues will continue at about the same historical level.

Proposed assumption: \$15,000 for Water Consortium Dues

- d. *Public Notifications*: For several years, the Special Appropriations category has included an amount to provide for legal notices required under ballot measure 56. As part of the FY 2003-04 budget, the purpose of this funding was expanded to include notifications required under ballot measure 26-29 and any other notification required by approved ballot measure or Metro Code. The FY 2003-04 budget includes \$150,000 for notifications. Half of the funding was carried over from FY 2002-03 and half was funded through new revenues in FY 2003-04. At this time it is assumed that all of the appropriation provided in FY 2003-04 will be spent. We recommend that \$75,000 be funded through new appropriation in FY 2004-05. As the year progresses, we will work closely with the Planning and Public Affairs departments to determine the amount that will actually be needed this year. Any amount identified as extra can be carried over to supplement next year's appropriation.

Proposed assumption: \$75,000 for legal notifications

5) *Central Service Transfers/Overhead Rates*

The cost allocation plan is the tool that calculates central service transfers and overhead rates for each department. Each year the cost allocation plan is updated with new allocation basis data and budgeted costs. As a result, there are two variables that can cause changes in any one department's central service allocations – (1) a change in service level usage or benefit as defined by the allocation basis, and (2) a change in the budgeted cost for that central service function.

Traditionally, the Budget Manual has provided overhead rates that are based on the current year cost allocation plan. These rates do not take into consideration the changes in service level usage by the departments. Changes in usage or benefit levels of service can result in significant shifts in costs between departments. In order to eliminate as many of the variables as possible between Budget Manual estimates and actual costs, Financial Planning is proposing to run a preliminary version of the FY 2004-05 cost allocation with updated service level usage/benefit data and forecasted costs for status quo service levels. The preliminary plan will also fold in any direction received from the Council on risk management costs and known or anticipated savings in debt service costs from the refinancing of the Metro Regional Center revenue bonds. At this time, we anticipate running the preliminary cost allocation plan around mid-October so that central service estimates will be available in time for the release of the Budget Manual.

In addition, we plan to provide individual estimates for Risk Management separate from all other central service costs. Costs for the Risk Management Fund are due largely to factors such as cost of claims and insurance directly related to the activity and value of facilities and not to the size of staffing or other indirect costs of central services. As such, the changes in these costs should be evaluated separately from all other central service costs.

Proposed assumption: 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.

DRAFT

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF FORMALIZING)	RESOLUTION NO 03-XXX
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 ____ day of _____, 2003

David Bragdon, Council President

APPROVED AS TO FORM:

Daniel B. Cooper, General Counsel

DRAFT

STAFF REPORT

IN CONSIDERATION OF RESOLUTION NO. 03-XXX 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.

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-xxx.

DRAFT

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

	FY 2004-05 Assumption	FY 2003-04 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

DRAFT

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

	FY 2004-05 Assumption	FY 2003-04 Estimate
General Revenue Estimates:		
✓ 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
Other Global Assumptions:		
✓ 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
✓ 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	\$150,000 for run-off elections for three Council seats	\$150,000
○ 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

Council Work Session
September 9, 2003
Solid Waste Revenue Trends and Issues

Council President Bragdon identified Solid Waste & Recycling as a significant area for revenue discussion at the September 9 Council Work Session. He asked the Department to address:

What is happening with tonnage? What impact does this have on revenues? Do you see this trend continuing? What, at this time, would you assume for FY 2004-05? He recognizes that the department prepares its tonnage forecast in October and has not requested the department move this work item to earlier in the year. However, he does believe we should have a feel for what the trends currently are and what the impact may be on the future, particularly FY 2004-05.

The Department's response:

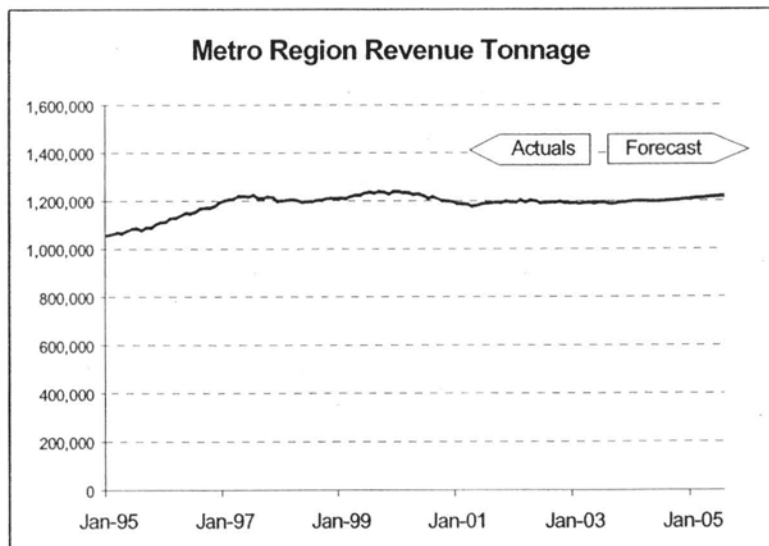
From a revenue point of view, the good news is, we don't see any major uncontrollable changes in tonnage or trends. The bad news is, we don't see any major changes in tonnage or trends.

The good news means that we can expect revenue to remain at least at current levels—in fact, we expect a bit of mild growth. The good news also means that we don't see any major looming risks to revenue. The bad news is bad only if the agency is seeking significant revenue enhancement. With flat or mild growth, total revenue can be enhanced significantly only by an increase in rates.

As to the specific questions:

What is happening with tonnage? Revenue growth was robust until the mid-1990s, but began to slow considerably after 1996. Around 2000, Metro experienced a mild decline in revenue-generating tonnage that persisted for about a year and a half. Since then, tonnage has been virtually flat at 1.2 million tons within any given 12-month window (see graph). Historically, the region had seen declines in tonnage before, but the post-2000 slump was the first time that Metro has experienced a sustained decline in its *core* revenue tonnage. By "core" tonnage we mean the solid waste generated by normal economic activities. The post-2000 decline was caused by a combination of factors—reduced production (measured elsewhere by job loss), reduction in construction activity (measured elsewhere by decline in building permits and starts), and continued progress in waste reduction.

The economic situation in Oregon is well-known. The recession has finally bottomed out, but the rebound is expected to be slow. These trends will be mirrored in solid waste tonnage. Metro's solid waste forecasts have recently tracked within one-half of one percent. However, since March of this year, actual tonnage has trended 1½ percent over an extrapolation of last year's forecast. This observation is consistent with the consensus that Oregon's economy has finally turned the corner. These facts lead the Solid Waste & Recycling Department to suggest provisionally that there will be a mild



increase in tonnage of 1½ to 2 percent over FY 2003-04. We hasten to add that these projections will be tightened-up during the next 8 weeks.

What impact does this have on revenues? All else equal, revenue is proportional to tonnage: flat tonnage translates into flat revenue; mild increases translate into mild revenue growth.

Do you see this trend continuing? Yes. This means we *do not* see declines similar to the post-2000 months. Likewise, we *do not* see a return to the robust growth of the early 1990s during FY 2004-05.

What, at this time, would you assume for FY 2004-05? Total tonnage up 1½ to 2 percent over FY 2003-04. This would translate into \$400,000 to \$550,000 in potential new revenue (after paying transfer, transport and disposal costs), compared with a base of approximately \$27.5 million from solid waste fees and the excise tax in FY 2003-04 (again, exclusive of disposal contract costs).

However, we note that this growth in tonnage mirrors the CPI trend, so we do not expect to see any *net* new revenue from the projected tonnage growth, all else equal.

Oregon Zoo FY 04-05 Budget Assumptions

	ACTUAL FY 2002-03	BUDGET FY 2003-04	BUDGET FY 2004-05
<u>Attendance:</u>			
Total Attendance	1,293,597	1,275,000	1,275,000
<u>Per Caps (Before Tax):</u>			
Admissions	3.87	4.40	4.49
Food Revenue	2.16	2.35	2.40
Railroad	0.38	0.43	0.40

Admissions Per Cap:

The budgeted FY 03-04 Admissions per cap assumes the following breakdown:

Paid Adults	32%
Paid Seniors	2%
Paid Youth	11%
Paid Education Rate	6%
Members	35%
Free	14%
	100%

Increase in admission January 1, 2003 and 2004.

Food Per Cap:

The Food Revenue per cap is assumed to be flat from FY 03-04. The additional \$.05 per cap is related to the additional vending revenue that was previously part of the Retail per cap.

Railroad Per Cap:

The Railroad per cap is assumed to be down slightly from FY 03-04.

Retail Business:

The assumption for the retail business for FY 04-05 is to meet the projected sales number from Aramark of \$2,550,000. This will bring in \$603,093 commission to the Oregon Zoo after Excise tax (\$781,000 before excise tax). This is a 49% increase in projected profitability over previous in-house forecasts.



METROPOLITAN EXPOSITION RECREATION COMMISSION



A SERVICE OF METRO

DATE: September 2, 2003

TO: Metro Council

FROM: Mark Williams

RE: MERC Forecast Assumptions

MERC's focus for the near term is preserving existing fund balance. Adjusting to uncertainties brought on by a general overall weakening of the economy, the impact of SARS, and the after-effects of the September 11 terrorist attacks continues to pre-occupy planning for the MERC family of facilities. With respect to the convention industry, these challenging times are fostering heated competition between various venues and destinations. As a result, the Oregon Convention Center and the metropolitan lodging industry are now facing competition from Tier I cities (San Francisco, New Orleans, etc), primarily in the area of hotel room rates, which has not been an issue in the past. Oregon Convention Center competitiveness is disadvantaged by the lack of a headquarters hotel. The result is the effect of a double-edge sword, limited growth in convention events and lodging tax receipts. OCC is dependent on both number of events and receipts, whereas PCPA is dependent on lodging tax receipts. In addition, the downturn in the economy is contributing to slow ticket sales of PCPA resident companies' events. While the Expo is not experiencing sharp decreases in net square footage and exhibiting company participation, its attendance and its food and beverage per capita have significantly fallen off.

The following is a detailed summary of the forecast of each facility.

Oregon Convention Center

Fiscal year 03-04 forecast anticipates that revenues will be 88% of budget, or \$1,596,000 less than originally planned. The basis of this forecast reflects booked business for the fiscal year. This revenue shortfall will be offset by a corresponding reduction in expenditures. Expenditures will be managed with the purpose to achieve the budgeted ending fund balance.

Although the economy is showing signs of recovery, corporate meeting and travel business is expected to be flat fiscal year 2004-05. An upturn in OCC's corporate meeting and travel business is expected in FY 2005-06, as Oregon Convention Center has booked new events. For fiscal years 2004-05 and 2005-06, revenue is anticipated to grow 5%. However, it is expected that this 5% growth in revenue will be consumed by a concomitant growth in expenditures.

MERC Forecast Assumptions

Exacerbating OCC's outlook is a \$750,000 scheduled decrease in its annual subsidy from related to Visitor Development Initiative. This \$750,000 will have to be funded by drawing down on OCC's fund balance.

Exposition Center

Fiscal year 2003-04 forecast anticipates that revenues for 03-04 will be 96% of budget, or \$222,807 less than originally planned. Through cost management, the Exposition Center will mitigate the fund balance impact by \$224,000. However, owing to a smaller than budgeted beginning fund balance, the Exposition Center's forecasted ending fund balance will be less than budget for fiscal year 2003-04. The Exposition Center FY 03-04 net square footage rental and exhibiting company participation is expected to remain flat. The soft local economy combined with competing local venues makes building new clientele a major challenge for Expo. The other significant issues facing the Exposition Center are declining attendance and food and beverage per capita. In fiscal year 2002-03 attendance was down 49,000 and net food and beverage per capita was \$.27 compared to prior year(s) of \$.63.

Revenue is expected to improve on the strength of facility's rate increases. The Exposition Center has a solid base of repeat events with strong exhibiting company participation. However, in the face of a sluggish economy issues facing the Exposition Center are developing new and up-selling existing businesses, promoting initiatives to increase attendance, and improving the food and beverage per capita ratios. Revenue is anticipated to grow, on average, approximately 5%, while expenditures will be managed not to exceed this 5%.

Portland Center of the Performing Arts

Fiscal year 2003-04 forecast anticipates that The Portland Center for the Performing Operating Revenues will grow on account of increases in user fees (\$0.25) and a new contract with Clear Channel representing the Broadway events. PCPA is projected to achieve 103% of their 2003-04 Adopted Budget, or \$153,000. However, all of this growth will go to offset a decrease in Non-Operating Resources of \$531,000. This reduction represents the expected loss of the Visitor Development Initiative lodging subsidy. An additional mitigating measure involves The Portland Center for the Performing Arts managing its expenditure with the specific purpose of achieving its budgeted ending fund balance. This achievement will take into account the uncertainty surrounding the success of PCPA's resident companies. Resident companies' ticket sales were down in fiscal 2002-03 from the prior year. The Portland Center for the Performing Arts was able to offset this unfavorable change in resident companies' ticket sales with successful commercial events.

Revenue growth is anticipated through fiscal year 2005-06 on the strength of the new contract with Clear Channel, enhanced user fees (increase of \$0.25 in 05-06), and a new ticketing contract. The major concern for PCPA will continue to be the uncertainty of funding from the Visitor Development Initiative and the viability of the resident companies.

Overall, MERC is taking hard look at the finances of each facility, working to stabilize their fund balance based on current economic conditions.

MBW/bme


cc: Marilyn Shaw

M E M O R A N D U M

600 NORTHEAST GRAND AVENUE | PORTLAND, OREGON 97232 2736
TEL 503 797 1700 | FAX 503 797 1797



METRO

DATE: September 2, 2003
TO: Metro Council & Chief Operating Officer
FROM: Bill Jemison, Risk Manager 
SUBJ: Risk Management Fund Presentation to Council 9/9/2003

Fund History:

The Risk Management fund provides a source of funds to 1) purchase property, excess liability and workers' compensation insurance and 2) pay property, liability and workers compensation insurance claims.

The fund also holds \$6,000,000 in reserve in event of an environmental claim. Solid Waste contributed approximately 90% of these funds. Additionally, the fund maintains actuarially required reserves to pay for property, liability and workers' compensation claims.

Since FY 98-99, total reserve requirements have fluctuated between \$6,350,000 and \$6,600,000 while the fund balance alternated between \$6,900,000 and \$7,100,000. During this period, the risk management fund balance was deliberately lowered from FY 97-98 to FY 00-01 by transferring \$1,300,000 from the Risk Fund.

Allocated costs paid by departments have remained flat, at approximately \$690,000 per year.

The Risk Fund received substantial interest income, averaging \$450,000 per year during FY 97-98 through FY 00-01. However, interest income has rapidly declined and is currently estimated at approximately \$150,000 in the current fiscal year.

From FY 96-97 to 01-02, the cost of liability and property insurance was stable and low, running approximately \$200,000 per year. Starting in FY 02-03, Property and Excess insurance increased to \$450,000 FY02-03 and to \$530,000 in the current fiscal year. The property cost increase has resulted from 1) a doubling of our insurance rate for property and 2) the addition of \$120,000,000 in value by the completion of the OCC Expansion.

Fund Balance as of 7/1/2003:

The FY 03-04 beginning fund balance was budgeted at \$6,442,134. The actual beginning fund balance is \$6,018,569. The difference in the actual fund balance is primarily higher claims paid expenses, an aggregate of workers compensation, liability and unemployment claims expenses.

Based on the most recent actuarial study, the Risk Management Fund balance should maintain \$6,377,180 to pay 1) environmental claims 2) liability and property claims and 3) workers compensation claims.

Allocated cost for the current fiscal year has increased to \$1,000,000. However, this allocation level still results in \$400,000 decrease in fund balance by the end of the fiscal year.

Risk Management expects reserves to increase based on the recent decision to increase property insurance deductibles to \$500,000 and increase the Excess insurance self-insured retention to \$1,000,000.

Possible funding scenarios:

- Funding the current allocation level of \$1,000,000 per year will result in a \$400,000 decline in the Risk fund balance each fiscal year. Over a 5-year period, this allocation level will result in a continual decline of the fund balance to \$3,895,882 at the beginning of FY 08-09.
- Increasing allocated cost in FY 04-05 to \$1,400,000 will result in constant fund of approximately \$5,600,000 which is well below the actuarially reserve level. The fund balance is projected to gradually increase to a FY 08-09 beginning fund balance of \$5,956,789, which will be below the required environmental, liability and workers compensation required reserves.
- Increasing allocated costs to \$1,500,000 will cause a gradual increase in reserves. The fund balance will reach \$6,000,000 in FY 06-07 and continue a gradual increase through FY 08-09, although it will still remain below estimated liability and workers compensation reserves.
- Increasing allocated cost to \$1,600,000 will result in a fund balance that exceeds ALL reserve requirements in FY 06-07.
- Increasing allocated cost to \$2,100,000 in FY 04-05 will result in adequate fund balance at the end of FY04-05. Future allocated cost can be reduced to approximately \$1,400,000 for future years.

Reserves:

Although Metro purchases workers compensation, property and excess liability insurance, the policies and deductibles are set at levels that result in Metro self-insuring most exposures. The reserves act as cushions in event of a year with severe claims. Failure to maintain or eventually reach required reserve levels might result in a significant budget impact in event of significant losses.

Summary #1
RISK MANAGEMENT FUND FIVE-YEAR PROJECTIONS
Comparison of Ending Balance to Required Reserves

	HISTORY							
	Audited	Audited	Audited	Audited	Audited	Unaudited	Budget	Estimate
	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2003-04
Ending Fund Balance	\$6,903,469	\$6,995,508	\$6,946,161	\$7,190,938	\$6,835,805	\$6,018,569	\$5,536,741	\$5,585,291
Required Reserves	\$6,444,428	\$6,417,298	\$6,668,558	\$6,511,726	\$6,485,820	\$6,355,210	\$6,377,180	\$6,377,180
Surplus/(Deficit)	\$459,041	\$578,210	\$277,603	\$679,212	\$349,985	(\$336,641)	(\$840,439)	(\$791,889)

Projections				
2004-05	2005-06	2006-07	2007-08	2008-09

BASE CASE FORECAST - Retain \$1.0 million in Annual Allocations					
Ending Fund Balance	\$5,308,239	\$4,988,786	\$4,677,330	\$4,272,389	\$3,895,882
Required Reserves	6,402,020	6,402,020	6,402,020	6,402,020	6,402,020
Surplus/(Deficit)	(\$1,093,781)	(\$1,413,234)	(\$1,724,690)	(\$2,129,631)	(\$2,506,138)

ALTERNATE SCENARIO #1 - \$1.4 million in Annual Allocations					
Ending Fund Balance	\$5,708,239	\$5,794,786	\$5,895,420	\$5,908,750	\$5,956,789
Required Reserves	6,402,020	6,419,000	6,464,000	6,509,000	6,554,000
Surplus/(Deficit)	(\$693,781)	(\$624,214)	(\$568,580)	(\$600,250)	(\$597,211)

ALTERNATE SCENARIO #2 - \$1.5 million in Annual Allocations					
Ending Fund Balance	\$5,808,239	\$5,996,286	\$6,199,943	\$6,317,841	\$6,472,015
Required Reserves	6,402,020	6,419,000	6,464,000	6,509,000	6,554,000
Surplus/(Deficit)	(\$593,781)	(\$422,714)	(\$264,057)	(\$191,159)	(\$81,985)

ALTERNATE SCENARIO #3 - \$1.6 million in Annual Allocations					
Ending Fund Balance	\$5,908,239	\$6,197,786	\$6,504,465	\$6,726,931	\$6,987,242
Required Reserves	6,402,020	6,419,000	6,464,000	6,509,000	6,554,000
Surplus/(Deficit)	(\$493,781)	(\$221,214)	\$40,465	\$217,931	\$433,242

ALTERNATE SCENARIO #4 - Immediate Funding of Reserves in FY 2004-05					
Ending Fund Balance	\$6,408,239	\$6,455,286	\$6,465,828	\$6,537,714	\$6,595,187
Required Reserves	6,402,020	6,419,000	6,464,000	6,509,000	6,554,000
Surplus/(Deficit)	\$6,219	\$36,286	\$1,828	\$28,714	\$41,187

Summary #2
RISK MANAGEMENT FUND FIVE-YEAR PROJECTIONS
Summary of Reserve Surplus or Deficit at various Funding Levels

								RESERVE SURPLUS/(DEFICIT)				
	Audited	Audited	Audited	Audited	Audited	Unaudited	Estimate	Projections				
	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Reserve Surplus/(Deficit)	\$459,041	\$578,210	\$277,603	\$679,212	\$349,985	(\$336,641)	(\$791,889)					
Base Case	Department Allocations of \$1.0 Million Annually							(\$1,093,781)	(\$1,413,234)	(\$1,724,690)	(\$2,129,631)	(\$2,506,138)
Scenario #1	Department Allocations of \$1.4 Million Annually							(\$693,781)	(\$624,214)	(\$568,580)	(\$600,250)	(\$597,211)
Scenario #2	Department Allocations of \$1.5 Million Annually							(\$593,781)	(\$422,714)	(\$264,057)	(\$191,159)	(\$81,985)
Scenario #3	Department Allocations of \$1.6 Million Annually							(\$493,781)	(\$221,214)	\$40,465	\$217,931	\$433,242
Scenario #4	Fully Fund Reserve in FY 2004-05 Annual Allocations Vary from \$2.1 million in first year to \$1.4 million in year five.							\$6,219	\$36,286	\$1,828	\$28,714	\$41,187

RISK MANAGEMENT FUND FIVE YEAR FORECAST
Base Case Forecast - Department Allocations \$1.0 million Annually

9/3/2003 10:04 AM

	Audited 1997-98	Audited 1998-99	Audited 1999-00	Audited 2000-01	Audited 2001-02	Unaudited 2002-03	Estimate 2003-04	2004-05	2005-06	Projections		
										2006-07	2007-08	2008-09
Resources						2nd Close						
BEGINNING FUND BALANCE (Including Reserves)	\$7,378,478	\$6,903,469	\$6,995,508	\$6,946,161	\$7,190,938	\$6,835,805	\$6,018,569	\$5,585,291	\$5,308,239	\$4,988,786	\$4,677,330	\$4,272,389
REVENUES												
Grants	\$9,360	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Enterprise Revenues	3,397,776	3,437,565	4,176,855	4,148,491	4,629,398	4,449,982	5,312,168	6,080,310	6,561,743	6,927,330	7,208,697	7,506,631
Interest	483,138	456,977	358,934	503,689	254,094	136,428	140,000	101,177	98,374	94,332	90,410	85,086
Transfers - Indirect Allocations	354,150	355,733	338,785	694,019	648,290	694,020	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Other	0	4,384	636,163	228,049	72,709	11,642	0	0	0	0	0	0
TOTAL CURRENT REVENUES	\$4,244,424	\$4,254,659	\$5,510,737	\$5,574,248	\$5,604,491	\$5,292,072	\$6,452,168	\$7,181,487	\$7,660,117	\$8,021,662	\$8,299,107	\$8,591,717
Total Resources	\$11,622,902	\$11,158,128	\$12,506,245	\$12,520,409	\$12,795,429	\$12,127,877	\$12,470,737	\$12,766,778	\$12,968,355	\$13,010,448	\$12,976,437	\$12,864,106
EXPENDITURES												
Full-Time Equivalents (FTE)	4.36	4.17	4.55	3.95	3.85	3.70	3.30	3.30	3.30	3.30	3.30	3.30
Personal Services	\$236,872	\$242,586	\$270,845	\$289,573	\$301,772	\$292,342	\$271,407	\$281,655	\$291,639	\$300,915	\$310,486	\$320,359
Materials and Services	4,133,607	3,575,089	4,949,239	4,939,898	5,657,852	5,816,966	6,614,039	7,176,884	7,687,930	8,032,202	8,393,562	8,647,865
Capital Outlay	8,954	4,945	0	0	0	0	0	0	0	0	0	0
Transfers Out	340,000	340,000	340,000	100,000	0	0	0	0	0	0	0	0
TOTAL EXPENDITURES	\$4,719,433	\$4,162,620	\$5,560,084	\$5,329,471	\$5,959,624	\$6,109,308	\$6,885,446	\$7,458,539	\$7,979,570	\$8,333,117	\$8,704,048	\$8,968,224
Revenues less Expenditures	(475,009)	92,039	(49,347)	244,777	(355,133)	(817,236)	(433,278)	(277,052)	(319,453)	(311,455)	(404,941)	(376,507)
ENDING FUND BALANCE	\$6,903,469	\$6,995,508	\$6,946,161	\$7,190,938	\$6,835,805	\$6,018,569	\$5,585,291	\$5,308,239	\$4,988,786	\$4,677,330	\$4,272,389	\$3,895,882
Total Required Reserves	6,444,428	6,417,298	6,668,558	6,511,726	6,485,820	6,355,210	6,377,180	6,402,020	6,419,000	6,464,000	6,509,000	6,554,000
ENDING FUND BALANCE LESS RESERVES	\$459,041	\$578,210	\$277,603	\$679,212	\$349,985	(\$336,641)	(\$791,889)	(\$1,093,781)	(\$1,430,214)	(\$1,786,670)	(\$2,236,611)	(\$2,658,118)

RISK MANAGEMENT FUND FIVE YEAR FORECAST
Alternate Scenario #1 - Department Allocations \$1.4 million Annually

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	Audited 1997-98	Audited 1998-99	Audited 1999-00	Audited 2000-01	Audited 2001-02	Unaudited 2002-03	Estimate 2003-04	Projections				
								2004-05	2005-06	2006-07	2007-08	2008-09
Resources						2nd Close						
BEGINNING FUND BALANCE (Including Reserves)	\$7,378,478	\$6,903,469	\$6,995,508	\$6,946,161	\$7,190,938	\$6,835,805	\$6,018,569	\$5,585,291	\$5,708,239	\$5,794,786	\$5,895,420	\$5,908,750
REVENUES												
Grants	\$9,360	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Enterprise Revenues	3,397,776	3,437,565	4,176,855	4,148,491	4,629,398	4,449,982	5,312,168	6,080,310	6,561,743	6,927,330	7,208,697	7,506,631
Interest	483,138	456,977	358,934	503,689	254,094	136,428	140,000	101,177	104,374	106,422	108,681	109,631
Transfers - Indirect Allocations	354,150	355,733	338,785	694,019	648,290	694,020	1,000,000	1,400,000	1,400,000	1,400,000	1,400,000	1,400,000
Other	0	4,384	636,163	228,049	72,709	11,642	0	0	0	0	0	0
TOTAL CURRENT REVENUES	\$4,244,424	\$4,254,659	\$5,510,737	\$5,574,248	\$5,604,491	\$5,292,072	\$6,452,168	\$7,581,487	\$8,066,117	\$8,433,752	\$8,717,378	\$9,016,263
Total Resources	\$11,622,902	\$11,158,128	\$12,506,245	\$12,520,409	\$12,795,429	\$12,127,877	\$12,470,737	\$13,166,778	\$13,774,355	\$14,228,538	\$14,612,798	\$14,925,013
EXPENDITURES												
Full-Time Equivalents (FTE)	4.36	4.17	4.55	3.95	3.85	3.70	3.30	3.30	3.30	3.30	3.30	3.30
Personal Services	\$236,872	\$242,586	\$270,845	\$289,573	\$301,772	\$292,342	\$271,407	\$281,655	\$291,639	\$300,915	\$310,486	\$320,359
Materials and Services	4,133,607	3,575,089	4,949,239	4,939,898	5,657,852	5,816,966	6,614,039	7,176,884	7,687,930	8,032,202	8,393,562	8,647,865
Capital Outlay	8,954	4,945	0	0	0	0	0	0	0	0	0	0
Transfers Out	340,000	340,000	340,000	100,000	0	0	0	0	0	0	0	0
TOTAL EXPENDITURES	\$4,719,433	\$4,162,620	\$5,560,084	\$5,329,471	\$5,959,624	\$6,109,308	\$6,885,446	\$7,458,539	\$7,979,570	\$8,333,117	\$8,704,048	\$8,968,224
Revenues less Expenditures	(475,009)	92,039	(49,347)	244,777	(355,133)	(817,236)	(433,278)	122,948	86,547	100,635	13,330	48,038
ENDING FUND BALANCE	\$6,903,469	\$6,995,508	\$6,946,161	\$7,190,938	\$6,835,805	\$6,018,569	\$5,585,291	\$5,708,239	\$5,794,786	\$5,895,420	\$5,908,750	\$5,956,789
Total Required Reserves	6,444,428	6,417,298	6,668,558	6,511,726	6,485,820	6,355,210	6,377,180	6,402,020	6,419,000	6,464,000	6,509,000	6,554,000
ENDING FUND BALANCE LESS RESERVES	\$459,041	\$578,210	\$277,603	\$679,212	\$349,985	(\$336,641)	(\$791,889)	(\$693,781)	(\$624,214)	(\$568,580)	(\$600,250)	(\$597,211)

RISK MANAGEMENT FUND FIVE YEAR FORECAST
Alternate Scenario #2 - Department Allocations \$1.5 million Annually

9/3/2003 8:50 AM

	Audited	Audited	Audited	Audited	Audited	Unaudited	Estimate	Projections				
	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Resources						2nd Close						
BEGINNING FUND BALANCE <i>(Including Reserves)</i>	\$7,378,478	\$6,903,469	\$6,995,508	\$6,946,161	\$7,190,938	\$6,835,805	\$6,018,569	\$5,585,291	\$5,808,239	\$5,996,286	\$6,199,943	\$6,317,841
REVENUES												
Grants	\$9,360	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Enterprise Revenues	3,397,776	3,437,565	4,176,855	4,148,491	4,629,398	4,449,982	5,312,168	6,080,310	6,561,743	6,927,330	7,208,697	7,506,631
Interest	483,138	456,977	358,934	503,689	254,094	136,428	140,000	101,177	105,874	109,444	113,249	115,768
Transfers - Indirect Allocations	354,150	355,733	338,785	694,019	648,290	694,020	1,000,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
Other	0	4,384	636,163	228,049	72,709	11,642	0	0	0	0	0	0
TOTAL CURRENT REVENUES	\$4,244,424	\$4,254,659	\$5,510,737	\$5,574,248	\$5,604,491	\$5,292,072	\$6,452,168	\$7,681,487	\$8,167,617	\$8,536,774	\$8,821,946	\$9,122,399
Total Resources	\$11,622,902	\$11,158,128	\$12,506,245	\$12,520,409	\$12,795,429	\$12,127,877	\$12,470,737	\$13,266,778	\$13,975,855	\$14,533,060	\$15,021,889	\$15,440,240
EXPENDITURES												
Full-Time Equivalents (FTE)	4.36	4.17	4.55	3.95	3.85	3.70	3.30	3.30	3.30	3.30	3.30	3.30
Personal Services	\$236,872	\$242,586	\$270,845	\$289,573	\$301,772	\$292,342	\$271,407	\$281,655	\$291,639	\$300,915	\$310,486	\$320,359
Materials and Services	4,133,607	3,575,089	4,949,239	4,939,898	5,657,852	5,816,966	6,614,039	7,176,884	7,687,930	8,032,202	8,393,562	8,647,865
Capital Outlay	8,954	4,945	0	0	0	0	0	0	0	0	0	0
Transfers Out	340,000	340,000	340,000	100,000	0	0	0	0	0	0	0	0
TOTAL EXPENDITURES	\$4,719,433	\$4,162,620	\$5,560,084	\$5,329,471	\$5,959,624	\$6,109,308	\$6,885,446	\$7,458,539	\$7,979,570	\$8,333,117	\$8,704,048	\$8,968,224
Revenues less Expenditures	(475,009)	92,039	(49,347)	244,777	(355,133)	(817,236)	(433,278)	222,948	188,047	203,657	117,898	154,175
ENDING FUND BALANCE	\$6,903,469	\$6,995,508	\$6,946,161	\$7,190,938	\$6,835,805	\$6,018,569	\$5,585,291	\$5,808,239	\$5,996,286	\$6,199,943	\$6,317,841	\$6,472,015
Total Required Reserves	6,444,428	6,417,298	6,668,558	6,511,726	6,485,820	6,355,210	6,377,180	6,402,020	6,419,000	6,464,000	6,509,000	6,554,000
ENDING FUND BALANCE LESS RESERVES	\$459,041	\$578,210	\$277,603	\$679,212	\$349,985	(\$336,641)	(\$791,889)	(\$593,781)	(\$422,714)	(\$264,057)	(\$191,159)	(\$81,985)

RISK MANAGEMENT FUND FIVE YEAR FORECAST
Alternate Scenario #3 - Department Allocations \$1.6 million Annually

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	Audited	Audited	Audited	Audited	Audited	Unaudited	Estimate	Projections				
	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Resources						2nd Close						
BEGINNING FUND BALANCE <i>(Including Reserves)</i>	\$7,378,478	\$6,903,469	\$6,995,508	\$6,946,161	\$7,190,938	\$6,835,805	\$6,018,569	\$5,585,291	\$5,908,239	\$6,197,786	\$6,504,465	\$6,726,931
REVENUES												
Grants	\$9,360	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Enterprise Revenues	3,397,776	3,437,565	4,176,855	4,148,491	4,629,398	4,449,982	5,312,168	6,080,310	6,561,743	6,927,330	7,208,697	7,506,631
Interest	483,138	456,977	358,934	503,689	254,094	136,428	140,000	101,177	107,374	112,467	117,817	121,904
Transfers - Indirect Allocations	354,150	355,733	338,785	694,019	648,290	694,020	1,000,000	1,600,000	1,600,000	1,600,000	1,600,000	1,600,000
Other	0	4,384	636,163	228,049	72,709	11,642	0	0	0	0	0	0
TOTAL CURRENT REVENUES	\$4,244,424	\$4,254,659	\$5,510,737	\$5,574,248	\$5,604,491	\$5,292,072	\$6,452,168	\$7,781,487	\$8,269,117	\$8,639,797	\$8,926,514	\$9,228,535
Total Resources	\$11,622,902	\$11,158,128	\$12,506,245	\$12,520,409	\$12,795,429	\$12,127,877	\$12,470,737	\$13,366,778	\$14,177,355	\$14,837,583	\$15,430,979	\$15,955,467
EXPENDITURES												
Full-Time Equivalents (FTE)	4.36	4.17	4.55	3.95	3.85	3.70	3.30	3.30	3.30	3.30	3.30	3.30
Personal Services	\$236,872	\$242,586	\$270,845	\$289,573	\$301,772	\$292,342	\$271,407	\$281,655	\$291,639	\$300,915	\$310,486	\$320,359
Materials and Services	4,133,607	3,575,089	4,949,239	4,939,898	5,657,852	5,816,966	6,614,039	7,176,884	7,687,930	8,032,202	8,393,562	8,647,865
Capital Outlay	8,954	4,945	0	0	0	0	0	0	0	0	0	0
Transfers Out	340,000	340,000	340,000	100,000	0	0	0	0	0	0	0	0
TOTAL EXPENDITURES	\$4,719,433	\$4,162,620	\$5,560,084	\$5,329,471	\$5,959,624	\$6,109,308	\$6,885,446	\$7,458,539	\$7,979,570	\$8,333,117	\$8,704,048	\$8,968,224
Revenues less Expenditures	(475,009)	92,039	(49,347)	244,777	(355,133)	(817,236)	(433,278)	322,948	289,547	306,680	222,466	260,311
ENDING FUND BALANCE	\$6,903,469	\$6,995,508	\$6,946,161	\$7,190,938	\$6,835,805	\$6,018,569	\$5,585,291	\$5,908,239	\$6,197,786	\$6,504,465	\$6,726,931	\$6,987,242
Total Required Reserves	6,444,428	6,417,298	6,668,558	6,511,726	6,485,820	6,355,210	6,377,180	6,402,020	6,419,000	6,464,000	6,509,000	6,554,000
ENDING FUND BALANCE LESS RESERVES	\$459,041	\$578,210	\$277,603	\$679,212	\$349,985	(\$336,641)	(\$791,889)	(\$493,781)	(\$221,214)	\$40,465	\$217,931	\$433,242

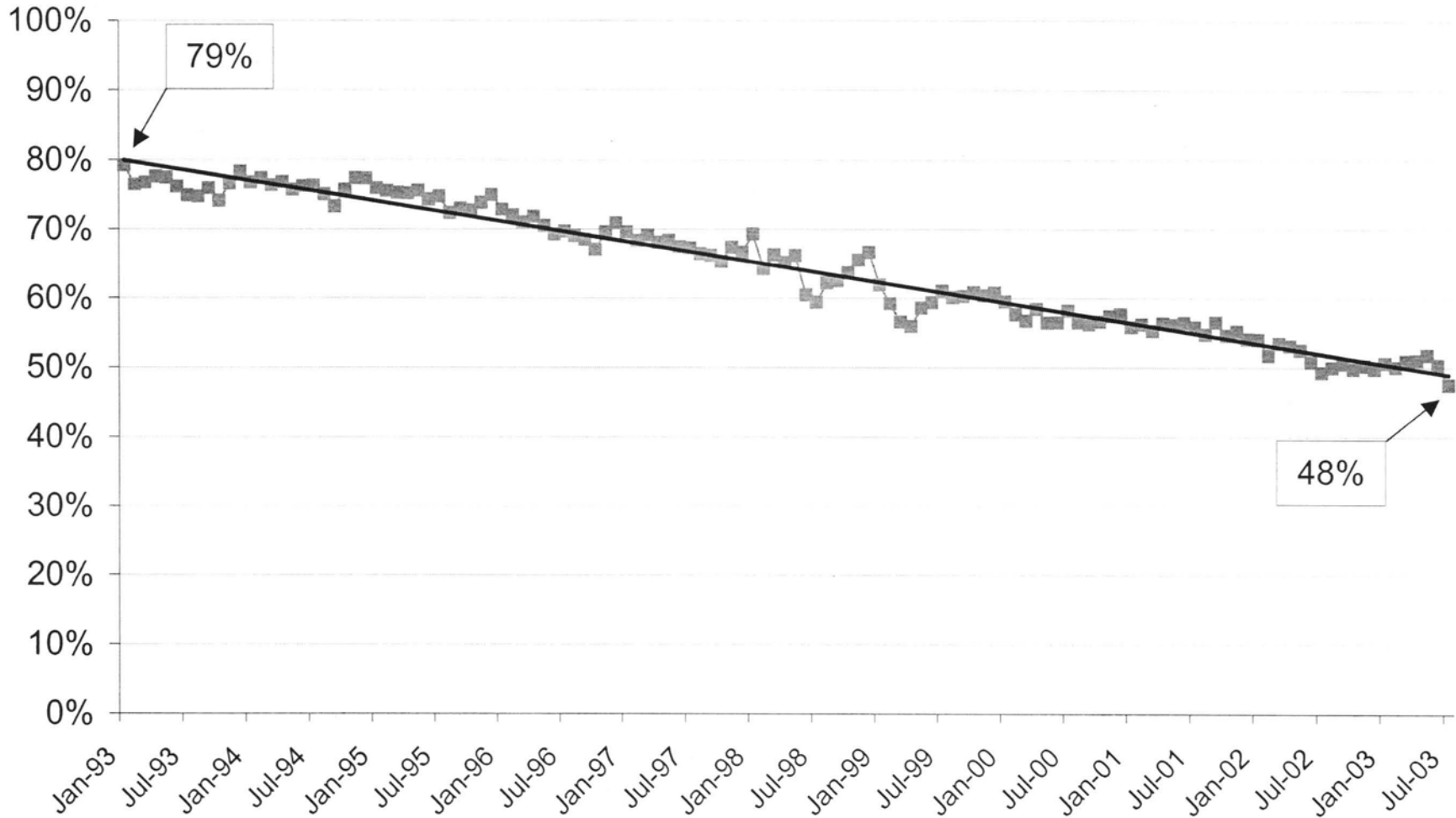
RISK MANAGEMENT FUND FIVE YEAR FORECAST
Alternate Scenario #4 - Fully Fund Reserve in FY 2004-05
 (Department Assessments vary between \$2.1 million in year one to \$1.4 million in year five)

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	Audited	Audited	Audited	Audited	Audited	Unaudited	Estimate	Projections				
	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Resources						2nd Close						
BEGINNING FUND BALANCE <i>(Including Reserves)</i>	\$7,378,478	\$6,903,469	\$6,995,508	\$6,946,161	\$7,190,938	\$6,835,805	\$6,018,569	\$5,585,291	\$6,408,239	\$6,455,286	\$6,465,828	\$6,537,714
REVENUES												
Grants	\$9,360	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Enterprise Revenues	3,397,776	3,437,565	4,176,855	4,148,491	4,629,398	4,449,982	5,312,168	6,080,310	6,561,743	6,927,330	7,208,697	7,506,631
Interest	483,138	456,977	358,934	503,689	254,094	136,428	140,000	101,177	114,874	116,329	117,237	119,066
Transfers - Indirect Allocations	354,150	355,733	338,785	694,019	648,290	694,020	1,000,000	2,100,000	1,350,000	1,300,000	1,450,000	1,400,000
Other	0	4,384	636,163	228,049	72,709	11,642	0	0	0	0	0	0
TOTAL CURRENT REVENUES	\$4,244,424	\$4,254,659	\$5,510,737	\$5,574,248	\$5,604,491	\$5,292,072	\$6,452,168	\$8,281,487	\$8,026,617	\$8,343,659	\$8,775,934	\$9,025,697
Total Resources	\$11,622,902	\$11,158,128	\$12,506,245	\$12,520,409	\$12,795,429	\$12,127,877	\$12,470,737	\$13,866,778	\$14,434,855	\$14,798,945	\$15,241,762	\$15,563,411
EXPENDITURES												
Full-Time Equivalents (FTE)	4.36	4.17	4.55	3.95	3.85	3.70	3.30	3.30	3.30	3.30	3.30	3.30
Personal Services	\$236,872	\$242,586	\$270,845	\$289,573	\$301,772	\$292,342	\$271,407	\$281,655	\$291,639	\$300,915	\$310,486	\$320,359
Materials and Services	4,133,607	3,575,089	4,949,239	4,939,898	5,657,852	5,816,966	6,614,039	7,176,884	7,687,930	8,032,202	8,393,562	8,647,865
Capital Outlay	8,954	4,945	0	0	0	0	0	0	0	0	0	0
Transfers Out	340,000	340,000	340,000	100,000	0	0	0	0	0	0	0	0
TOTAL EXPENDITURES	\$4,719,433	\$4,162,620	\$5,560,084	\$5,329,471	\$5,959,624	\$6,109,308	\$6,885,446	\$7,458,539	\$7,979,570	\$8,333,117	\$8,704,048	\$8,968,224
Revenues less Expenditures	(475,009)	92,039	(49,347)	244,777	(355,133)	(817,236)	(433,278)	822,948	47,047	10,542	71,886	57,473
ENDING FUND BALANCE	\$6,903,469	\$6,995,508	\$6,946,161	\$7,190,938	\$6,835,805	\$6,018,569	\$5,585,291	\$6,408,239	\$6,455,286	\$6,465,828	\$6,537,714	\$6,595,187
Total Required Reserves	6,444,428	6,417,298	6,668,558	6,511,726	6,485,820	6,355,210	6,377,180	6,402,020	6,419,000	6,464,000	6,509,000	6,554,000
ENDING FUND BALANCE LESS RESERVES	\$459,041	\$578,210	\$277,603	\$679,212	\$349,985	(\$336,641)	(\$791,889)	\$6,219	\$36,286	\$1,828	\$28,714	\$41,187

Metro Share Of Core Revenue Tonnage

January 1993 - July 2003



690903-01