 **Metro** | *Agenda*

Meeting: Metro Council
Date: Thursday, April 24, 2014
Time: 2 p.m.
Place: Metro, Council Chamber

Revised 4/23/2014

CALL TO ORDER AND ROLL CALL

- 1. INTRODUCTIONS**
- 2. CITIZEN COMMUNICATION**
- 3. LEAVE MANAGEMENT FOLLOW-UP AUDIT REPORT** Metro Auditor Suzanne Flynn
- 4. CONSIDERATION OF THE COUNCIL SUMMARY FOR APRIL 17, 2014**
- 5. RESOLUTIONS**
 - 5.1 Metro Chief Operating Officer Acting as Budget Officer Presents the Proposed Fiscal Year 2014-2015 Budget and Budget Message to the Metro Council Acting as the budget Committee. **Martha Bennett, Metro**
 - 5.1.1 **Resolution No. 14-4515**, For the Purpose of Adopting the Annual Budget for Fiscal Year 2014-15, Making Appropriations, Levying Ad Valorem Taxes and Authorizing an Interfund Loan.
 - 5.1.2 Public Hearing on Resolution No. 14-4515
- 6. CHIEF OPERATING OFFICER COMMUNICATION**
- 7. COUNCILOR COMMUNICATION**

ADJOURN

AN EXECUTIVE SESSION WILL BE HELD IMMEDIATELY FOLLOWING THE PUBLIC HEARING PURSUANT TO ORS 192.660(e), TO CONDUCT DELIBERATIONS WITH PERSONS DESIGNATED BY GOVERNING BODY TO NEGOTIATE REAL PROPERTY TRANSACTIONS.

Television schedule for April 24, 2014 Metro Council meeting

<p>Clackamas, Multnomah and Washington counties, and Vancouver, WA Channel 30 – Community Access Network <i>Web site:</i> www.tvctv.org <i>Ph:</i> 503-629-8534 <i>Date:</i> Thursday, April 24</p>	<p>Portland Channel 30 – Portland Community Media <i>Web site:</i> www.pcmtv.org <i>Ph:</i> 503-288-1515 <i>Date:</i> Sunday, April 27, 7:30 p.m. <i>Date:</i> Monday, April 28, 9 a.m.</p>
<p>Gresham Channel 30 - MCTV <i>Web site:</i> www.metroeast.org <i>Ph:</i> 503-491-7636 <i>Date:</i> Monday, April 28, 2 p.m.</p>	<p>Washington County and West Linn Channel 30– TVC TV <i>Web site:</i> www.tvctv.org <i>Ph:</i> 503-629-8534 <i>Date:</i> Saturday, April 26, 11 p.m. <i>Date:</i> Sunday, April 27, 11 p.m. <i>Date:</i> Tuesday, April 29, 6 a.m. <i>Date:</i> Wednesday, April 30, 4 p.m.</p>
<p>Oregon City and Gladstone Channel 28 – Willamette Falls Television <i>Web site:</i> http://www.wftvmedia.org/ <i>Ph:</i> 503-650-0275 Call or visit web site for program times.</p>	

PLEASE NOTE: Show times are tentative and in some cases the entire meeting may not be shown due to length. Call or check your community access station web site to confirm program times. Agenda items may not be considered in the exact order. For questions about the agenda, call the Metro Council Office at 503-797-1540. Public hearings are held on all ordinances second read. Documents for the record must be submitted to the Regional Engagement and Legislative Coordinator to be included in the meeting record. Documents can be submitted by e-mail, fax or mail or in person to the Regional Engagement and Legislative Coordinator. For additional information about testifying before the Metro Council please go to the Metro web site www.oregonmetro.gov and click on public comment opportunities.

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Agenda Item No. 3.0

Leave Management Follow-Up Audit Report

Presentations

Metro Council Meeting
Thursday, Apr. 24, 2014
Metro, Council Chamber



LEAVE MANAGEMENT AUDIT FOLLOW-UP

Progress made on recommendations

Kathryn Nichols
Senior Management Auditor

April 16, 2014

SUMMARY

Metro needs to increase the priority placed on improving attendance data and take a broader, more analytic approach to monitoring and reporting so that all forms of employee leave and associated costs can be better managed. While recommendations were directed at Metro's Human Resources Department, we recognize that the recommended changes are complex and implementation will also require ongoing collaboration among staff from Benefits, Payroll, Information Services, Labor Relations, and department managers and supervisors.

SUZANNE FLYNN

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BACKGROUND

In September of 2010, the Auditor's Office released a report on the use of leave by Metro's employees. Leave was defined broadly to include absences due to sick leave, family leave, holiday, vacation and other leave. The audit identified differences in leave taken by staff in different departments and employee groups. It also identified potential sick leave misuse among some staff. The report found that because Metro did not monitor or analyze employee attendance agency-wide, it did not have the ability to manage employee leave. The audit made eight specific recommendations for improvements in leave data, reporting and management (see Status of Recommendations on page 7).

SCOPE AND METHODOLOGY

The objective of this audit was to determine the status of recommendations made in the 2010 audit. We interviewed the Human Resources (HR) Director, Benefits Manager and staff. We also interviewed supervisors from Metro departments that backfill absent staff, including the Zoo, Parks and Environment Services, the Oregon Convention Center and the Portland Center for the Performing Arts. We reviewed Metro's policies and procedures for the Family Medical Leave Act (FMLA), as well as Oregon Family Leave Act (OFLA) regulations.

We reviewed documentation and training materials on new software modules implemented in Metro's timekeeping system (Kronos) since our audit. We also reviewed new leave reports and extracted data to document trends in family leave. We analyzed trend data on adjustments made to timekeeping data. We contacted Multnomah County and the City of Portland to obtain updated leave statistics and information on their leave management practices.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

RESULTS

Metro's HR Department made it a priority to address audit recommendations with improvements in the administration of family leave (FMLA and OFLA). Adoption of new policies and implementation of new software to automate approval and tracking have strengthened administration. These improvements partially address several recommendations. HR developed new reports to identify potential leave misuse, but did not respond systematically or make all reports available to Metro managers. Work remains to improve data quality and reporting to strengthen management of employee leave. As a result, we found one recommendation was implemented, five were in process, and two had not been implemented.

Improvements made in administration of family leave

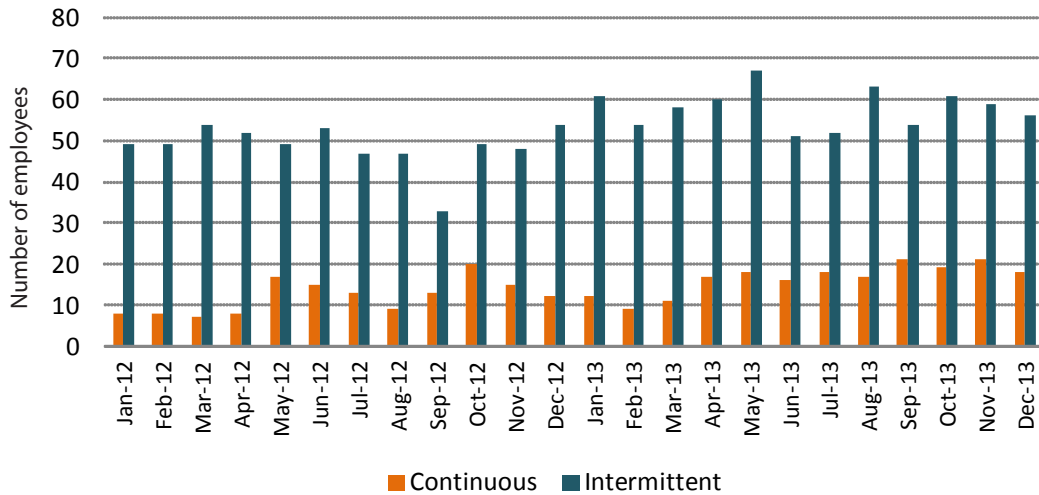
Shortly before our original leave audit was released, the HR Department hired a new benefits manager whose responsibilities included implementation of the audit recommendations. The manager developed a two-phase plan. Improvements in the administration of family leave were prioritized because of the associated liability, since family leave is legally "protected" under federal and state law. The second phase would address management of attendance more generally, and sick leave in particular.

In late 2011, Metro adopted a new family leave policy and HR posted online a guidance document for managers and employees. Both were designed to bring more consistency to the administration of family leave across the organization. HR also implemented new software to track family leave and conducted training for managers. Under new procedures, employees request family leave through the timekeeping system. Employees can request continuous leave for a single event such as a pregnancy or surgery. Leave can also be requested for intermittent use, for a chronic medical problem or to care for a sick child or parent. Family leave requests are then forwarded to HR for review and approval. Improvements in the timekeeping system allow HR to verify that employees have worked enough hours to be eligible. If approved, employees determine how accrued paid leave balances will be used before leave is taken without pay. These preferences are programmed into the timekeeping system.

The new procedures brought much more consistency and control over the initial approval and certification of family leave. They also improved the quality of family leave data and provided HR and supervisors with some tools for tracking these forms of leave. Most supervisors we interviewed appreciated these changes.

HR created new reports that would allow for better management of family leave and costs agency-wide. We analyzed these reports and found that the monthly average number of Metro employees out on a family leave case each month increased by 23% over the last two years. The majority of these employees were out on intermittent leave (see Exhibit 1). Because such absences are typically unplanned, they can create challenges for supervisors if employees have to be replaced on short notice. Our analysis of the same reports showed that annual payroll costs for family leave have increased by 48%, from about \$481,000 in 2012 to \$715,000 in 2013. These improved reports could be used to better understand and manage family leave.

Exhibit 1
Monthly trends in family leave usage



Source: Metro Auditor’s Office analysis of time and attendance data.

HR had not adopted new strategies for responding systematically to potential misuse of family leave after approval. Supervisors in two Metro departments reported that some employees used intermittent family leave in patterns that suggested potential misuse. These departments routinely hired temporary staff to backfill these absences. HR staff and supervisors relied on the advice from the Office of Metro Attorney to guide enforcement of family medical leave provisions and respond to potential abuse. Some supervisors expressed the perception that once an employee has been approved for family leave, the employee cannot be held accountable for their absences.

Metro must balance the rights of its employees with its responsibility to manage public resources. Federal guidance, state rules and case law affirm that employers can enforce some provisions of family leave, such as notice and call-in requirements. Metro’s policies and procedures state that “Employees on leave must follow the call-in procedures in their respective collective bargaining agreement, non-represented employee policy and/or work rule. Employees must provide sufficient information to communicate that the absence is for a purpose covered by protected leave.”

Software upgrades improve leave data, but accuracy still needs attention

Our original audit recommended that HR standardize timekeeping data and better ensure consistency between the timekeeping system and the accounting system that generates payroll. That analysis required data from both systems and found inconsistencies. Upgrades to the timekeeping system have standardized leave data and now make it possible to better track and report on leave and associated costs from that system alone. New procedures to update the accounting system with daily time records have created more consistency. But the continued practice of making changes to attendance data after timecards have been approved is labor intensive and suggested that employees and supervisors do not always enter accurate leave

data. Since our original audit, the payroll manager and Finance and Regulatory Services Director developed and formalized specific criteria to limit when HR staff can make such adjustments. We found that the number of these adjustments in the timekeeping system increased since our audit, with significant increases in 2013. While some adjustments were necessary to retroactively apply leave taken under new Family Leave cases, HR should take steps to understand the increases and assess the need for additional training.

More work needed to manage all absences

The original audit recommended that HR report regularly on leave patterns at the department level and by employee group. Best practices for effective leave management identify such reports as critical tools for both HR and department managers. These reports would help Metro determine where in the organization absence rates and costs are high so that HR can work with management to understand and address the causes. Within Metro's departments, supervisors need such reports so that they can monitor and more effectively respond to potential misuse of leave by individual employees.

We found that HR had not yet reported on leave patterns at the department level or by employee group. Although the timekeeping system could be used to create these reports, IS staff said that special queries or additional programming would be required.

The new attendance software offered Metro a number of new reports that could have been used to identify potential leave misuse by individual employees and reward those with exemplary attendance. However, not all of the new reports were made available to managers, and available reports were not consistently being used. For example, supervisors had access to a new absence summary report which could have been used to scan the attendance patterns of individual employees. Not all of the supervisors we interviewed were aware of this report, and one said that it was too time-consuming to generate individual reports for each of their employees.

HR developed a custom report to flag employees when sick leave usage begins to exceed the threshold for misuse, which is defined as 40 or more hours over a six-month period in most of Metro's labor contracts. HR excluded from these reports sick leave that is taken as part of a family leave case. The benefits manager stated she runs these report and shares results with supervisors and labor relations staff periodically when an employee's sick leave shows a pattern of repeatedly exceeding thresholds. While this type of report would be very useful for all supervisors, they cannot independently access it.

Since FY 2008-09, Metro annually reported a measure of sick leave usage in an agency performance report, the Balanced Scorecard. It has not reported similar measures of family leave or other leave usage. We were unable to verify that the methodology used to calculate the sick leave measure was consistent across the time period. This trend data for the past five years is presented in Exhibit 2. It suggests that sick leave by Metro employees in the last two years is down relative to the previous three years. The benefits manager reported that this decline in sick leave usage could be related to the increase in use of family leave, as employees who had previously used sick leave to care for a sick child, for example, might now be taking the time off under a leave case. HR should better document the underlying methodology and take a more analytic approach to monitoring all forms of leave so that these trends can be better managed.

Exhibit 2
Metro sick leave use and rates

Trends in Sick Leave usage	FY09	FY10	FY11	FY12	FY13
FTE (budgeted)	716.8	761.9	749.6	752.1	765.5
Total sick hours	31,227	34,583	33,180	28,301	30,622
Average sick hours per FTE	43.5	45.4	44.3	37.6	40.1

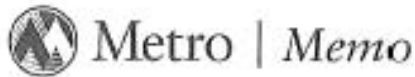
Source: Metro Auditor's Office analysis of FY 2012-13 Balanced Scorecard Report data, which reflects non-FMLA/OFLA sick leave used by employees that have sick leave accrual during the specified timeframe. Accuracy not verified.

The original audit included a comparison with Multnomah County, which found that Metro's leave levels were similar. Multnomah County has since discontinued reporting on employee leave, but the City of Portland has revised its methodology and is more consistent with Metro's. The City of Portland issues annual leave reports which could be used by Metro to benchmark leave usage. The reports show both sick leave and vacation leave hours per FTE by department and employee group.

An example of why leave management is beneficial can be found locally. In 2011, Multnomah County's Library Department adopted a comprehensive leave management policy and has since reported reduced costs associated with both family and sick leave usage. Library managers receive quarterly reports on all employees which allow them to easily identify those with high leave use, and attendance matters have become a central point in performance reviews.

STATUS OF METRO AUDITOR RECOMMENDATIONS

2010 Recommendations	Status
1. Standardize employee data entered into the time and attendance system.	<i>IN PROCESS</i>
2. Improve data quality and agreement across the two software systems, Kronos and PeopleSoft HR.	<i>IMPLEMENTED</i>
3. Determine if current functionality is available to produce agency-wide leave reports that allow comparisons among departments and other jurisdictions.	<i>IN PROCESS</i>
4. If current capability is not sufficient, Metro should put a plan in place to add capacity.	<i>IN PROCESS</i>
5. Assess underlying causes for differences in leave use by department and employee class.	<i>NOT IMPLEMENTED</i>
6. Develop strategies to better manage leave.	<i>IN PROCESS</i>
7. Develop processes to identify and address leave misuse.	<i>IN PROCESS</i>
8. Collaborate with local jurisdictions to benchmark leave measures.	<i>NOT IMPLEMENTED</i>



Date: April 8, 2014
To: Suzanne Flynn, Metro Auditor
From: Mary Rowe, Human Resources Director 
Cc: Martha Bennett, Chief Operating Officer
Scott Robinson, Deputy Chief Operating Officer
Jodi Wilson, Benefits Program Manager
Subject: Management Response to Leave Management Audit Follow Up

The following represents management's response to the Leave Management Audit Follow-Up report which will be issued by your office later this month.

Human Resources (HR) and Information Services (IS) have worked on a number of improvements since the initial audit. We appreciate that the Auditor recognizes the areas of improvements.

Response to recommendations in the Auditor's report

The following summarizes management's response to the specific recommendations noted in the audit report.

Recommendations

1. Standardize employee data entered into the time and attendance systems. – In Process

Response: Previously all data for Family Medical leave was tracked manually. Since the time of the first audit HR has worked with IS to install and activate a Kronos leave management and absence manager module. Kronos is Metro's timekeeper system. These modules allow for the automated tracking of FMLA and leaves of absence respectively. OFLA and FMLA hours are now entered directly into the timekeeping system and data is transferred to PeopleSoft.

Next steps: The audit does note that there are a number of changes being made to timecards after they have been approved. HR has conducted training for supervisors regarding the use of Kronos and will continue with a more targeted outreach where those edits are occurring following approval of timecards.

2. Improve data quality and agreement across the two software systems, Kronos and PeopleSoft. - Implemented

Response: We appreciate the recognition that HR and IS have created a file that allows for daily transactions in Kronos to be uploaded into PeopleSoft.

3. Determine if current functionality is available to produce agency-wide leave reports that allow comparisons among departments and other jurisdictions. – In Process

Response: The Kronos modules only allow for agency wide reports. The system does not currently allow for a detailed department level report as recommended in the audit.

Next steps: HR and IS will continue to explore options for either the development of a custom report or the purchase of an additional module that would allow for this level of detail.

4. If current capability is not sufficient, Metro should put a plan in place to add capacity. – In process

Response: As stated in # 3 the current capability does not meet the level of detail outlined in the audit recommendations.

Next steps: Conduct a more in depth cost benefit analysis regarding the management of leave at the agency and various options including development of customized reports, adding an additional analytics model to Kronos or outsourcing of leave management to a 3rd party to determine the appropriate course of action.

5. Assess underlying causes for differences in leave use by department and employee class. - Not Implemented

Response: Some patterns became quickly apparent such as departments where the jobs are more physical and those jobs at 7 day a week operations tend to have a higher rate of absenteeism. Due to staffing and sheer volume of FLMA cases we have had to prioritize work load and have not yet completed as in depth analysis of leave usage as the audit calls for.

Next steps: We will first need to prioritize this body of work as an agency and then determine how to gather the information as outlined under # 4.

6. Develop strategies to better manage leave. - In Process

Response: Due to current staffing levels and the number of FMLA cases, HR and IS will do an analysis of the option of contracting FMLA management.

Next steps: Conduct an RFP for services for leave management if this appears to be a viable to more adequately address the agency needs.

7. Develop processes to identify and address leave misuse. – In Process

Response: With the current system, the HR Benefits Program Manager runs monthly reports to see who is potentially in violation of the respective contract or policy regarding leave usage and notifies the respective supervisor. This provides greater consistency in review across the agency then merely providing access to the data to individual supervisors who may or may not run the reports depending upon their competing priorities.

Next steps: Continue review of the data and follow up with supervisors as appropriate.

8. Collaborate with local jurisdictions to benchmark leave measures. – Not Implemented

Response: As noted in the audit report Multnomah County discontinued their tracking of leave usage and City of Portland commenced tracking leave usage. Metro's sick leave usage has been similar to these agencies at the respective time of comparison.

Next steps: Contact the City of Portland regarding their leave tracking and also Multnomah County regarding why they discontinued leave tracking and reporting. We will also see if Clackamas and Washington County and any of the larger cities such as Hillsboro and Beaverton have any systems in place for leave analysis.

Agenda Item No. 4.0

Consideration of the Council Summary for April 17, 2014

Consent

Metro Council Meeting
Thursday, Apr. 24, 2014
Metro, Council Chamber

Agenda Item No. 5.1.1

Resolution No. 14-4515, For the Purpose of Adopting the Annual Budget for Fiscal Year 2014-15, Making Appropriations, Levying Ad Valorem Taxes and Authorizing an Interfund Loan.

Resolutions

Metro Council Meeting
Thursday, Apr. 24, 2014
Metro, Council Chamber

BEFORE THE METRO COUNCIL

ADOPTING THE ANNUAL BUDGET FOR FISCAL) RESOLUTION NO 14-4515
YEAR 2014-15, MAKING APPROPRIATIONS,)
LEVYING AD VALOREM TAXES, AND) Introduced by Martha Bennett, Chief
AUTHORIZING AN INTERFUND LOAN) Operating Officer, with the concurrence of
) Council President Tom Hughes

WHEREAS, the Multnomah County Tax Supervising and Conservation Commission held its public hearing on the annual Metro budget for the fiscal year beginning July 1, 2014, and ending June 30, 2015; and

WHEREAS, recommendations from the Multnomah County Tax Supervising and Conservation Commission have been received by Metro (attached as Exhibit A and made a part of the Resolution) and considered; now, therefore,

BE IT RESOLVED,

1. The "Fiscal Year 2014-15 Metro Budget," in the total amount of FOUR HUNDRED EIGHTY MILLION SEVEN HUNDRED EIGHTY FOUR THOUSAND EIGHT HUNDRED SEVENTY FOUR DOLLARS (\$480,784,874), attached hereto as Exhibit B, and the Schedule of Appropriations, attached hereto as Exhibit C, are hereby adopted.

2. The Metro Council does hereby levy ad valorem taxes, as provided in the budget adopted by Section 1 of this Resolution, at the rate of \$0.0966 per ONE THOUSAND DOLLARS (\$1,000) of assessed value for operating rate levy; at the rate of \$0.0960 per ONE THOUSAND DOLLARS (\$1,000) of assessed values for local option rate levy and in the amount of THIRTY EIGHT MILLION TWO HUNDRED TWENTY EIGHT THOUSAND THREE HUNDRED SIX DOLLARS (\$38,228,306) for general obligation bond debt, said taxes to be levied upon taxable properties within the Metro District for the fiscal year 2014-15. The following allocation and categorization subject to the limits of Section 11b, Article XI of the Oregon Constitution constitute the above aggregate levy.

SUMMARY OF AD VALOREM TAX LEVY

	Subject to the General Government <u>Limitation</u>	Excluded from <u>the Limitation</u>
Operating Tax Rate Levy	\$0.0966/\$1,000	
Local Option Tax Rate Levy	\$0.0960/\$1,000	
General Obligation Bond Levy		\$38,228,306

3. In accordance with Section 2.02.040 of the Metro Code, the Metro Council hereby authorizes positions and expenditures in accordance with the Annual Budget adopted by Section 1 of this Resolution, and hereby appropriates funds for the fiscal year beginning July 1, 2014, from the funds and for the purposes listed in the Schedule of Appropriations, Exhibit C.

4. An interfund loan from the Solid Waste Revenue Fund to the General Asset Management Fund in an amount not to exceed \$3.5 million is hereby authorized. The loan will be made to fund two large capital projects at the Oregon Zoo. The loan, including interest at a rate equal to the average yield on Metro's pooled investments, will be repaid from Oregon Zoo operating revenues. Repayment will be made over a period not to exceed ten years beginning FY 2014-15. Annual interest only payments will be made until such time as the Oregon Zoo's commitment to debt service on the FY 2013 Full Faith & Credit bonds expires on 8/1/2016. Thereafter, annual principal payments will be due no later than June 30th of each fiscal year.

5. The Rehabilitation and Enhancement Fund is hereby renamed the Community Enhancement Fund. All other attributes of the fund remain the same.

6. The Chief Operating Officer shall make the filings as required by ORS 294.458 and ORS 310.060, or as requested by the Assessor's Office of Clackamas, Multnomah, and Washington Counties.

ADOPTED by the Metro Council on this 19th day of June 2014.

Tom Hughes, Council President

APPROVED AS TO FORM:

Alison Kean, Metro Attorney

STAFF REPORT

CONSIDERATION OF RESOLUTION 14-4515 ADOPTING THE ANNUAL BUDGET FOR FISCAL YEAR 2014-15, MAKING APPROPRIATIONS, LEVYING AD VALOREM TAXES, AND AUTHORIZING AN INTERFUND LOAN

Date: April 4, 2014

Presented by: Martha Bennett
Chief Operating Officer

BACKGROUND

I am forwarding to the Metro Council for consideration and approval my proposed budget for fiscal year 2014-15.

Metro Council action, through Resolution No. 14-4515 is the final step in the process for the adoption of Metro's operating financial plan for the forthcoming fiscal year. Final action by the Metro Council to adopt this plan must be completed by June 30, 2014.

Once the budget plan for fiscal year 2014-15 is approved by the Metro Council on May 8, 2014, the number of funds and the maximum tax levy cannot be amended without review and certification by the Tax Supervising and Conservation Commission. Adjustments, if any, by the Metro Council to increase the level of expenditures in a fund are limited to no more than 10 percent of the total value of any fund's expenditures in the period between Metro Council approval in early May 2014 and adoption in June 2014.

Exhibit A to this Resolution will be available subsequent to the Tax Supervising and Conservation Commission hearing June 5, 2014. Exhibits B and C of the Resolution will be available at the public hearing on April 24, 2014.

ANALYSIS/INFORMATION

1. **Known Opposition** – Metro Council hearings will be held on the Proposed Budget on April 24, 2014 and May 8, 2014. Opportunities for public comments will be provided. Opposition to any portion of the budget will be identified during that time.
2. **Legal Antecedents** – The preparation, review and adoption of Metro's annual budget is subject to the requirements of Oregon Budget Law, ORS Chapter 294. Oregon Revised Statutes 294.635 requires that Metro prepare and submit its approved budget to the Tax Supervising and Conservation Commission by May 15, 2014. The Commission will conduct a hearing on June 5, 2014 for the purpose of receiving information from the public regarding the Metro Council's approved budget. Following the hearing, the Commission will certify the budget to the Metro Council for adoption and may provide recommendations to the Metro Council regarding any aspect of the budget.
3. **Anticipated Effects** – Adoption of this Resolution will put into effect the annual FY 2014-15 budget, effective July 1, 2014.
4. **Budget Impacts** – The total amount of the proposed FY 2014-15 annual budget is \$480,784,874 and 785.25 FTE.

RECOMMENDED ACTION

The Chief Operating Officer recommends adoption of Resolution No. 14-4515

Materials following this page were distributed at the meeting.



METRO COUNCIL MEETING

Meeting Summary

April 17, 2014

Metro, Council Chamber

Councilors Present: Deputy Council President Sam Chase and Councilors Carlotta Collette, Shirley Craddick, Craig Dirksen, Kathryn Harrington, and Bob Stacey

Excused: Council President Tom Hughes

Deputy Council President Chase noted a quorum was present and called the regular council meeting to order at 2:03 p.m.

1. INTRODUCTIONS

There were none.

2. CITIZEN COMMUNICATIONS

Dana Carstensen and Matt Ellison, Portland

Mr. Carstensen and Mr. Ellison spoke to the Council about temporary zoo employees and the need for consistent information among and between employees and management. Mr. Ellison also expressed his appreciation for the creation of three permanent employment positions within the food and admissions department.

3. REPORT ON TRIPLE BOTTOM LINE SUCCESS AT GLENDOVEER AND PROPOSED RINGSIDE INVESTMENTS

Deputy Council President Chase invited Lydia Neill of Metro Parks and Environmental Services to come forward and present a staff report noting an overview of changes and mile-stones met at Glendoveer Golf and Tennis Facility. Michael Sharpe and Craig Peterson joined Ms. Neill and provided added details. Highlights included lease agreements with the Ringside Restaurant, new menus, community-wide benefits, improved customer service, increased profit margins, and facility upgrades. Council responded with appreciation and noted accomplishments were achieved in a short period of time.

4. CONSENT AGENDA

Deputy Council President Chase read the items listed under consent agenda to include April 10 Council Meeting Summary and Resolution No. 14-4518 and asked

for a motion. Councilor Craddick moved the consent agenda. Councilor Stacey seconded. Motion passed unanimously, 6-0-0.

5. RESOLUTIONS

- 5.1 **Resolution No. 14-4513**, For the Purpose of Extending Funding Through the Metro Tourism Opportunity and Competitiveness Account (MTOCA) to the Portland Expo Center. MTOCA Funds to Continue to be Directed to the Oregon Convention Center.

Deputy Council President Chase asked that the resolution be read into the record by title where upon a motion was asked for. Councilor Collette moved Resolution 14-4513. Councilor Stacey seconded.

Deputy Council President Chase invited Metro staff Tim Collier, director of the Office of Finance and Regulatory Services, and Mathew Rotchford, director of the Portland Expo Center, to come forward and present their staff report. Mr. Collier and Mr. Rotchford highlighted the program's history, goals, and the purpose of adopting the resolution is to expand the MTOCA funding definition that will include both the Oregon Convention Center (OCC) and the Portland Expo Center.

Mr. Collier and Mr. Rotchford noted MTOCA funds will be used to meet three primary objectives: (1) target capital investments in the Oregon Convention Center and the Portland Expo Center's physical plant, (2) assist the Visitor Development Fund with Oregon Convention Center facility costs, and (3) maintain the Oregon Convention Center and the Portland Expo Center in first-class condition.

Deputy Council President Chase asked for questions and/or comments from the Council. The Council noted the relationship between the Oregon Convention Center and the proposed Convention Center Hotel and over-all success is dependent on each to be successful. Council noted expanded opportunities for events and new marketing opportunities as a result.

Seeing no further questions, Deputy Council President Chase called for a vote and asked the Council Administrator to call roll. The motioned passed unanimously, 6-0-0.

6. CHIEF OPERATING OFFICER COMMUNICATION

Ms. Bennett noted four items for the Council's information: she updated the Council on forums relating to the Regional Transportation Plan, the Active Transportation Plan, and Metropolitan Transportation Improvement Plan's (MTIP) public comment periods. Second, Ms. Bennett noted the success of Metro's on-line tools. Third, she also highlighted the success of the Oregon Condors at the zoo, including introducing the first Oregon Condors to the new exhibit and their habitat. She expressed her appreciation for the zoo staff and the bond staff for their focus and hard work in achieving this important milestone. Last, Ms. Bennett noted the partnering of the Oregon Zoo with OMSI regarding a movie screening about the condors on Wednesday, May 7 at 6:30.

7. COUNCILOR COMMUNICATION

Councilor Dirksen noted he will be out of the office and out of town the week of Monday, April 21. Deputy Council President Chase updated the Council on the Housing Alliance meeting in Salem. Councilor Collette briefed the Council on Councilor Stacey and her attendance at the Oregon Pioneer Recognition Awards.

ADJOURN

There being no further business, Deputy Council President Chase adjourned the regular meeting at 3:10 p.m. The Metro Council's next regular council meeting is on Thursday, April 24 at 2 p.m. in Metro's Council Chamber.

SUPPLEMENTAL HANDOUTS (additional information distributed):

Metro Council Meeting Summary, April 10, 2014

Menu for Ringside Grill at Glendoveer

PowerPoint Presentation: Glendoveer Golf & Tennis – 2013 Year in Review & 2014 Looking

Forward

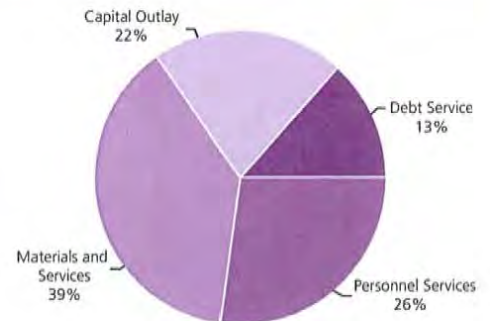
FY 2014-15 Proposed Budget

by the numbers

	FY 2013-14 Amended Budget	FY 2014-15 Proposed Budget	% Change
Operating Funds			
General Fund	116,824,275	118,314,458	1%
MERC Fund	72,925,142	85,323,573	17%
Parks and Natural Areas Local Option Levy Fund	10,216,770	15,303,800	50%
Solid Waste Revenue Fund	93,665,483	101,177,355	8%
Total Operating	\$293,631,670	\$320,119,186	9%
Bond/Capital Funds			
General Assets Management Fund	13,663,504	17,505,835	
Natural Areas Fund	66,263,355	52,866,226	
Open Spaces Fund	643,064	639,321	
Oregon Zoo Infrastructure Bond Fund	66,578,439	38,796,472	
Total Bond/Capital	\$147,148,362	\$109,807,854	(25%)
Debt Service Funds			
General Obligation Bond Debt Service Fund	36,494,125	37,327,750	
General Revenue Bond Fund	2,874,715	2,959,964	
Total Debt Service	\$39,368,840	\$40,287,714	2%
Other Funds			
Cemetery Perpetual Care Fund	445,067	495,257	
Community Enhancement Fund	2,274,927	2,111,912	
Risk Management Fund	4,469,238	4,512,983	
Smith & Bybee Wetlands Fund	3,600,569	3,449,968	
Total Other	\$10,789,801	\$10,570,120	-2%
Total All Funds	\$490,938,673	\$480,784,874	-2%
FTE	761.29	785.25	3%

	FY 2013-14 Estimated Budget	FY 2014-15 Adopted Budget	% Δ
Enterprise Revenues			
Enterprise revenues	\$114 million	\$125 million	9%
Solid Waste	55 million	60 million	
Venues			
Oregon Zoo	21 million	22 million	
MERC	31 million	36 million	
Property Taxes			
Permanent Operating Rate (per thousand)	9.66¢	9.66¢	
Parks and Natural Areas Local Option Levy (per thousand)	9.60¢	9.60¢	
Debt service (per thousand)	28¢	27¢	(4%)
Average homeowner (\$200,000 assessed value) (\$250,000 market value)	\$95	\$93	(2%)

Capital Expenditures



2013-14 Total \$173,201



PUBLIC SERVICE
EXCELLENCE
INNOVATION
RESPECT
TEAMWORK
SUSTAINABILITY

PROPOSED BUDGET FY 2014-15

Budget Presentation

April 24, 2014

Overview

- Budget resolution
- Budget message
- Budget by the numbers
- MERC
- Office of Metro Auditor
- Moving the budget forward
- Public Hearing

Introduction

Martha Bennett, Chief Operating Officer

Tim Collier, Finance and Regulatory
Services Director

Tim Collier, Finance and Regulatory
Services Director

Suzanne Flynn, CIA, Metro Auditor

Martha Bennett, Chief Operating Officer

required when budget is introduced

Budget message

- Budget Focus

Maintain excellent core services

Strategic direction

Implement Council's key initiatives

Budget message

- Core message
 - FY 2014-15 is built on positive signs of economic recovery
 - Council decisions made in the past help set up success in this budget
 - FY 2014-15 sees unique one time funds
 - Conservative approach to spending one time dollars
 - Costs are rising for FY 2015-16

Decision-making tools

- 6 desired regional outcomes

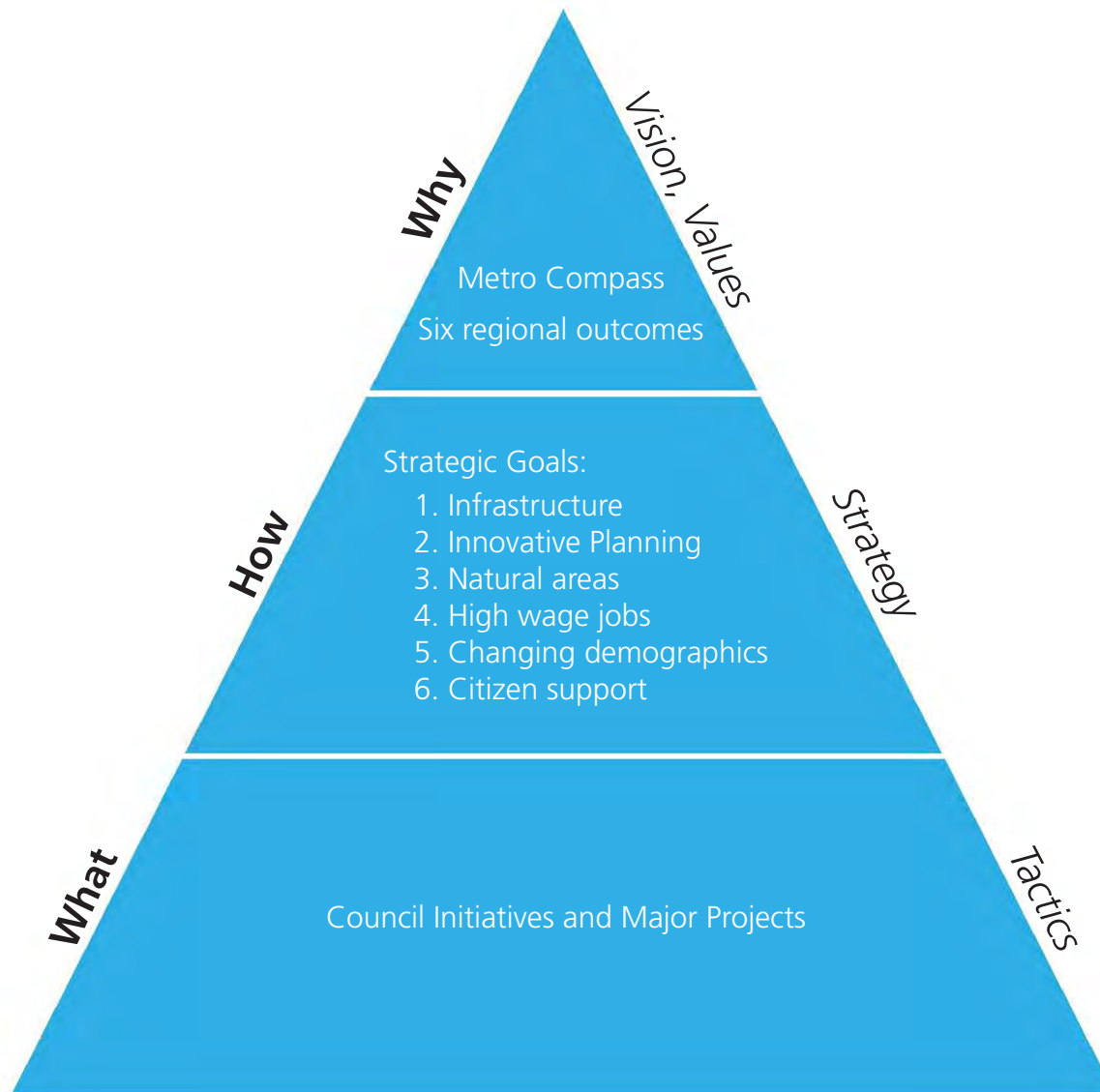


- Metro Compass



- Guidance from Council work session
- Department mission-critical plans

Decision-making tools



What the budget looks like

	FY 2013-14 Amended Budget	FY 2014-15 Proposed Budget	% Change
Operating Funds			
General Fund	116,800,000	118,300,000	1%
MERC Fund	72,900,000	85,300,000	17%
Parks and Natural Areas Levy Fund	10,200,000	15,300,000	50%
Solid Waste Revenue Fund	93,700,000	101,100,000	8%
<i>Total Operating</i>	\$293,600,000	\$320,100,000	9%
Bond/Capital Funds			
General Assets Management Fund	13,700,000	17,500,000	
Natural Areas Fund	66,300,000	52,900,000	
Open Spaces Fund	600,000	600,000	
Oregon Zoo Infrastructure Bond Fund	66,600,000	38,800,000	
<i>Total Bond/Capital</i>	\$147,100,000	\$109,800,000	(25%)
Debt Service Funds			
General Obligation Bond Debt Service Fund	36,500,000	37,300,000	
General Revenue Bond Fund	2,900,000	3,000,000	
<i>Total Debt Service</i>	\$39,400,000	\$40,300,000	2%
Other Funds			
Cemetery Perpetual Care Fund	400,000	500,000	
Rehabilitation & Enhancement Fund	2,300,000	2,100,000	
Risk Management Fund	4,500,000	4,500,000	
Smith & Bybee Wetlands Fund	3,600,000	3,400,000	
<i>Total Other</i>	\$10,800,000	\$10,600,000	-2%
Total All Funds	\$490,900,000	\$480,800,000	-2%
FTE	761.29	785.25	3%

What the budget delivers

- Strategic goals and key initiatives identified by Council
 - Invest in public infrastructure
 - Set stage for future of region with innovative planning
 - Make investments to preserve and enhance natural environment
 - Invest in effort to increase high wage jobs
 - Respond to increasing diversity of the region's residents
 - Increase citizen involvement and engagement

What the budget delivers

- Invest in public infrastructure

Regional Infrastructure Supporting our Economy (RISE)

Development of a transportation and policy package



What the budget delivers

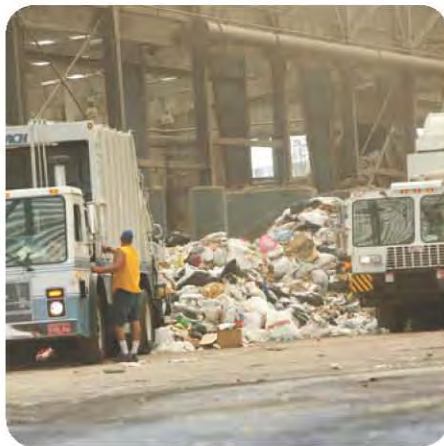
- Set the stage for the future of the region

Urban Growth Report

Regional Transportation Plan and Active
Transportation Plan

Climate Smart Communities

Solid Waste Roadmap



What the budget delivers

- **Make investments to preserve and enhance natural environment**

Deliver on Parks and Natural Areas Local Option Levy

Parks and Natural Areas System Plan

Deliver on Natural Areas Bond Promises



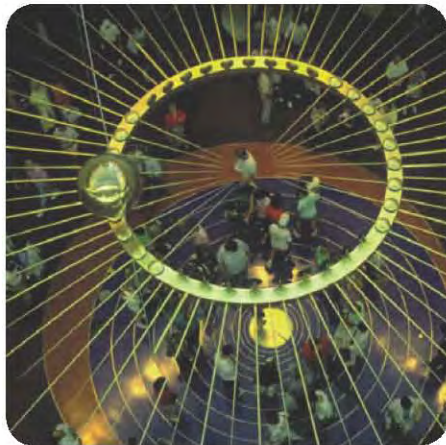
What the budget delivers

- Invest in effort to increase high wage jobs

Convention Center Hotel Project

Portland Expo Center Long-range Planning

Special appropriations for Metro Export Initiative,
Greater Portland Inc.



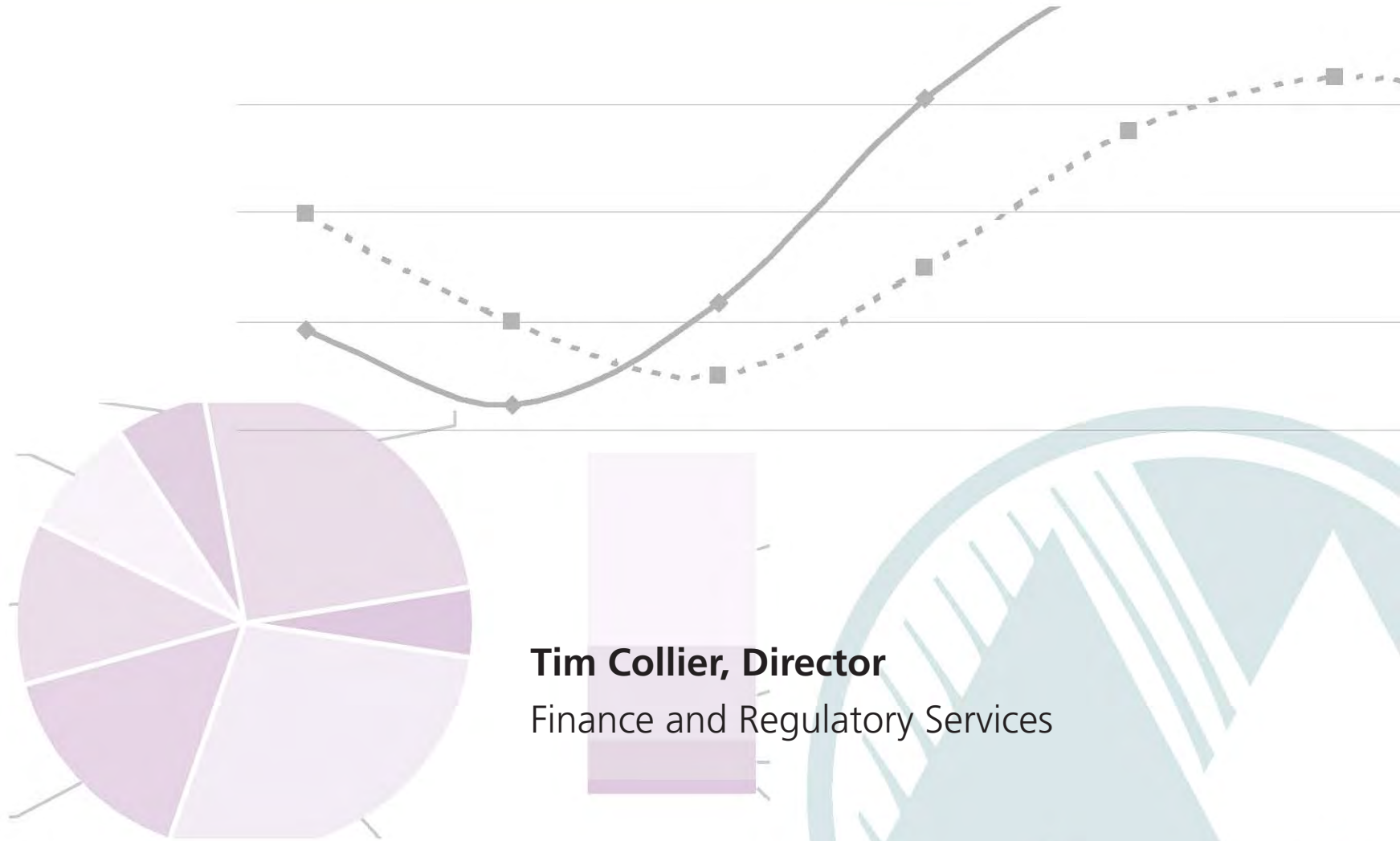
What the budget delivers

- **Respond to increasing diversity of the region's residents**
 - Continued implementation of Diversity Action Plan
 - Continued priority on Equity Strategy and Action Plan
 - Continuing outreach to diverse communities from a limited duration project to a regular, ongoing Metro program

What the budget delivers

- **Increase citizen involvement and engagement**
 - Improving ability to use social media
 - Integration of marketing efforts across all venues
 - Utilizing Public Engagement Review Committee

Budget by the numbers



Tim Collier, Director
Finance and Regulatory Services



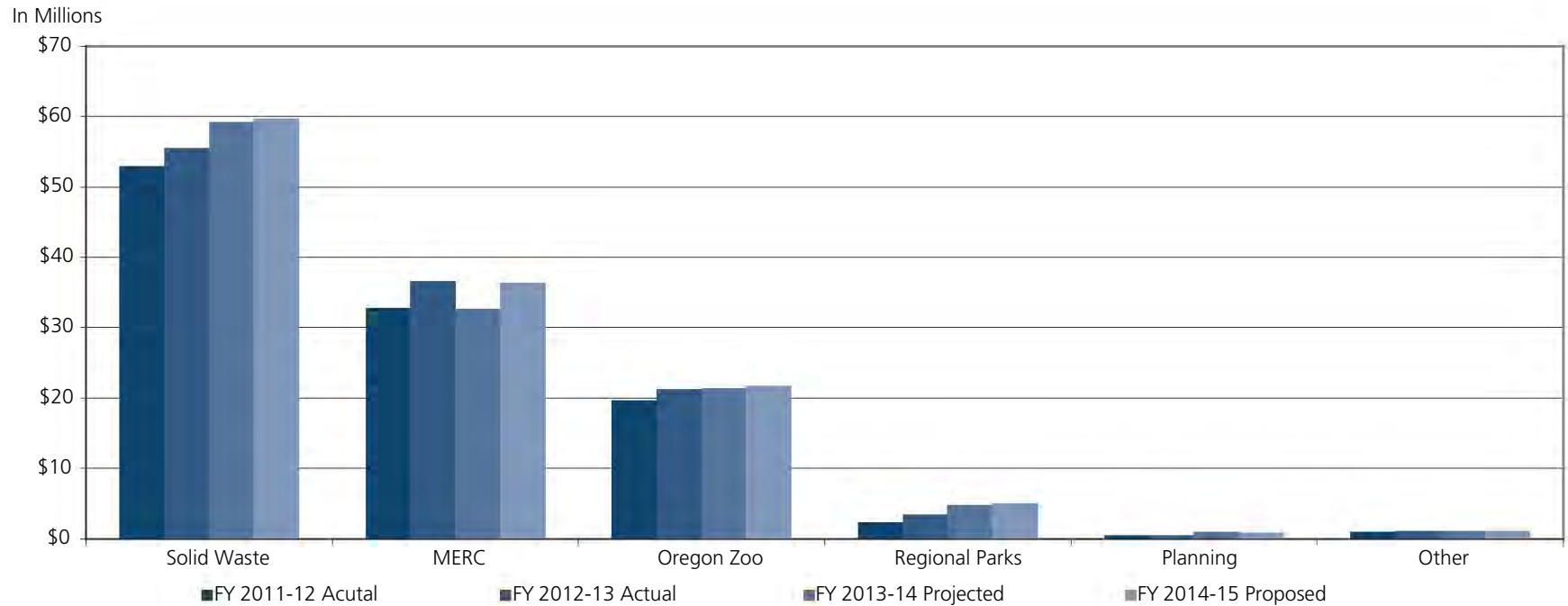
The “Legal” Budget

	FY 13-14 Amended Budget	FY 14-15 Proposed Budget	Budget % Change
Total Budget <i>(all resources and requirements)</i>	\$491 million	\$481 million	(2%)
Current Revenues	224 million	237 million	6
Current Expenditures	314 million	329 million	5
Wages and benefits	84.1 million	85.7 million	2
Full-time positions	761.29 FTE	785.25 FTE	23.96 FTE

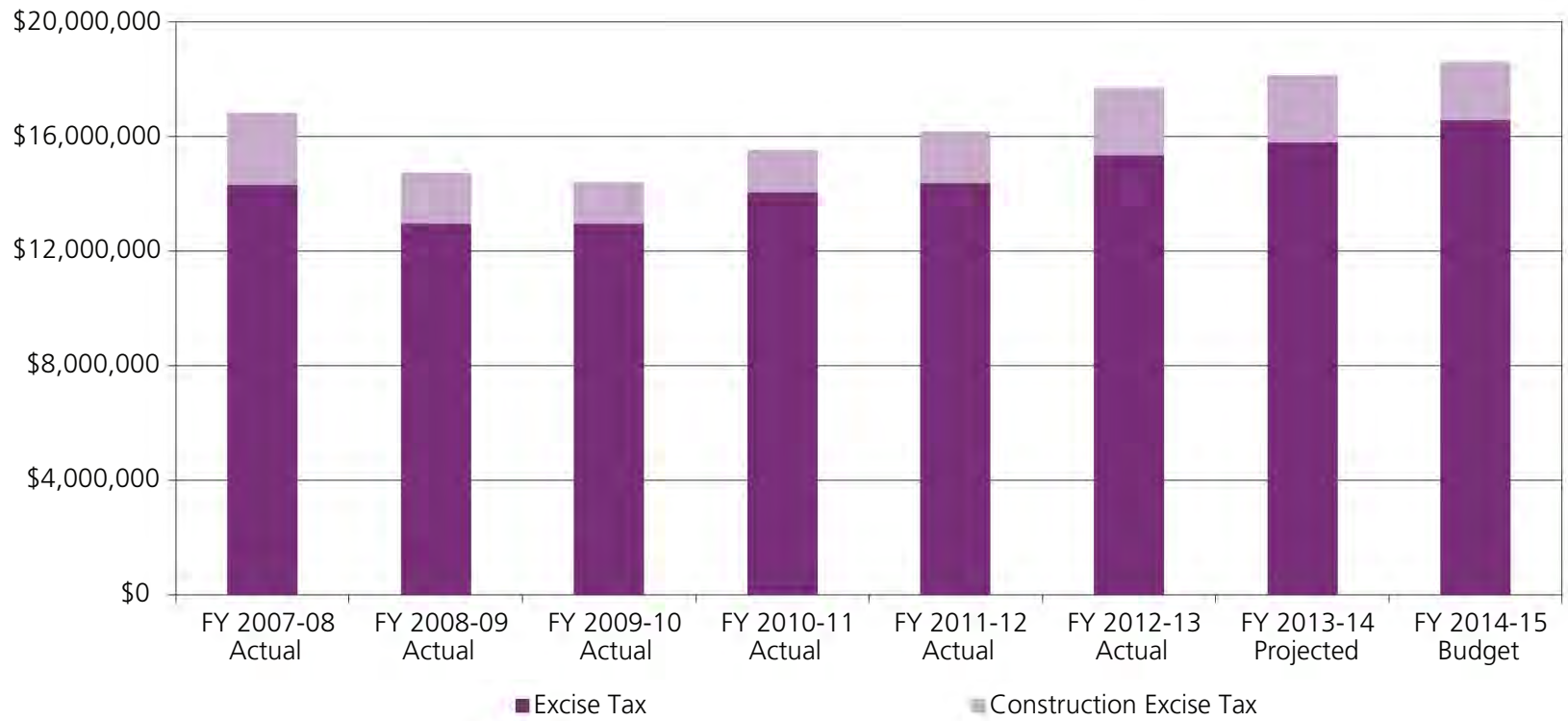
Budget by fund

	FY 2013-14 Amended Budget	FY 2014-15 Proposed Budget	% Change
Operating Funds			
General Fund	116,800,000	118,300,000	1%
MERC Fund	72,900,000	85,300,000	17%
Parks and Natural Areas Levy Fund	10,200,000	15,300,000	50%
Solid Waste Revenue Fund	93,700,000	101,100,000	8%
<i>Total Operating</i>	\$293,600,000	\$320,100,000	9%
Bond/Capital Funds			
General Assets Management Fund	13,700,000	17,500,000	
Natural Areas Fund	66,300,000	52,900,000	
Open Spaces Fund	600,000	600,000	
Oregon Zoo Infrastructure Bond Fund	66,600,000	38,800,000	
<i>Total Bond/Capital</i>	\$147,100,000	\$109,800,000	(25%)
Debt Service Funds			
General Obligation Bond Debt Service Fund	36,500,000	37,300,000	
General Revenue Bond Fund	2,900,000	3,000,000	
<i>Total Debt Service</i>	\$39,400,000	\$40,300,000	2%
Other Funds			
Cemetery Perpetual Care Fund	400,000	500,000	
Rehabilitation & Enhancement Fund	2,300,000	2,100,000	
Risk Management Fund	4,500,000	4,500,000	
Smith & Bybee Wetlands Fund	3,600,000	3,400,000	
<i>Total Other</i>	\$10,800,000	\$10,600,000	-2%
Total All Funds	\$490,900,000	\$480,800,000	-2%
FTE	761.29	785.25	3%

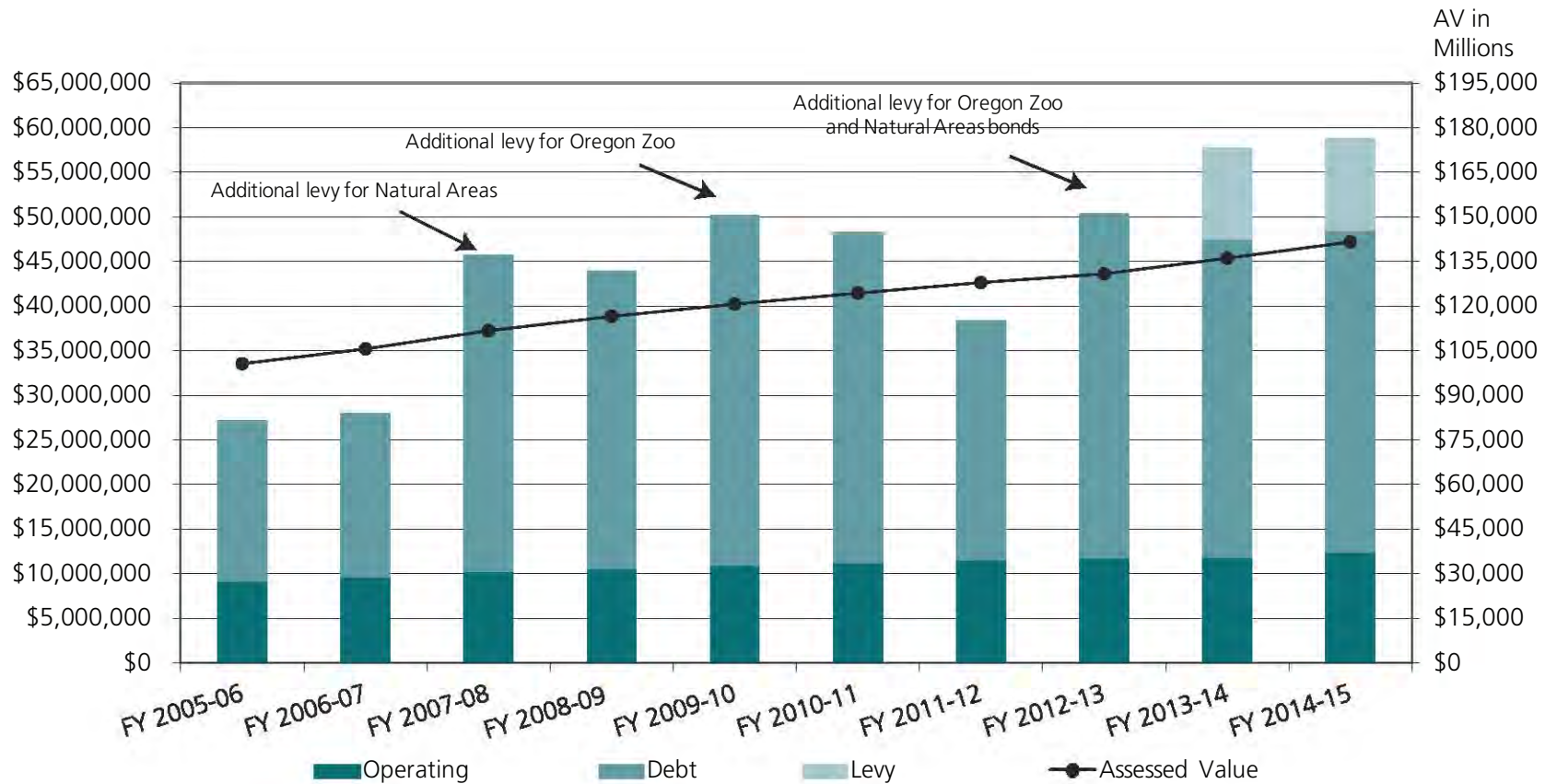
Enterprise revenue



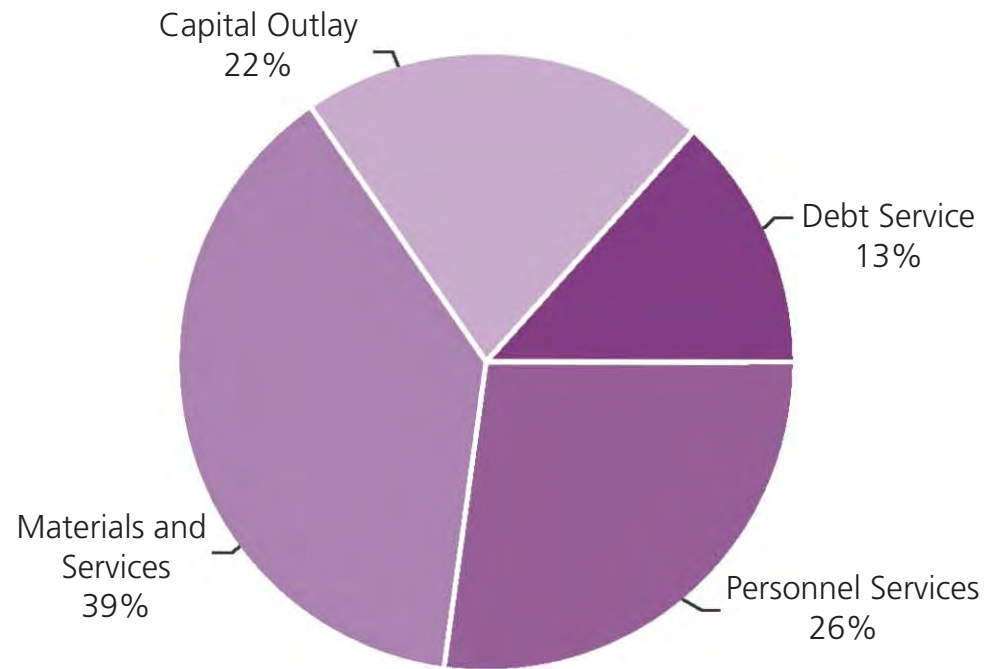
Excise tax



Property tax

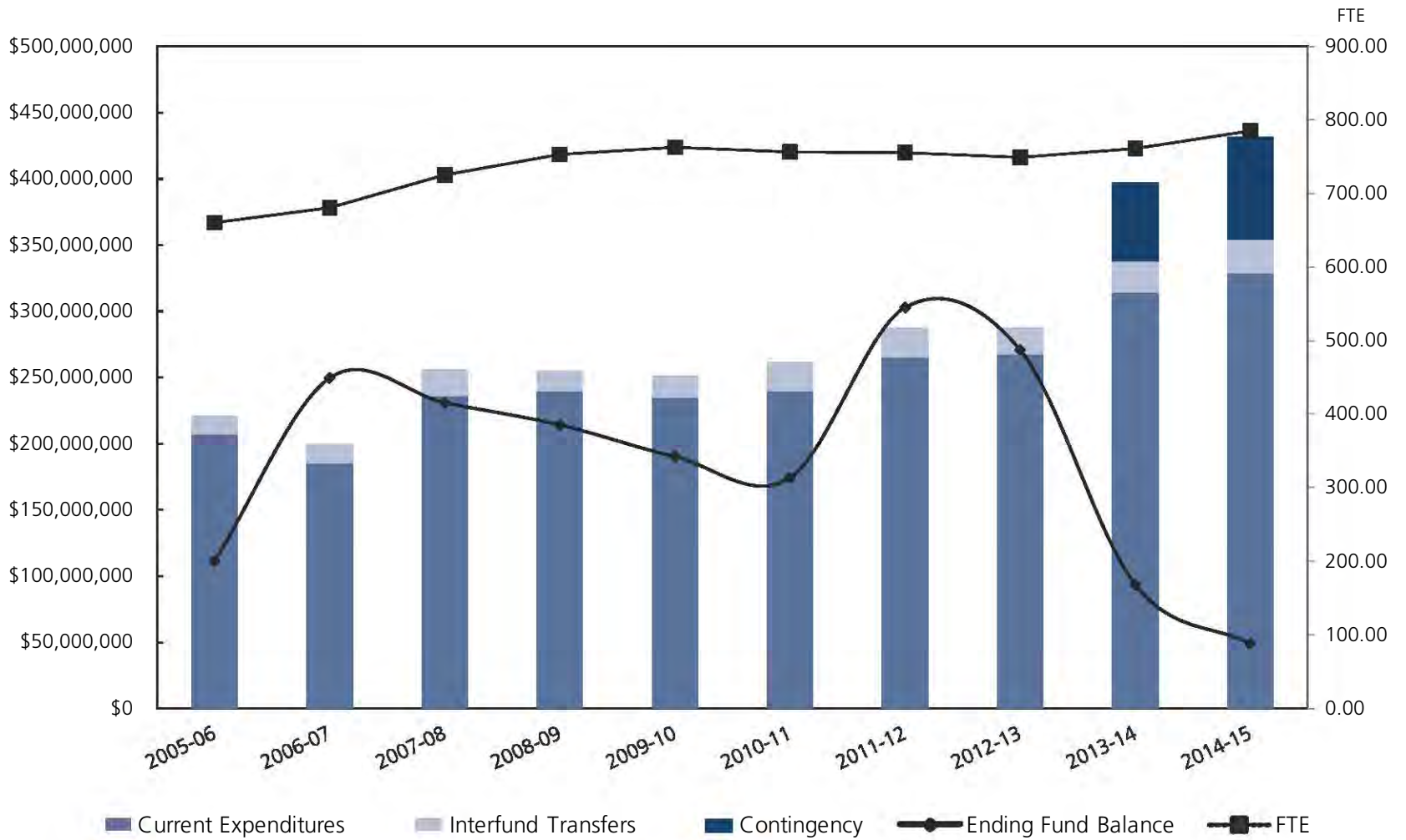


Category of Expense

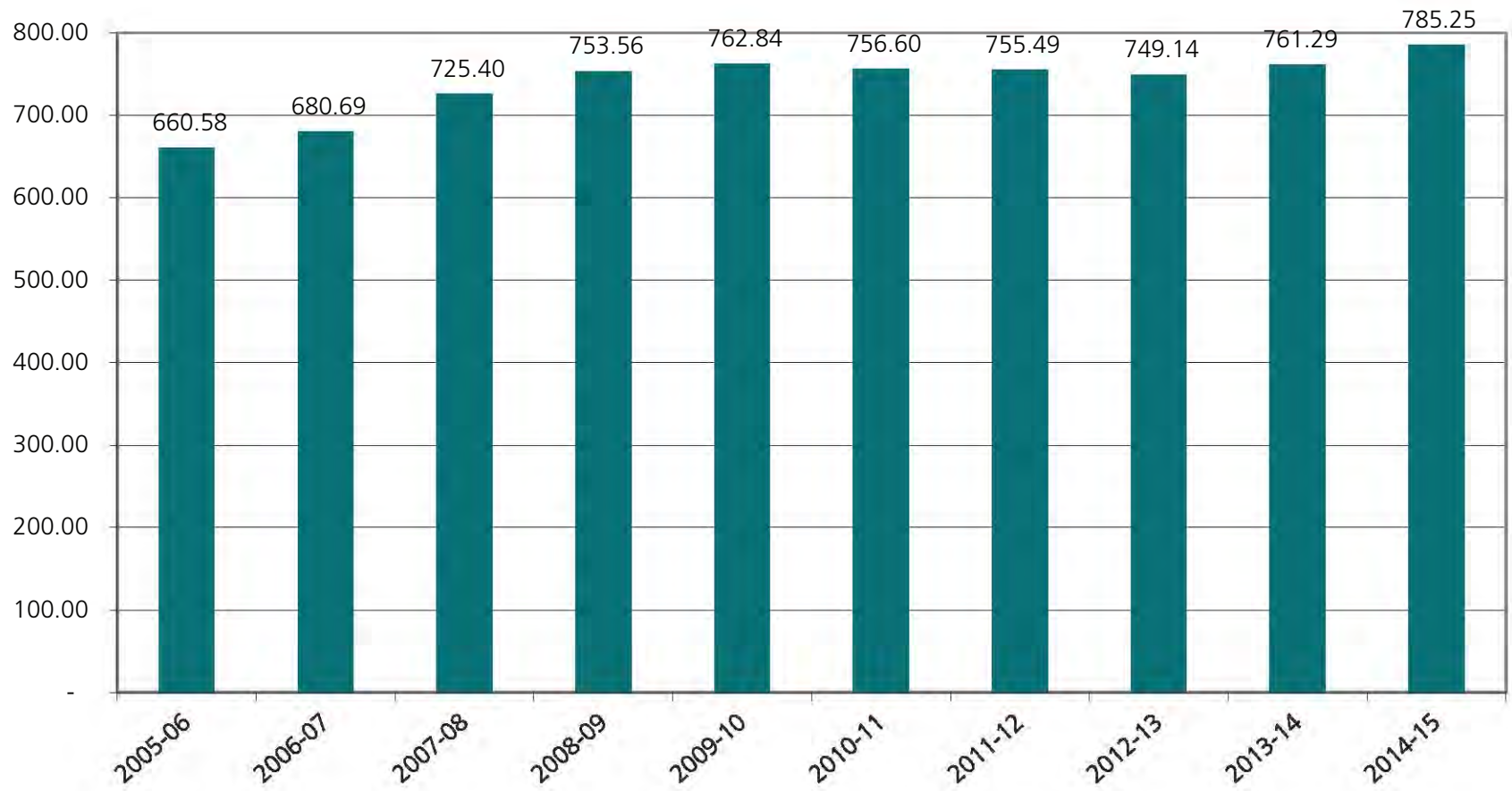


Total current expenditures: \$328,773,203

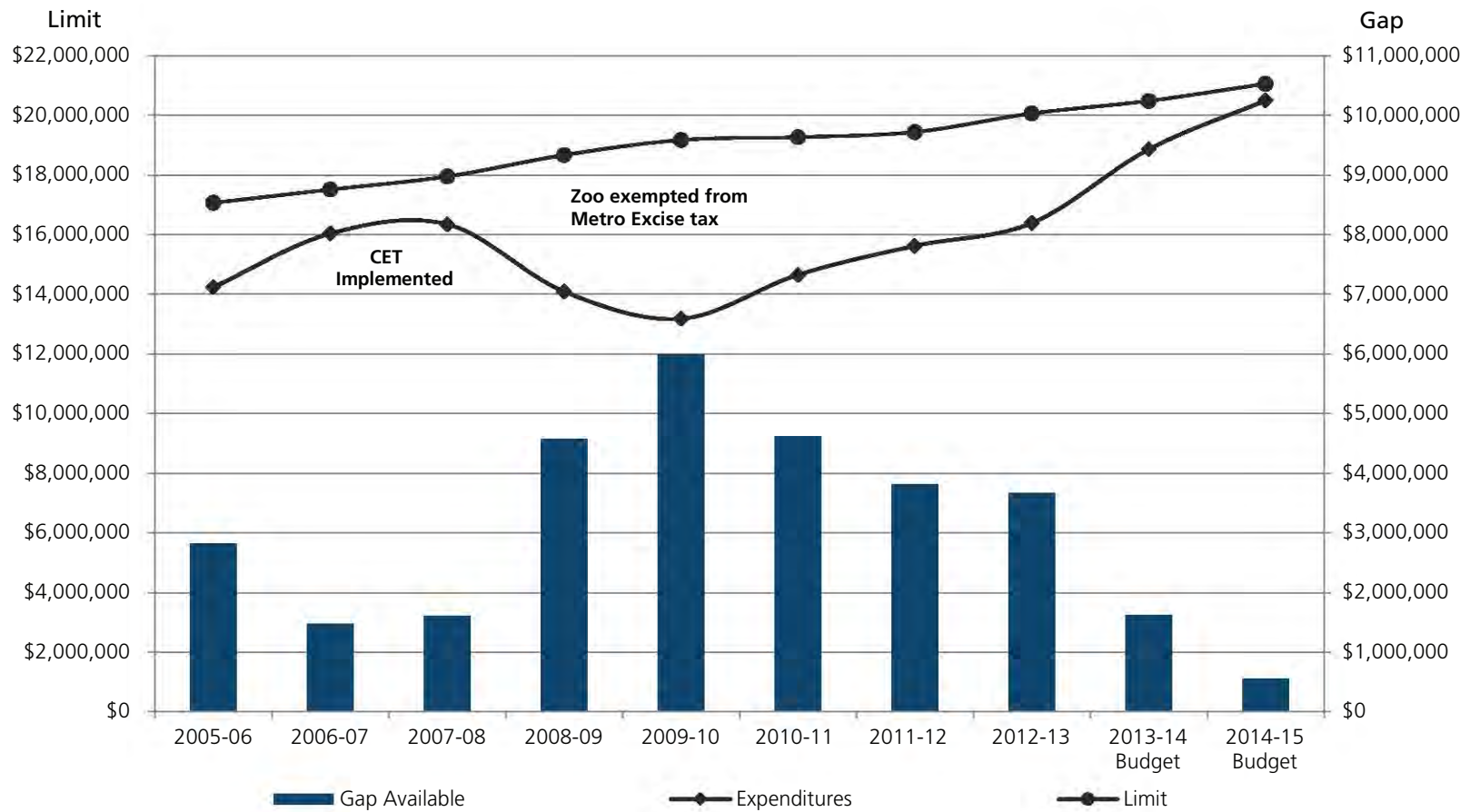
10-year expenditure history



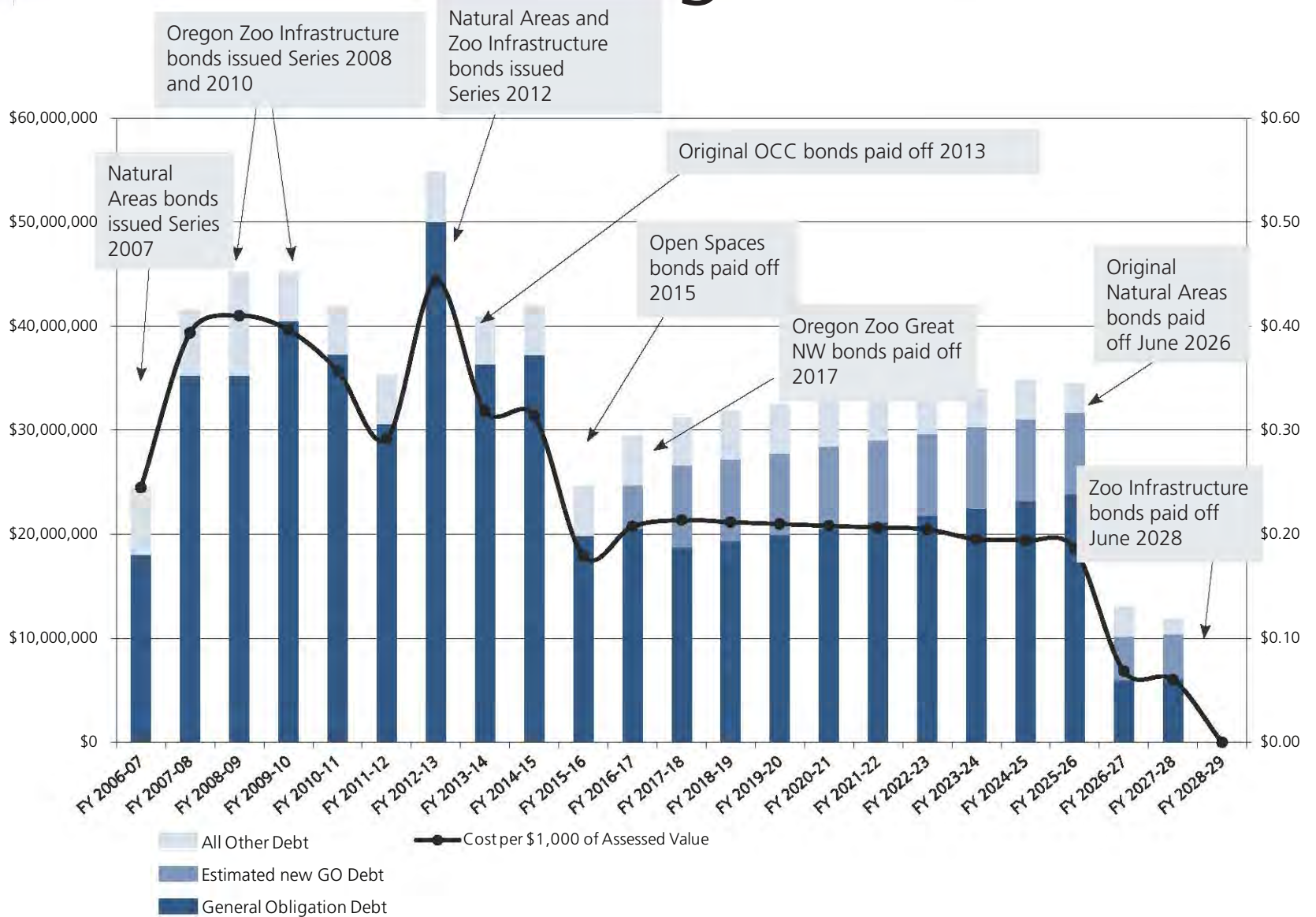
10-year total agency FTE history



Charter Limitation on expenditures



Debt service obligations



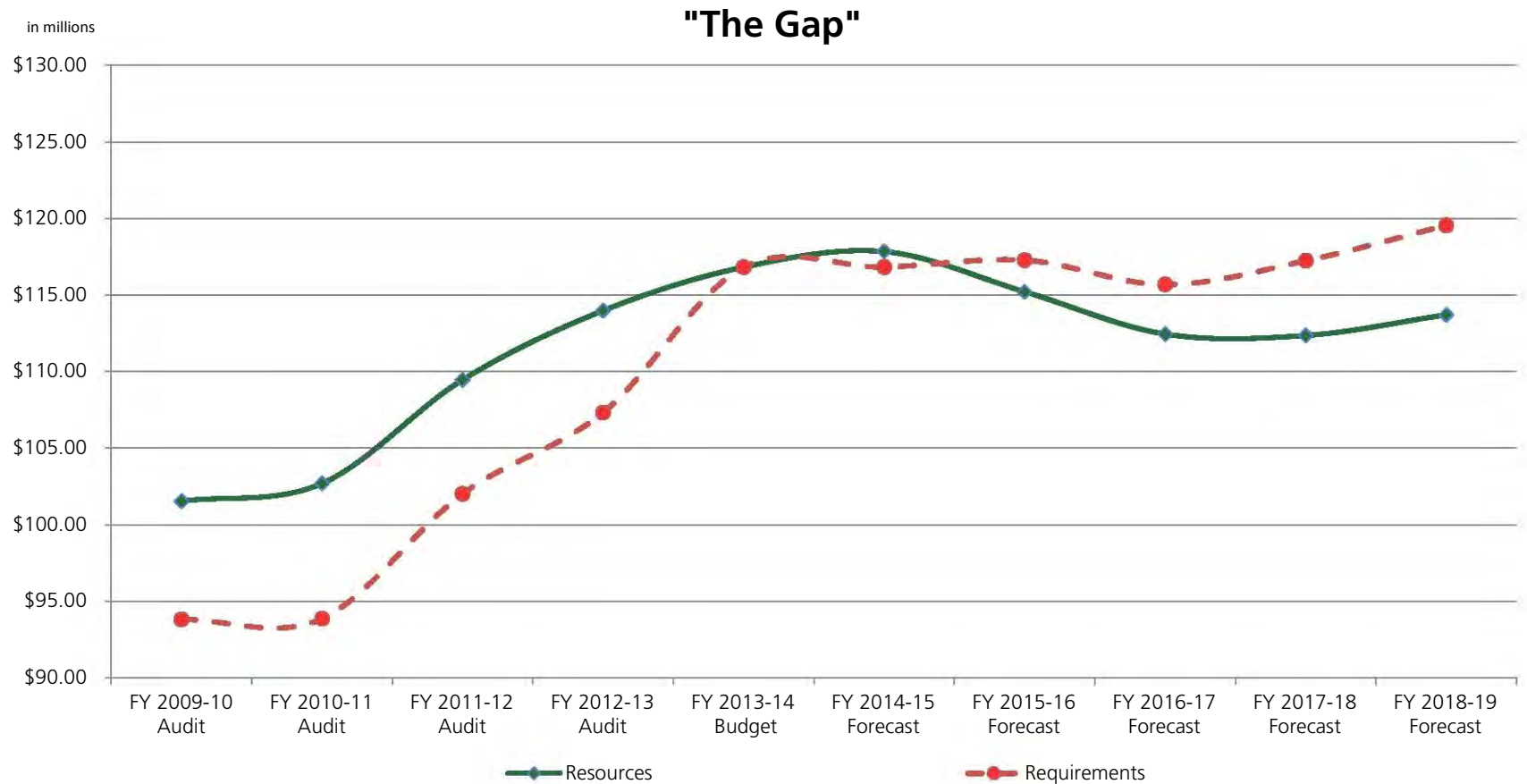
Property tax levy

	Principal	Interest	Fiscal Year Debt Service
General Obligation Refunding Bonds			
Metro Washington Park Zoo Oregon Project 2005 Series	1,995,000	292,900	2,287,900
Open Spaces, Parks, and Streams 2012B Series	9,535,000	476,750	10,011,750
General Obligation Bonds			
Natural Areas 2007 Series	4,620,000	3,519,750	8,139,750
Natural Areas 2012A Series	5,350,000	3,219,950	8,569,950
Oregon Zoo Infrastructure 2012A Series	5,670,000	2,551,825	8,221,825
Full Faith & Credit Refunding Bonds			
2006 Series	735,000	453,050	1,188,050
2013 Series	1,595,000	170,393	1,765,393
Limited Tax Pension Obligation Bonds, Series 2005	710,000	1,076,381	1,786,381
TOTAL FY 2014-15 DEBT SERVICE PAYMENTS	\$30,210,000	\$11,760,999	\$41,970,999

Property Taxes	FY 2013-14 Amended Budget	FY 2014-15 Proposed Budget
Permanent Operating Rate (per thousand)	9.66¢	9.66¢
Parks and Natural Areas Local Option Levy (per thousand)	9.60¢	9.60¢
Debt service (per thousand)	28¢	27¢
Average homeowner (\$200,000 assessed value) (\$250,000 market value)	\$95	\$93

General Fund

Five-year forecast Oct 2013



MERC

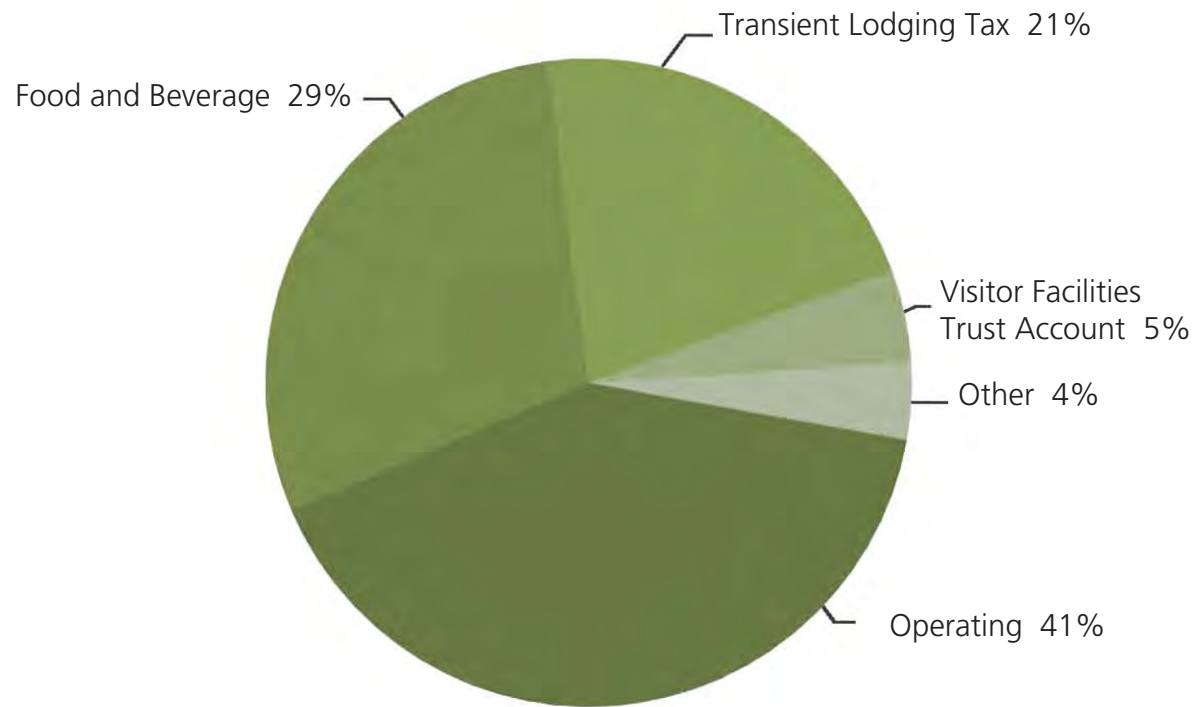
Tim Collier, Director
Finance and Regulatory Services



MERC Fund Summary

	FY 2013-14 Amended Budget	FY 2014-15 Proposed Budget	% Change
Total Budget			
	\$72,925,142	\$85,323,573	17%
Current Budget			
Revenues	48,713,585	52,009,208	7%
Expenses	53,753,007	56,506,350	5%
<i>Net Operations</i>	(5,039,422)	(4,497,142)	(11%)
Personnel Summary			
Wages & Benefits	\$17,741,183	\$18,432,052	4%
Full-time positions	174.50	182.35	5%

Current Resources

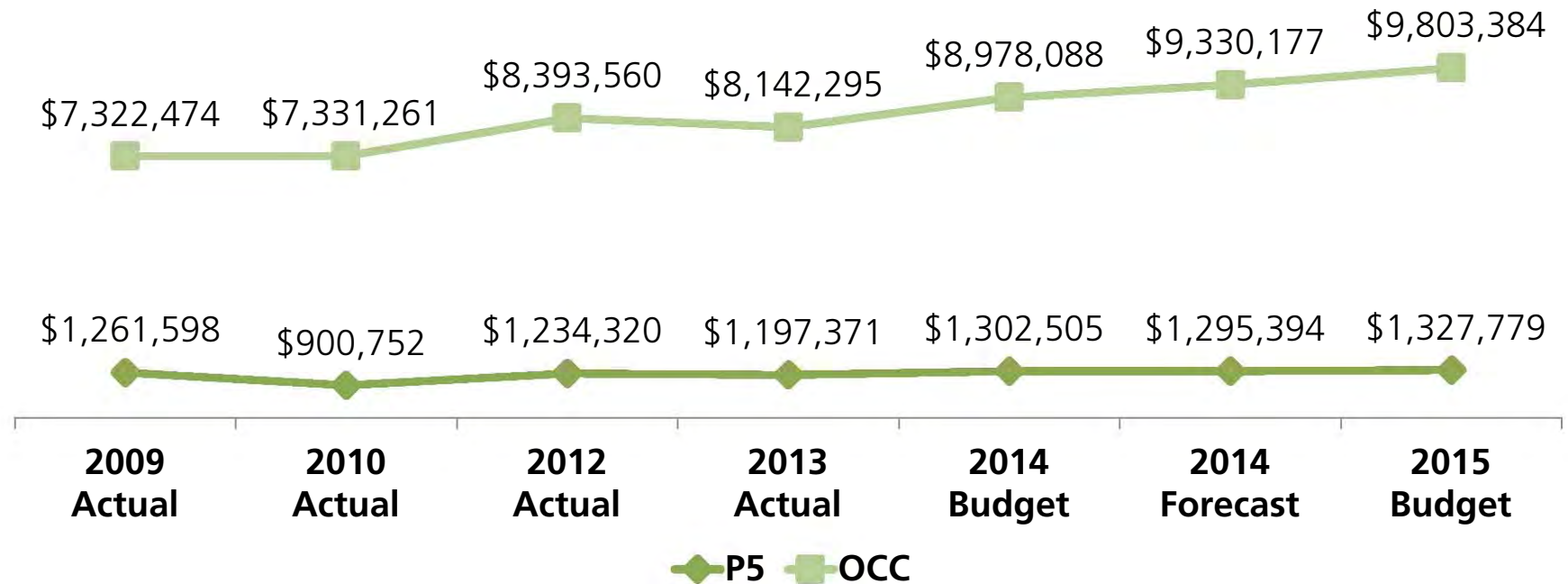


Total current resources: \$52,009,208

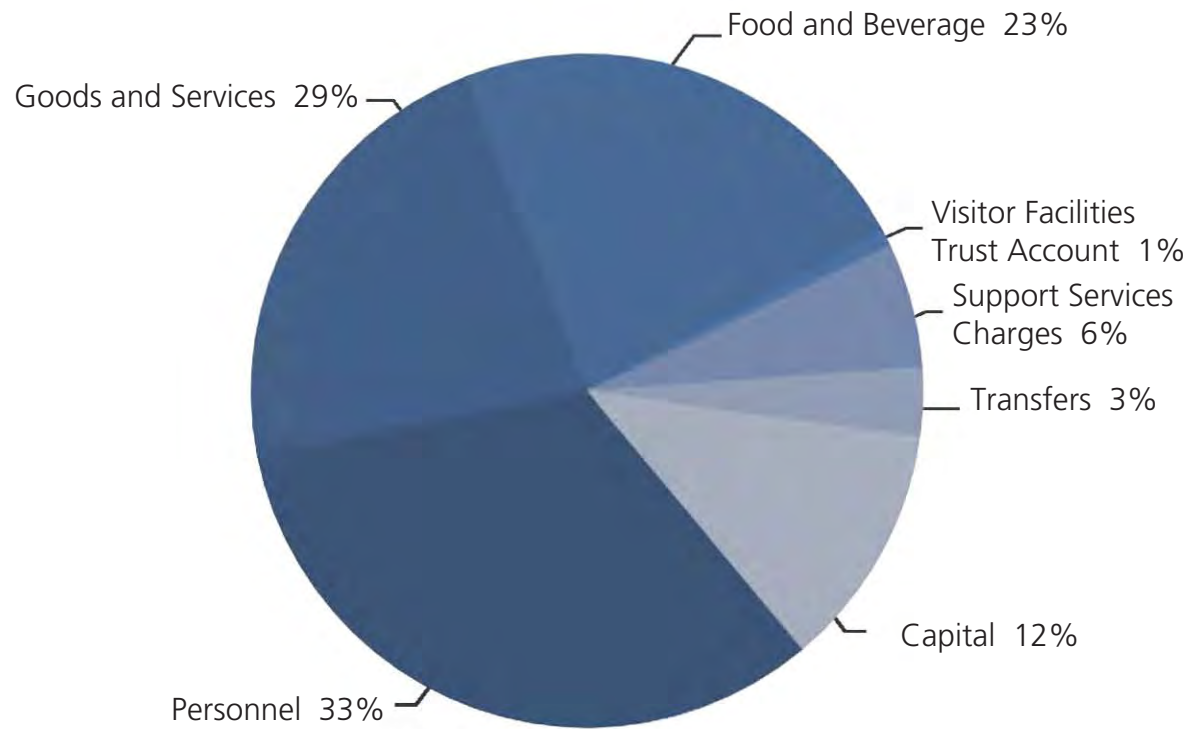
Transient Lodging Tax (TLT)

The total TLT forecast of \$11.1 million, is an increase of 8% over the FY 2014 Budget.

TLT has grown at a Compounded Annual Growth Rate (CAGR) of 3% since 2007.



Current Expenditures



Total current expenditures: \$56,506,350

Venue Summary

	FY 2013-14 Amended Budget	FY 2014-15 Proposed Budget	% Change	% Total
Venue Total Budget				
OCC	\$40,952,306	\$48,953,128	20%	57%
Portland'5	19,397,304	21,963,279	13%	26%
Expo	10,138,514	10,820,702	7%	13%
Admin	2,307,018	3,586,464	55%	4%
<i>Total</i>	\$72,925,142	\$85,323,573	17%	100%
Venue Full Time Positions				
OCC	111.30	114.65	3%	63%
Portland'5	44.40	46.90	6%	26%
Expo	12.30	14.80	20%	8%
Admin	6.50	6.00	(8%)	3%
<i>Total</i>	174.50	182.35	4%	100%

OCC Budget Highlights

	FY 2013-14 Amended Budget	FY 2014-15 Proposed Budget	% Change
Revenues			
Beginning Fund Balance	\$10,467,977	\$16,415,732	57%
Food & Beverage	8,300,000	11,002,827	33%
Lodging Tax	8,978,088	9,803,384	9%
Charges for Services	7,749,264	9,446,977	22%
Visitor Development	2,770,519	1,744,952	(37%)
Other	2,686,458	539,256	(80%)
<i>Total</i>	\$40,952,306	\$48,953,128	20%
Expenditures			
Food & Beverage	\$7,050,225	\$9,363,294	33%
Personnel	9,674,777	9,969,814	3%
Materials & Services	9,351,393	7,752,570	(17%)
Capital	2,731,540	4,193,000	54%
Other	2,664,069	2,698,655	1%
Visitor Development	1,330,719	463,702	(65%)
<i>Total</i>	\$40,952,306	\$48,953,128	20%

Portland'5 Budget Highlights

	FY 2013-14 Amended Budget	FY 2014-15 Proposed Budget	% Change
Revenues			
Beginning Fund Balance	\$7,971,363	\$9,820,156	23%
Charges for Services	6,969,394	7,454,065	7%
Food & Beverage	1,911,562	2,225,102	16%
Lodging Tax	1,302,505	1,327,779	2%
City of Portland	816,020	831,905	2%
Visitor Development	650,383	650,383	0%
Other	(223,923)	(346,111)	55%
<i>Total</i>	\$19,397,304	\$21,963,279	13%
Expenditures			
Personnel	5,623,884	5,996,451	7%
Materials & Services	2,821,985	2,827,238	0%
Food & Beverage	1,647,214	1,857,227	13%
Capital	916,000	1,653,000	80%
Other	1,145,036	1,318,646	15%
Contingency/Reserves	7,243,185	8,310,717	15%
<i>Total</i>	\$19,397,304	\$21,963,279	13%

Expo Budget Highlights

	FY 2013-14 Amended Budget	FY 2014-15 Proposed Budget	% Change
Revenues			
Beginning Fund Balance	\$3,831,492	\$4,035,353	5%
Charges for Services	4,052,104	4,197,279	4%
Food & Beverage	1,868,163	1,975,000	6%
Other	516,755	613,070	19%
<i>Total</i>	\$10,268,514	\$10,820,702	5%
Expenditures			
Personnel	\$1,655,148	\$1,721,145	4%
Materials & Services	1,305,721	1,383,262	6%
Food & Beverage	1,502,265	1,651,281	10%
Capital	1,169,003	667,500	(43%)
Other	1,540,973	1,599,717	4%
Contingency/Reserves	3,095,404	3,757,797	21%
<i>Total</i>	\$10,268,514	\$10,780,702	5%



Office of the Metro Auditor

FY 2014-15 Proposed Budget



Mission

- Ensure that Metro is accountable to the public
- Ensure that Metro activities are transparent
- Improve the efficiency, effectiveness and quality of Metro services and activities

Accomplishments FY 2013-14

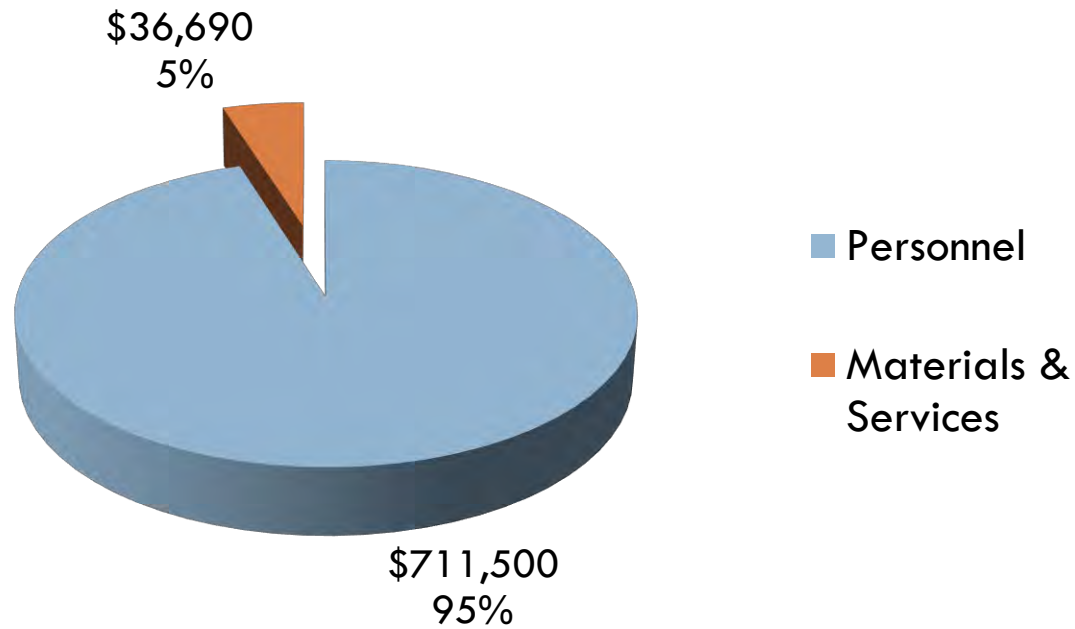
- Audits completed
 - IT Software Controls Follow-up (July 2013)
 - Organic Waste Program (October 2013)
 - MWESB Procurement (March 2014)
 - Leave Management Follow-up (April 2014)
 - Opt In (June 2014)
 - Financial Condition (June 2014)
 - Sponsorships (June 2014)

Accomplishments FY 2013-14

- Received bronze award for audit from a small audit shop (Assoc. of Local Government Auditors)
- Completed 7 audits
- Managed 28 reports on the Ethics Line to date
- Administered contract with external auditor Moss Adams



Proposed Budget FY 2014-15





Comparison to Previous Years

	FY13 Actual	FY14 Amended	FY15 Proposed
Personnel	\$624,133	\$689,411	\$711,500
Materials & Services	\$31,375	\$35,971	\$36,690
TOTAL	\$655,508	\$725,382	\$748,190



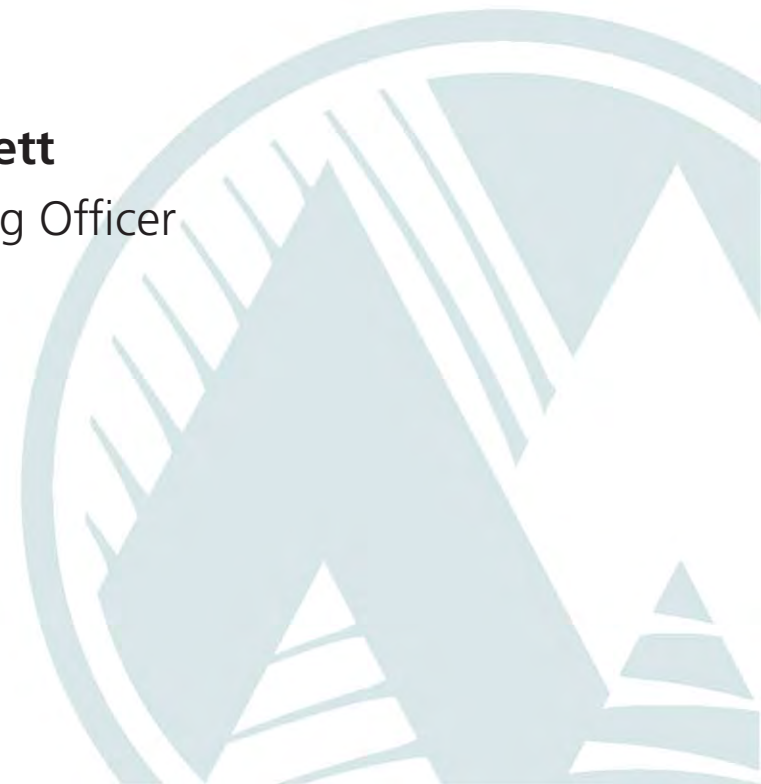
Upcoming Audits:

- Recycling Hotline
- Small Asset Management

Moving the budget forward

Martha Bennett

Chief Operating Officer



Moving the budget forward

- Approving, and ultimately adopting a balanced budget now becomes the Council's challenge

Does the budget move Metro and the region in the right direction?

Does the budget strike the right balance in responding to a slow yet improving economy?

Does the budget reflect your guidance?

Does the budget continue to maintain the confidence of Metro's citizens?

Next important dates

			Public Hearing
April	April 24	Budget introduced	*
	April 29	Council worksession on proposed budget	
May	May 8	Public Hearing Resolution to approve budget, set tax levy, forward budget to TSCC Budget ordinance continued to June	*
	May 15	Budget documents to TSCC	
	June 5	TSCC review and hearing	*
June	June 12	Final amendments	*
	June 19	Budget adoption	*
July	July 1	New budget begins	
	July 15	Tax levy submitted to counties	

Acknowledgements

Thanks to:

Senior Leadership Team

Finance Team

Program Managers and Analysts

Cover Design

Creative Services

Thank you



To view Metro's budget and the budget message in its entirety please visit:

www.oregonmetro.gov/budget

