METRO

PEOPLE PLACES
OPEN SPACES

Adopted Budget
Fiscal Year 2004-05

Prepared by

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Distinguished Budget Presentation Award

GOVERNMENT FINANCE OFFICERS ASSOCIATION

Distinguished Budget Presentation Award

PRESENTED TO

Metro

Oregon

For the Fiscal Year Beginning

July 1, 2003

President

Executive Director

The Government Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished Presentation Award to Metro, Oregon, for its annual budget for the fiscal year beginning July 1, 2003.

In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communication device. This is the eighth consecutive year Metro has received this award.

The award is valid for a period of one year only. We believe our current budget continues to conform to program requirements, and we are submitting it to GFOA to determine its eligibility for another award.

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Volume 1

Users' Guide

This guide is intended to assist readers in finding information in the FY 2004-05 Metro budget. Information generally is grouped according to the sections identified by tabs or colored dividers in the budget.

Volume 1

Volume 1 presents the entire Metro budget and general information pertinent to the development of the budget. This volume contains summary tables and charts. It also contains a department by department description of major activities and goals for FY 2004-05. Department activities may be budgeted in more than one fund. Volume 1 summarizes the Metro budget by department and by fund.

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Shows the contents of Volume 1 and the page number where specific information can be found.

Users' Guide

This section provides a summary of significant information and where to find it within the budget.

Budget Message – Transmittal Letter

The Metro Council President highlights the issues facing the agency, how this budget addresses those issues and the challenges for the future.

Budget Summary

Presents a "budget-in-brief" by providing a comprehensive summary of detailed information contained elsewhere in both volumes.

It provides information on revenues and expenditures, including trends and fund balances, and summarizes staffing changes in the organization.

Revenue Analysis

The revenue analysis provides an overview of the major revenue sources. This overview includes a description of each source and the underlying assumptions for revenue estimates and recent trends.

Department Summaries

Operationally, Metro is organized into several departments. Most departments include a number of divisions and programs. Departments may be budgeted in one fund only or in several funds. This section discusses each department's purpose, organization, accomplishments, objectives and performance measures, and provides a summary of expenditures by classification, division and fund.

Fund Summaries

Metro's financial operations are segregated into 20 funds. For example, the Solid Waste Revenue Fund contains all revenues, other financial resources and expenditures necessary for the operation and maintenance of the region's solid waste disposal and recycling system. This ensures that revenues generated by the solid waste system are used to support that system. This section presents summary financial information and analysis for each of Metro's funds.

Budget and Financial Structure

This section describes the budget process at Metro. It reviews the budget calendar and budget development guidelines.

Debt Summary

Information about Metro's current debt position and future debt obligations is provided here. This section also provides information on Metro's debt capacity and the debt service for existing revenue bonds, general obligation bonds, capital leases, and other debt.

Capital Improvement Plan (CIP)

Metro's CIP for fiscal years 2004-05 through 2008-09 is included in the FY 2004-05 budget document. The CIP is divided into the following sections: Overview and Summary, Departmental Summary and Analysis, Lists of

Unfunded Projects, Current Projects Status Reports, and Appendices (pertinent to the review and adoption of the CIP).

Organizational and Regional Profile

This section provides the reader with an overview of Metro's history, including a timeline showing the development of the agency and information regarding Metro's charter.

The regional profile contains maps showing the location of Metro and its facilities, as well as statistical information regarding the region.

Appendices, Volume 1

The Volume 1 appendices include several related documents which are legally required to be included with Metro's budget document or which provide additional policy background information. These appendices include the FY 2004-05 Schedule of Appropriations and Property Tax Calculation.

Volume 2

This volume contains detailed, technical information used primarily by Metro managers to manage their programs. This detail includes current as well as historical line item revenues and line item expenditures.

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Line Item Detail by Fund

This section provides line item detail of resources and requirements for each fund. The line item detail is the breakdown of revenues and expenditures which comprise Metro’s adopted budget.

Appendices, Volume 2

Volume 2 appendices provide additional information supporting and clarifying other items in the budget. The appendices include items of a technical or clarifying nature used primarily by Metro managers and internal staff. These items include the cost allocation plan, excise tax, and other information.

Transmittal Letter

To the Metro Council, our valued employees and citizens of the region:

I am pleased to present Metro's Adopted Budget for fiscal year 2004-05. This budget represents the second annual installment in my commitment to voters to deliver greater fiscal accountability in our agency's operations, and greater value for the region's taxpayers and ratepayers. I set a challenging course for our department heads: to live within financial means, to maintain or build up reserves, to address or prevent deterioration of existing public assets, and to contain out-year spending. Management responded and the results are evident. My thanks to everyone whose hard work produced new approaches to managing work and this agency.

I want to extend my sincere gratitude to my Metro Council colleagues who concurred in a budget consistent with the fiscally responsible assumptions we adopted by resolution last fall. As we used this budgeting cycle to reengineer the budgeting process for greater comparative insight across departments, Councilor recommendations for refinements were instrumental in creating improvements that we can build on for years to come. The commencement of a strategic planning process in the coming year will build on the Council's ability to use the budget as the policy tool that it should be.

I also want to convey my appreciation to Chief Operating Officer Mike Jordan and Chief Financial Officer Bill Stringer, and their staff teams, for their support and technical expertise in developing this budget. Under your experienced eye and with the expertise that you have brought to the Metro Council, we are starting to make major steps in using the budget as a strategic management tool and means for measuring how well our policy objectives fulfill citizen expectations for public service.

FY 2003-04 Accomplishments

Over the last year, the Metro Council achieved a great deal with dedicated staff and the involvement of thousands of citizens, community groups and leaders throughout the region.

- The endangered California Condor made its Oregon comeback thanks to a partnership between Metro's Zoo and Parks staffs who created a home for the captive breeding program at a publicly owned, Metro-operated open space.
- Metro completed acquisition of more than 8,000 acres of parks and greenspaces, exceeding the original goal of 6,000 acres.
- A Metro-led, multi-jurisdictional effort to improve the accuracy of the street address database for the 9-1-1 emergency system was completed, allowing people in distress to get the help they need, faster.
- More than 5,000 tons of food went to hungry people instead of to a landfill thanks to Metro's food donation program that connects businesses with food rescue programs.
- After 35 years of enduring long lines, women can now enjoy intermission at the Keller Auditorium due to the completion of a $650,000 renovation of the lobby and restroom facilities.
- More than 10,000 people participated in hands-on environmental education sponsored by Metro departments.
- About 900,000 visitors hiked, swam, picnicked and got closer to nature at Metro parks.
- Parks staff acquired more than $1 million in grants to improve and restore regional parks.
- The Oregon Zoo continued its strong popularity as a regional hub for entertainment and education, attracting over 1.3 million visitors for its third-highest attendance on record.

- About 31,000 citizens accessed services and information through Metro's web site, downloading 5,000 documents each month, getting the information they want and saving more than $4,000 a month in printing and mailing costs.
- A report from the business community-led Transportation Investment Task Force expressed the regional priorities for investments in the Regional Transportation Plan and included a commitment to lead a public campaign for transit funding and street and road improvements. Business leaders' involvement in this effort has been an important element.
- 150,000 notices were sent directly to citizens whose properties are included in, or are near, areas being studied for new industrial uses or for new habitat protection requirements. Voter approval of Ballot Measure 26-29, referred by the Metro Council the previous year, resulted in a dramatic increase in the number of targeted notifications received by property owners to inform them of public meetings, access to information about property impacts, opportunities for web based learning and hearings schedules to speak directly to Metro Council about decisions under consideration.
- The budget process in FY 2003-04 included consideration of Metro's 5-year Capital Improvement Plan as an integral part of the FY 2004-05 budget. Coupled with Council adoption of a set of comprehensive financial policies, this action is evidence of the Council's increased attention to financial matters, particularly in the area of maintenance of the agency's capital assets.

Priorities for FY 2004-05

This budget proposal was developed with the following three priorities:

- **Maintain fiscal discipline.** With the support of my Council colleagues, we have continued the disciplined approach that we began a year ago with the fiscal 2003-04 budget. Last year we reversed past patterns of spending our savings and expanding overhead. This year's budget continues that commitment. Spending is in line with revenues, and increased efficiencies have somewhat mitigated increases in risk management, health care, and other costs.
- **Optimize public services.** At my request, the Solid Waste and Recycling Department evaluated its existing programs and provided a set of packages that would reduce non-operational contract spending. In considering cuts, staff looked at programs that could be dropped without affecting the department's core mission. The Council reviewed the packages with Solid Waste and Recycling Department staff, and approved cuts in non-core programs that save a total of $1.2 million. I believe the cuts will lead to a greater optimization of public services: more value per dollar of public spending.
- **Leverage public investments.** This budget includes two new investments where there is a specific, targeted opportunity to leverage existing public investments to create significant new value for popular, voter-approved capital assets. The first is an investment in maintaining some of the lands acquired under the 1995 Open Spaces bond measure, and creating four new regional parks. In 1995, voters approved a $135.6 million Metro bond measure to purchase parks and greenspaces. Last fiscal year, Metro exceeded its target with the acquisition of more than 8,000 acres of land. Unfortunately many of these lands are degraded and in dire need of maintenance. I have developed a very focused program that would open four major regional parks before 2010. The expected cost of these projects, and improved maintenance of existing assets, will be about $1.8 million per year.
- Secondly, the Oregon Convention Center completed an expansion last fiscal year, almost doubling the size of the facility. It is now imperative that those with a stake in the facility—particularly the hospitality industry and Metro Council— ensure its financial success, economic impact, and ongoing national and international competitiveness. One substantial source of financial support from the lodging tax is slated to sunset in 2006, so it is important that this work begin immediately. This budget includes an investment of over $500,000, to be continued in coming years at a higher amount, in a Tourism Opportunity and Competitive-

ness Account dedicated to maintaining the competitiveness of the Oregon Convention Center. This amount is insufficient to close the looming gap, but is a beginning.

- These investments require an increase in the excise tax on solid waste of $2.00 per ton: $1.50 for parks, and 50 cents for the Oregon Convention Center program. The Council has approved this increase, which will become effective September 1, 2004.

Choosing and sticking to these priorities wasn't easy, as there are many competing demands for funds. For example, investments need to be made in attractions and maintenance at the Oregon Zoo. But limited public dollars require difficult and strategic choices. It will be up to the Metro Council to work, over the coming months and years, with the citizens of the region to address these and other needs and opportunities. I pledge that we will do so, using the same fiscally disciplined, strategic, targeted approach that is represented in this budget.

Sincerely,

David Bragdon
Metro Council President

METRO

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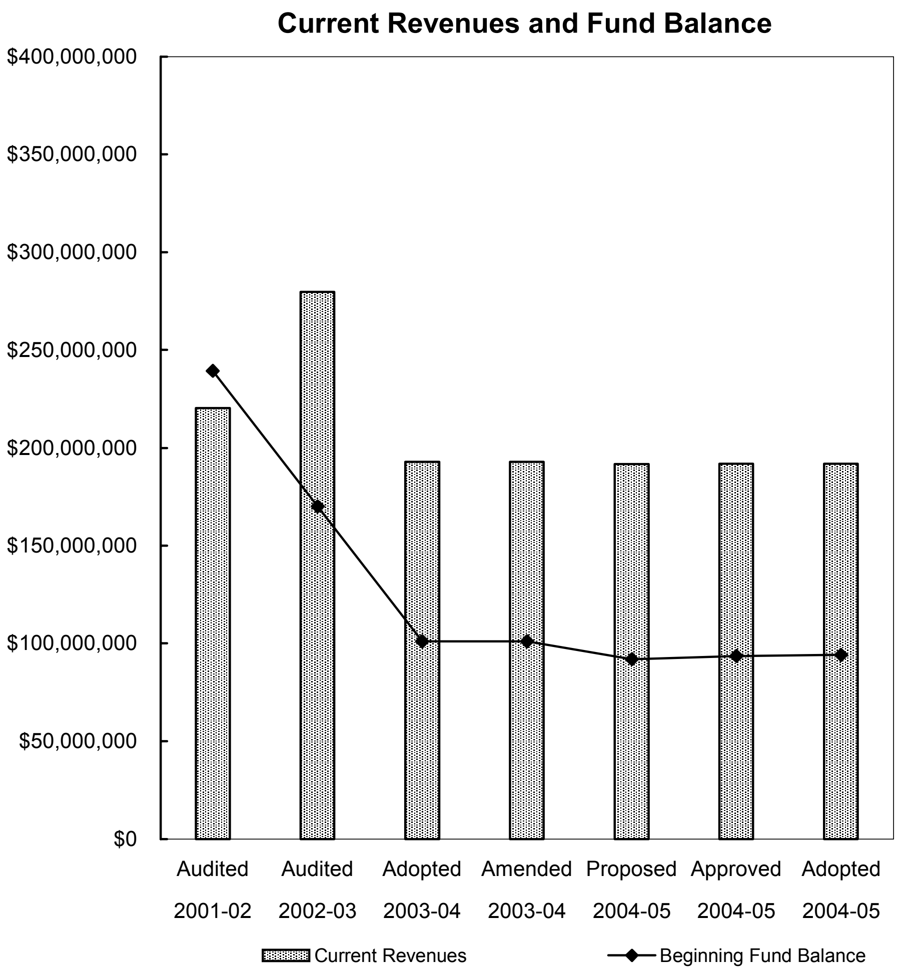
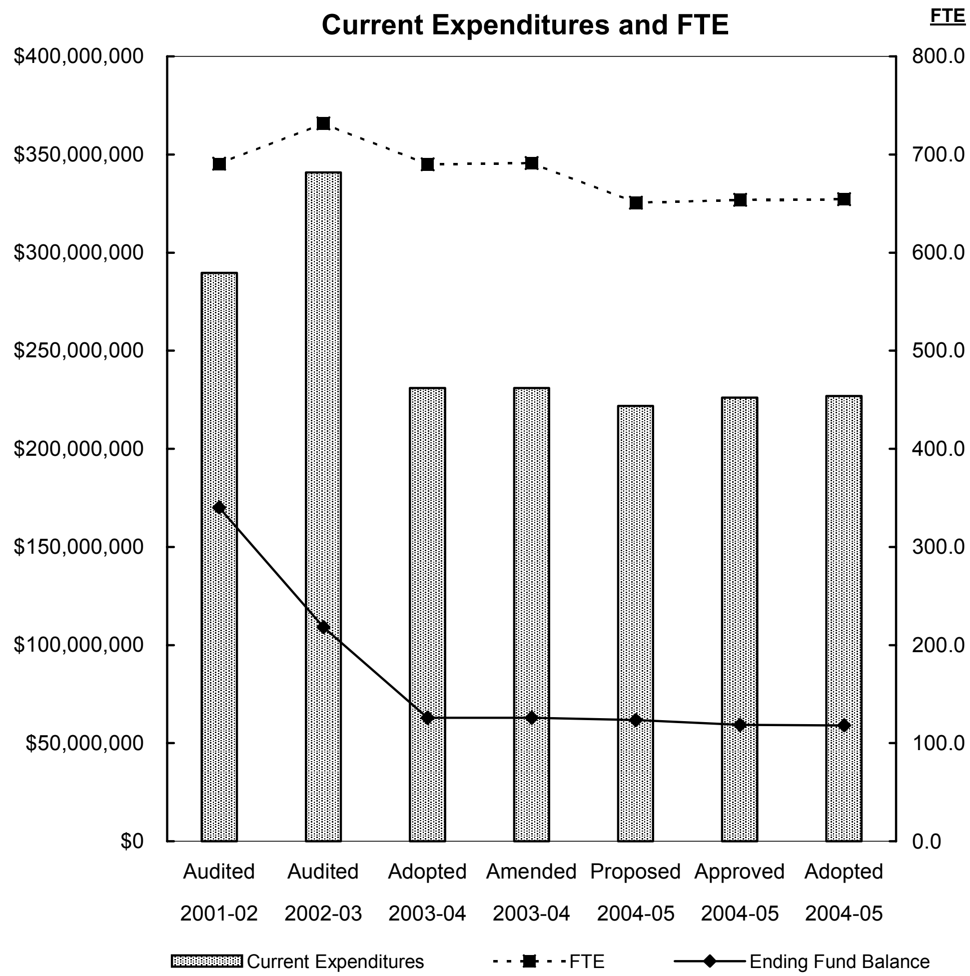
Budget Summary

Budget Summary by Year

	Audited FY 2001-02	Audited FY 2002-03	Adopted FY 2003-04	Amended FY 2003-04	Proposed FY 2004-05	Approved FY 2004-05	Adopted FY 2004-05	% Change from FY 2003-04 Amended
Resources								
Beginning Fund Balance	*$239,402,404*	*$170,103,732*	*$100,975,848*	*$100,975,848*	*$91,947,423*	*$93,551,928*	*$94,118,981*	*(6.79%)*
Current Revenues								
Real Property Taxes	27,329,989	24,870,024	26,186,360	26,186,360	26,414,557	26,414,557	26,414,557	0.87%
Excise Tax	7,922,160	9,821,988	10,019,954	10,019,954	12,406,504	12,406,504	12,083,153	20.59%
Other Derived Tax Revenue	0	0	18,090	18,090	18,090	18,090	18,090	0.00%
Grants	10,353,341	7,074,525	13,931,987	13,931,987	9,577,275	9,595,619	9,712,496	(30.29%)
Local Government Shared Revenues	7,256,132	8,711,018	8,403,041	8,403,041	7,404,638	7,404,638	7,404,638	(11.88%)
Contributions from other Governments	1,357,648	2,828,593	3,941,866	3,941,866	752,912	752,912	752,912	(80.90%)
Enterprise Revenue	83,600,707	89,552,091	97,483,821	97,483,821	101,114,796	101,174,796	101,213,991	3.83%
Interest Earnings	7,245,118	2,631,843	1,932,512	1,932,512	1,457,269	1,322,269	1,322,269	(31.58%)
Donations	1,906,479	2,641,203	4,430,360	4,430,360	3,020,775	3,020,775	3,237,766	(26.92%)
Other Misc. Revenue	550,633	412,042	520,792	520,792	537,407	537,407	537,407	3.19%
Bond and Loan Proceeds	48,268,180	105,693,587	0	0	0	0	0	0.00%
Interfund Transfers:								
Interfund Reimbursements	11,591,943	11,979,701	12,876,392	12,876,392	13,419,123	13,419,123	13,419,123	4.21%
Internal Service Transfers	924,815	848,342	1,347,099	1,347,099	829,325	918,674	1,093,674	(18.81%)
Interfund Loan	403,690	103,898	106,100	106,100	0	0	0	(100.00%)
Fund Equity Transfers	11,629,517	12,533,575	11,640,293	11,640,293	14,713,352	14,895,436	14,669,270	26.02%
Subtotal Current Revenues	**220,340,352**	**279,702,430**	**192,838,667**	**192,838,667**	**191,666,023**	**191,880,800**	**191,879,346**	**(0.50%)**
Total Resources	**$459,742,756**	**$449,806,162**	**$293,814,515**	**$293,814,515**	**$283,613,446**	**$285,432,728**	**$285,998,327**	**(2.66%)**
Requirements								
Current Expenditures								
Personal Services	$49,885,398	$52,817,719	$57,224,348	$57,453,377	$56,698,862	$56,924,982	$54,621,361	(4.93%)
Materials and Services	73,306,895	73,416,357	83,235,478	83,532,734	80,911,897	81,308,222	81,452,307	(2.49%)
Capital Outlay	67,987,375	56,880,585	21,750,204	22,095,204	12,692,128	13,822,477	14,511,967	(34.32%)
Debt Service	73,909,391	132,145,908	24,861,052	24,861,052	22,938,172	22,938,172	22,938,172	(7.73%)
Interfund Transfers:								
Interfund Reimbursements	11,591,944	11,979,701	12,876,393	12,876,393	13,419,123	13,419,123	13,419,123	4.21%
Internal Service Transfers	924,814	848,341	1,347,099	1,347,099	829,325	918,674	1,093,674	(18.81%)
Interfund Loan	403,690	103,898	106,100	106,100	0	0	0	(100.00%)
Fund Equity Transfers	11,629,517	12,533,574	11,640,293	11,640,293	14,713,352	14,895,436	14,669,270	26.02%
Contingency	0	0	17,826,881	16,955,596	19,604,224	21,832,011	24,171,028	42.55%
Subtotal Current Expenditures	**289,639,024**	**340,726,083**	**230,867,848**	**230,867,848**	**221,807,083**	**226,059,097**	**226,876,902**	**(1.73%)**
Ending Fund Balance	*170,103,732*	*109,080,079*	*62,946,667*	*62,946,667*	*61,806,363*	*59,373,631*	*59,121,425*	*(6.08%)*
Total Requirements	**$459,742,756**	**$449,806,162**	**$293,814,515**	**$293,814,515**	**$283,613,446**	**$285,432,728**	**$285,998,327**	**(2.66%)**
Full-Time Equivalents (FTE)	690.43	731.63	689.73	691.23	650.85	653.50	654.50	(5.31%)

Budget Summary by Year

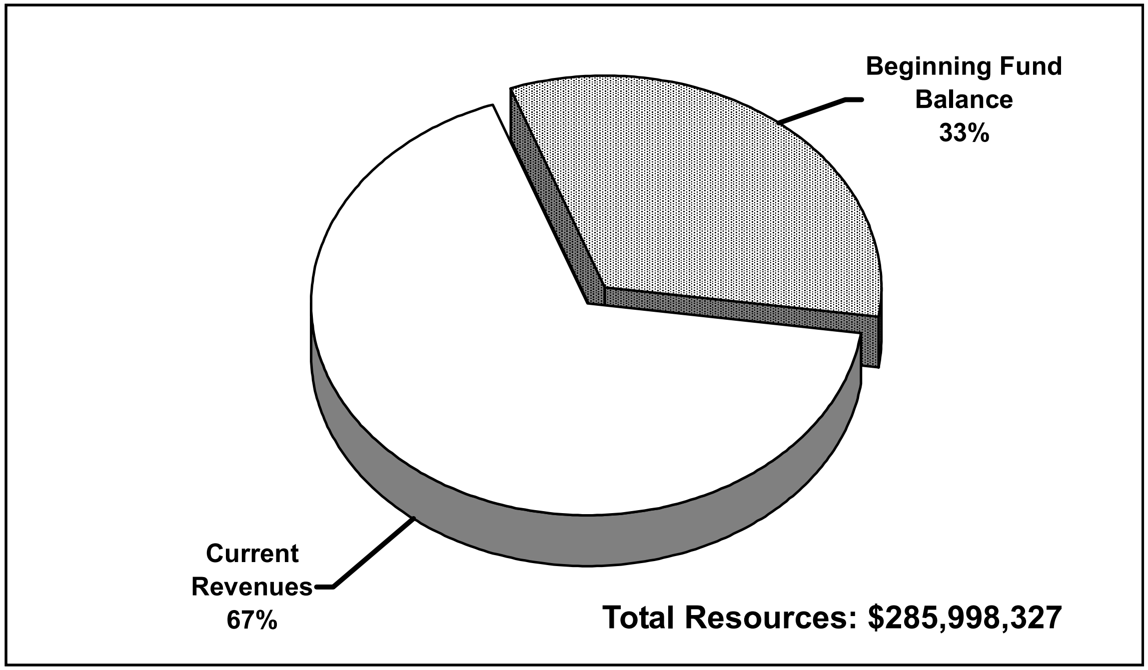




Where the Money Comes From

Resources to meet Metro's obligations and needs are derived from two primary sources: beginning fund balance and current revenues. Beginning fund balance consists of resources carried forward from previous fiscal years, including proceeds from voter-approved bonds (e.g., Open Spaces), reserves for specific purposes (e.g., self insurance, debt reserves), and monies used for cash flow. Current revenues are those earned from Metro operations or taxes levied during the fiscal year. The principal sources of current revenues are user fees and charges from individuals and organizations that pay to use Metro facilities or buy its services.

FY 2004-05 Total Resources



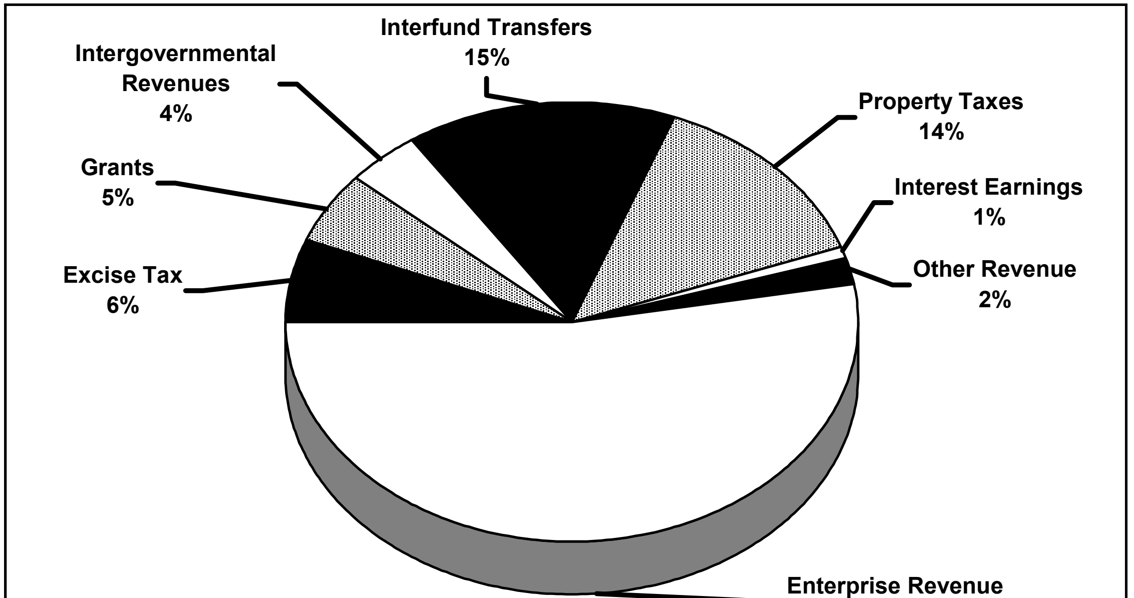
Beginning Fund Balance

The beginning fund balance for each fund consists of unspent resources carried forward from the previous fiscal year. Primary among these are resources in the Solid Waste Revenue Fund for operations, debt obligations, capital projects, and other dedicated accounts. These funds account for 32 percent of the beginning fund balance. Also included in the beginning fund balance are proceeds from general obligation or revenue bonds. These bond proceeds are received in one year but spent out over several years. Unspent bond proceeds account for 11 percent of the beginning fund balance. Another element of the beginning fund balance includes reserves for specific purposes (e.g., self-insurance, future capital reserves, debt reserves, and trust reserves) which are generally required by law or formal operating agreements. The beginning fund balance also provides cash flow for specific operations until current year revenues are received. In total, 98 percent of Metro's beginning fund balance is restricted to the purposes for which the revenues are generated. Only the General Fund beginning fund balance is unrestricted and may be used for any lawful purpose of the agency. Metro's beginning fund balance constitutes 33 percent of its total resources.

Current Revenues

Current revenues account for 67 percent of Metro's total resources. Metro's enterprise activities provide the largest amount of fee-generated revenues, constituting 53 percent of current revenues. Interfund transfers provide the next largest amount of total current revenues at 15 percent followed by property tax revenues, at 14 percent. The major elements of current revenues and the percentage of total current revenues they represent include the following:

FY 2004-05 Current Revenues



Resources

Beginning Fund Balance	*$94,118,981*
Current Revenues	
Real Property Taxes	$26,414,557
Excise Tax	12,083,153
Other Derived Tax Revenue	18,090
Grants	9,712,496
Local Government Shared Revenues	7,404,638
Contributions from other Governments	752,912
Enterprise Revenue	101,213,991
Interest Earnings	1,322,269
Donations	3,237,766
Other Misc. Revenue	537,407
Interfund Transfers:	
Interfund Reimbursements	13,419,123
Internal Service Transfers	1,093,674
Fund Equity Transfers	14,669,270
Subtotal Current Revenues	**$191,879,346**
Total Resources	**$285,998,327**

Enterprise Revenues – 53 percent

Enterprise activities account for the largest piece of current revenues at $101.2 million. Metro's largest enterprise activity is solid waste disposal, generating $48.9 million, which comes from fees charged on solid waste deposited at Metro's transfer stations or several other designated solid waste facilities. The MERC facilities (Oregon Convention Center, Portland Center for the Performing Arts, and Portland Metropolitan Exposition Center) provide $23.6 million, the Oregon Zoo generates $14.0 million, and the regional parks another $2.6 million. The Risk Management Fund generates $5.9 million in internal charges for services for health and welfare premium costs, and the Planning Fund generates $5.2 million in contract revenue, primarily from the Transit Oriented Development program and the Data Resource Center. Parking fees and business license fees account for the remainder of enterprise revenues.

Property Taxes – 14 percent

Metro has budgeted to receive $26.4 million in property tax revenues in FY 2004-05. This includes current year tax receipts for the Oregon Zoo operating tax levy ($8.7 million) and debt service levies for outstanding general obligation bond issues for the Open Spaces Acquisition Program, the original Oregon Convention Center construction, and the Zoo's Great Northwest Project ($17.0 million). The remainder, approximately $750,000, will be received in the form of delinquent property taxes, levied in prior years but received in the current year, and interest and penalties on those late payments.

Excise Taxes – 6 percent

The excise tax is received from users of Metro facilities and services in accordance with Metro Charter and Metro Code. The tax is recorded as revenue in the General Fund. It supports the costs of general government activities, such as the Council Office, elections expense, and lobbyist functions. The tax also supports, via a transfer from the General Fund, various planning and parks and greenspaces activities.

The excise tax is levied as a flat rate per ton on solid waste activities and as a percentage of revenues on all other authorized revenues. For budgeting purposes, the amount of excise tax raised by the flat rate per ton may be increased based on an annual CPI factor. The rate for all other authorized revenues remains the same from year to year unless amended by the Metro Council by ordinance. The current percentage rate for all other authorized revenue is 7.5 percent.

In addition to the base per ton amount generated on solid waste activities, an additional two-year levy equivalent to $1.00 per ton was added in FY 2003-04. The additional levy is expected to raise about $1.2 million annually and is dedicated to funding Regional Parks Operations.

There are two changes in the excise tax structure in the FY 2004-05 budget. First, the budget includes an extension of the $1.00 per ton dedicated to Regional Parks which the Council has authorized by adoption of an ordinance removing the sunset clause. Second, an additional $2.00 per ton levy is added effective September 1st, making a total per ton levy of $3.00 per ton over the base excise tax amount generated on solid waste activities. Of the new $2.00 per ton levy, $1.50 is dedicated to Regional Parks for development and operations of four new sites purchased under the Open Spaces bond measure, operations of existing sites, and renewal and replacement reserves for all Regional Parks facilities. The remaining $0.50 per ton will be dedicated to a Tourism Opportunity and Competitiveness Account designed to enhance the Oregon Convention Center's competitiveness in the pursuit of conventions from outside the region, which bring new dollars into the region and which utilize the Oregon Convention Center.

The excise tax is projected to raise $12.1 million from all sources during FY 2004-05.

Intergovernmental Revenues – 4 percent

Metro receives revenue from both state and local agencies. Among these are hotel/motel tax receipts from Multnomah County, funds from the City of Portland to support PCPA, state marine fuel tax revenues, and a portion of the recreational vehicle registration fees passed through Multnomah County from the State of Oregon to support the Regional Parks & Greenspaces Department.

Grants – 5 percent

Grants provide $9.7 million to the revenue mix. The grants come mostly from state and federal agencies and are used primarily for planning activities. Metro also receives grants for projects planned in the Regional Parks & Greenspaces Department and the Oregon Zoo.

Interfund Transfers – 15 percent

Metro budgets its resources in separate and distinct funds. Transfers between funds are made to pay for internal services provided by one department to another, and to pay interfund reimbursements (i.e., building management, printing, fleet, etc.) determined by the cost allocation plan. Interfund reimbursements and internal service transfers total $14.5 million in FY 2004-05. The transfer classification also includes $14.7 million in Fund Equity Transfers (revenue sharing between funds) such as the transfer of excise tax from the General Fund to assist in planning activities. Interfund transfers appear as both a resource to the receiving fund and a requirement for the transferring fund in the budget.

Interest – 1 percent

Interest earnings are projected at $1.3 million. Interest earned is based upon investing cash balances throughout the year. This revenue source is subject to the current rates earned by investments, estimated at 1.5 percent for FY 2004-05. Investment earnings for FY 2004-05 are down significantly from prior years due to planned spend-down in fund balance reserves and significantly lower interest rates.

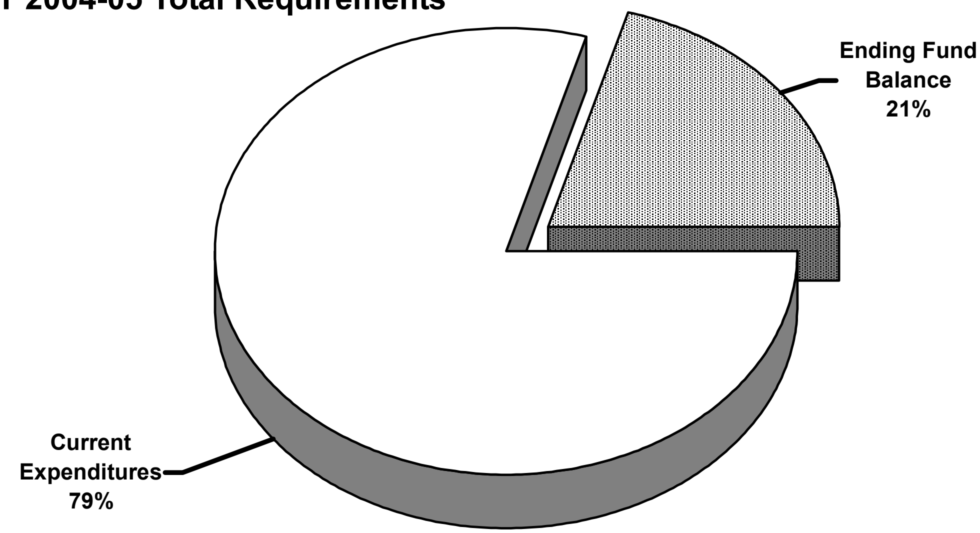
Other Miscellaneous Revenues – 2 percent

In FY 2004-05, other revenues include $2.0 million in donations to the Zoo, $979,000 in donations to MERC, $246,000 in donations to Regional Parks and $365,000 in pass-through revenue to pay debt service on the remaining composter revenue bonds.

Where the Money Goes

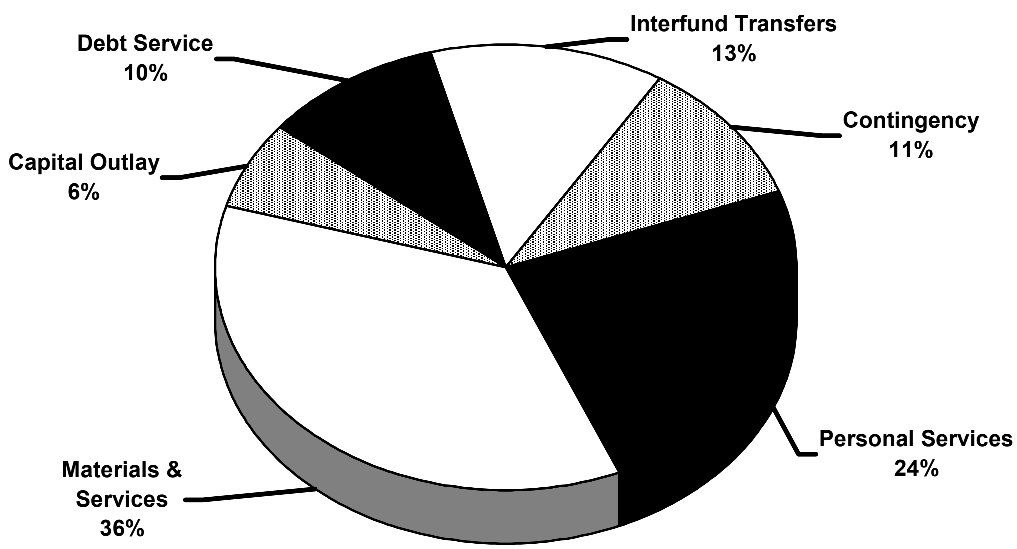
Metro uses its resources for a variety of purposes prescribed by state law and Metro Charter. Ending fund balances are resources that are not spent during the year but carried over to subsequent year(s). They include reserves, monies for cash flow purposes, and bond proceeds that will be spent in ensuing years for capital projects. Resources to be spent during the year can be categorized in one of several current expenditure categories.

FY 2004-05 Total Requirements



Total Requirements: $285,998,327

FY 2004-05 Total Current Expenditures

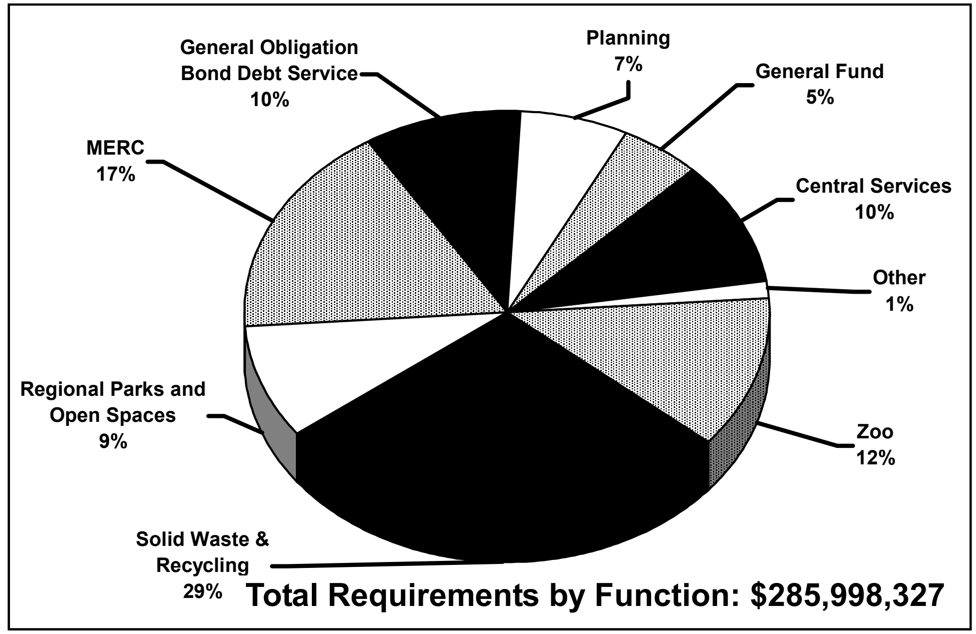


Total Current Expenditures: $226,876,902

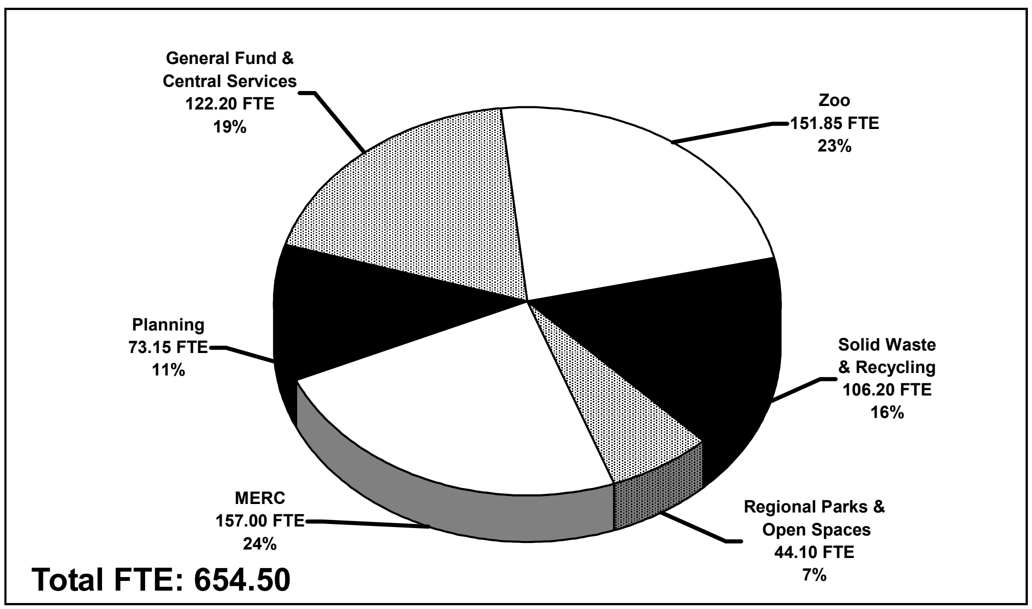
Requirements	
Current Expenditures	
Personal Services	$54,621,361
Materials and Services	81,452,307
Capital Outlay	14,511,967
Debt Service	22,938,172
Interfund Transfers:	
Interfund Reimbursements	13,419,123
Internal Service Transfers	1,093,674
Fund Equity Transfers	14,669,270
Contingency	24,171,028
Subtotal Current Expenditures	**226,876,902**
Ending Fund Balance	*59,121,425*
Total Requirements	**$285,998,327**

Metro's total current expenditures are allocated for specific functions shown in the adjoining pie chart. Almost 60 percent of total requirements support the operations of three departments: the Solid Waste & Recycling Department, which handles solid waste disposal for the region; the Oregon Zoo; and the Metro Exposition-Recreation Commission, which manages the Oregon Convention Center, the Expo Center, and the Portland Center for the Performing Arts.

FY 2004-05 Total Requirements by Function



FY 2004-05 Total Full-Time Equivalent Positions by Function



Full-time equivalent staff (FTE) totals 654.50 positions for Metro. Two-thirds of these staff work for three departments: the Oregon Zoo, the Metro Exposition-Recreation Commission (MERC), and Solid Waste & Recycling.

Metro uses its resources for a variety of programs related to its primary goals. Those programs are explained in detail in the Department Summaries contained in the body of this budget document. The chart on the previous page and the following explanation give the information by expenditure classification.

Current Expenditures

Current expenditures consist of amounts anticipated to be paid out in the current fiscal year. This includes payments for operations, capital improvements and acquisitions, and transfers to other funds. The major elements of current expenditures and the percentage of total current expenditures they represent include the following:

Personal Services – 24 percent

Metro plans to spend about $54.6 million for salaries and wages and related expenditures for its employees in FY 2004-05. The FY 2004-05 budget includes 654.50 full-time equivalent (FTE) positions. FTE includes regular, benefit-eligible full-time and part-time positions. It does not include temporary, seasonal, or event-related staff.

In the spring of 2003, the Oregon Legislature adopted significant changes to the Public Employees Retirement System (PERS) effective July 1, 2003. The changes resulted in a 6.65 percent reduction in Metro's pension fund contribution rate. However, the legislative changes have been legally challenged. Court decisions on the challenges are not expected until spring of 2005. Should the legislative changes be overturned Metro's retirement contribution rate will, once again, be substantially increased. As a prudent financial measure, for two years Metro has continued to assume in the budget the retirement contribution rate prior to the legislative changes. The 6.65 percent difference between the budgeted contribution rate and the actual contribution rate has been set aside in a reserve called the *PERS Reserve*. These reserves may be used to offset any liability arising from the court decisions on the legislative changes. At the time of adoption of the FY 2004-05 budget, the Council acted to move these funds from the personal services category down to contingency.

Materials and Services – 36 percent

Metro plans to spend about $81.5 million on materials and services in FY 2004-05. Large expenditures in this area include solid waste transfer station operations and the transfer of solid waste to the Columbia Ridge Landfill in Gilliam County (about $24.4 million). Materials and services also includes costs for contracted operations of the Oregon Convention Center, the Oregon Zoo, the Portland Center for the Performing Arts, the Expo Center, and the regional parks.

Capital Outlay – 6 percent

Approximately $14.5 million is provided for capital expenditures. These funds provide for major capital improvement projects at various facilities. The largest uses of capital funds are $3.1 million for capital improvements at MERC facilities, $3.1 million for land purchases under the Open Spaces Program, $3.0 million for capital improvements at the Oregon Zoo, $2.9 million for solid waste facility capital projects, and $1.1 million in capital development at Metro Regional Parks. Capital expenditures include purchases of land and equipment, improvements to facilities, and other capital related expenditures. Projects that are over $50,000 and have a useful life of more than five years are included in Metro's five-year Capital Improvement Plan, updated and adopted annually.

Debt Service – 10 percent

Debt service provides for payments on revenue, general obligation, and full faith and credit bonds sold for the Metro Central transfer station, the Oregon Convention Center, Metro Regional Center, the Open Spaces Acquisition Program, the Expo Center, and the Oregon Zoo. This category also includes payments on outstanding loans to the Oregon Economic and Community Development Department (OECDD). Refer to the Debt Summary portion of this budget for the debt service schedules.

Interfund Transfers – 13 percent

Metro budgets its resources in separate and distinct funds. Transfers between funds are made to pay for the cost of services provided in one fund for the benefit of another (i.e., printing, fleet, etc.) or to share resources between funds. Interfund transfers in FY 2004-05 total about $29.2 million. Interfund transfers appear as both a resource to the receiving fund and a requirement for the giving fund in the budget.

Contingency – 11 percent

Contingencies in each fund are created to provide for unforeseen requirements. These funds may be spent only after an action of the Metro Council authorizes transferring appropriations from contingency to an expenditure line item. In FY 2004-05, the contingency category also includes specific reserves for potential liabilities arising from court challenges to legislatively enacted pension reforms. (See the discussion under Personal Services for a more detailed explanation.) For two years, an amount equal to approximately 6.65 percent of regular salaries has been set-aside in a reserve called the *PERS Reserve*. At the time of budget adoption, these funds were moved from the personal services category down to contingency. Council action will be required to appropriate these funds for any purpose.

Ending Fund Balances

Ending fund balances in one fiscal year become the beginning fund balances of the next fiscal year. Metro plans to carry forward $59 million into FY 2005-06. In addition to the planned carry-over at the end of FY 2004-05, Metro will also carry forward unspent contingency funds and any surplus from department operations.

Primary among the planned funds to be carried forward are reserves for specific purposes (self-insurance, solid waste activities, and debt reserves) which are generally required by law or formal operating agreement. In addition, planned ending balances also include funds to be carried over to provide cash flow for specific operations so that they can operate early in the next fiscal year even though their primary current revenues may not be received until later in that fiscal year.

Ending fund balance has declined significantly since FY 2001-02, about 65 percent. This is due primarily to the expenditure of bond proceeds or intergovernmental revenues received for the Open Spaces Acquisition Program and the expansion of the Oregon Convention Center. In addition, there has been a planned spend-down of the undesignated fund balance in the Solid Waste Revenue Fund through a tipping fee subsidy.

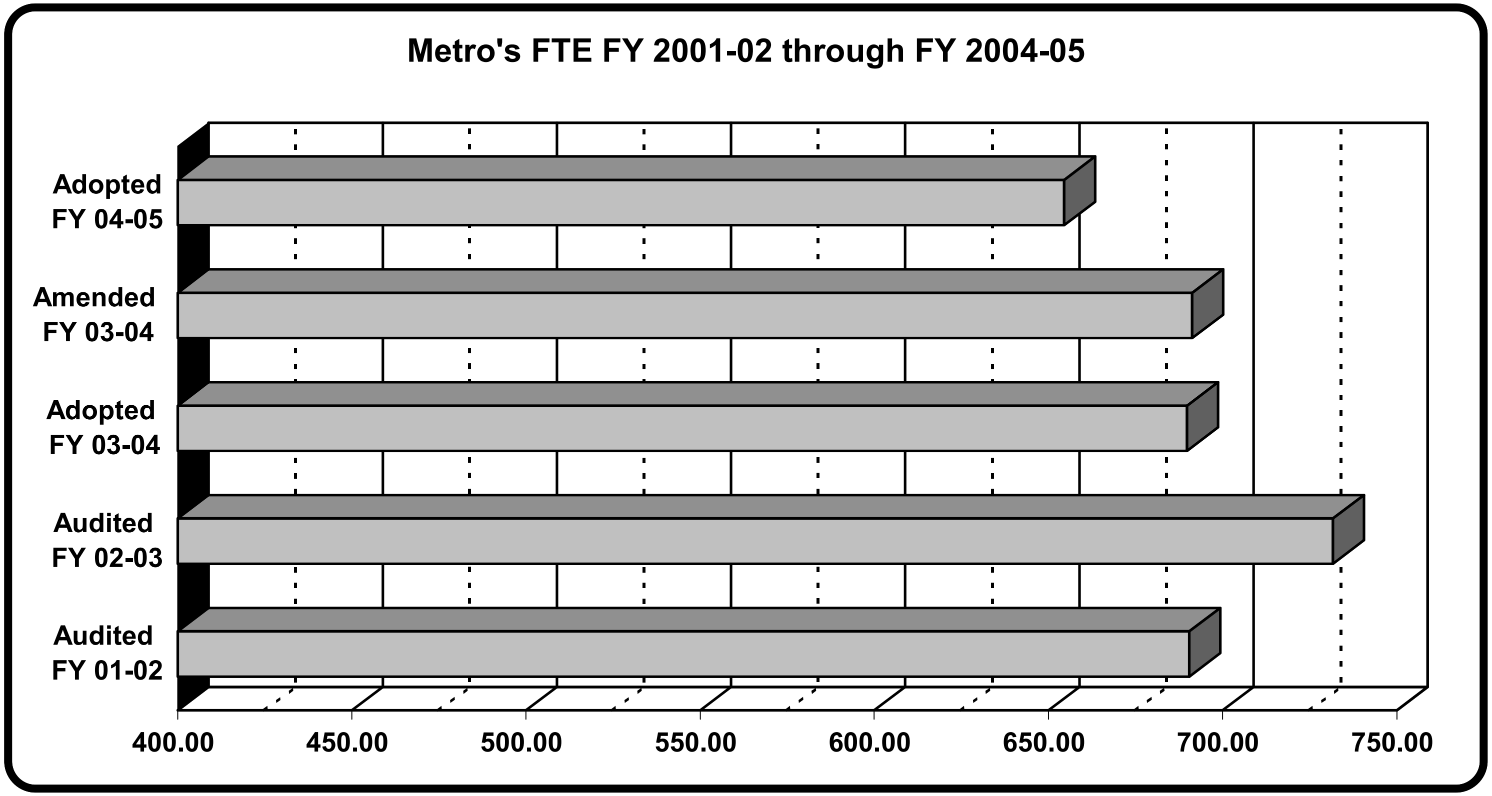
Staff Levels

Metro counts regular, benefit-eligible staff positions by FTE (full-time equivalent). One FTE equals one person working full-time for one year (2,080 hours). One FTE most often is one person working full-time, but it may also be two people each working half-time, or some other combination of people whose total work time does not exceed 2,080 hours. Temporary, seasonal, and MERC part-time, event-related positions are not included in the FTE chart.

For a period of several years prior to FY 2001-02, staff levels for Metro operations remained fairly constant with only minor changes in any one year. Generally, increases were seen in enterprise-related activities such as MERC, Zoo, and Solid Waste & Recycling, while most central service or excise tax funded departments remained relatively constant or decreased. Staff levels for major capital projects for MERC and Regional Parks increased substantially for a period of years reaching a high of 24.10 FTE in FY 2000-01. As the major expansion or acquisition projects were completed, staffing declined to its current level of 5.25 in FY 2004-05.

In the last couple of years staff levels have changed dramatically. Several key factors have contributed to the change:

- Spend down and near completion of the Open Spaces Acquisition bond program
- Opening of the newly expanded Oregon Convention Center and the subsequent economic impact of world and national events
- Implementation of a charter amendment approved by the voters in November 2000 to consolidate the Council and Executive Offices
- Recognition of the fiscal implications of previous spending authorizations



Open Spaces Acquisition Program

In 1995, the voters of the Metro region approved a $135.6 million Open Spaces, Parks, and Streams bond measure. A majority of the measure provided for the purchase of regionally significant natural and open spaces to ensure preservation of the lands for future generations. By FY 1998-99, a total of 17.25 FTE (including 3.50 FTE in the Office of Metro Attorney) had been added to provide the staffing expertise necessary for a willing seller acquisition program estimated to purchase over 6,000 acres of land. Now in its ninth year, the bond proceeds are almost depleted. Staffing levels have been reduced accordingly in the last several years, down to 5.25 FTE by FY 2003-04. FTE remained constant in FY 2004-05 but are expected to decline or be eliminated in FY 2005-06.

Expanded Oregon Convention Center

In FY 1999-00, Metro, the City of Portland, Multnomah County, and the local lodging and car rental industries developed a proposal to expand the Oregon Convention Center. Construction began in FY 2000-01 and was completed in the spring of 2003. In anticipation of the grand opening of the expanded facility, approximately 40 FTE were added to the MERC staff in FY 2002-03. During the preparation of the FY 2003-04 budget (fall of 2002), MERC re-evaluated staffing levels needed for the expanded facility, resulting in a reduction of 14.75 FTE. By late spring 2003, it became clear that national and world events, including the terrorist attacks on September 11, 2001, the SARS outbreak, and the economic recession, were having a substantial impact on the region's convention business. In early FY 2003-04, MERC management took immediate action to recognize the fiscal implications of these events, resulting in the additional reduction of 18 FTE from the Oregon Convention Center. While these actions were taken during FY 2003-04 ,the actual FTE reduction was not reflected in the budget until FY 2004-05.

Charter Amendment

The consolidation of the Council and Executive offices, as required by the November 2000 charter amendment, created opportunities for consolidation of staff functions formerly done in the two offices. Elimination of duplicate positions and streamlining of Council Office functions produced a reduction of 9.10 FTE in FY 2003-04. (Implementation of the charter amendment is discussed in the Organizational and Regional Profile section.)

Fiscal Implication of Previous Spending Authorization (Living Within Our Means)

For a variety of reasons, most of Metro's operations required the use of fund balance reserves to maintain program levels and balance the budget. In some cases, particularly where reserves were considered too high, there was a planned spend down pattern authorized. However, in others, no plan had been developed. In at least one area, it had been hoped that an additional revenue source would be authorized to help cover the additional unfunded operating needs that had been placed upon it. During preparation of the FY 2003-04 budget, it was decided that the agency must begin to live within its means and reduce its reliance on fund balance reserves. In meeting this goal, almost every department of Metro found it necessary to reduce its staffing levels in FY 2003-04. This policy continued into FY 2004-05; however, reductions in the previous year combined with a new dedicated revenue source for Regional Parks ameliorated the fiscal situation for most departments, with the exception of the Oregon Zoo.

In 1996, the voters of the region approved a general obligation bond measure to construct the Great Northwest Exhibit at the Oregon Zoo. The project is being completed in a series of phases featuring native wildlife exhibits that include forest and waters displays, as well as a new entrance with a restaurant and gift shop adjacent to the light rail station. While the opening of any new exhibit enhances revenue by increasing the attendance to the zoo, each phase of the project also adds additional operating costs. The Oregon Zoo was also chosen to participate in the California Condor Recovery Project. The off-site facility began operations in FY 2003-04 and is not open to the general public. Being chosen to participate in this conservation project is an honor to the Zoo; however, it also comes with additional costs and contributes to the overall operating deficit. In addition, the Zoo has experienced increases in existing operating costs such as utilities, insurance, health care, and retirement benefits that exceed the cost of inflation. Unfortunately, increases in overall operating costs have outpaced the Zoo's ability to generate additional revenue. The directive to reduce reliance on fund balance reserves and "live within our means" has placed the greatest burden on the Oregon Zoo. To achieve the fiscal results imposed by this directive, the Zoo has had to reduce approximately 9 FTE in each of the last two years. For the most part, the reductions targeted vacant positions. Reductions were made in areas that did not affect the health and welfare of the animals in the Zoo's care.

Fiscal Year 2004-05 Changes in FTE

The FY 2004-05 budget shows a decrease of almost 37 FTE from the FY 2003-04 amended budget. This is the net effect of several department staff level changes. The major changes include:

- The reduction of 18.0 FTE in the Oregon Convention Center recognizing management actions taken in early FY 2003-04 to respond to economic downturns.
- The reduction of 3.25 FTE in the Oregon Convention Center Expansion project recognizing the completion of the project.
- The reduction of 8.38 FTE at the Oregon Zoo due to the fiscal constraints of the department.
- The reduction of 3.95 FTE in the Planning Fund recognizing changes in program funding and opportunities for work plan reorganizations due to position vacancies.
- The reduction of 2.5 FTE in the Solid Waste and Recycling department from efficiencies found in scale house operations and the elimination of positions that did not directly meet the department's primary mission.
- The addition of 2.0 FTE in the Regional Parks and Greenspaces department funded by a new levy of excise tax dedicated to parks operations, maintenance and capital development.
- The transfer of 2.0 FTE in Benefits Administration from the Finance & Administrative Services department to the Human Resources department.
- Transfer of 3.0 FTE Public Affairs staff from the Planning Department to the Public Affairs and Government Relations department.

Metro FTE - FY 2001-02 through FY 2004-05
(Does not include temporary, seasonal or MERC part-time labor)

DEPARTMENT	Audited FY 01-02	Audited FY 02-03	Adopted FY 03-04	Amended FY 03-04	Adopted FY 04-05	% Change from FY 03-04	% Change from FY 01-02
Office of the Auditor	5.00	5.00	5.00	5.00	5.00	0.00%	0.00%
Office of the Council	20.00	20.00	17.00	17.00	17.00	0.00%	(15.00%)
Office of the Executive Officer	16.60	16.10	0.00	0.00	0.00	n/a	(100.00%)
Office of Metro Attorney	13.75	13.50	10.50	10.50	10.50	0.00%	(23.64%)
Finance & Administrative Services	67.05	69.05	66.35	66.35	63.70	(3.99%)	(5.00%)
Human Resources	9.10	9.10	9.00	9.00	11.00	22.22%	20.88%
Metro E-R Commission	152.00	193.00	180.25	180.25	157.00	(12.90%)	3.29%
Oregon Zoo	167.03	169.73	160.23	160.23	151.85	(5.23%)	(9.09%)
Planning	80.25	79.00	79.60	80.10	73.15	(8.68%)	(8.85%)
Public Affairs Department	0.00	0.00	11.00	12.00	15.00	25.00%	n/a
Regional Parks and Greenspaces	49.50	48.00	42.10	42.10	44.10	4.75%	(10.91%)
Solid Waste & Recycling	110.15	109.15	108.70	108.70	106.20	(2.30%)	(3.59%)
Totals	690.43	731.63	689.73	691.23	654.50	(5.31%)	(5.20%)

Fund Balances

Beginning Fund Balance

Approximately 33 percent ($94.1 million) of Metro's FY 2004-05 total resources comes from beginning fund balances – money carried over from previous fiscal years. The Solid Waste Revenue Fund's beginning fund balance of $30.0 million comprises the largest piece of the beginning fund balance resource. This amount includes $6.7 million in reserves for landfill closure; $5.3 million in the renewal and replacement account; $6.1 million in the General Account for specific capital and debt reserves; $4.0 million in other dedicated accounts for rate stabilization, business assistance, and pension liability; and $7.8 million in undesignated fund balance.

Other major components of beginning fund balance are:

MERC Operating Fund: $10.8 million.
This is the combined balance for the three facilities (Oregon Convention Center, Expo Center, and Portland Center for the Performing Arts) managed by the Metro Exposition-Recreation Commission.

General Obligation Bond Debt Service Fund: $10.3 million.
This amount is required to pay debt service due early in FY 2004-05 before property tax revenues are received.

Open Spaces Fund: $6.7 million.
This money is bond proceeds carried over from the $135.6 million general obligation bonds authorized by voters in FY 1994-95.

Zoo Operating Fund: $6.0 million.
This balance includes reserves for cash flow (required for operations before property tax revenues are received), future capital projects, and to stabilize operations during economic downturns.

Risk Management Fund: $5.6 million.
This is Metro's self-insurance reserve.

The remainder of the total fund balance is divided among the other remaining funds and includes a combination of reserves for debt, capital replacement and cash flow.

Unappropriated Ending Fund Balance

The unappropriated ending balance of $59.1 million includes $9.8 million of debt reserves for general obligation bond payments in early FY 2005-06, $14.4 million in reserves for the solid waste operation and $8.4 million for MERC operating reserves. The rest of the ending fund balance consists of debt service reserves for revenue bonds, risk management and general reserves.

Revenue Analysis

This section presents a consolidated summary of major revenue sources, a description of each source, underlying assumptions for revenue estimates and recent trends. Tables showing estimated or actual revenues for each major source for the last four fiscal years supplement this discussion. This section does not address fund balances, which are discussed in the *Budget Summary* and *Fund Summaries*.

The table below shows a four-year summary of major revenue sources for all Metro funds. In the narrative that follows, the five largest revenue sources for Metro are described in greater detail. This discussion includes enterprise revenues, property taxes, excise taxes, grants, and intergovernmental revenues. Together, these five sources constitute 97 percent of Metro's current revenues (excluding interfund transfers).

Revenue Summary - All Funds

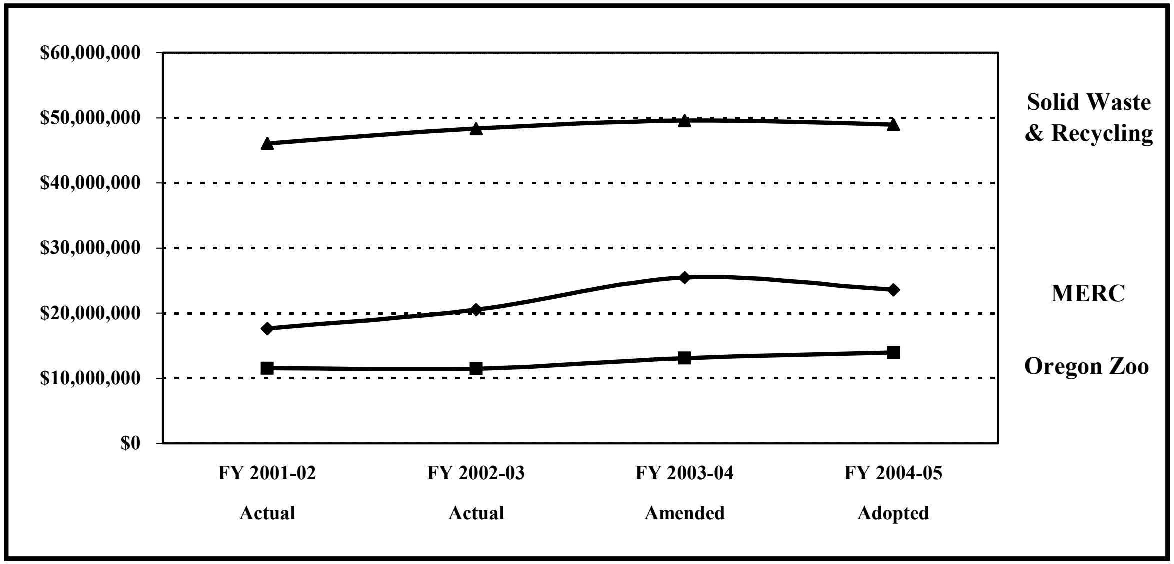
	FY 2001-02 Audited	FY 2002-03 Audited	FY 2003-04 Adopted	FY 2003-04 Amended	FY 2004-05 Proposed	FY 2004-05 Approved	FY 2004-05 Adopted	% Change from Amended FY 2003-04
Current Revenues								
Real Property Taxes	$27,329,989	$24,870,024	$26,186,360	$26,186,360	$26,414,557	$26,414,557	$26,414,557	0.87%
Excise Tax	7,922,160	9,821,988	10,019,954	10,019,954	12,406,504	12,406,504	12,083,153	20.59%
Other Derived Tax Revenue	0	0	18,090	18,090	18,090	18,090	18,090	0.00%
Grants	10,353,341	7,074,525	13,931,987	13,931,987	9,577,275	9,595,619	9,712,496	(30.29%)
Local Government Shared Revenues	7,256,132	8,711,018	8,403,041	8,403,041	7,404,638	7,404,638	7,404,638	(11.88%)
Contributions from Other Governments	1,357,648	2,828,593	3,941,866	3,941,866	752,912	752,912	752,912	(80.90%)
Enterprise Revenue	83,600,707	89,552,091	97,483,821	97,483,821	101,114,796	101,174,796	101,213,991	3.83%
Interest Earnings	7,245,118	2,631,843	1,932,512	1,932,512	1,457,269	1,322,269	1,322,269	(31.58%)
Donations	1,906,479	2,641,203	4,430,360	4,430,360	3,020,775	3,020,775	3,237,766	(26.92%)
Other Misc. Revenue	550,633	412,042	520,792	520,792	537,407	537,407	537,407	3.19%
Bond and Loan Proceeds	48,268,180	105,693,587	0	0	0	0	0	n/a
Subtotal External Current Revenues	*195,790,387*	*254,236,914*	*166,868,783*	*166,868,783*	*162,704,223*	*162,647,567*	*162,697,279*	*(2.50%)*
Interfund Transfers:								
Interfund Reimbursements	11,591,943	11,979,701	12,876,392	12,876,392	13,419,123	13,419,123	13,419,123	4.21%
Internal Service Transfers	924,815	848,342	1,347,099	1,347,099	829,325	918,674	1,093,674	(18.81%)
Interfund Loan	403,690	103,898	106,100	106,100	0	0	0	(100.00%)
Fund Equity Transfers	11,629,517	12,533,575	11,640,293	11,640,293	14,713,352	14,895,436	14,669,270	26.02%
Subtotal Internal Current Revenues	*24,549,965*	*25,465,516*	*25,969,884*	*25,969,884*	*28,961,800*	*29,233,233*	*29,182,067*	*12.37%*
Total Current Revenues	**$220,340,352**	**$279,702,430**	**$192,838,667**	**$192,838,667**	**$191,666,023**	**$191,880,800**	**$191,879,346**	**(0.50%)**

Enterprise Revenue

Enterprise revenue represents income earned from use of Metro facilities or franchises and the purchase of Metro products and services. Eighty-five percent of all enterprise revenue is derived from facilities operated or services provided by three departments: MERC, Solid Waste and Recycling, and the Oregon Zoo.

Except for revenue generated at the Portland Center for the Performing Arts and other exemptions specified in Metro Code, all enterprise revenue is subject to Metro's excise tax (see discussion that follows under Tax Revenues). Revenue projections are initially calculated based on gross revenues prior to the application of the excise tax; however, the budget document reflects revenues net of the excise tax (gross projections less excise tax).

Key Enterprise Revenues



MERC Enterprise Revenue

Enterprise revenue from MERC-operated facilities comprises 23 percent of total Metro enterprise revenues. MERC facilities include the Metropolitan Exposition Center (Expo Center), the Oregon Convention Center, and the Portland Center for the Performing Arts. Overall, enterprise revenues for MERC increased in the FY 2003-04 budget primarily due to the opening of the expanded Convention Center in the spring of 2004. After its opening, it was apparent the convention industry was continuing to be impacted by sluggish economy. For this reason, enterprise revenues in the FY 2004-05 budget have been adjusted downward. Over 90 percent of MERC enterprise revenue is derived from the following sources:

Rental – This is the combined total of revenue generated for license agreements for temporary leasing of space within the facilities and revenue generated from equipment rental charged back to clients. Projected revenue represents a 28.32% increase over FY 2001-02 actual revenue. The expanded Oregon Convention Center facility opened in Spring 2003. Rental revenues are anticipated to increase as a result.

Concessions/Catering – These are revenues generated from food and beverage sales and catered functions. Projections are based upon projected attendance and historical sales. In FY 2004-05 projected sales show an increase because of improved concessions and catering facilities at the Expo Center and expanded facilities at the Oregon Convention Center. These revenues should continue to grow as the expanded facilities at the Convention Center receive greater use.

Parking – These are fees charged for parking in the lots at the Convention Center and the Expo Center. Projections for parking fees represent a 46 percent increase over the four-year period. A new parking structure was built as part of the expansion project and opened in April 2002, a year before construction was completed on the rest of the facility. The opening of the new parking facility resulted in a significant increase in parking revenues.

Reimbursement-Labor – These are charges to renters for the labor cost of staging and staffing events at all three facilities. About 76 percent of these revenues are reimbursements for labor at the Portland Center for the Performing Arts. Projections for this facility are based upon projected wage and fringe rates and the number of events to be held. The significant in-

Enterprise Revenue

Major Sources by Department	Actual FY 2001-02	Actual FY 2002-03	Amended FY 2003-04	Adopted FY 2004-05	% of Department Total	% of Total Enterprise Revenue	% Change from FY 2003-04	% Change from FY 2001-02
MERC								
Rentals	4,025,131	4,355,125	5,086,915	5,164,983	21.89%		1.53%	28.32%
Concessions/Catering	6,696,468	8,041,019	9,661,345	8,715,561	36.94%		(9.79%)	30.15%
Parking	1,785,124	2,333,796	3,015,349	2,607,745	11.05%		(13.52%)	46.08%
Reimbursed Services	2,020,658	2,137,128	3,049,580	2,648,509	11.23%		(13.15%)	31.07%
Utility Services	1,336,536	1,684,248	2,538,387	2,248,191	9.53%		(11.43%)	68.21%
Other	1,763,339	1,968,401	2,109,700	2,208,501	9.36%		4.68%	25.25%
MERC Total	**$17,627,256**	**$20,519,717**	**$25,461,276**	**$23,593,490**	**100.00%**	**23.31%**	**(7.34%)**	**33.85%**
Oregon Zoo								
Admissions	4,467,991	4,756,469	5,217,365	5,679,420	40.64%		8.86%	27.11%
Food Sales	3,962,357	3,675,560	4,015,116	4,143,070	29.65%		3.19%	4.56%
Retail Sales	1,443,976	1,373,742	1,938,372	2,108,419	15.09%		8.77%	46.01%
Railroad Rides	468,690	451,350	510,000	481,860	3.45%		(5.52%)	2.81%
Tuition & Lectures	646,423	697,435	899,649	838,074	6.00%		(6.84%)	29.65%
Other	541,680	500,020	533,523	724,691	5.19%		35.83%	33.79%
Oregon Zoo Total	**$11,531,117**	**$11,454,576**	**$13,114,025**	**$13,975,534**	**100.00%**	**13.81%**	**6.57%**	**21.20%**
Solid Waste and Recyling								
Disposal Fees	24,958,157	23,986,148	23,944,153	24,991,630	51.04%		4.37%	0.13%
Regional System Fee	15,499,449	18,347,404	19,851,026	19,059,361	38.92%		(3.99%)	22.97%
Transaction Fee	1,786,711	2,192,479	2,052,798	2,421,478	4.95%		17.96%	35.53%
Other	3,820,336	3,827,497	3,748,176	2,492,383	5.09%		(33.50%)	(34.76%)
REM Total	**$46,064,653**	**$48,353,528**	**$49,596,153**	**$48,964,852**	**100.00%**	**48.38%**	**(1.27%)**	**6.30%**
Other Enterprise Revenue	$8,377,681	$9,224,270	$9,312,367	$14,680,115		14.50%	57.64%	75.23%
Total Enterprise Revenue	***$83,600,707***	***$89,552,091***	***$97,483,821***	***$101,213,991***		***100.00%***	***3.83%***	***21.07%***

crease in FY 2003-04 is due to an accounting change for contracted event services such as police and security, which were formerly charged directly to the vendor or event promoter.

Utility Services – This category represents revenue received from contractors to cover the cost of a variety of utility services, such as electrical, telephone, air, water, gas, etc., used for business and show purposes. Approximately 88 percent of these revenues are recovered at the Oregon Convention Center. Projections are based on the number of events to be held and the anticipated fees charged by the utility providers. Revenues increased substantially in FY 2003-04 due to the opening of the expanded Oregon Convention Center.

Zoo Enterprise Revenue

Enterprise revenues from the Oregon Zoo account for over 13 percent of Metro's total enterprise revenues. Zoo revenue projections are based on average per capita fees or rates. Actual fees or rates will vary depending on the age of the visitor or the item purchased. In the last several years, the Oregon Zoo has been constructing a major new exhibit – the Great Northwest Project. The exhibit has been opened in phases with Phase IV, the Eagle Canyon Exhibit and the Trillium Creek Family Farm, opening in 2004. With the opening of these new exhibits, Zoo attendance has substantially increased over the last four years. Ninety-five percent of the Zoo's enterprise revenues are derived from the following sources:

Admissions – Annual attendance and admission rates are the factors which determine the per capita estimate used to calculate admissions revenue. The combination of new exhibit openings and excellent weather resulted in Zoo attendance reaching over 1.3 million in FY 2003-04. The FY 2004-05 budget assumes attendance of 1.295 million visitors. Zoo admission rates have increased in each of the last two years. The FY 2004-05 budget assumes a rate increase January 1, 2005; however, the Zoo is to evaluate other revenue options prior to implementation of this increase.

Food Sales – Revenues from food, beverage and catering sales are included in this category. Projections are based upon a per capita spending of $2.40 multiplied by the anticipated attendance of 1.295 million. The revenue for food service, specifically catering, has significantly decreased. Due to tough economic times, visitors are still coming to the Zoo, but they are spending less on food. Also, many businesses have cut back on special catered events.

Retail Sales – These are sales from the Zoo's gift shop and vending machines. Beginning in FY 2003-04, the Zoo began contracting out the operation of the gift shop, resulting in a significant increase in revenues.

Railroad Rides – These are revenues from the sale of rides on the Zoo's railroad and people mover. Projections are based upon per capita spending of $0.40 multiplied by anticipated attendance of 1.295 million. This is down slightly due to decreased ridership.

Tuitions and Lectures – These are for fees received for educational classes and lectures provided by or sponsored by the Oregon Zoo. Revenues are projected based on historical class participation and planned course offerings. In FY 2002-03, the Zoo added several new educational programs and expanded popular activities, such as Zoo Camp, resulting in a significant increase in revenue. It is anticipated that these programs will continue to be successful.

Solid Waste and Recycling Enterprise Revenues

Enterprise revenues from the Solid Waste and Recycling Department (SW&R) account for approximately 48 percent of total Metro enterprise revenues. These revenues are derived from fees and charges for the processing and disposal of solid waste within the region. When waste is delivered to Metro's regional transfer stations, haulers pay a fee called the "tipping fee." This fee of $67.47 covers the transport and disposal of the waste as well as the Regional System Fee and Department of Environmental Quality fees. Effective September 1, 2004, the tipping fee is scheduled to increase to $70.96 per ton.

Disposal Fees – These fees represent that portion of the solid waste disposal rate that covers the cost of disposing and transporting waste from Metro transfer stations. The contracts for both the disposal and transport of the waste were renegotiated in FY 1998-99, resulting in a reduced cost to Metro. Tonnage estimates for FY 2004-05 are lower than previous years due in part to increased recycling, but primarily due to an increase in tonnage disposed by non-Metro facilities.

Regional System Fees – This fee is charged on a per-ton basis on all waste that is processed in the region. This includes waste that is hauled to Metro's transfer stations as well as waste that is disposed of at facilities throughout the region that are licensed or franchised by Metro. The Regional System Fee recovers administrative and fixed costs, facility operations, debt service, and capital improvements for the solid waste system. The fee, currently $16.57, is scheduled to decrease to $15.09 effective September 1, 2004.

Transaction Fee – The transaction fee was instituted in the latter part of FY 1997-98 as a way to capture the processing costs associated with citizens bringing small loads to the transfer stations for processing. This fee is set at $6 per load, and its purpose is to recover non-tonnage-related costs equitably from all customers.

Other Revenue – Other revenue is derived from a variety of sources, including disposal charges for items such as tires, refrigeration units, yard debris and household hazardous waste materials; community enhancement fees charged on each ton of waste processed at Metro Central, Metro South, and the Forest Grove transfer stations; special assessment fees required by the Oregon Department of Environmental Quality; and a solid waste facility fee that is charged on each ton of waste to capture administrative overhead costs of operating the transfer stations. These other revenues will generate approximately $2.5 million in FY 2004-05.

Other Enterprise Revenues

These revenues are derived from several sources and comprise less than 15 percent of total enterprise revenues. Revenues include fees charged at Metro's Regional Parks, parking fees charged at Metro Regional Center, and revenue generated by the Regional Contractor's License Program and the Data Resource Center.

Also included in this category are internal fees charged departments by Risk Management for the cost of health care provided to employees. The increase from FY 2003-04 is due to anticipated costs associated with health care insurance.

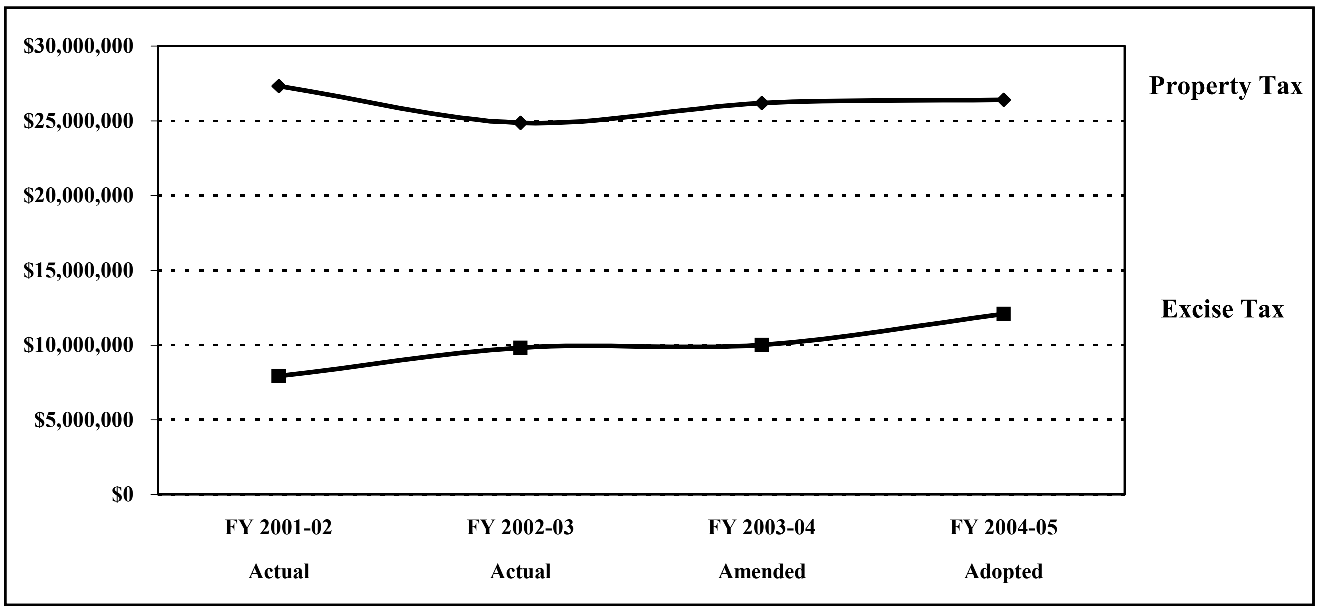
Tax Revenues

Metro's tax revenues are generated from two major sources – property taxes and excise taxes. Together, they constitute almost 24 percent of Metro's total revenues (not including interfund transfers). This percentage actually overstates the tax revenue contribution to current operations because 66 percent of property taxes are dedicated to debt service.

Property Taxes

Property taxes are levied by Metro for only two purposes – Zoo operations and debt service payments. In 1990, voters approved a permanent property tax levy for the Oregon Zoo. The Zoo tax levy for operations is subject to the state limitations of Ballot Measures 5 and 50. Ballot Measure 50 allows general government operating levies to increase at 3 percent annually plus an allowance for new construction, while Ballot Measure 5 limits total general government levies to no more than $10.00 per thousand of assessed value. By law, general obligation debt must also be approved by voters. Property taxes for debt service are levied to repay debt on three voter-approved general obligation bond measures (see Section G, Debt Summary in this document for more information). Property taxes levied for general obligation debt are exempt from the limitations of Ballot Measures 5 and 50. In FY 2001-02, Metro refinanced the Oregon Convention Center general obligation bonds. The Open Spaces, Parks and Streams bonds were refinanced in November 2002. The refinancings resulted in large, one-time savings in addition to the ongoing savings from reduced payments.

Major Tax Revenues



Major Tax Revenues

Major Sources by Department	Actual FY 2001-02	Actual FY 2002-03	Amended FY 2003-04	Adopted FY 2004-05	% of Department Total	% of Total Tax Revenue	% Change from FY 2003-04	% Change from FY 2001-02
Property Taxes								
Major Sources:								
Zoo Tax Base	8,094,915	8,375,766	8,822,490	8,933,904	33.82%		1.26%	10.36%
G.O. Debt Service	19,235,074	16,494,258	17,363,870	17,480,653	66.18%		0.67%	(9.12%)
Total	**27,329,989**	**24,870,024**	**26,186,360**	**26,414,557**	**100.00%**	**68.61%**	**0.87%**	**(3.35%)**
Excise Taxes								
Major Sources:								
Solid Waste & Recycling Ops	5,951,379	7,614,768	7,359,564	9,466,867	78.35%		28.63%	59.07%
MERC Operations	913,411	1,136,560	1,473,112	1,323,532	10.95%		(10.15%)	44.90%
Zoo Operations	867,287	861,896	983,552	1,048,165	8.67%		6.57%	20.86%
Other	190,083	208,764	203,726	244,589	2.02%		20.06%	28.67%
Total	**7,922,160**	**9,821,988**	**10,019,954**	**12,083,153**	**100.00%**	**31.39%**	**20.59%**	**52.52%**
Total Tax Revenue	***$35,252,149***	***$34,692,012***	***$36,206,314***	***$38,497,710***		***100.00%***	***6.33%***	***9.21%***

Excise Taxes

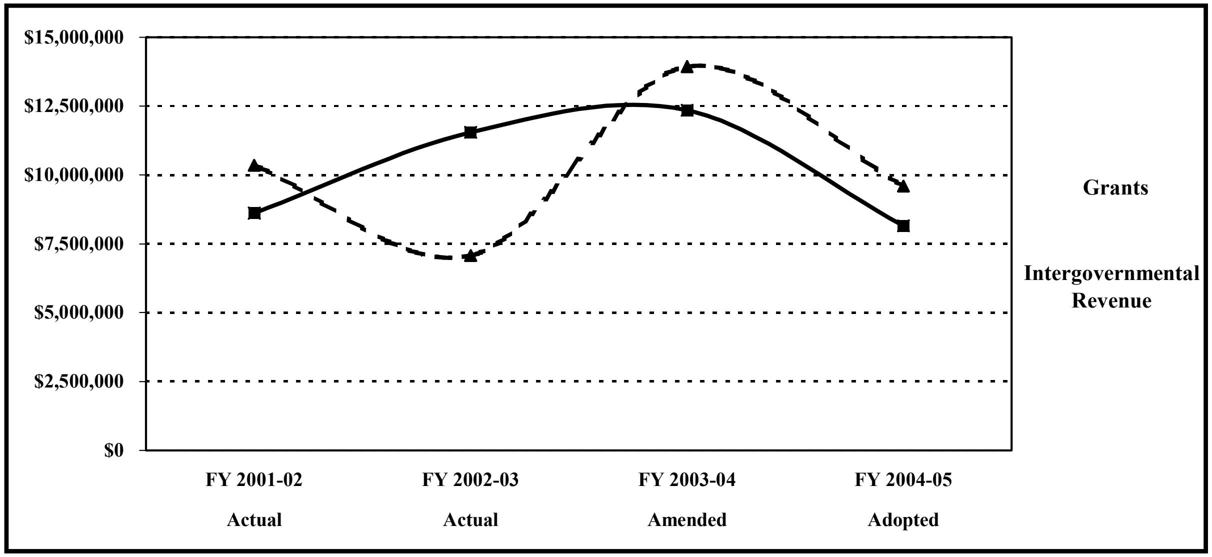
Metro imposes a tax on users of facilities, equipment, systems, functions, services or improvements owned, operated, franchised or provided by Metro. Excise tax revenues support the costs of the Council Office and programs which are unable to generate sufficient own-source revenue. It is a key revenue source supporting the Planning and Regional Parks departments. Excise tax revenue constitutes Metro's only source of General Fund revenue.

Prior to FY 2000-01 the excise tax was collected as a percentage of revenues generated regardless of the source. However, in FY 2000-01 the Council amended the method by which excise tax is calculated on solid waste revenues from a percentage of the tipping fee to a flat rate per ton. The rate per ton on solid waste revenues is determined annually during the budget process based on a formula set in the authorizing ordinance. This year's budget includes an excise tax rate of 7.5 percent on all non-solid waste generated revenues and a flat fee of $8.58 on all solid waste tonnage, including an additional $2.50 per ton dedicated to Regional Parks and $0.50 per ton dedicated to a Tourism Opportunity and Competitiveness Account to provide assistance to MERC in marketing the Oregon Convention Center. The levies for assistance to MERC and $1.50 of the $2.50 dedicated to Regional Parks are new levies for FY 2004-05, effective September 1, 2004. (For additional discussion on the excise tax, see *Where the Money Comes From* in Section B, Budget Summary in this document.)

Grants and Intergovernmental Revenues

For FY 2004-05, grants and intergovernmental revenue represent 7 percent of Metro's total revenues (not including interfund transfers). The principal sources for these revenues are state and federal planning grants, support for the PCPA from the City of Portland, and Multnomah County's pass-through of hotel/motel taxes.

Grants and Intergovernmental Revenues



Grants

Most of Metro's grant revenues support planning activities. The majority of planning grant dollars are for transportation planning purposes. Because Metro is the designated agency for regional transportation planning under the Federal Transportation Efficiency Act of the 21st Century, it receives a significant amount of federal grant dollars. In addition, Metro receives grants from the state, the local transit agency (TriMet), and other local governments within the region.

Intergovernmental Revenues

Intergovernmental revenues include contributions from other governments to support Metro programs and capital projects, and revenues received from other governments and shared with Metro on a formula basis. The largest shared operating revenue program is the hotel/motel occupancy tax levied by Multnomah County. Multnomah County passes through to Metro almost all of its 3 percent hotel/motel tax to support the operations of the Oregon Convention Center and the Portland Center for the Performing Arts.

Additionally, Metro receives intergovernmental revenue from the City of Portland to support the operations at the PCPA. The PCPA is owned by the city but is managed by Metro. Through agreements negotiated in FY 2000-01, the city increased its contributions for operations and capital improvements at PCPA. These contributions have decreased as the backlog of capital improvements has been reduced.

The other principal sources of shared revenues for Metro are registration fees for recreational vehicles and marine fuel taxes. Projections for these sources are based on estimates received from the State of Oregon and Multnomah County. The FY 2003-04 budget included a one-time contribution of $2.9 million from TriMet for the purchase of land to site a new light rail station. At $1.6 million, the contribution was lower than originally anticipated and was received in the 2002-03 fiscal year.

Grants and Intergovernmental Revenues

Major Sources by Department	Actual FY 2001-02	Actual FY 2002-03	Amended FY 2003-04	Adopted FY 2004-05	% of Department Total	% of Total Grant & Ingov't Rev	% Change from FY 2003-04	% Change from FY 2001-02
Grants								
Major Sources:								
Planning Grants	9,735,097	6,127,328	12,895,064	8,333,645	86.85%		(35.37%)	(14.40%)
Regional Parks Grants	389,024	546,144	698,353	713,072	7.43%		2.11%	83.30%
Other	229,220	401,053	338,570	548,902	5.72%		62.12%	139.47%
Total	**$10,353,341**	**$7,074,525**	**$13,931,987**	**$9,595,619**	**100.00%**	**54.05%**	**(31.13%)**	**(7.32%)**
Intergovernmental Revenues								
Major Sources:								
Hotel/Motel Taxes	6,820,346	8,326,852	7,988,680	7,000,663	85.82%		(12.37%)	2.64%
City of Portland for PCPA	1,284,563	1,080,407	639,815	652,612	8.00%		2.00%	(49.20%)
TriMet light rail station payments to Expo	0	1,631,257	2,893,751	0	0.00%		(100.00%)	N/A
Support for Parks & Greenspaces	477,566	477,360	459,661	444,275	5.45%		(3.35%)	(6.97%)
Other	31,305	23,735	363,000	60,000	0.74%		(83.47%)	91.66%
Total	**$8,613,780**	**$11,539,611**	**$12,344,907**	**$8,157,550**	**100.00%**	**45.95%**	**(33.92%)**	**(5.30%)**
Total Grants and Intergovernmental Revenue	***$18,967,121***	***$18,614,136***	***$26,276,894***	***$17,753,169***		***100.00%***	***(32.44%)***	***(6.40%)***

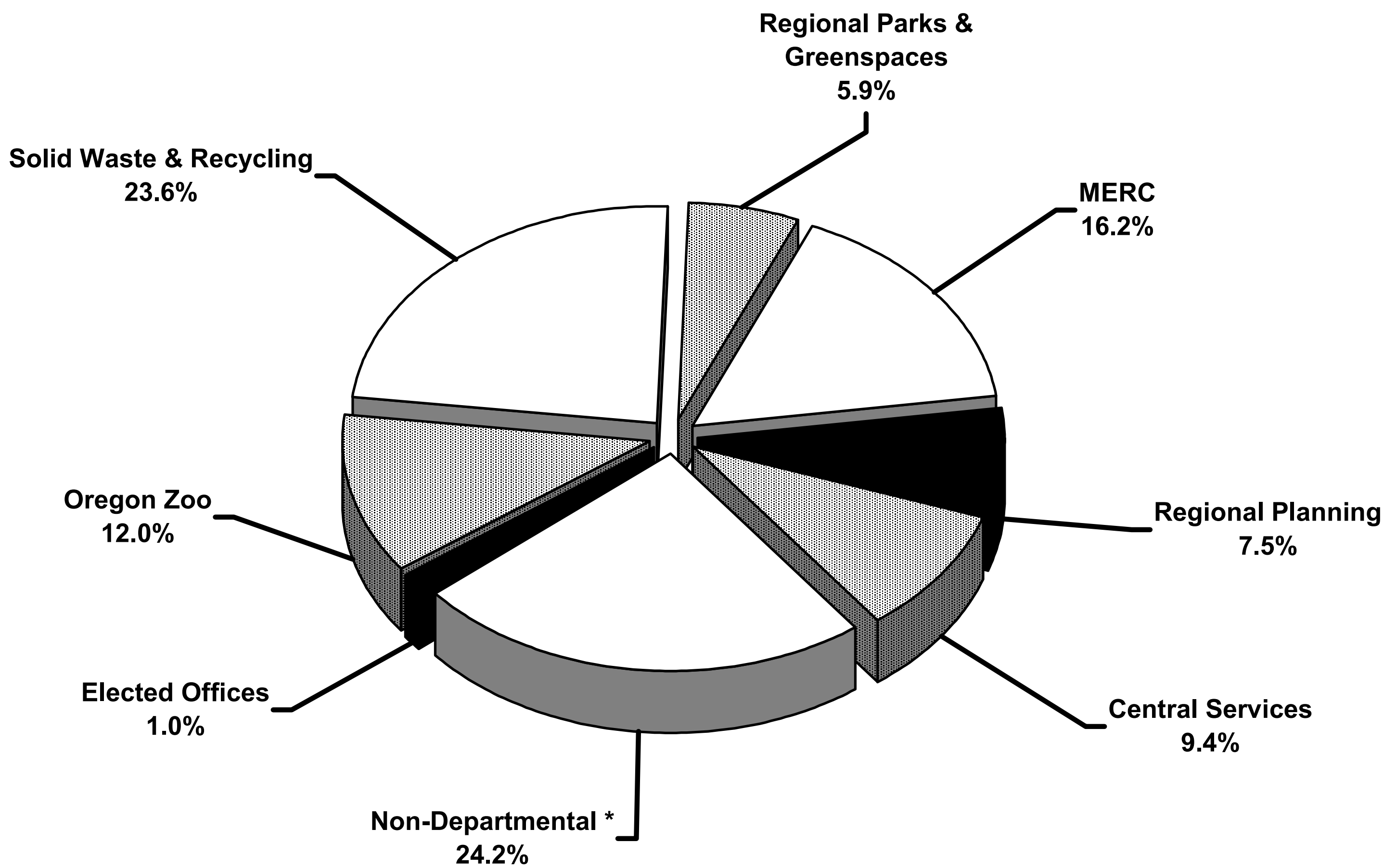
Table of Contents

Department Summaries

Summary of All Departments

Budget by Classification	Audited FY 2001-02	Audited FY 2002-03	Adopted FY 2003-04	Amended FY 2003-04	Proposed FY 2004-05	Approved FY 2004-05	Adopted FY 2004-05	% Change from Amended FY 2003-04
Personal Services	$49,885,398	$52,817,719	$57,224,348	$57,453,377	$56,698,862	$56,924,982	$54,621,361	(4.93%)
Materials and Services	73,306,895	73,215,318	83,235,478	83,532,734	80,911,897	81,308,222	81,452,307	(2.49%)
Capital Outlay	67,987,375	56,880,585	21,750,204	22,095,204	12,692,128	13,822,477	14,511,967	(34.32%)
Debt Service	73,909,391	132,346,947	24,861,052	24,861,052	22,938,172	22,938,172	22,938,172	(7.73%)
Interfund Reimbursements	11,591,944	11,979,701	12,876,393	12,876,393	13,419,123	13,419,123	13,419,123	4.21%
Internal Service Charges	924,814	848,341	1,347,099	1,347,099	829,325	918,674	1,093,674	(18.81%)
Interfund Loan	403,690	103,898	106,100	106,100	0	0	0	(100.00%)
Fund Equity Transfers	11,629,517	12,533,574	11,640,293	11,640,293	14,713,352	14,895,436	14,669,270	26.02%
Totals	**$289,639,024**	**$340,726,083**	**$213,040,967**	**$213,912,252**	**$202,202,859**	**$204,227,086**	**$202,705,874**	**(5.24%)**
Budget by Department								
Office of the Auditor	$573,416	$630,732	$607,940	$654,940	$625,223	$670,223	$645,956	(1.37%)
Office of the Council	1,326,723	1,337,777	1,400,107	1,400,107	1,444,351	1,494,351	1,435,201	2.51%
Office of the Executive Officer	1,323,027	1,259,786	0	0	0	0	0	0.00%
Office of Metro Attorney	1,690,836	1,571,674	1,454,731	1,454,731	1,388,646	1,388,646	1,332,658	(8.39%)
Finance & Administrative Services	12,170,221	12,903,687	14,724,611	14,724,611	9,143,404	9,193,404	8,958,489	(39.16%)
Human Resources	753,200	807,166	953,682	953,682	7,137,184	7,137,184	7,091,918	643.64%
Metro E-R Commission	80,891,480	79,226,118	36,414,277	36,414,277	32,669,122	33,294,122	32,874,332	(9.72%)
Oregon Zoo	20,654,007	20,894,891	26,103,298	26,353,554	24,895,233	24,895,233	24,411,240	(7.37%)
Planning	13,141,679	8,817,398	15,854,182	15,922,141	15,202,940	15,315,024	15,157,350	(4.80%)
Public Affairs Department	0	0	1,134,750	1,190,820	1,815,547	1,815,547	1,759,207	47.73%
Regional Parks and Greenspaces	15,794,694	11,263,121	14,791,895	14,791,895	11,724,313	11,859,023	12,021,428	(18.73%)
Solid Waste & Recycling	47,789,596	55,938,076	51,957,686	52,407,686	47,244,895	47,980,895	47,885,827	(8.63%)
Non-Departmental	93,530,145	146,075,657	47,643,808	47,643,808	48,912,001	49,183,434	49,132,268	3.12%
Totals	**$289,639,024**	**$340,726,083**	**$213,040,967**	**$213,912,252**	**$202,202,859**	**$204,227,086**	**$202,705,874**	**(5.24%)**
Contingency	*0*	*0*	*17,826,881*	*16,955,596*	*19,604,224*	*21,832,011*	*24,171,028*	*42.55%*
Ending Fund Balance	*170,103,732*	*109,080,079*	*62,946,667*	*62,946,667*	*61,806,363*	*59,373,631*	*59,121,425*	*(6.08%)*
Total Budget	**$459,742,756**	**$449,806,162**	**$293,814,515**	**$293,814,515**	**$283,613,446**	**$285,432,728**	**$285,998,327**	**(2.66%)**
Full-Time Equivalents (FTE)	690.43	731.63	689.73	691.23	650.85	653.50	654.50	(5.31%)

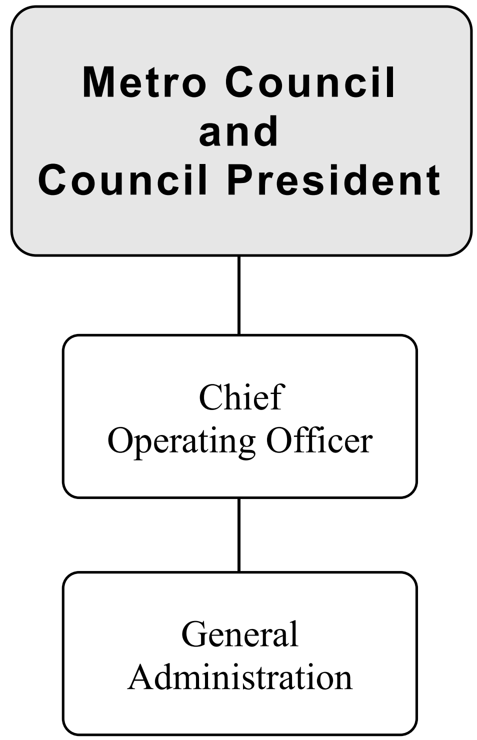
Summary of All Departments



**** Debt Service and Interfund Transfers***

METRO

PEOPLE PLACES
OPEN SPACES


Metro Council and Council President
Chief Operating Officer
General Administration

Council Office

Budget by Classification	Audited FY 2001-02	Audited FY 2002-03	Adopted FY 2003-04	Amended FY 2003-04	Proposed FY 2004-05	Approved FY 2004-05	Adopted FY 2004-05	% Change from Amended FY 2003-04
Personal Services	$1,176,969	$1,229,749	$1,251,821	$1,251,821	$1,296,065	$1,296,065	$1,236,915	(1.19%)
Materials and Services	149,754	108,028	148,286	148,286	148,286	198,286	198,286	33.72%
Totals	**$1,326,723**	**$1,337,777**	**$1,400,107**	**$1,400,107**	**$1,444,351**	**$1,494,351**	**$1,435,201**	**2.51%**
Budget by Division								
Council General Administration	$0	$0	$1,400,107	$1,400,107	$1,444,351	$1,494,351	$1,435,201	2.51%
Council	1,174,974	1,183,705	0	0	0	0	0	0.00%
Public Outreach	148,281	101,327	0	0	0	0	0	0.00%
Office of Citizen Involvement	3,468	52,745	0	0	0	0	0	0.00%
Totals	**$1,326,723**	**$1,337,777**	**$1,400,107**	**$1,400,107**	**$1,444,351**	**$1,494,351**	**$1,435,201**	**2.51%**
Budget by Fund								
General Fund	$1,323,255	$1,337,777	$1,400,107	$1,400,107	$1,444,351	$1,494,351	$1,435,201	2.51%
Support Services Fund	3,468	0	0	0	0	0	0	0.00%
Totals	**$1,326,723**	**$1,337,777**	**$1,400,107**	**$1,400,107**	**$1,444,351**	**$1,494,351**	**$1,435,201**	**2.51%**
Full-Time Equivalents (FTE)	20.00	20.00	17.00	17.00	17.00	17.00	17.00	0.00%

NOTE: On January 6, 2003, Metro implemented the Charter amendment which changed the goverance structure of the agency. The change in governance structure merged the Council and the Executive Offices into one office. FY 2003-04 was the first year this new structure is reflected in the budget. The Council Public Outreach division and the Office of Citizen Involvement are now budgeted in the Public Affairs Department beginning in FY 2003-04.

Council Office

About the Office

The Metro Council is the governing body of Metro. Its authority is defined in the Metro Charter passed by voters in 1992 and amended in 2000. The Council's authorities include:

- Establishing policies for the agency's programs and functions
- Developing long-range plans for existing and future agency activities
- Adopting the annual budget and levying taxes, user charges, and other revenue measures
- Overseeing the operation of Metro functions and programs to ensure that adopted policies and programs are carried out

The Council Office budget includes the Chief Operating Officer who enforces Metro ordinances, executes the policies of the Metro Council, provides day-to-day administration of Metro's resources, programs, enterprise businesses, facilities and workforce, and works with the Council President to prepare a recommended annual budget for Council approval. Also included is the President's policy advisor who coordinates organization development processes, strategic planning, and Council policy development communications.

The Council Office staff provides clerical and other support to the Councilors as individuals, as well as to the Council as a whole in its role as a legislative body whose procedures and formalities must be carefully conducted under the charter and law. The Council Office arranges and performs all of these functions. Administrative support provided to the Metro Council, Council President, and Chief Operating Officer includes personnel administration, office/department budgeting and fiscal control, meeting support, calendar and mailing lists maintenance, special projects, distribution of Council agendas and agenda materials, and maintenance and archiving of Council records. The Council Office also provides administrative and policy support for the Metro Policy Advisory Committee (MPAC), an advisory group established by the Metro Charter.

In fiscal year 2003-04, the Council Office successfully completed a transition resulting from the Charter amendment approved by the voters in November 2000. On January 6, 2003, the Council Office absorbed and/or delegated the authorities and functions previously vested in the Executive Officer, a position that was abolished. A new appointed position, Chief Operating Officer, was created to manage the agency under the general supervision of the new, regionally elected position of Council President.

In prior years, the archiving function had been budgeted within the Office of the Metro Attorney. Beginning in FY 2003-04, this function was included within the Council Office budget. The Metro archives program encompasses a comprehensive records and information management system for the Metro Council Office and the agency as a whole.

Major Council Office Accomplishments in FY 2003-04

The major accomplishment of the Council Office in FY 2003-04 was "doing more with less," providing an improved standard of service to Council and the public at a lower overall cost than was possible under the pre-2003 structure. Elimination of the Executive Office and the inherent redundancies of two oversight structures enabled the Council to eliminate duplicative positions and delegate work assignments directly to the operating departments.

A related accomplishment for the Council Office was the successful integration of activity with a new senior management team led by a Chief Operating Officer who was hired by the Council in May of 2003.

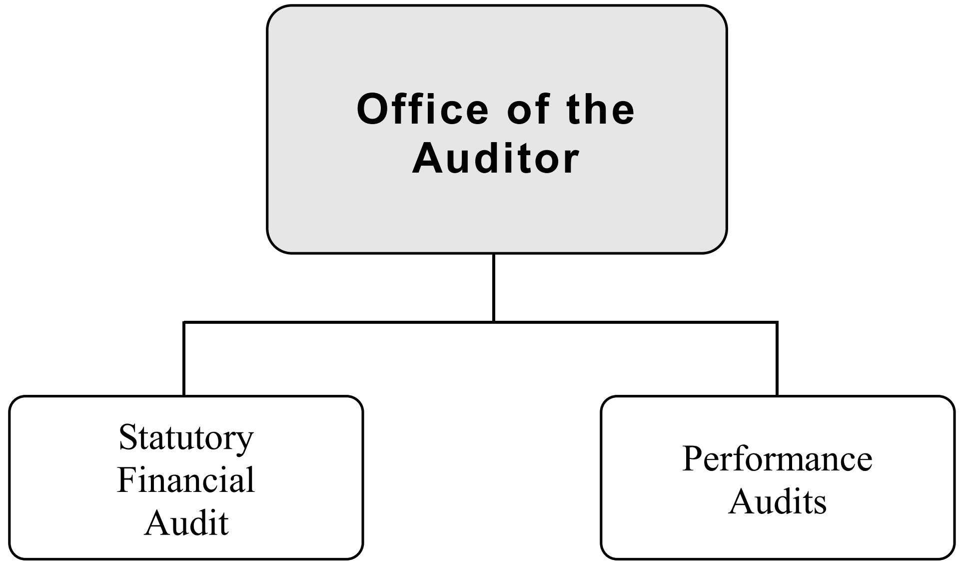
Council Office continued to set a high standard for public involvement by staffing a variety of public Council meetings, including off-site and evening sessions, to increase citizen exposure to their regional government.

Major Objectives in Fiscal Year 2004-05

The Council Office will continue to support Council activities, many of which will be of a higher profile in the coming year due to the scope of the decisions being made. Issues such as industrial land supply, fish and wildlife habitat protection, and transportation funding decisions are all expected to increase the meeting workload and related correspondence in the year ahead.

Performance Measures

	Council Office	Actual FY 01-02	Actual FY 02-03	Target FY 03-04	Target FY 04-05
1.	Responses within 24 hours to citizen requests for Council assistance	97%	97.5%	98%	99%
2.	Speaking engagements and presentations to citizens, agency staff, neighborhood, civic, business, special interest, and other groups by Councilors and Chief Operating Officer	138	267	315	350
3.	Metro Council evening meetings held region-wide, increasing visibility and accessibility of Council	4	9	9	12
4.	Live broadcast of Metro Council meetings	0	38	40	46
5.	Staff training (number of classes, seminars attended by staff)	5	6	10	16
6.	Council records accessible via the web	0	0	50%	75%
7.	Responses to citizen correspondence within 72 hours	75%	80%	85%	90%


Office of the Auditor
Statutory Financial Audit
Performance Audits

Office of the Auditor

Budget by Classification	Audited FY 2001-02	Audited FY 2002-03	Adopted FY 2003-04	Amended FY 2003-04	Proposed FY 2004-05	Approved FY 2004-05	Adopted FY 2004-05	% Change from Amended FY 2003-04
Personal Services	$466,847	$456,195	$495,979	$495,979	$511,023	$511,023	$486,756	(1.86%)
Materials and Services	106,569	174,537	111,961	158,961	114,200	159,200	159,200	0.15%
Totals	**$573,416**	**$630,732**	**$607,940**	**$654,940**	**$625,223**	**$670,223**	**$645,956**	**(1.37%)**
Budget by Division								
Office of the Auditor	$573,416	$630,732	$607,940	$654,940	$625,223	$670,223	$645,956	(1.37%)
Totals	**$573,416**	**$630,732**	**$607,940**	**$654,940**	**$625,223**	**$670,223**	**$645,956**	**(1.37%)**
Budget by Fund								
Support Services Fund	$573,416	$630,732	$607,940	$654,940	$625,223	$670,223	$645,956	(1.37%)
Totals	**$573,416**	**$630,732**	**$607,940**	**$654,940**	**$625,223**	**$670,223**	**$645,956**	**(1.37%)**
Full-Time Equivalents (FTE)	5.00	5.00	5.00	5.00	5.00	5.00	5.00	0.00%

Office of the Auditor

Office Purpose

Metro provides services to ensure people in the region have access to nature, clean air and water; the ability to get around the region easily; safe and stable neighborhoods; resources for future generations; and a strong regional economy.

To support these goals, the Metro Auditor assists and advises the agency in achieving honest, efficient management and full accountability to the public. The Office of the Auditor strives to provide Metro with accurate information, unbiased analysis and objective recommendations on how best to use public resources in support of the region's well-being.

The Metro Charter mandates the Office of the Auditor make continuous investigations of Metro operations including financial transactions, personnel, equipment and facilities, and all other aspects of these operations. The Metro Auditor issues reports to the Council based on the results of these investigations, and when necessary, recommendations for remedial action.

About the Office

The Metro Auditor is an elected position established in January 1995 by the Metro Charter.

The Metro Auditor's staff conducts performance audits in accordance with generally accepted government auditing standards. Performance auditing is an effort that may address any of the following concerns:

- Efficient allocation and use of resources
- Management performance
- Cost-effectiveness of alternative methods of delivering services and attaining goals
- Reliability of information provided by management
- Program administration and organization
- Results of programs and activities and their impact on recipients
- Achievement of program and/or organizational goals and objectives
- Compliance with applicable laws, rules and other authoritative and relevant standards.

To ensure the objectivity and reliability of its work, the Auditor operates independently of the Council. Reviews are conducted at the initiative of the Auditor to fulfill the Metro Charter mandate. Topics may be selected in response to specific concerns or requests, and reviews cover the full spectrum of Metro departments and activities. The following factors are considered in selecting projects:

- Level of Council and public interest
- Relative risk and exposure
- Service management problems
- Quality of internal controls
- Historical problems or concerns
- Potential for benefit to more than one department.

In Oregon, local jurisdictions must have an outside Certified Public Accounting firm conduct their annual financial audits. The Metro Auditor is responsible for the administration of this contract.

Major Accomplishments in FY 2003-04

- Completed an audit of the Oregon Convention Center expansion construction
- Reported on concerns regarding MERC's accountability to Metro
- Evaluated MERC's pay-for-performance employee agreements
- Evaluated MERC's pay-for-performance system's potential for applicability to other Metro activities
- Completed a risk assessment of Metro operations

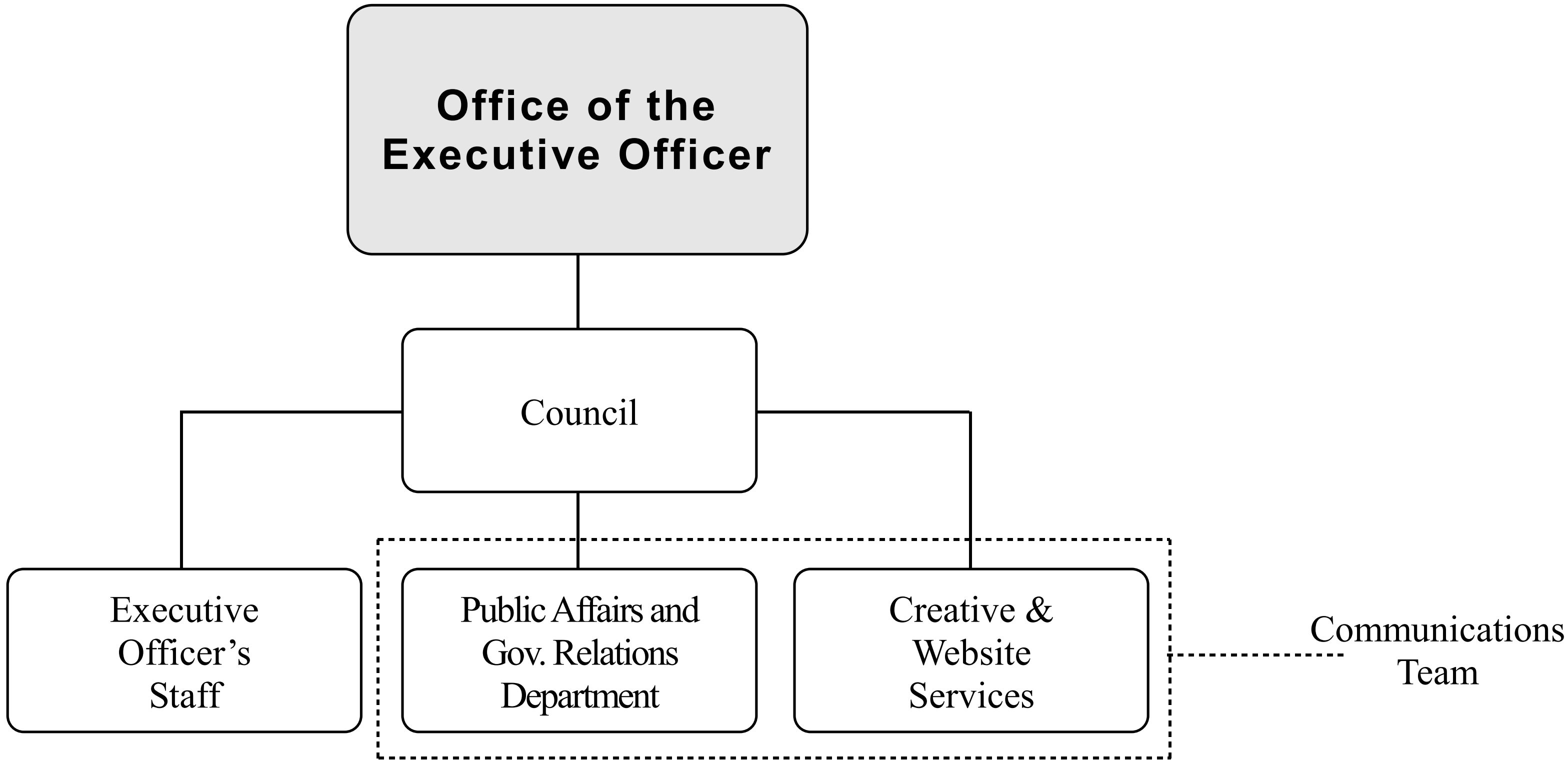
- Updated status of audit recommendations
- Trained entire audit staff on automated transaction testing of Metro-wide financial data
- Updated external and internal web pages
- Published enhanced annual report
- Published and distributed newsletters
- Assisted Metro operating departments as they implement audit recommendations and take other steps to improve management systems and internal controls

Major Objectives for FY 2004-05

- Review Metro's processes surrounding donation collection
- Study and report on the promised savings in Council and Chief Operating Officer functions resulting from the voter-approved change in governance structure
- Evaluate public information, outreach and education for land use planning activities
- Undertake new audits planned as a result of the risk assessment
- Update status of audit recommendations
- Communicate with citizens through reports, newsletters, the website, and ongoing involvement with the Metro Committee for Citizen Involvement
- Maintain positive, professional working relationships with the Metro Councilors, the Chief Operating Officer and MERC
- Ensure that Metro resources are maximized
- Continue efforts to maximize productivity and efficiency through changes in business practices
- Assist Metro operating departments as they implement audit recommendations and take other steps to improve management systems and internal controls

Performance Measures		***Office of the Auditor***	**Actual FY 01-02**	**Actual FY 02-03**	**Target FY 03-04**	**Target FY 04-05**
	1.	Complete and distribute full audit reports	6	5	6	7
	2.	Audit recommendations:				
		• Fully implemented	71%	67%	75%	75%
		• Under way with full implementation anticipated	18%	17%	15%	15%
		TOTAL	89%	84%	90%	90%

Prior to FY 2003-04



This office was abolished in FY 2003-04

Office of the Executive Officer

Budget by Classification	Audited FY 2001-02	Audited FY 2002-03	Adopted FY 2003-04	Amended FY 2003-04	Proposed FY 2004-05	Approved FY 2004-05	Adopted FY 2004-05	% Change from Amended FY 2003-04
Personal Services	$1,143,583	$1,140,902	$0	$0	$0	$0	$0	0.00%
Materials and Services	179,444	118,884	0	0	0	0	0	0.00%
Totals	**$1,323,027**	**$1,259,786**	**$0**	**$0**	**$0**	**$0**	**$0**	**0.00%**
Budget by Division								
Office of the Executive	$406,763	$391,109	$0	$0	$0	$0	$0	0.00%
Public Aff. & Gov't. Relations	352,067	304,051	0	0	0	0	0	0.00%
Creative Services	509,860	564,626	0	0	0	0	0	0.00%
Office of Citizen Involvement	54,337	0	0	0	0	0	0	0.00%
Totals	**$1,323,027**	**$1,259,786**	**$0**	**$0**	**$0**	**$0**	**$0**	**0.00%**
Budget by Fund								
General Fund	$1,268,690	$695,160	$0	$0	$0	$0	$0	0.00%
Support Services Fund	54,337	564,626	0	0	0	0	0	0.00%
Totals	**$1,323,027**	**$1,259,786**	**$0**	**$0**	**$0**	**$0**	**$0**	**0.00%**
Full-Time Equivalents (FTE)	16.60	16.10	0.00	0.00	0.00	0.00	0.00	0.00%

NOTE: On January 6, 2003, Metro implemented the Charter amendment which changed the governance structure of the agency. The change in structure merged the Council and the Executive Offices into one office. FY 2003-04 was the first year this new structure was reflected in the budget. The divisions of Public Affairs & Government Relations, Creative Services and Office of Citizen Involvement were budgeted in the Public Affairs Department beginning in FY 2003-04. The Office of the Executive Office was eliminated.

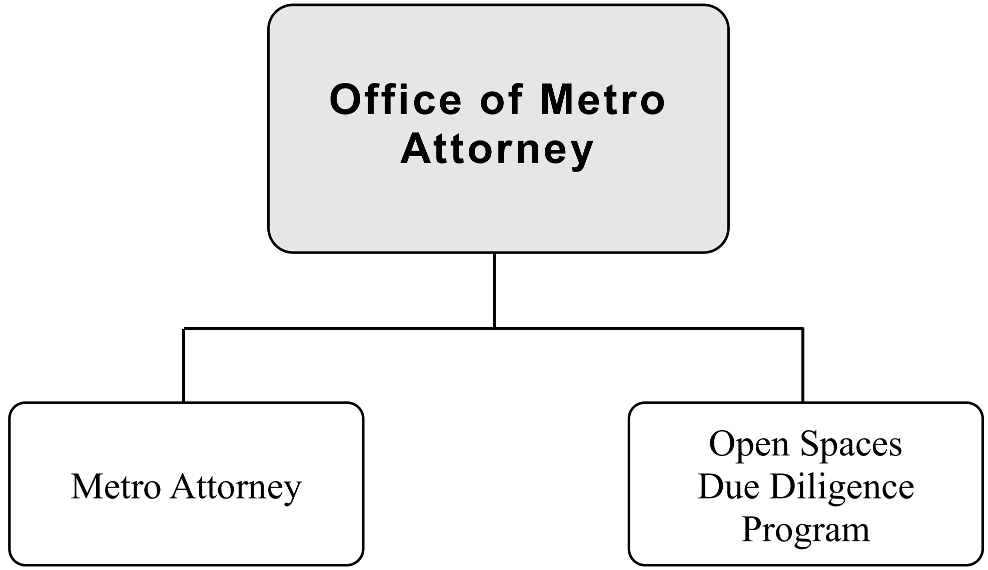
Office of the Executive Officer

In November 2000, the voters of the region passed an amendment to the Metro charter that changed the governance structure of the agency. The amendment abolished the regionally elected position of Executive Officer and replaced it with a regionally elected position of Council President. Functions and responsibilities formerly vested in the Executive Officer were transferred to the Council President or the newly created, appointed position of Chief Operating Officer.

Staff and functions formerly budgeted in Public Affairs & Government Relations, Creative Services, and the Office of Citizen Involvement have been transferred to the new Public Affairs Department. Most positions that directly served the Executive Officer have been eliminated; however, certain functions, such as staff support for the Metropolitan Policy Advisory Committee (MPAC), have been transferred to the Council Office.

METRO

PEOPLE PLACES
OPEN SPACES


Office of Metro Attorney
Metro Attorney
Open Spaces Due Diligence Program

Office of Metro Attorney

Budget by Classification	Audited FY 2001-02	Audited FY 2002-03	Adopted FY 2003-04	Amended FY 2003-04	Proposed FY 2004-05	Approved FY 2004-05	Adopted FY 2004-05	% Change from Amended FY 2003-04
Personal Services	$1,241,111	$1,259,201	$1,135,465	$1,135,465	$1,182,674	$1,182,674	$1,126,686	(0.77%)
Materials and Services	449,725	312,473	319,266	319,266	205,972	205,972	205,972	(35.49%)
Totals	**$1,690,836**	**$1,571,674**	**$1,454,731**	**$1,454,731**	**$1,388,646**	**$1,388,646**	**$1,332,658**	**(8.39%)**
Budget by Division								
Office of Metro Attorney	$1,063,842	$1,138,361	$1,153,083	$1,153,083	$1,132,292	$1,132,292	$1,083,292	(6.05%)
Open Spaces Due Diligence Program	626,994	433,313	301,648	301,648	256,354	256,354	249,366	(17.33%)
Totals	**$1,690,836**	**$1,571,674**	**$1,454,731**	**$1,454,731**	**$1,388,646**	**$1,388,646**	**$1,332,658**	**(8.39%)**
Budget by Fund								
Support Services	$1,063,842	$1,138,361	$1,153,083	$1,153,083	$1,132,292	$1,132,292	$1,083,292	(6.05%)
Open Spaces	626,994	433,313	301,648	301,648	256,354	256,354	249,366	(17.33%)
Totals	**$1,690,836**	**$1,571,674**	**$1,454,731**	**$1,454,731**	**$1,388,646**	**$1,388,646**	**$1,332,658**	**(8.39%)**
Full-Time Equivalents (FTE)	13.75	13.50	10.50	10.50	10.50	10.50	10.50	0.00%

Office of Metro Attorney

Office Purpose

The Office of Metro Attorney provides legal advice and services, including litigation when appropriate, for Metro officials, programs, and staff. Services are provided in a cost-effective, responsive, and proactive manner.

About the Office

The Office of Metro Attorney (OMA) is divided into two programs, or areas of responsibility: general legal advice and representation, and open spaces acquisition due diligence. In carrying out its mission, the goals of the Office are to:

- Provide clear and concise legal advice to policymakers in making informed decisions in the public interest
- Ensure to the maximum extent possible that Metro's written documents are clear and precise statements in order to avoid misunderstandings and possible litigation
- Represent Metro, both formally and informally, consistent with the goals of the agency and in a manner that represents a responsible contribution to the administration of the courts and the justice system
- Fully comply with the highest professional and ethical standards of the Oregon State Bar, the Oregon Supreme Court, and the legal profession

Metro Attorney Program

This function within the Office of Metro Attorney is to provide legal services to the entire Metro organization, including all departments, commissions, the Chief Operating Officer, the Council, and the Auditor. These legal services include research, evaluation, analysis and advice regarding legal issues affecting Metro; review of contracts, requests for proposals, and bid documents; negotiations regarding contractual agreements; and advice and assistance on legislative matters.

The Office provides written opinions, reviews ordinances and resolutions, and represents Metro officers and employees. The Metro Attorney may initiate, defend, or appeal litigation on behalf of Metro when requested by the Council, Chief Operating Officer, the Auditor, or any Metro commission.

This program includes the Metro Attorney (the agency's lead attorney), four senior attorneys, an assistant senior attorney, one paralegal, and two clerical support positions. They are assigned to provide legal services to the Planning Department, the Solid Waste & Recycling Department, the Regional Parks & Greenspaces Department, the Metropolitan Exposition-Recreation Commission, and the Oregon Zoo, as well as legal work needed by the Council, Chief Operating Officer, Auditor, Human Resource Department, or Finance & Administrative Services Department.

Open Spaces Due Diligence Program

Due Diligence staff is responsible for providing legal service to Metro's Regional Parks & Greenspaces Department in its efforts to purchase land for open spaces, parks, and trails. This program includes one-half FTE senior attorney position who oversees Due Diligence prior to land acquisition, and a paralegal responsible for closing land acquisitions. Also included in this program are contracts for all real estate appraisal services required for due diligence purposes, as well as other needed services such as environmental surveys and surveyors.

Consistent with efficient provision of legal services, actual work assignments are often organized on a "team" basis, and attorneys, paralegals, and clerical staff are given work assignments based on areas of expertise and the varying levels of legal work being generated by the various parts of Metro. Legal work does not flow into the office at a "steady state" rate or in relatively the same ratio per operating departments. The Office places all of its resources at the disposal of the entire agency on an as-needed basis.

Major Accomplishments in FY 2003-04

- Provided legal services needed to allow Metro Council to successfully complete Task 3 (Industrial Lands) for Periodic Review
- Provided legal services needed to enable Metro Council to achieve policy and administrative goals

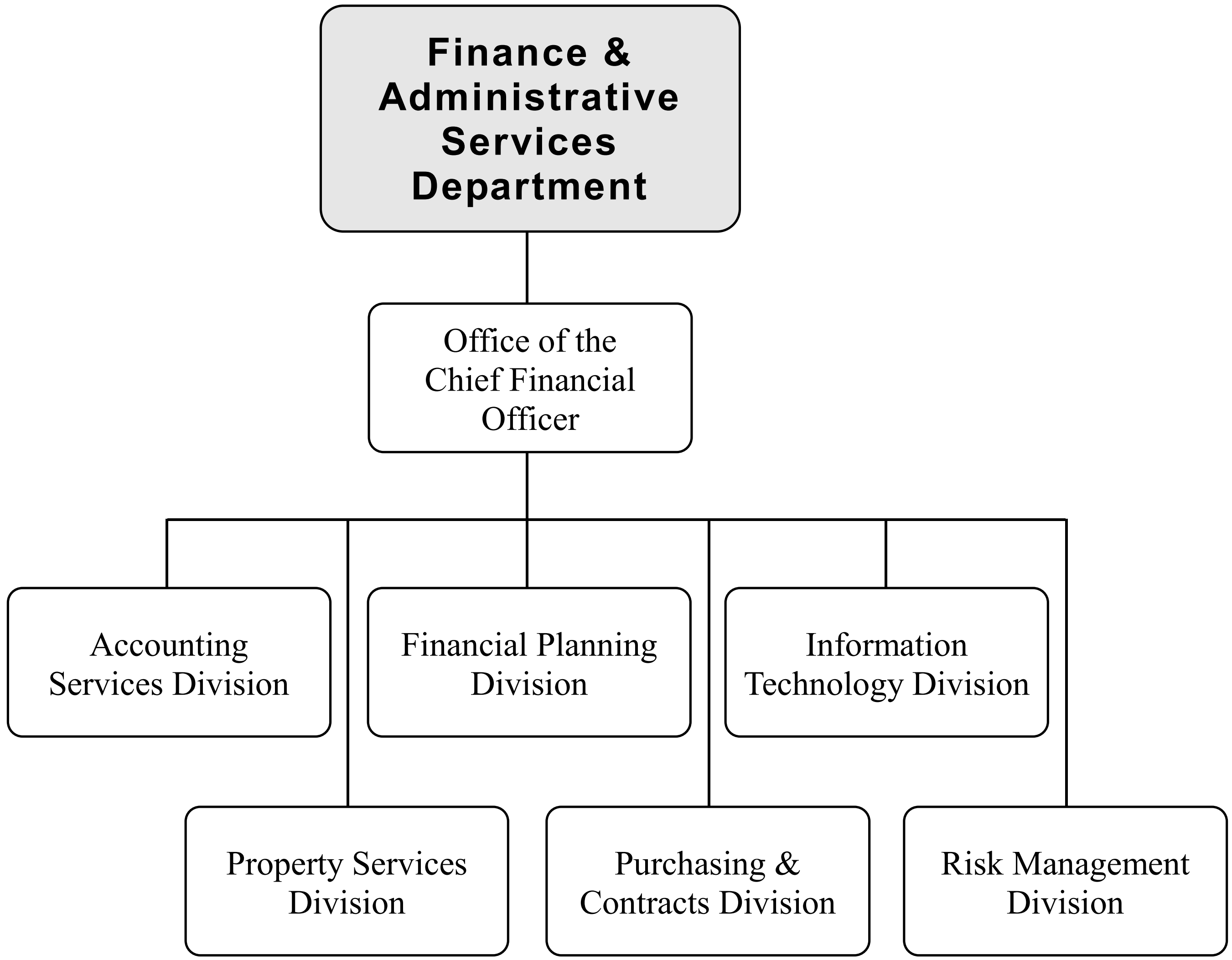
Major Objectives for FY 2004-05

- Provide all legal services needed to enable Metro Council to achieve Council established goals
- Successful completion of all other duties as assigned

Service Level Changes from FY 2003-04

There were no service level changes from FY 2003-04.

Performance Measures		*Office of Metro Attorney*	Actual FY 01-02	Actual FY 02-03	Target FY 03-04	Target FY 04-05
	1.	Contract documents reviewed and completed	467	310	262	250
	2.	Legislative documents completed and/or reviewed	103	95	134	125


Finance & Administrative Services Department
Office of the Chief Financial Officer
Accounting Services Division
Financial Planning Division
Information Technology Division
Property Services Division
Purchasing & Contracts Division
Risk Management Division

Finance & Administrative Services Department

Budget by Classification	Audited FY 2001-02	Audited FY 2002-03	Adopted FY 2003-04	Amended FY 2003-04	Proposed FY 2004-05	Approved FY 2004-05	Adopted FY 2004-05	% Change from Amended FY 2003-04
Personal Services	$4,359,109	$4,851,340	$5,193,169	$5,193,169	$5,057,663	$5,057,663	$4,822,748	(7.13%)
Materials and Services	7,366,279	7,775,321	9,172,822	9,172,822	3,890,741	3,940,741	3,940,741	(57.04%)
Capital Outlay	394,989	238,966	324,000	324,000	195,000	195,000	195,000	(39.81%)
Debt Service	49,844	38,060	34,620	34,620	0	0	0	(100.00%)
Totals	**$12,170,221**	**$12,903,687**	**$14,724,611**	**$14,724,611**	**$9,143,404**	**$9,193,404**	**$8,958,489**	**(39.16%)**
Budget by Division								
Office of the Chief Financial Officer	$289,830	$382,199	$221,432	$221,432	$262,583	$262,583	$250,423	13.09%
Office of the Director	0	0	134,425	134,425	0	0	0	(100.00%)
Accounting Services	1,619,768	1,674,946	1,868,901	1,868,901	1,897,227	1,897,227	1,830,112	(2.08%)
Contract Services	246,419	278,641	366,061	366,061	400,725	400,725	384,364	5.00%
Financial Planning	432,940	493,391	462,174	462,174	497,327	497,327	475,263	2.83%
Information Technology	2,237,933	2,405,454	2,450,949	2,450,949	2,361,141	2,411,141	2,326,235	(5.09%)
Property Services	1,383,707	1,394,672	1,598,311	1,598,311	1,566,689	1,566,689	1,540,572	(3.61%)
Risk Management	5,959,624	6,274,384	7,622,358	7,622,358	2,157,712	2,157,712	2,151,520	(71.77%)
Totals	**$12,170,221**	**$12,903,687**	**$14,724,611**	**$14,724,611**	**$9,143,404**	**$9,193,404**	**$8,958,489**	**(39.16%)**
Budget by Fund								
Support Services	$5,376,394	$5,777,423	$6,184,194	$6,184,194	$5,972,268	$6,022,268	$5,808,184	(6.08%)
Building Management	834,203	851,880	918,059	918,059	1,013,424	1,013,424	998,785	8.79%
Risk Management	5,959,624	6,274,384	7,622,358	7,622,358	2,157,712	2,157,712	2,151,520	(71.77%)
Totals	**$12,170,221**	**$12,903,687**	**$14,724,611**	**$14,724,611**	**$9,143,404**	**$9,193,404**	**$8,958,489**	**(39.16%)**
Full-Time Equivalents (FTE)	67.05	69.05	66.35	66.35	63.70	63.70	63.70	(3.99%)

Finance & Administrative Services Department

Department Purpose

The Finance & Administrative Services Department provides financial management services for Metro's elected officials, operating departments, employees, and the public, guided by the mission:

We provide essential services in support of our customers.

About the Department

The Finance & Administrative Services Department (FAS) is changed somewhat in FY 2004-05 from the Finance Department in FY 2003-04. In addition to the Office of the Chief Financial Officer (CFO), Accounting Services, and Financial Planning divisions, FAS includes the Information Technology, Property Services, Purchasing & Contract Services, and Risk Management divisions that were in the Business Support Department in FY 2003-04. The department provides accounting services for the agency; coordinates the preparation, monitoring, and implementation of the agency's annual budget and Capital Improvement Plan; manages debt; performs long-range financial planning; administers Metro's risk management program; manages Metro's headquarters building; coordinates the agency's decentralized purchasing system; manages the Emerging Small Business and Minority- and Women-Owned Business program; and provides information technology services for Metro's operations.

The department's primary funding source is transfers from Metro departments for paying their share of central business services. The amount transferred from each department to the Support Services, Building Management, and Risk Management Funds is determined by the cost allocation plan.

Office of the Chief Financial Officer

The Office of the CFO supervises the department's operations, provides strategic direction for central services issues for all departments, and administers the department's budget.

Accounting Services Division

This division performs basic business processes required for Metro to carry out its programs and activities. Financial transactions are grouped in the following areas:

Accounts Payable processes expenditure transactions and issues payments to providers of goods and services.

Accounts Receivable processes revenue transactions, including recording cash receipts and invoicing customers, and performs credit management and collection activities. This section also manages Metro's Contractor's License Program, which provides contractors within the region with a business license that is recognized by the three counties and most cities within the region. This "one-stop licensing" saves contractors both time and money.

Payroll processes personnel-related expenditures, including payroll and fringe benefit payments. The section files required federal, state and other agency reports (e.g., W-2s, 941s, unemployment reports and fringe benefit payments including 401(k) and child care plans). Payroll also administers the PERS retirement program for Metro.

Investments manages and invests cash balances in accordance with state law and Metro policy. This includes daily management of an investment portfolio in excess of $200 million.

Financial Reporting and Control maintains internal controls over financial transactions and information and generates required and requested financial reports, including the award-winning Comprehensive Annual Financial Report (CAFR). Fixed asset accounting is part of this area's responsibilities. Monthly and ad hoc financial reports are generated and issued by this section. This section also coordinates with the Auditor's Office and the contracted outside auditor in Metro's annual financial audit.

Financial Planning Division

This division provides a variety of financial services:

Budget Preparation and Monitoring includes the preparation, analysis and implementation of the agency-wide budget and working with departments and elected officials to ensure that the legal requirements associated with the budget are met and maintained.

Capital Improvement Planning involves coordinating the preparation, implementation and monitoring of the agency's annual five-year capital improvement plan and coordination of the plan with the annual budget.

Long Range Financial Planning helps departments anticipate fiscal requirements, cope with the effects of changes in the funding environment, and develop systems and procedures that will allow for maximum return and efficiency in the use of funds. The division also ensures compliance with laws and procedures that affect the agency's financial condition.

Debt Management involves the development of debt issuance strategies and analysis, administration of the debt payment process and ongoing compliance with bond covenants.

Information Technology Division

The IT division is organized into five programs that are critical to a successful agency-wide approach to information resource management. Their functions are:

Enterprise Application Services provides technical development and maintenance support for all enterprise applications with a primary focus on PeopleSoft financial and human resource systems. This program also includes database administration, system performance management, application portfolio management, PeopleSoft desktop training, Unix server administration, data management, and work flow.

Desktop Support Services provides hardware and software installation and troubleshooting to all desktop and workstation users, managed through the Help Desk function. The program also works closely with other departments to analyze hardware and software configurations and provide advice on long-term desktop purchase strategies. As a part of these functions, the program installs new systems and, with central Purchasing, coordinates all new desktop hardware and software purchasing. Desktop Support Services maintains an Information Technology website to provide self-service advice to a variety of users.

System and Network Services plans, implements, and manages network upgrades to enable Metro to take advantage of current and emerging information technologies. It also ensures that all hardware components of the network are integrated and working efficiently. System and Network Services tests new information technology products with the goal of improving network, server, and desktop computer performance.

Department Applications works in conjunction with Metro departments to assist in upgrades and maintenance for department-specific applications and on the interfaces with other Metro systems that share data and information. In performing the work, staff consults with departments on options to enhance software applications. When appropriate, this team does limited software development to accomplish those enhancements and performs programming maintenance to those systems to minimize disruption to their operations.

Web Services is responsible for supporting Metro's Internet presence. Activities and responsibilities include completely updating Metro's web page to include interactive elements, such as constituent accessible Metro libraries and information tables, installation of a distributed content management system to support stronger and streamlined information flow from departments to the Metro web pages, application development for the Metro website in other tools, such as bulletin boards and automated job applications, and traffic analysis of Metro, MERC and Zoo web pages.

Property Services Division

Property Services manages Metro Regional Center, the agency's headquarters building which includes an attached parking garage, and provides security services and mailing/copy services for Metro departments. Division funding is primarily from departmental allocations to the Building Management and Support Services Funds, with additional revenue from building leases and parking fees.

Building Management manages the physical operation of Metro Regional Center, in support of Metro elected officials and employees, visitors, and tenants. Services include space planning, remodeling, maintenance, building security, life safety, front desk reception, local area network wiring, and management of the employee garage and attached parking structure. This program operates out of the Building Management Fund, which also collects funds for debt service payments on the bonds issued to finance the building.

Support Services provides additional support for building operations, with its primary responsibilities being for telephone maintenance and operation of Metro's small fleet of leased vehicles. These operations are in the Support Services Fund.

Office Services runs the mail room, providing interoffice and intergovernmental delivery as well as U.S. Mail, and operates the central copy center for large print and copy jobs. Its operations are also in the Support Services Fund.

Purchasing and Contract Services Division

Purchasing and Contract Services is funded by allocated costs in the Support Services Fund. The services provided are listed below:

Contract Services provides support for Metro's decentralized, competitive procurement processes and contract development functions. This program applies rules, regulations, and limitations established in state law and Metro Code. Primary responsibilities consist of encouraging a competitive process that supports openness and impartiality; and reviewing and monitoring department contracts, amendments, and requests for bids/proposals pursuant to Metro Code and state and federal regulations.

Purchasing Services operates the Purchasing Management Information System, assures compliance with purchasing rules, and coordinates the purchase of products and services used throughout Metro. This program also administers Metro's purchasing card program.

Minority/Women-Owned/Emerging Small Business Enterprise Programs. Metro Code establishes programs that encourage Metro use of minority- and women-owned businesses and emerging small businesses by creating the maximum possible opportunity for such businesses to compete for and participate in Metro contracting activities. It is the policy of Metro to provide equal opportunity to all persons to access and participate in all projects, programs and services of Metro.

Risk Management Division

Risk Management administers the Risk Management Fund. The fund contains revenues and expenditures related to the administration of Metro's risk management program, including employee fringe benefits and unemployment insurance which are managed by the Human Resource Department. Three programs are administered by Finance & Administrative Services within the Risk Management Fund:

Liability/Property – Responsible for the liability self-insurance program, the emergency management program, property insurance and self-insured claims, and employee bonding.

Workers' Compensation – Responsible for workers' safety and administration of workers' compensation claims.

Environmental Impairment Liability – Maintains reserves to fund pollution-related losses. No claims are expected or budgeted.

Major Accomplishments in FY 2003-04

The Finance & Administrative Services Department has accomplished, or will accomplish by the end of FY 2003-04, numerous initiatives in addition to its ongoing work. That ongoing work includes preparation and monitoring of the annual budget, budget amendments, and Capital Improvement Plan; paying the bills and accounting for Metro's revenue and expenses; producing the Comprehensive Annual Financial Report; management and maintenance of the agency's computer systems, networks, hardware, and software; and coordination of risk management, safety, and loss control programs.

Specific initiatives anticipated to be completed by the end of FY 2003-04 include:

- Work to implement PeopleSoft version 8.4 upgrade of financial applications to meet target date of November 2004
- Work with Metro departments to complete implementation of the Council's adopted Capital Asset Management Policies
- Prepare internal control policies for approval and coordinate their implementation
- Conduct a thorough review of Metro's purchasing and contracting policies and procedures, and begin implementation of recommended changes

- Secure Council adoption of agency financial policies
- Initiate a review of Metro's cost allocation plan for central services
- Review Risk Management Fund reserve policies and begin to implement changes as directed by the Council
- Receive awards for excellence in financial reporting and budgeting from the Government Finance Officers Association
- Refinance Metro Regional Center revenue bonds and Zoo loans to produce over $300,000 in annual debt service savings

Service Level Changes from FY 2003-04

The major changes in service levels in FY 2004-05 are the addition of Information Technology, Property Services, Purchasing & Contract Services, and Risk Management as responsibilities of FAS, resulting from a reorganization that included elimination of the Business Support Department.

In Risk Management, the Employee Benefits program is transferred to Human Resources, with its 2.0 FTE. The remaining Risk Management functions will be done by the Risk Manager and a new part-time (0.7 FTE) Management Technician position, which will enable some enhancement of safety programs. Financial Planning adds 0.3 FTE to make a part-time Analyst II position full-time, partially restoring the elimination of a position from the prior year. These two staffing increases are accomplished without a net increase in FTE, utilizing an eliminated Director II position from Business Support. Finally, the Construction Manager formerly housed in Property Services will be budgeted directly in the Regional Parks Department.

Major Objectives for FY 2004-05

- Complete implementation of the PeopleSoft version 8.4 upgrade of financial applications
- Prepare Consolidated Annual Financial Report in compliance with GASB 34 for the fiscal year ended June 30, 2004
- Develop the fiscal year 2005-06 Budget and Capital Improvement Plan
- Implement recommendations for stabilizing Risk Management reserves
- Complete a review of the purchasing and contracts functions, and implement recommended changes
- Implement recommendations for changes to the cost allocation plan
- Continue to meet national standards for excellence in Accounting and Financial Planning
- Support Metro's elected officials in their efforts to identify a sustainable approach to funding for the agency
- Involve operating departments in determining business process improvements made possible by upgrades to Metro's PeopleSoft financial management system
- Establish a Renewal & Replacement reserve for Information Technology capital needs
- Establish a Renewal & Replacement reserve for Metro Regional Center

Performance Measures		***Finance & Administrative Services Department***	**Actual FY 01-02**	**Actual FY 02-03**	**Target FY 03-04**	**Target FY 04-05**
	1.	Yield on Metro investments exceeds 3-month T-Bill rate by 15 basis points (bp); (15 bp = 0.15%)	+99bp	+66bp	+15bp	+15bp
	2.	Variance between excise tax forecast and actual receipts (percentage of actual receipts above or below forecast)	0.14%	2.56%	+/- 5.0%	+/- 5.0%
	3.	Receive Government Finance Officers Association (GFOA) Distinguished Budget Presentation Award	Yes	Yes	Yes	Yes
	4.	Receive GFOA Certificate of Achievement for Excellence in Financial Reporting	Yes	Yes	Yes	Yes
	5.	Total risk management expenses as percentage of operating budget	0.37%	0.58%	0.80%	0.80%
	6.	Percent of time that PeopleSoft financial and HR modules are available to users between 8 a.m. and 5 p.m.	99%	99.04%	99%	99%
	7.	Number of high and immediate priority user calls to the Help Desk that receive response within four hours	99%	97.82%	99%	99%
	8.	Percent of time that e-mail is available to users between 8 a.m. and 5 p.m.	99%	99.9%	99.9%	99.9%
	9.	Percent of time network file service is available to users between 8 a.m. and 5 p.m.	99%	99.9%	99.9%	99.9%
	10.	Operating cost to clean, maintain, and secure Metro Regional Center	$683,804	$747,350	$820,623	$875,512

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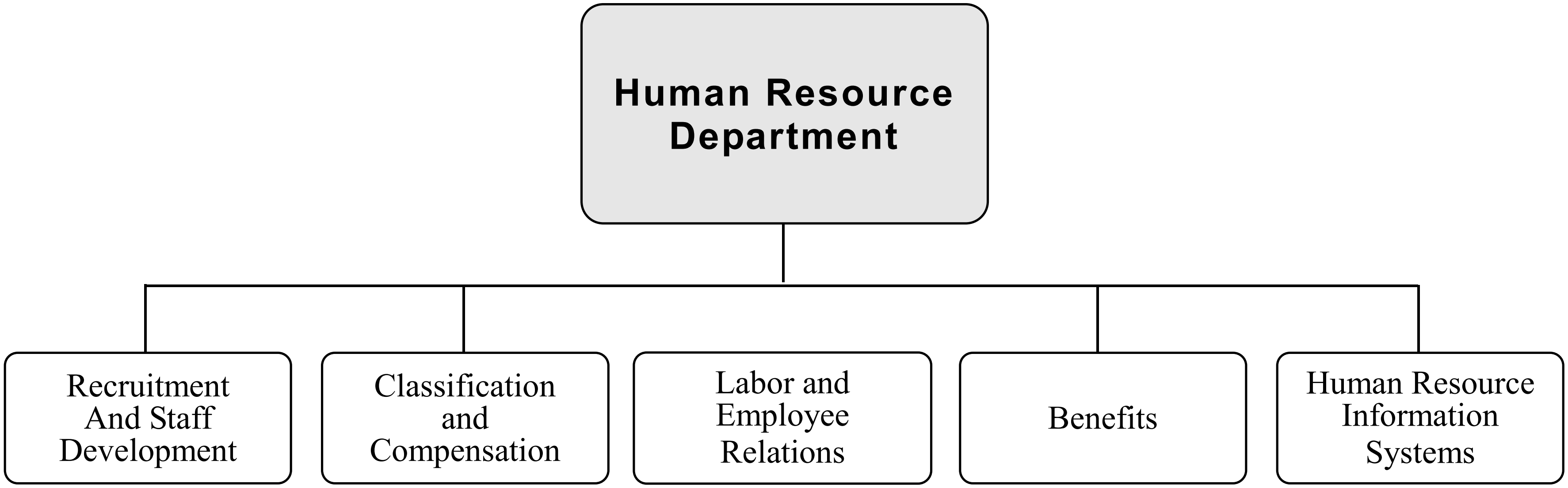

Human Resource Department
Recruitment And Staff Development
Classification and Compensation
Labor and Employee Relations
Benefits
Human Resource Information Systems

Human Resource Department

Budget by Classification	Audited FY 2001-02	Audited FY 2002-03	Adopted FY 2003-04	Amended FY 2003-04	Proposed FY 2004-05	Approved FY 2004-05	Adopted FY 2004-05	% Change from Amended FY 2003-04
Personal Services	$629,318	$656,545	$779,982	$779,982	$973,953	$973,953	$928,687	19.07%
Materials and Services	123,882	150,621	173,700	173,700	6,163,231	6,163,231	6,163,231	3448.20%
Totals	**$753,200**	**$807,166**	**$953,682**	**$953,682**	**$7,137,184**	**$7,137,184**	**$7,091,918**	**643.64%**
Budget by Division								
Human Resources	$753,200	$807,166	$953,682	$953,682	$7,137,184	$7,137,184	$7,091,918	643.64%
Totals	**$753,200**	**$807,166**	**$953,682**	**$953,682**	**$7,137,184**	**$7,137,184**	**$7,091,918**	**643.64%**
Budget by Fund								
Support Services	$753,200	$807,166	$953,682	$953,682	$1,122,323	$1,122,323	$1,077,057	12.94%
Risk Management	0	0	0	0	6,014,861	6,014,861	6,014,861	0.00%
Totals	**$753,200**	**$807,166**	**$953,682**	**$953,682**	**$7,137,184**	**$7,137,184**	**$7,091,918**	**643.64%**
Full-Time Equivalents (FTE)	9.10	9.10	9.00	9.00	11.00	11.00	11.00	22.22%

Human Resource Department

Department Purpose

The Human Resource Department exists to help its customers fulfill business requirements by positioning Metro's work force for the future.

About the Department

The department consists of a Director and five divisions that are funded through the Support Services and Risk Management Funds, providing essential human resource services in support of its customers.

The department's primary funding source is transfers from Metro departments for paying their share of business and other services. The amount transferred from each department is determined through the agency's indirect cost allocation plan.

The department is organized into five functional areas as listed below:

Recruitment and Staff Development works to attract a talented, diverse work force; to provide processes which meet the spirit and intent of employment law; to complete applicant screening promptly and efficiently; to provide reporting mechanisms by which managers can chart progress and hold themselves accountable; to counsel and train managers and non-managers on effective selection practices; and to design and develop programs and processes – including affirmative action planning – which help position Metro's work force for the future. These include effective performance planning and leadership development systems, reward and recognition systems, and a core curriculum for managers and non-managers to improve needed skills.

Classification and Compensation ensures the integrity of compensation and classification practices within Metro, completes reclassification reviews and recommendations promptly and accurately, and assists with comprehensive compensation and classification studies to ensure Metro remains competitive in the labor market.

Labor and Employee Relations works to improve the relationships between Metro and its unions through collaborative problem solving processes, open and honest communication, training managers in labor contract administration, effective labor negotiation practices, and ensuring that responses to complaints are based on facts and can meet the tests of third party review.

Benefits plans, develops, and administers a fiscally responsible, yet competitive and desirable, fringe compensation package that attracts and retains a qualified workforce.

Human Resource Information Systems (HRIS) tracks all information associated with employee activity at Metro; reports workforce data to meet federal requirements; creates standard reports for departments on vacancies; notifies managers of performance appraisals due, acting out of classification assignments and classification history of positions.

Major Accomplishments in FY 2003-04

- Facilitated and co-chaired a Joint Labor Management Committee on Health and Welfare.
- Implemented a Classification and Compensation Study for Metro's non-represented positions.
- Completed HRIS upgrade.
- Negotiated a Labor Agreement with LIU, Local 483.

Service Level Changes from FY 2003-04

The Health and Welfare and the Unemployment programs were transferred from the Business Support Department to the Human Resource Department, including one FTE Program Analyst IV and one FTE Management Technician. Materials and Services for the Health and Welfare and the Unemployment programs were transferred from the Risk Management Fund as well.

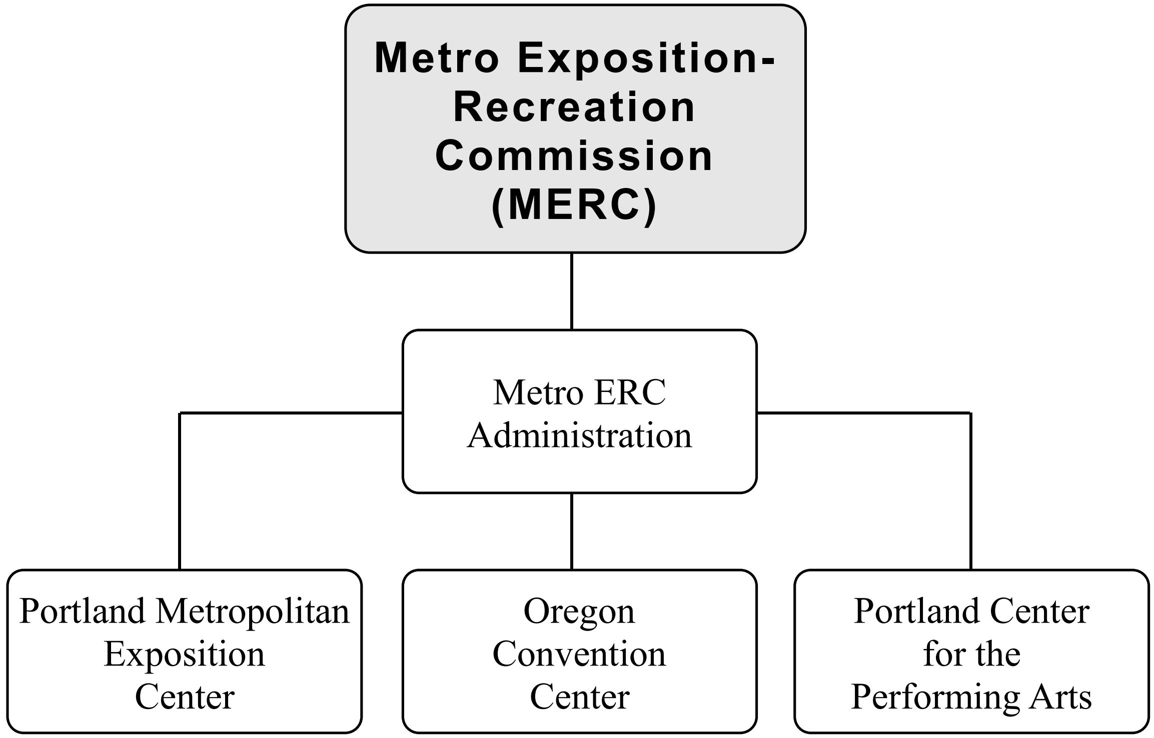
As a result of the non-represented classification and compensation study, the following Human Resource positions were reclassified:

- Two FTE – from Administrative Assistant III to Administrative Assistant II
- Two FTE – from Administrative Assistant IV to Program Analyst I
- Two FTE – from Program Analyst III to Program Analyst IV

Major Objectives for FY 2004-05

- Continue to facilitate and co-chair a Joint Labor Management Committee for Metro/MERC.
- Complete implementation of process improvements identified by key users of HR services.
- Obtain Metro Council policy decision on Metro's compensation strategy.
- Conduct a comprehensive and full review of all of Metro's classification descriptions and classification review practices.
- Develop a performance management system so that performance reviews may be conducted in a more consistent manner.
- Work with Information Technology to upgrade HRIS modules consistent with migration of PeopleSoft versions to next levels.
- Utilize 2000 census data to conduct an updated utilization analysis for Metro and MERC Affirmative Action Plans.

Performance Measures	*Human Resource Department*	Actual FY 01-02	Actual FY 02-03	Target FY 03-04	Target FY 04-05
	1. Survey respondents rating HR division services as good or excellent	96%	98%	98%	98%
	2. Minimum qualification screening completed within 3-day goal	100%	99%	98%	98%
	3. Personnel actions processed without error	99%	98%	98%	98%
	4. New supervisors receiving human resource management training within one year of appointment	100%	100%	100%	100%
	5. New employees attending new employee orientation within three months of hire date	NA	96%	95%	95%


Metro Exposition-Recreation Commission (MERC)
Metro ERC Administration
Portland Metropolitan Exposition Center
Oregon Convention Center
Portland Center for the Performing Arts

Metro Exposition-Recreation Commission

Budget by Classification	Audited FY 2001-02	Audited FY 2002-03	Adopted FY 2003-04	Amended FY 2003-04	Proposed FY 2004-05	Approved FY 2004-05	Adopted FY 2004-05	% Change from Amended FY 2003-04
Personal Services	$11,628,702	$12,948,908	$14,921,009	$14,991,009	$14,059,231	$14,059,231	$13,436,734	(10.37%)
Materials and Services	13,148,887	15,854,674	16,175,737	16,175,737	15,127,974	15,127,974	15,063,931	(6.87%)
Capital Outlay	55,105,266	49,318,629	4,165,980	4,095,980	2,250,600	2,875,600	3,142,350	(23.28%)
Debt Service	1,008,625	1,103,907	1,151,551	1,151,551	1,231,317	1,231,317	1,231,317	6.93%
Totals	**$80,891,480**	**$79,226,118**	**$36,414,277**	**$36,414,277**	**$32,669,122**	**$33,294,122**	**$32,874,332**	**(9.72%)**
Budget by Division								
MERC Administration	$1,011,749	$1,104,152	$1,134,664	$1,134,664	$1,262,581	$1,262,581	$1,214,749	7.06%
Oregon Convention Center	67,966,311	62,290,063	20,165,928	20,165,928	16,826,946	16,826,946	16,488,980	(18.23%)
Portland Center for the Performing Arts	6,276,951	6,156,859	6,828,639	6,828,639	6,660,847	6,660,847	6,448,123	(5.57%)
Exposition Center	4,994,717	5,005,751	5,367,418	5,367,418	5,230,738	5,230,738	5,163,843	(3.79%)
Pooled Capital	641,752	4,669,293	2,917,628	2,917,628	2,688,010	3,313,010	3,558,637	21.97%
Totals	**$80,891,480**	**$79,226,118**	**$36,414,277**	**$36,414,277**	**$32,669,122**	**$33,294,122**	**$32,874,332**	**(9.72%)**
Budget by Fund								
MERC Operating Fund	$24,311,776	$27,839,983	$30,542,907	$30,542,907	$28,772,604	$28,772,604	$28,107,187	(7.97%)
Oregon Convention Center Project Capital Fund	54,570,961	45,637,977	1,825,000	1,825,000	0	0	0	(100.00%)
MERC Pooled Capital Fund	641,752	4,669,293	2,917,628	2,917,628	2,688,010	3,313,010	3,558,637	21.97%
General Revenue Bond Fund (Hall D Expansion)	1,366,991	1,078,865	1,128,742	1,128,742	1,208,508	1,208,508	1,208,508	7.07%
Totals	**$80,891,480**	**$79,226,118**	**$36,414,277**	**$36,414,277**	**$32,669,122**	**$33,294,122**	**$32,874,332**	**(9.72%)**
Full-Time Equivalents (FTE)	152.00	193.00	180.25	180.25	156.00	156.00	157.00	(12.90%)

Metro Exposition-Recreation Commission (MERC)

Commission Purpose

The Metro Exposition-Recreation Commission (MERC) manages the regional convention, trade, and performing arts facilities in a cost effective, independent, entrepreneurial, and accountable manner. MERC manages the Oregon Convention Center (OCC), the Portland Center for the Performing Arts (PCPA), and the Portland Metropolitan Exposition Center (Expo). MERC's mission is to enhance the livability and economic vitality of the metropolitan region through sound stewardship, expert management, and creative development of the region's public assembly facilities.

MERC developed the following strategic goals to advance its mission and to ensure the organization manages its public assets for the highest and best uses and delivers the highest quality services to those who pass through its doors.

- Maximize economic impact for the metropolitan region and the state of Oregon
- Provide and operate venues to foster a diverse range of performing arts, convention, and trade and exhibition events
- Achieve financial stability through responsible policies and prudent practices
- Advocate for enhancing public support of regional trade facilities, the arts, and tourism
- Efficiently operate and maintain facilities in premiere condition
- Be a productive part of Metro
- Recruit and employ a quality-motivated workforce that provides superior facility management and customer service and reflects the diversity of the metropolitan region

MERC will pursue its mission and goals through its four business units: MERC Administration, OCC, PCPA, and Expo. Each of these units contributes in a significant way to MERC's overall mission through goals tailored for each business unit.

About the Commission

MERC consists of seven members appointed to four-year terms. Commissioners are nominated by Clackamas, Multnomah, and Washington counties (one each), and the City of Portland (two) and are appointed by Metro's Council President. The Council President directly nominates and appoints two commissioners. All appointments are subject to confirmation by the Metro Council.

The Commission, through its staff, manages and promotes the region's public convention, exhibition, and entertainment facilities. These facilities attract international, national, and regional events that contribute to the economic and cultural richness of our region. MERC has a solid reputation for expertise in public assembly facility management, quality customer service, and responsible administrative service. In managing these facilities, MERC is in a unique position because the ownership of the facilities varies. OCC and Expo are owned by Metro. PCPA is owned by the City of Portland but managed by MERC under agreement with the City. Ultimately, of course, the public owns all the facilities and MERC strives to operate all of the facilities in a prudent and business-like manner that serves the public interest.

MERC is primarily funded through its entrepreneurial operations and industry tax subsidies—OCC and PCPA receive an allocation of the 3 percent hotel/motel tax levied in Multnomah County. In addition, to support the convention center expansion, OCC receives an allocation of Multnomah County's 2.5 percent hotel/motel and vehicle rental tax for a limited period. Also, over the bond life that funded the Visitor Development Initiative, PCPA will receive an allocation of this 2.5 percent county tax. MERC receives no property tax support for operations. Approximately 74 percent of MERC funding comes from enterprise revenues from fees for services provided through its facility rental, event services, parking, and food and catering business. The remaining 26 percent comes from lodging industry tax subsidy, government contribution, donations, and investment earnings.

About the Organization

As an organization, MERC is structured in terms of its four independent but interdependent organizational units. This divisional design provides greater service as a result of developed expertise related to common customer needs and a greater degree of coordination achieved through common goals. Interdependency is achieved through MERC Administration, which provides leadership, policy direction, and centralized fiscal and administrative services. MERC's four units budget their operations in the MERC Operating Fund. Capital and non-recurring repair and maintenance are budgeted in the MERC Pooled Capital Fund.

A major factor in the development of the FY 2004-05 budget is the loss of $1,281,000 in Visitor Development Initiative (VDI) subsidy support (explained more fully in the Oregon Convention Center subsection of this section) for the Oregon Convention Center and the Portland Center for the Performing Arts. In addition to the subsidy loss, MERC is operating in a time of tremendous economic uncertainty. The early years of this decade have been marked by severe economic downturns, a national recession, high unemployment, and social and political impacts from the war on terrorism. Tourism and business travel have hit historic lows, which affects our convention, consumer trade, and entertainment business. As such, long-term fiscal vitality and security remain of paramount importance. To address these challenges MERC focused on the following initiatives in the development of the FY 2004-05 budget:

- Minimum fund balance preservation
- Expenditure management
- Sponsorship revenue

MERC's total operating budget for FY 2004-05, excluding ending fund balance and contingency, is approximately $32 million, a decline of 7 percent from the FY 2003-04 adopted budget. Faced with a continued lackluster economy, MERC's FY 2004-05 budget continues to reflect decreased spending levels that were implemented in early FY 2003-04.

A financial highlight of the FY 2004-05 budget is a continued partnership with Front Row Marketing to bring in sponsorship/naming rights revenue, and a new ticketing agreement at PCPA that will provide new sales commissions. The Expo Center will continue collecting a ticketed-event user fee (6 percent of ticket sales/50¢ minimum per ticket) dedicated to the development of Expo's Phase III. Lodging tax receipts are expected to be flat due to downturns in the hospitality industry as a result of the weak economy.

MERC Administration

MERC Administration provides leadership, policy direction, and centralized fiscal and administrative services. Core services provided by the administration unit include: strategic planning, financial management and reporting, capital development, purchasing, information management, human resources, and public relations. These centralized fiscal and administrative services provide support to the specialized business in which MERC's public assembly facilities operate. This unit also implements commission policies that set both tone and direction for the organization. MERC Administration also assumes primary responsibility for coordinating and communicating with Metro as MERC's parent agency, as well as other public and private partners.

Based upon MERC Administration's objectives to facilitate the organization's goal of achieving financial stability and to complete applicable elements of MERC's Strategic Plan, the FY 2004-05 budget for MERC Administration increases $160,908 (12.8 percent) over the FY 2003-04 adopted budget. The majority of that increase (7.2 percent) is the budgeting of expected Sponsorship Revenue and expenditure in the Administration Division to more closely monitor that revenue source. The balance of the increase is the addition of an accounting position, allowing MERC Administration to respond to increased complexity of departmental programs.

Oregon Convention Center

The Oregon Convention Center serves as a significant economic vehicle for the metropolitan region and Oregon by attracting out-of-town visitors. In the past three years, OCC has generated approximately $1.6 billion in economic activity to the region. The convention center's policies and management philosophy are tailored to ensure that generating out-of-town convention business remains its primary objective. To achieve this objective, the center must maintain sufficient operating revenues to responsibly manage the facility and maintain it in a first class condition.

The Oregon Convention Center opened in September 1990 as a 500,000 square-foot facility consisting of exhibit space, a large ballroom, meeting rooms, generous lobby and pre-function spaces, and full-service kitchen facilities capable of serving 10,000 meals. The center provides in-house event services, routine maintenance, event set-up and teardown, and housekeeping functions. Parking and food and beverage management services are provided by outside contractors.

In 2001, OCC embarked on a much-needed expansion that increased the building's size by approximately 60 percent. The expansion added over 407,000 total square feet, and includes 105,000 square feet of new exhibit space, a new grand ballroom, 22 new meeting rooms, an 800-space covered parking garage, 11 additional loading bays, retail spaces, and improvements to the kitchen and food areas. The expansion of OCC was started in February 2001 and opened April 15, 2003.

OCC is a national convention center that hosts many domestic and international conventions and shows each year. The facility, with its flexible space, is also home to local meetings, food functions, and consumer shows. OCC competes with other convention centers in the western United States including Denver, Long Beach, Phoenix, Sacramento, Salt Lake City, San Diego, and Seattle. The growth in the quantity and size of trade shows and conventions has increased demand for more exhibit and meeting space at convention centers throughout the United States. There is also demand for enhanced technology infrastructure and services. OCC's competitors have either completed, or are planning, expansions or are opening new facilities to meet this growth.

Portland's tourism infrastructure is undergoing significant expansion in its hotel room inventory, airport facilities, and mass transit. The region needs these enhanced community assets to remain competitive and capture its share of the convention market. Lloyd District improvements – including new retail, transportation, and a 20-year district development plan – are also important influences on making the convention center attractive. Transportation costs and convenience are significant factors to convention and trade show clients and attendees. The convention center's expansion is also a crucial piece in the Lloyd District renovation and boosting Portland's marketability as a tourist and convention destination.

OCC's funding landscape has been dramatically altered by the VDI, which enabled the expansion project to go forward. The VDI is a complex public/private funding mechanism, providing financing for the OCC expansion project and a host of other visitor improvement projects to be created and funded with no property taxes. VDI relies upon a 2.5 percent increase in the Multnomah County lodging and car rental taxes. Additional funding for the expansion came from cash contributions of $5 million from the OCC fund balance, and $5 million from the City of Portland. The VDI will provide $8.74 million to OCC, providing operational support for fiscal years 2001 through 2006. This was intended to recognize the impact of the expansion project, including down time during construction, ramping up to full occupancy, and the necessary operational support for a much larger facility. However, the VDI provides no guaranteed enhanced operational support after FY 2005-06.

The pressing issue for OCC in the future is operational support needed for the expanded facility. Convention centers are traditionally operated as "loss leaders" for community economic development and tax generation, and OCC is no exception. Operating subsidies, usually from lodging tax, are provided to cover the full cost of bringing in economic-generating conventions and trade shows to a region. The larger the convention center, the larger the operating cost and greater the need for subsidy support. VDI provides a mechanism for Metro to request continued operating support for OCC after 2006, but such support is not guaranteed. Additionally, it is subject to both political discussion and dispute resolution processes. The community's support for a long-term, ongoing operating subsidy for OCC beyond FY 2005-06 will be a significant factor in its continuing success.

Even with the expanded convention center, Portland still finds itself at a distinct competitive disadvantage when battling for citywide conventions because of a lack of sufficient hotel inventory or a headquarters hotel on the eastside near the convention center. In 2003, the Portland Development Commission (PDC) put together, with hotelier support, a Request for Qualifications (RFQ) to assess the ability to build a headquarters hotel. The PDC has put this development as a top priority and issued a Request for Proposals (RFP) early in 2004. This action moves the headquarters hotel development forward and is the last piece of the puzzle needed to bringing more convention business to Portland.

The budget continues to reflect the current economic uncertainty. Major revenue streams, concessions/catering sales, utilities, and parking fees are anticipated to be lower than FY 03-04 adopted budget levels, but higher than FY 02-03 actual results. Facility rental is expected to increase $57,896 over FY 03-04 budget. Due to the mix of events in FY 04-05, concessions/catering revenue is expected to decline $384,125 and Utility Services revenue is expected to decline $256,696. Termination of an operating agreement with Metro to manage its garage at Metro Regional Center is primarily responsible for an expected decline in parking revenues of $349,000.

Operating expenditures are budgeted to be $16.5 million, which is $1.9 million, or 10 percent, less than the FY 03-04 adopted budget. Due to the decline in revenue streams, OCC reduced its targeted expenditure level for FY 03-04 to preserve its fund balance. This reduction is carried forward into FY 04-05. As a result, the cost of personal services is less than the FY 03-04 budget by $900,000, or 12 percent (one-third of this reduction is the result of budgeting the PERS pension reserve in contingency rather than personal services, which was done agency-wide); materials and services are reduced by $854,000, or 8 percent. The cost of concessions/catering is expected to increase $190,000, or 4 percent. Expenditures for parking operations are expected to be less by $437,000, reflecting the termination of the Metro garage contract and the resulting reduction in operating revenues.

OCC's VDI subsidy will decline $750,000 in FY 04-05, which has a major impact on MERC's ability to preserve OCC's minimum fund balance goal of $4.0 million, the minimum necessary to meet its current obligations.

Portland Center for the Performing Arts

PCPA, a city of Portland-owned facility, is the centerpiece for arts and entertainment in the region. The center's mission – to provide superior, responsibly managed performance spaces that foster an environment in which diverse performing arts, events, and audiences may flourish – has as its premise that audiences throughout the region shall have access to world-class performing arts and diverse entertainment. The center also plays a large role in supporting and contributing to the local arts economy.

PCPA is composed of three buildings with four theatres: Arlene Schnitzer Concert Hall (an historic 1928 vaudeville/movie house restored in 1984), Keller Auditorium (formerly the Civic Auditorium, built in 1917 and modernized in 1968), and the Newmark and Winningstad theatres (housed in the soon-to-be-renamed New Theatre Building, built and opened in 1987). In 2000, Brunish Hall, a previously unfinished space in the New Theater Building, was completed and opened.

Audiences are drawn from the entire Pacific Northwest, with approximately 50 percent coming from Portland. The center's facilities are used predominantly by a diverse group of arts and entertainment organizations that consists of commercial promoters, nonprofit arts presenters and producers, and resident companies.

During the 1990s, PCPA faced difficulty meeting the working capital requirements of normal operations and developed significant deferred capital maintenance. By the end of the decade, it had implemented a series of cost cutting and revenue development measures that stabilized operating loss and allowed a moderate growth in its fund balance. However, by 2000, revenues plateaued and the need for capital maintenance raised concerns about the long-term fiscal health of the center.

In June 2000, PCPA commissioned a benchmark study to compare the center's operating practices and results with five comparable performing arts centers across the country. The study results showed that PCPA overhead expenses are comparable, or lower, than other performing arts centers of similar size, activity, and market make-up. Earned revenue generation was lower than the other centers.

It was apparent by Fall 2000 that, due to declining revenues, PCPA had to take immediate action or face possible bankruptcy within two to three years. As a result, the box office operation was eliminated in July 2001, with multiple employees laid off. The savings generated by that cutback, combined with the additional public funding from the Visitors Development Initiative, allowed the center to break even.

In FY 02-03, stronger commercial and Broadway business, and an increase in user fee for the resident companies, combined with existing subsidies and the reopening of a new profitable box office operation, allowed PCPA to have a positive net cash flow for the first time in years.

In FY 03-04, PCPA was faced with the loss of $531,000 in VDI funding due to the decrease in lodging taxes. While the City of Portland agreed to backstop these funds in FY 03-04 only, PCPA moved forward with staff and operations cuts in order to prepare for the loss of VDI funding in FY 04-05.

The budget reflects an improved enterprise revenue stream of $127,000, or 2 percent, over FY 03-04 adopted budget. Major sources of revenue for PCPA include user fees, food service, ticket commissions, and hotel/motel tax receipts. Business levels are anticipated to be below those of FY 03-04 due to fewer weeks of Broadway. Resident company attendance is expected to be flat, and commercial business to be comparable to that in FY 03-04. Despite the lack of growth in business, an increase in the user fee rate and a new ticketing agreement will generate new revenue.

Operating expenditures are budgeted to be $376,020, or 8.7 percent, lower than the FY 03-04 adopted budget. Personal services are down by $164,000, or 4 percent, due to staff reductions that are carried forward to FY 04-05. The balance of the reduction is the move of the PERS Reserve to Contingency. The loss of VDI subsidy of $531,000 in FY 04-05 will result in a $243,000 decline in ending fund balance.

Portland Metropolitan Exposition Center

Formerly owned and operated by Multnomah County, the Expo Center was transferred to Metro in 1994 to be managed by MERC, with full ownership transferred to Metro in 1996. Expo is evolving into a fully modern exhibition complex. It has undergone significant capital improvements in the past six years, adding two new exhibition facilities.

Expo is a multi-purpose facility that has served for more than 30 years as the region's primary destination for consumer shows and public events. The 60-acre campus includes a complex of three connected buildings comprising nearly 330,000 square feet of exhibit space, 11 meeting rooms, a full-service kitchen, and parking for 2,400 vehicles. MERC manages the facility to maximize coordination with the Oregon Convention Center to the benefit of both facilities. The primary goal of the Expo Center is to provide facilities for activities that appeal to the general public in hosting consumer, trade, and special interest events, including agricultural shows; antique and collectible shows; antique/custom auto, recreational vehicle, and motorcycle shows; boat shows; dances; home and garden shows; recreational equipment shows and similar events. The Expo Center hosts approximately 100 consumer, trade shows, and public events annually, attracting in excess of 550,000 attendees.

The budget continues to reflect the current economic uncertainty. Attendance and events are expected to be down from FY 03-04 projected levels, resulting in a decline in operating revenue and reduced growth in Expo's concession/catering net margin. Operating revenue for FY 04-05 is expected to be $656,000, or 10 percent, less than the FY 03-04 adopted budget. The majority of this change is a decline in concession/catering revenue due to the lower discretionary spending by consumers and flat attendance projections. In FY 03-04, the Expo Center initiated a user fee (6 percent of ticket sales/50¢ minimum per ticket); this revenue is unchanged in the FY 04-05 budget. Operating expenditures are projected to be $283,362 lower than FY 03-04 adopted budget. $216,000, or 5 percent, is due primarily to managing concessions/catering expenditures in order to achieve a 15 percent net margin to Expo. The balance is the management decision to move the PERS Reserve to Contingency.

MERC Pooled Capital Fund

The MERC Pooled Capital Fund accounts for MERC's capital projects and renovation and replacement of its extensive infrastructure. This allows for capital and infrastructure renovation and replacement costs to be captured in one place, and segregates normal operating expenditures from special one-time project expenditures. This permits a more accurate reflection of operating results within the MERC Operating Fund, while more closely tracking the connection between revenues dedicated for capital and replacement/renovation expenditures.

Major Accomplishments in FY 2003-04

Administration

- Developed and implemented critical financial management policies, procedures, and processes, including cash handling, event settlement, and food and beverage processes
- Enhanced the Concentrics software system to utilize the budget and accounts receivable modules
- Completed facility evaluations for all facilities and compared items with capital assets inventory list for analysis of progress on building

and equipment maintenance items; completed capital assets inventory comparison to a level of 100 percent for all MERC facilities by June 30, 2004

OCC

- OCC facility study for operating, subsidy, and rate evaluation completed in FY 2003-04
- Completed and implemented new marketing plan
- Completed the five-year business plan goals 1-6 with some activities ongoing
- Reduced budget significantly to save fund balance for operations

PCPA

- Completed a $630,000 lobby renovation at the Keller Auditorium
- Opened a permanent bar and new restaurant concept at the New Theater Building
- Hosted the International Association of Assembly Managers Performing Arts Managers' Conference
- Successfully negotiated new Broadway series contract, resulting in better financial terms for PCPA
- Successfully negotiated new Ticketing Services contract, resulting in increased revenues to PCPA
- Negotiated reduced cost transit passes for PCPA employees

Expo

- Enhanced and updated the Expo Marketing plan for the facility
- Addressed long-term financial stability by developing a long-term forecast, revising rental rates, and finalizing the modernization document "Expo: A Vision for the Future"
- Completed design and construction estimates for Phase III
- Enhanced community awareness and outreach for the facility

Service Level Changes from FY 2003-04

Administration

- Added administrative technician to match existing workload

OCC

- Reduced staff levels to offset lower projected revenues and lower VDI support

Major Objectives for FY 2004-05

Administration

- Continue to enhance the Concentrics facility and event management software system to improve workflow management and reporting, including streamlining and automating functions
- Develop a comprehensive information system disaster recovery plan
- Create staff development program that includes coaching, recognition, skills assessment, shadowing, cross-training, and internships
- Create and implement a strategic communication plan, including redesigning MERC website to make it an interesting, relevant, and effective public relations and communication tool

OCC

- Successfully manage the facility
- Aggressively market the expanded facility
- Retain well-trained, educated employees who provide superior customer service
- Enhance financial stability by developing sponsorship/advertising opportunities; increase revenue concentrating on food and beverage, increased services, reimbursed labor and retail opportunities

- Increase public awareness of the benefit provided by OCC

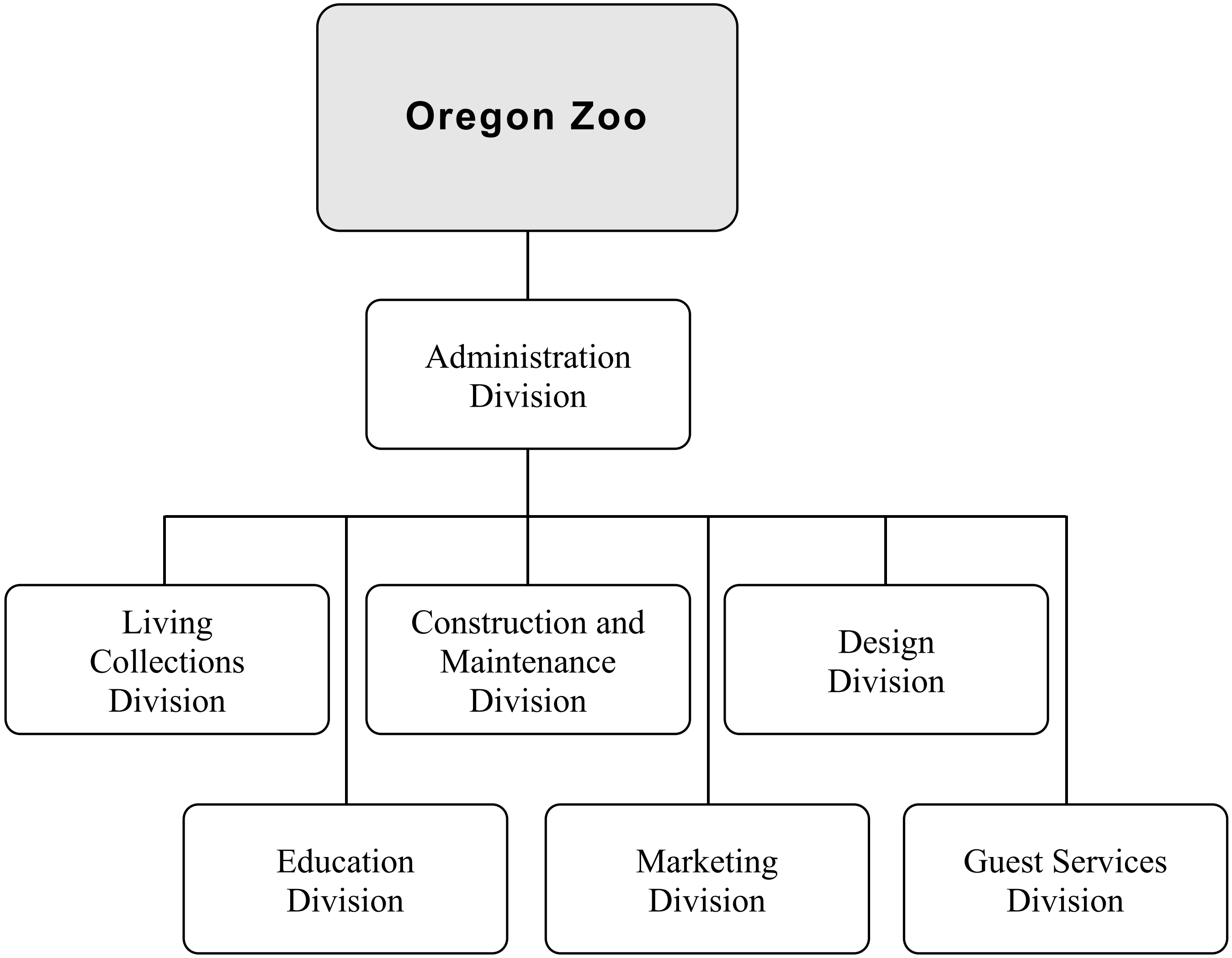
PCPA

- Seek funding for summer arts camps
- Implement new initiative to grow revenues, including internal marketing efforts, local business promotions, and pre-order program to raise per-capita spending
- Begin capital improvements at the Arlene Schnitzer Concert Hall
- Begin conceptual plan for the development of Main Street
- Grow sponsorship dollars through the efforts of Front Row Marketing

Expo

- Improve the marketing plan for the facility in order to increase recognition and generate new business
- Continue to enhance community awareness and outreach plan
- Continue work on Phase III development

Performance Measures		***Metro Exposition-Recreation Commission***	**Actual FY 01-02**	**Actual FY 02-03**	**Target FY 03-04**	**Target FY 04-05**
Oregon Convention Center	1.	Number of conventions/trade shows	55	57	60	68
	2.	Estimated economic impact in metropolitan region	$450 million	$380 million	$425 million	$460 million
	3.	Attendance	450,000	577,000	660,000	750,000
	4.	Occupancy rate (75% is considered maximum)	65.0%	32.0%	58.0%	60.0%
Expo Center	1.	Number of events				
		a. Consumer/public shows	63	69	80	85
		b. Convention/trade/miscellaneous	37	33	25	25
	2.	Attendance at events				
		a. Consumer/public shows	544,000	511,000	514,000	523,000
		b. Convention/trade/miscellaneous	39,000	23,000	30,000	31,000
	3.	Vehicle passes				
		a. Full price	222,386	169,000	165,000	165,000
		b. Carpool discount		51,000	55,000	55,000
		c. Exhibitor	41,978	32,000	40,000	35,000
Portland Center for the Performing Arts	1.	Number of performances	946	902	830	834
	2.	Attendance at events	915,000	947,000	913,000	900,000
	3.	Total weeks of Broadway	10	12.5	10	8
	4.	Total commercial shows		90	90	90


Oregon Zoo
Administration Division
Living Collections Division
Construction and Maintenance Division
Design Division
Education Division
Marketing Division
Guest Services Division

Oregon Zoo

Budget by Classification	Audited FY 2001-02	Audited FY 2002-03	Adopted FY 2003-04	Amended FY 2003-04	Proposed FY 2004-05	Approved FY 2004-05	Adopted FY 2004-05	% Change from Amended FY 2003-04
Personal Services	$12,066,748	$12,229,008	$13,094,466	$13,129,466	$12,833,703	$12,868,828	$12,384,835	(5.67%)
Materials and Services	7,468,211	6,824,656	7,351,770	7,602,026	8,376,600	8,341,475	8,341,475	9.73%
Capital Outlay	686,815	1,412,268	5,221,743	5,186,743	3,264,688	3,264,688	3,264,688	(37.06%)
Debt Service\Capital Leases	432,233	428,959	435,319	435,319	420,242	420,242	420,242	(3.46%)
Totals	**$20,654,007**	**$20,894,891**	**$26,103,298**	**$26,353,554**	**$24,895,233**	**$24,895,233**	**$24,411,240**	**(7.37%)**
Budget by Division								
Administration	$856,279	$875,078	$997,405	$997,405	$1,252,464	$1,252,464	$1,226,165	22.94%
Construction/Maint.	2,606,519	4,628,735	8,655,053	8,655,053	7,637,651	7,637,651	7,555,770	(12.70%)
Design Services	656,035	545,486	586,161	586,161	506,655	506,655	489,762	(16.45%)
Education Services	1,295,768	1,385,806	1,435,234	1,435,234	1,484,322	1,484,322	1,447,936	0.89%
Guest Services	9,122,230	7,193,129	7,844,297	8,041,897	7,159,633	7,159,633	7,059,965	(12.21%)
Living Collections	4,356,787	4,597,095	4,915,673	4,968,329	5,112,879	5,112,879	4,916,616	(1.04%)
Marketing	1,760,389	1,669,562	1,669,475	1,669,475	1,741,629	1,741,629	1,715,026	2.73%
Totals	**$20,654,007**	**$20,894,891**	**$26,103,298**	**$26,353,554**	**$24,895,233**	**$24,895,233**	**$24,411,240**	**(7.37%)**
Budget by Fund								
Zoo Operating Fund	$19,682,634	$19,527,070	$20,653,017	$20,903,273	$21,221,522	$21,221,522	$20,740,927	(0.78%)
Zoo Capital Fund	539,140	938,862	4,839,681	4,839,681	3,074,481	3,074,481	3,071,083	(36.54%)
General Revenue Bond Fund (Washington Park Parking Lot)	432,233	428,959	610,600	610,600	599,230	599,230	599,230	(1.86%)
Totals	**$20,654,007**	**$20,894,891**	**$26,103,298**	**$26,353,554**	**$24,895,233**	**$24,895,233**	**$24,411,240**	**(7.37%)**
Full-Time Equivalents (FTE)	167.03	169.73	160.23	160.23	151.35	151.85	151.85	(5.23%)

Oregon Zoo

Department Purpose

The Oregon Zoo's mission is "Inspiring our community to create a better future for wildlife."

About the Department

The Oregon Zoo contributes to the conservation of wildlife by

- educating the public regarding conservation
- continuing to research and improve husbandry techniques, exhibit environments, animal management, and captive propagation
- cooperating with appropriate American Zoo and Aquarium Association (AZA) Species Survival Plans and other conservation efforts to house and breed endangered and threatened species

The Zoo serves as a regional conservation, education, and recreational resource, enhancing the quality of life and assisting in economic development as a tourist attraction and community asset. As the most popular paid attraction in the state, the Zoo is expected to draw 1.295 million visitors in FY 2004-05. The Zoo is also an important educational resource, providing learning opportunities for people of all ages.

In FY 2004-05, the Zoo will continue to maintain the high attendance levels achieved in the previous two fiscal years. Two new exhibits will enhance the Zoo experience in 2004—the Eagle Canyon exhibit, which opened on Memorial Day weekend, and the Trillium Creek Family Farm, opening in the summer. Construction will begin on Introduction to the Forest, containing bear, bobcat, cougar, and eagle exhibits, with a scheduled opening summer 2005. The final phase of the Condor Creek Conservation Facility is expected to be completed, increasing the facility's capacity to 16 breeding pairs of birds.

The Zoo is budgeted in two funds, the Zoo Operating Fund and the Zoo Capital Fund. It is organized into seven divisions: Administration, Living Collections, Design, Education, Construction and Maintenance, Marketing, and Guest Services.

Administration Division

The Administration Division includes the office of the director and the budget and finance function for the Zoo. The division is responsible for overall leadership of Zoo programs, including providing budget direction and fiscal management. In addition, the Zoo director serves as executive director of the Oregon Zoo Foundation.

In FY 2004-05, this division will continue to establish new community and regional partnerships to promote the Zoo, to lead the development function to increase contributed funds, to monitor the budget, evaluate the cost/benefit of programs and events, and to maintain excellent cash controls.

Living Collections Division

Animal acquisition, animal care, veterinary services, horticultural programs, and research are activities performed within this division. Staff includes the office of the deputy director, zoological curators, veterinarians, conservation coordinator, and horticulture program supervisor. The division provides the special expertise required to initiate breeding programs, to make the best use of the collections of endangered and threatened species at the Zoo, to comply with government regulations relating to the exhibition, acquisition, and disposition of endangered species, and to exhibit exotic and native wildlife.

For FY 2004-05, continued emphasis will be given to the training of selected animals within the collection to improve animal care and to facilitate the transfer of animals to other zoos or new exhibits. High priority will continue to be given to participation in cooperative breeding programs, including the California Condor, Oregon Silverspot Butterfly, Western Pond Turtle, Pygmy Rabbits, and Fender's Blue Butterflies.

Construction and Maintenance Division

The Construction and Maintenance Division is responsible for exhibit construction, rehabilitation and repair of the Zoo’s facilities. This includes 38 buildings and exhibits and 341,000 square feet of roads and pathways on 64 acres.

During FY 2004-05, the division will continue to assist with the design and construction of the Great Northwest Project exhibits and implementation of the capital renewal/replacement plan, adding to the useful life of existing buildings while improving both the visitor experience and animal environment.

Design Division

The Design Division plans and designs exhibits and graphics to maintain the visual consistency of the Zoo and provides interpretive materials, signs, print materials and graphics for other Zoo divisions.

For FY 2004-05, the division will focus on designing exhibit improvements, including wayfinding improvements.

Education Division

This division is responsible for the educational and volunteer programs of the Zoo. More than 1,500 volunteers now contribute 122,000 hours annually to 42 education programs and 35 events or activities. Services to schools include two grant-funded outreach programs for HeadStart and kindergarten through second grade classrooms, and teacher training and curriculum materials for 95,000 students who visit the Zoo for field trips. Camps, classes and overnight sessions reach targeted audiences of children, adults, and families.

In FY 2004-05, the division's goals are to increase program participation levels and revenues. Primary objectives include partnering with the educational community to develop new programs, developing plans for full-time use of on-grounds classrooms, recruiting and training volunteers, and implementing an innovative program for the operation of the Trillium Creek Family Farm using a staff of teenage volunteers exclusively.

Marketing Division

The Marketing Division encourages Zoo attendance and support through media campaigns, group sales, special events, animal shows, outreach programs, marketing, and general promotional efforts. In FY 2004-05, efforts will include publicity to generate attendance and working with other divisions to create events, including coordination of the 25th anniversary of the Zoo's summer concert series.

Guest Services Division

The Guest Services Division provides the major revenue-generating activities of the Zoo. The division operates all food service facilities, an in-house catering program, gate admissions, security, the Zoo on-grounds shuttle, and coordinates the contract for the retail operation.

This division is also responsible for operation and maintenance of the Zoo's railway as well as equipment maintenance, which includes 2.56 miles of railway track and a fleet of vehicles.

In FY 2004-05, the division will continue to increase services and revenues. The division relies on a high number of temporary and part-time workers and is committed to recruiting a diverse and highly qualified work force, emphasizing and improving its ongoing training program, and improving its financial performance.

Major Accomplishments in FY 2003-04

In FY 2003-04, the Zoo accomplished the following:

- Completed and opened the new Eagle Canyon exhibit
- Re-introduced California Condors to Oregon in the new condor off-site breeding facility
- Completed the Zoo's Capital Asset Management Plan documentation and analysis
- Introduced several new species to the collection
- Continued the Zoo's conservation efforts
- Launched a financially successful contract for operating the retail outlet
- Made scheduled progress toward summer 2004 opening of Family Farm exhibit

Service Level Changes from FY 2003-04

In order to submit a balanced budget for FY 2004-05, the Zoo eliminated the equivalent of nine full-time positions. This reduction in the number of employees will impact services to Zoo visitors, which includes the following:

- Elimination of the Center for Species Survival
- Elimination of the Insect Zoo
- Reduction of dollars budgeted for events, staff training, design services, travel, and capital maintenance

Major Objectives for FY 2004-05

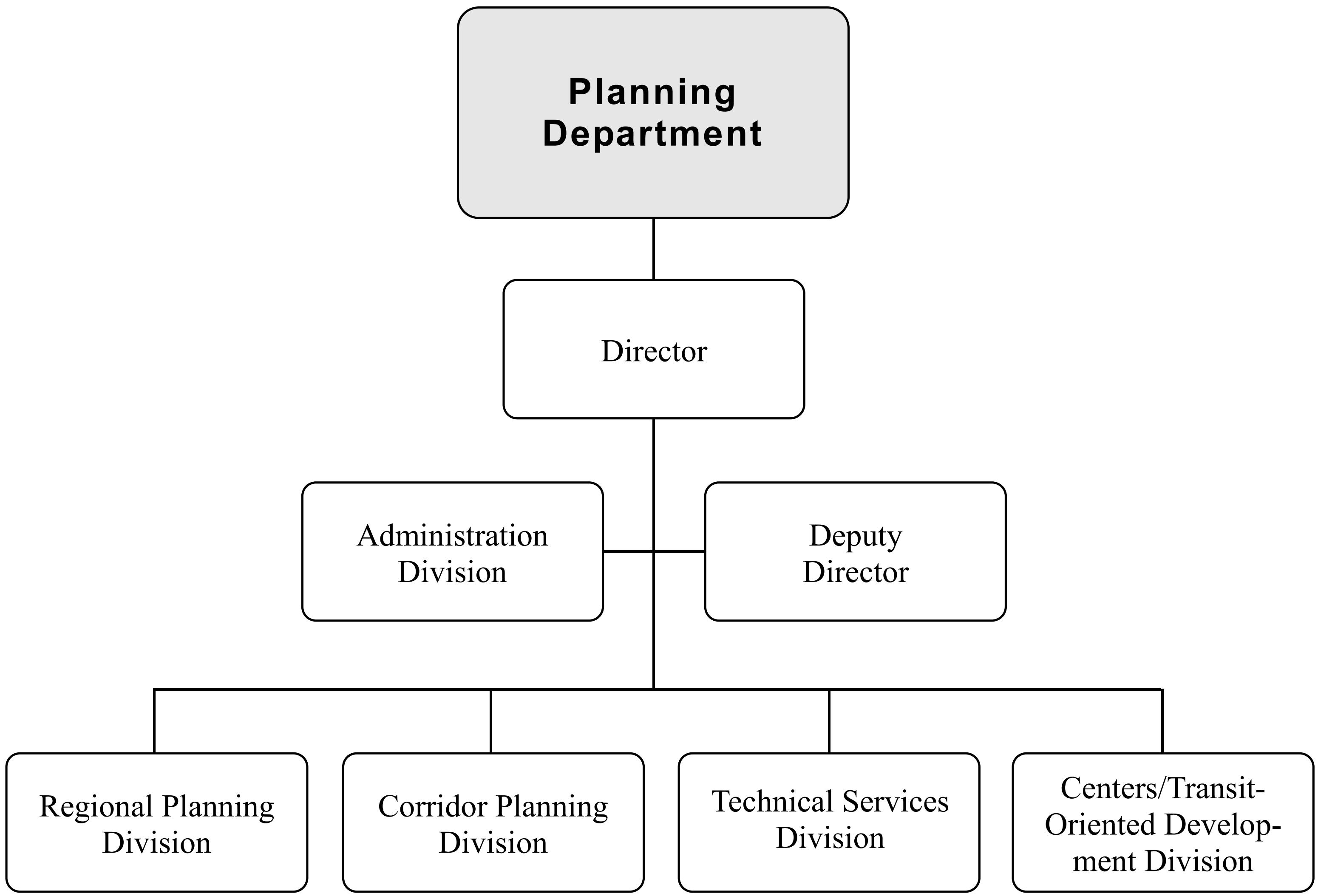
In FY 2004-05, the Zoo will:

- Reach attendance of over 1,295,000
- Open Trillium Creek Family Farm, with innovative programming utilizing trained youth volunteers exclusively
- Complete construction of the Introduction to the Forest, including bear, bobcat, cougar, and eagle exhibits
- Complete construction of the second phase of the condor off-site breeding facility
- Launch a successful 25th anniversary season of the summer concert series

Performance Measures		*Oregon Zoo*	**Actual FY 01-02**	**Actual FY 02-03**	**Target FY 03-04**	**Target FY 04-05**
	1.	Annual attendance	1,319,459	1,293,597	1,275,000	1,295,000
	2.	FTE/1,000 visitors	0.13	0.13	0.13	0.12
	3.	Earned income as percent of total revenue	55.5%	53.7%	56%	59%
	4.	Fundraising as percent of total revenue	3.6%	5.6%	5.3%	3.8%

METRO

PEOPLE PLACES
OPEN SPACES


Planning
Department
Director
Administration
Division
Deputy
Director
Regional Planning
Division
Corridor Planning
Division
Technical Services
Division
Centers/Transit-
Oriented Develop-
ment Division

Planning Department

Budget by Classification	Audited FY 2001-02	Audited FY 2002-03	Adopted FY 2003-04	Amended FY 2003-04	Proposed FY 2004-05	Approved FY 2004-05	Adopted FY 2004-05	% Change from Amended FY 2003-04
Personal Services	$6,165,458	$6,382,522	$7,194,265	$7,262,224	$6,583,258	$6,757,392	$6,599,718	(9.12%)
Materials and Services	6,705,608	2,394,103	8,561,505	8,561,505	8,572,682	8,510,632	8,510,632	(0.59%)
Capital Outlay	223,161	0	54,200	54,200	47,000	47,000	47,000	(13.28%)
Debt Service	47,452	40,773	44,212	44,212	0	0	0	(100.00%)
Totals	**$13,141,679**	**$8,817,398**	**$15,854,182**	**$15,922,141**	**$15,202,940**	**$15,315,024**	**$15,157,350**	**(4.80%)**
Budget by Division								
Planning	$13,141,679	$8,817,398	$15,854,182	$15,922,141	$15,202,940	$15,315,024	$15,157,350	(4.80%)
Totals	**$13,141,679**	**$8,817,398**	**$15,854,182**	**$15,922,141**	**$15,202,940**	**$15,315,024**	**$15,157,350**	**(4.80%)**
Budget by Fund								
Planning Fund	$13,141,679	$8,817,398	$15,854,182	$15,922,141	$15,202,940	$15,315,024	$15,157,350	(4.80%)
Totals	**$13,141,679**	**$8,817,398**	**$15,854,182**	**$15,922,141**	**$15,202,940**	**$15,315,024**	**$15,157,350**	**(4.80%)**
Full-Time Equivalents (FTE)	80.25	79.00	79.60	80.10	71.00	73.15	73.15	(8.68%)

Planning Department

Department Purpose

The Planning Department's mission includes supporting Metro Council decision-making in maintaining a regional consensus on growth management that preserves and enhances the livability of the region and promotes livable communities. The Metro Charter directs growth management to be the primary function of Metro and requires Metro to coordinate land-use planning within the region. To that end, the Metro Planning Department's current mission focuses work activities on implementation of the regional planning vision contained within the 2040 Growth Concept and defined within the Regional Framework Plan, the Urban Growth Management Functional Plan (Functional Plan), and the Regional Transportation Plan (RTP).

The Planning Department works with the Metro Council to: (1) ensure broad-based, continuing, and responsive public involvement; (2) provide a regional focus for decision making; and (3) ensure technical integrity within all program areas.

The 2040 Growth Concept implementation will be achieved though maintaining an urban growth boundary (UGB) that maximizes efficiencies and limits impacts on natural resources and farmland. This will be achieved through protection of natural habitat and water quality within the UGB, assisting local governments and agencies to foster appropriate development within 2040 design types, and by developing a truly multi-modal transportation system consistent with underlying 2040 development patterns.

Metro, through the Planning Department, is the designated Metropolitan Planning Organization for the Portland metropolitan area. It maintains the RTP in compliance with requirements established in the Transportation Equity Act of the 21st Century (TEA-21), the Land Conservation and Development Commission's (LCDC) Transportation Planning Rule, the Metro Charter, and the Region 2040 Growth Concept. Additionally, it addresses transportation funding issues through programming of federal transportation funds through the Metropolitan Transportation Improvement Program (MTIP).

About the Department

The Planning Department includes five divisions: Administration, Regional Planning, Corridor Planning, Transit-Oriented Development, and Technical Services.

Administration Division

The Administration Division provides for overall department management, including budget, Unified Planning Work Program, contracts, grants, and personnel. The division provides staff support for the Metro Council, the Joint Policy Advisory Committee on Transportation (JPACT), the Water Resources Policy Advisory Committee, the Transportation Policy Alternatives Committee, the Goal 5 Technical Advisory Committee, the Affordable Housing Technical Advisory Committee, and the Metro Technical Advisory Committee.

Regional Planning Division

The Regional Planning Division incorporates the Community Development Section, Regional Transportation Planning Section, and the Long-Range Planning Section.

Community Development Section – The primary focus of the Community Development Section is implementation of Metro's regional growth management strategies. This includes working with local governments to plan existing and future urban areas to ensure compliance with Functional Plan requirements.

This section is also responsible for administering the UGB and managing the periodic review of the UGB. In FY 2004-05, this section will focus on assisting new urban area planning for the Sunrise Corridor/Damascus area, participating in local implementation projects in 2040 Centers, and initiating the planning process for the review of policies in the Regional Framework Plan in the context of the 2040 Refinement (a five-year planning process to evaluate the region's growth management policies, test new policies, designate new areas for urban uses, and adopt policies to encourage redevelopment).

Regional Transportation Planning Section – The Regional Transportation Planning Section's activities are intended to meet the requirements and objectives of the federal TEA-21, the state's Transportation Planning Rule, and the Clean Air Act Amendments. This is accomplished through the following programs:

- *Regional Transportation Plan* – The plan provides the region with a comprehensive policy and investment plan for long-range improvements to the region's transportation system. In FY 2004-05, activities will include the kickoff of a major, two-year update to ensure the plan adequately reflects changing population, travel and economic trends, including federal, state, and regional planning requirements.
- *Metropolitan Transportation Improvement Program* – The MTIP prioritizes and allocates available funds to projects in the RTP. This year's update will emphasize 2040 implementation using policies and project evaluation criteria from the 2001-02 MTIP.
- *Finance Program* – Metro, through JPACT and its Finance Committee, provides a forum for cooperative development of funding programs to implement the RTP and the Regional Framework Plan. During FY 2004-05, Metro will facilitate the ongoing discussion about how to fund the Priority System of the RTP, including how to proceed with recommendations from the Transportation Investment Task Force.

Long-Range Planning Section – Ongoing programs for this section include Goal 5 Fish and Wildlife Habitat Protection Program, Affordable Housing, Performance Measures, and Regional Emergency Management Planning. These programs are:

- *Goal 5—Fish and Wildlife Protection Program* meets state Goal 5 requirements and is intended to provide a regionally consistent approach to habitat protection and support the region's efforts to comply with the federal Endangered Species Act and Clean Water Act requirements. The approach will include regulatory and non-regulatory elements. This project has been underway for several years. FY 2003-04 will mark the completion of the economic, social, environment, energy analysis (ESEE) phase and the program development phase and the beginning of the implementation. Implementation will continue into FY 2004-05 and will involve LCDC acknowledgement, local jurisdiction compliance on the regulatory elements, and further development or implementation of the non-regulatory elements.
- *Affordable Housing* – The affordable housing program for Metro was established in 2000 with the adoption of Title 7 in Metro's Functional Plan. This program assesses local jurisdictions' progress toward meeting affordable housing goals and will convene an advisory committee to consider additional approaches or revisions that should be considered by Metro Council.
- *Performance Measures* – Metro is required, by the Functional Plan and the State of Oregon (ORS 197.301 Metropolitan service district report of performance measures), to evaluate progress on meeting the 2040 Growth Management Concepts and other goals. This report is produced every two years. In FY 2004-05, the preparatory work will occur that will lead to production of the next Performance Measure Report in June 2006.
- *Regional Emergency Management Group (REMG)* – Metro participates in the region's efforts at planning for emergencies through the participation at the technical and policy level in this group.
- *Stormwater Management Planning* – Upon adoption of the Goal 5 Fish and Wildlife Habitat Protection Program, the Long-Range Planning Section will begin working on stormwater management planning. In FY 2004-05, staff will prepare a work scope that outlines Metro opportunities for future work in this area.

Corridor Planning Division

The Corridor Planning Division is responsible for four main programmatic areas: (1) project planning for major fixed guideway transit facilities, including alternatives analysis and federal environmental impact statements, as well as systems planning through the Major Investment Study process and support of the critical New Starts process required to receive federal funding; (2) preparation of multi-modal Corridor Refinement Plans that implement the RTP; (3) Metro's freight planning efforts, including the Regional Freight Plan and coordination with statewide freight planning activities; and (4) regional liaison with the Federal Transit Administration (FTA) and technical support for projects undertaken by others, such as the Wilsonville-to-Beaverton Commuter Rail Project and the Portland Streetcar.

The Corridor Planning Division at Metro works closely with staff from TriMet, the Oregon Department of Transportation (ODOT), and local jurisdictions participating in corridor studies. FY 2004-05 work in the major programmatic areas is described below.

Project Planning for Major Transit Investments

- *South Corridor Final Environmental Impact Statement (FEIS):* The FEIS is anticipated to be completed in FY 2004-05, as well as Preliminary Engineering (PE). The FEIS/PE effort will complete the project design of the Locally Preferred Alternative to the 30 percent level and will document its impacts and identify mitigation for them. A Final Design application and New Starts submittal will be prepared for the FTA. After FTA approval, the project will move into the Final Design and Construction Phase.
- *Willamette Shoreline Project Development:* Corridor Planning staff have continued to support the Willamette Shoreline Consortium and laid the groundwork for a FY 2004-05 alternatives analysis for development of the right-of-way as a regional transit line.

Multi-modal Corridor Refinement Plans

- *Highway 217 Corridor Plan:* This multi-modal corridor plan will address mobility needs in the congested Highway 217 Corridor. The plan will evaluate alternatives that provide improved mobility through value-pricing, carpool lanes, general purpose highway lanes, transit, multi-modal connectivity, and operational improvements.

Regional Freight Program – This program will help Metro meet federal and state objectives to plan for goods-movement needs and document freight project priorities. The Regional Freight Program establishes an ongoing area of responsibility for Metro in freight mobility research, communication, project priorities and policies, as well as partnerships with private transportation providers, shippers and manufacturers.

Support for Projects Led by Other Agencies

- *Transit Planning*: The Transit Planning Program promotes multiple transportation choices for easy access to all areas of the region. Increased transit use and reduced dependency on single-occupant vehicles support improved air quality. This program implements transit policy direction established in the RTP with emphasis on coordinating with TriMet and other transit providers to ensure short-, medium-, and long-range transit needs of the region are addressed.
- *Elderly and Disabled Transportation Planning*: In support of the Americans with Disabilities Act, Corridor Planning staff serve on TriMet's Committee for Accessible Transportation and provide assistance in allocating funding to transportation providers.
- *I-5 Transportation and Trade Partnership*: The TEA-21 designated I-5 within the Portland/Vancouver region as a Priority Corridor under the National Trade Corridors and Borders Program. ODOT and Washington State Department of Transportation have received funding for the I-5 Transportation and Trade Partnership Study and are co-leading the Partnership. Metro staff support the I-5 Partnership by completing specific tasks on a contract basis and participating on the Partnership's various advisory and technical committees.
- *Sunrise Corridor Supplemental Draft Environmental Impact Statement*: This planning effort, led by Clackamas County, will advance Unit 1 of Phase 1 of the Sunrise Corridor Project. Corridor Planning staff will provide technical support and will coordinate with Metro's ongoing Damascus Concept Plan to ensure that the highway facility is consistent the 2040 Growth Concept and serves the growth in the UGB expansion area.
- *I-5/99W Corridor Plan:* This plan, which will culminate in an environmental impact statement, is led by Washington County. The I-5/99W connector will provide a key statewide and regional highway connection at the edge of the region's urbanized area. Corridor Planning staff will provide support for transportation and environmental analysis and will ensure that the project is consistent with the 2040 Growth Concept and RTP.

Centers/Transit-Oriented Development Division

The mission of the Centers/Transit-Oriented Development (TOD) Implementation Program is to increase transit ridership and lessen the risk and costs associated with construction of TOD projects. Projects are located at light-rail stations on the Eastside MAX, Westside MAX, Interstate MAX, and potentially within the Portland Airport and commuter-rail transit corridors. Public/private partnerships (enacted through development agreements) are forged to develop projects with a strong pedestrian environment by including features that reinforce the street-level activity. Land-sale proceeds from the projects are returned to the program for use in other TOD projects.

Technical Services Division

The Technical Services Division consists of two sections, the Travel Forecasting Section and the Data Resource Center.

Travel Forecasting Section – This section is responsible for improving reliability of the travel-demand forecasting model and application of the travel-demand model in regional studies. The section also supplies technical assistance to local governments and regional agencies. Programs under this section include:

- *Technical Assistance* – Ten local governments and regional agencies receive staff support, computer usage and training assistance under this program.
- *U.S. Department of Transportation (USDOT) Model Improvement Program (TMIP)* – The Transportation Model Improvement Program is ongoing and is a large, national program initiated for the purpose of developing a new transportation-modeling paradigm in response to federal policy issues. It is intended to accurately evaluate air-quality impacts of proposed actions. It will depict travel-demand response to transportation infrastructure changes and travel-demand management actions.

  As part of the USDOT TMIP program, the Los Alamos National Laboratory is developing a new model framework known as TRANSIMS (TRANsportation SIMulationS). The first demonstration of interim operating capability was in Dallas. The second demonstration is in the Portland metropolitan area, where trip-planning capabilities are being developed. The USDOT intends to deploy the final software tools to major U.S. cities within two to three years.
- *Model Development Program* – This program defines work elements necessary to keep the travel-demand model responsive to issues that emerge during transportation analysis. Model maintenance activities ensure the model reflects current infrastructure assumptions and is operating efficiently. Research work elements lead to development of new models with enhanced capabilities.

  The program is very important, because results from travel-demand models are used extensively in the analysis of transportation policy and investment. In addition, federal and state legislation specify data needs that require a high degree of modeling proficiency.

Data Resource Center (DRC) – The Data Resource Center serves a multi-faceted role within the agency and throughout the community. Within the agency, the DRC contributes to the success of analysis and projects undertaken by Planning, Solid Waste & Recycling, and Regional Parks & Open Spaces. The DRC provides state-of-the-art mapping and spatial analysis, regional economic and demographic forecasting, land-use and vacant land studies, and sophisticated urban economic analysis.

Public Outreach Activities – During FY 2003-04, management of the three public outreach positions in the Planning Fund was transferred to the Office of Citizen Involvement (OCI) division of Public Affairs & Government Relations Department. OCI staff supports Planning Department projects and coordinates communications and public-outreach programs. To maintain the funding sources of the positions, particularly grant eligibility, the budget for these positions and activities will remain in the Planning Fund.

Service Level Changes from FY 2003-04

Overall, the Planning Department budget has reduced its staffing over last year. The FY 2004-05 budget includes no General Fund increase for the Planning Department from the prior year, while personnel costs and overhead costs have generally increased 5 percent. The general funds are used to pay for growth management planning, about one-third of the DRC services, some of the administrative costs, some of the overhead costs, and to provide some of the matching funds to programs and projects funded through grants. The Planning Department relies upon grants for most of the Transportation programs, and is finding that the external competition for grant revenues is continuing to increase. The Planning Department's budget for FY 2004-05 is balanced; however, general excise tax-funded materials and services programs are minimally funded. The Department has shifted funding for miscellaneous materials, services, and administrative support from excise tax-funded resources to grants, whenever possible. This was accomplished when it was determined the program could not be continued without the resources and all costs were grant-eligible. The effect, however, is to transfer a greater cost burden to already-limited grant funds.

The Planning Department continues to be challenged by inadequate and unstable funding. If no new revenue sources are identified, eventually it can lead to compromised products and services that could lead to noncompliance with federal, state, and local laws and regulations.

Major Accomplishments in FY 2003-04

- Partnered with Public Affairs staff to support the regional UGB decision-making process developing effective and appropriate communications tools to keep property owners, interested citizens, and jurisdictional partners informed and aware of opportunities for input.
- Developed creative and effective outreach tools in support of Metro's natural resource protection (Goal 5) program. This included timely and effective communications tools, creative opportunities for involvement, and outreach support for development of the inventory.
- Updated the 2000 RTP amendments that addressed federal planning requirements, demonstrated conformity with the federal Clean Air Act, and expanded the scope of regional transportation projects eligible for federal funding.
- Adopted the 2004-07 MTIP as well as allocated $53 million in federal funds to a broad array of multi-modal transportation projects and programs.
- Completed the Regional Travel Options (RTO) strategic plan, the first major update to the region's demand management strategy in more than a decade.
- Completed the 2002-2022 Periodic Review of the UGB.
- Initiated the Damascus Concept Planning.
- Completed a Centers Strategic Plan for the Beaverton Regional Center.
- Finalized an administrative clean-up of the Regional Framework Plan.
- Provided technical assistance to local jurisdictions in implementing, as well as complying with, the Functional Plan.
- Published the Downtown Amendment to the South Corridor Project SDEIS and subsequent selection by Metro Council of the Locally Preferred Alternative for the project.
- Led the Regional Freight Committee and significant participation in the Statewide Freight Advisory Committee, particularly in development of freight funding priorities.
- Amended the South/North Corridor Light Rail Project Land Use Final Order to include new Downtown stations and a terminus at Portland State University and to add the I-205 LRT alignment.
- Completed Phase I of the Foster/Powell Corridor Plan. This included inclusion of planning and construction projects in the 2004 RTP.
- Initiated the Highway 217 Corridor Plan to address congestion and preserve mobility in the corridor.
- Completed FTA New Starts project ranking submittals for the South Corridor I-205 Light Rail Project with the Portland Mall and the Wilsonville to Beaverton Commuter Rail Project.
- Negotiated a development agreement covering the overall TOD concept at Russellville and began negotiation of the site-specific phase II development agreement.
- Continued support of the Transportation Investment Task Force charged with developing a set of critical transportation funding priorities and strategies for the region.
- Commenced construction on a vertically mixed-use TOD project in Gresham Civic Neighborhood.

- Completed conceptual design for a new MAX station and public plaza in Gresham Civic Neighborhood.
- Completed “project definition” with the FTA for the acquisition of two project sites within the Interstate MAX corridor.
- Completed the ESEE phase of the Goal 5 fish and wildlife protection program with successful public outreach and public involvement.
- Completed second assessment of affordable housing progress from local jurisdictions and assessed status of affordable housing conditions using 2000 census.
- Produced second edition of the Performance Measures Report that significantly modified the format from the first edition and included several new measures.
- Participated in REMG and updated the bylaws governing this group.

Major Objectives for FY 2004-05

- Provide technical support for ongoing JPACT and Metro Council discussion of a regional transportation funding measure.
- Complete the 2006-09 MTIP.
- Initiate a major update to the RTP, to be completed in 2007.
- Complete the first phase of transition activities called for in the RTO Strategic Plan.
- Continue involvement in local transportation project conception, funding, and design to implement livable streets policies, with an emphasis on “boulevard” projects funded through the MTIP program.
- Work in partnership with ODOT and Clackamas County to develop a concept plan for the Damascus area that establishes a land use and transportation framework for urbanization.
- Initiate the 2040 Refinement planning process.
- Complete a second set of State- and Metro-mandated Performance Measures; initiate additional Performance Measures to more completely answer questions about adopted Metro policy effectiveness.
- Maintain up-to-date Regional Framework Plan, Functional Plan and Metro Code texts, and respond to stated requirements.
- Complete the South Corridor's FEIS and advance the project into final design.
- Complete Highway 217 Corridor plan and advance a project into the environmental process.
- Facilitate the development and implementation of a regional freight origin-destination survey in conjunction with travel forecasting staff and regional partners.
- Begin implementation of Foster/Powell Corridor Phase I recommendations and initiate Phase II.
- Continue support to TriMet for the preparation of FTA New Starts reports for the South Corridor Light Rail and Wilsonville-to-Beaverton Commuter Rail projects.
- Enter into contracts for Phase II Powell/Foster Corridor Study; develop scope in coordination with Damascus Concept Planning.
- Formalize Regional Freight Committee as subcommittee to the TPAC; commence major review of freight policies, projects and criteria as next RTP and MTIP.
- Support ODOT’s I-5 Transportation and Trade Partnership Study through land-use analysis, development, and analysis of travel-demand forecasts and project management consultation.
- Continue supporting Willamette Shoreline Consortium with technical analysis, management of the right-of-way, and coordination of intergovernmental agreements.
- Continue serving on TRANSIMS coordination teams.
- Provide travel-forecasting assistance to ODOT, TriMet, the Port of Portland, and cities and counties within this region in terms of staff support, access to the EMME/2 Transportation Planning Software via

external connections, as well as training on topics of software use and demand-modeling theory.

- Conduct research to maintain and improve responsiveness of the demand model to policy needs.
- Participate on the Oregon Modeling Steering Committee with particular emphasis on: (1) the potential fielding of a longitudinal panel survey and (2) the integration of statewide modeling tools with those at the regional level.
- Commence construction for a new MAX station and public plaza in Gresham Civic Neighborhood.
- Complete of development agreement(s) with selected developer(s) on one or more sites in the Interstate MAX corridor.
- Complete of pre-development activities on one or two Regional Centers projects.
- Complete Metro Council adoption and LCDC acknowledgment of Goal 5 Fish and Wildlife Habitat Protection Program.
- Initiate implementation of non-regulatory elements and compliance with regulatory elements of the Fish and Wildlife Habitat Protection Program.
- Reconvene HTAC, review region's progress in providing affordable housing and identify future directions for accomplishing housing affordability goals.
- Prepare for the third edition of the Performance Measures Report by completing complex data analysis that has not previously been completed.
- Participate with REMG to continue to seek coordination and funding to support emergency management planning.
- Define an approach to initiate Regional Stormwater Management Planning.

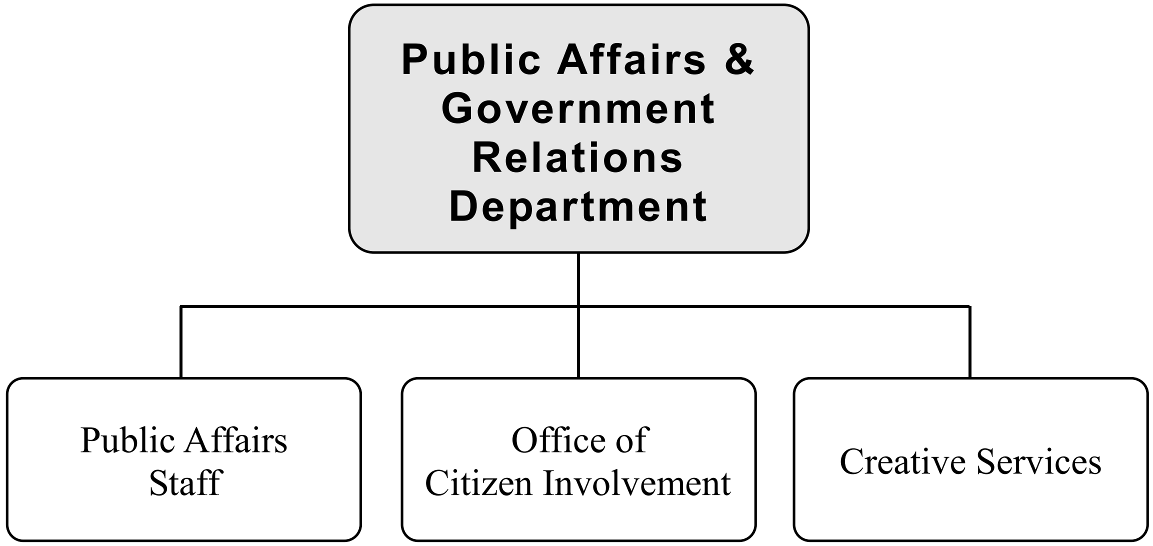
Performance Measures	Planning Department	Actual FY 01-02	Actual FY 02-03	Target FY 03-04	Target FY 04-05
Community Development	1. Complete revised draft Alternative Analysis Report 2022	N/A	85%	100%	N/A
	2. Complete TCSP Project (Transportation and Community and System Preservation)	75%	100%	N/A	N/A
	3. Initiate Sunrise Corridor Damascus planning effort	N/A	5%	30%	80%
	4. Develop and implement Comprehensive and Supportive UGB Periodic Review Public Involvement Plan	50%	100%	N/A	N/A
	5. Periodic Review Task 3	N/A	N/A	100%	N/A
	6. Beaverton Regional Centers Plan	N/A	N/A	100%	N/A
Regional Transportation Planning	1. Regional Transportation Plan: Updates and local compliance	25%	75%	100%	N/A
	2. MTIP: Updates and database management	25%	90%	100%	N/A
	3. Develop and implement MTIP Outreach	25%	90%	80%	100%
	4. Facilitate transportation finance discussion	25%	50%	75%	100%
	5. Implement Livable Streets program	90%	50%	50%	100%
	6. Implement Regional Travel Options program	50%	100%	75%	100%
	7. Develop and implement effective sales and marketing effort for *Bike There!* bike map	50%	100%	N/A	N/A
	8. Implement Green Streets program	10%	25%	50%	100%
	9. Develop, print, publish, and set up sales network for publications	75%	100%	N/A	N/A
	10. Sunrise Corridor & Damascus concept plan	10%	50%	50%	100%
	11. Support and refine 2040 Indicators	75%	50%	50%	100%

NOTE: N/A signifies that this measure was not tracked at this time and data is not available, or the project has been completed.

Performance		Planning Department	Actual FY 01-02	Actual FY 02-03	Target FY 03-04	Target FY 04-05
Public Outreach	1.	Prepare/implement *Where do we grow from here? Let's Talk* - 2040 discussions/conference materials	100%	N/A	N/A	N/A
	2.	Establish Environmental Justice Technical Evaluation process	50%	75%	100%	N/A
	3.	Develop and implement public involvement support for technical studies with public involvement budgets	100%	100%	100%	N/A
Long Range Planning	1.	Complete Goal 5 Inventory through ESEE analysis	25%	50%	100%	N/A
	2.	Develop Goal 5 Fish and Wildlife Habitat Protection Program	N/A	N/A	10%	N/A
	3.	Complete LCDC Acknowledgement of Goal 5 Program	N/A	N/A	N/A	100%
	4.	Implement Goal 5 Fish and Wildlife Habitat Program	N/A	N/A	N/A	20%
	5.	Complete Performance Measure Report 1	N/A	100%	N/A	N/A
	6.	Complete Performance Measure Report 2	N/A	N/A	100%	N/A
	7.	Complete Performance Measure Report 3	N/A	N/A	N/A	50%
	8.	Assess Affordable Housing progress to Title 7	N/A	25%	50%	75%
	9.	Develop approach to Regional Stormwater Management planning	N/A	N/A	N/A	5%
Corridor Planning	1.	Complete South Corridor SDEIS (South Corridor Draft Environmental Impact Statement)	50%	100%	100%	N/A
	2.	Complete South Corridor PE/FEIS	N/A	25%	50%	100%
	3.	Complete Phase I Powell/Foster Corridor plan	10%	90%	100%	N/A
	4.	Complete Phase II Powell/Foster Corridor plan	N/A	N/A	N/A	15%
	5.	Complete Willamette Shoreline Transit study	N/A	20%	N/A	75%
	6.	Complete Highway 217 Corridor plan	N/A	5%	50%	100%
	7.	Complete Regional Freight O/D survey	N/A	N/A	40%	100%

METRO

PEOPLE PLACES
OPEN SPACES


Public Affairs & Government Relations Department
Public Affairs Staff
Office of Citizen Involvement
Creative Services

Public Affairs Department

Budget by Classification	Audited FY 2001-02	Audited FY 2002-03	Adopted FY 2003-04	Amended FY 2003-04	Proposed FY 2004-05	Approved FY 2004-05	Adopted FY 2004-05	% Change from Amended FY 2003-04
Personal Services	$0	$0	$922,445	$978,515	$1,380,384	$1,380,384	$1,324,044	35.31%
Materials and Services	0	0	212,305	212,305	435,163	435,163	435,163	104.97%
Totals	**$0**	**$0**	**$1,134,750**	**$1,190,820**	**$1,815,547**	**$1,815,547**	**$1,759,207**	**47.73%**
Budget by Division								
Public Affairs	$0	$0	$561,935	$618,005	$651,649	$651,649	$625,571	1.22%
Creative Services	0	0	538,375	538,375	565,265	565,265	541,122	0.51%
Office of Citizen Involvement	0	0	34,440	34,440	598,633	598,633	592,514	1620.42%
Totals	**$0**	**$0**	**$1,134,750**	**$1,190,820**	**$1,815,547**	**$1,815,547**	**$1,759,207**	**47.73%**
Budget by Fund								
General Fund	$0	$0	$596,375	$652,445	$693,599	$693,599	$665,991	2.08%
Planning Fund	0	0	0	0	556,683	556,683	552,094	0.00%
Support Services Fund	0	0	538,375	538,375	565,265	565,265	541,122	0.51%
Totals	**$0**	**$0**	**$1,134,750**	**$1,190,820**	**$1,815,547**	**$1,815,547**	**$1,759,207**	**47.73%**
Full-Time Equivalents (FTE)	0.00	0.00	11.00	12.00	15.00	15.00	15.00	25.00%

***NOTE*:** Divisions of the Public Affairs Department were formerly budgeted in the Council Office or the Office of the Executive Officer.

Public Affairs & Government Relations Department

Department Purpose

The Public Affairs & Government Relations (PA&GR) Department supports the Metro Council decision-making and legislative agenda by providing subject-matter expertise and process management in the areas of media relations, legislative affairs, citizen involvement, strategic communications, community outreach, decision analysis, public policy research, writing and editing, graphic design and production, web site management, and event planning. The department, led by the Director of Public Affairs & Government Relations, serves all Metro departments and enterprises, working with Council and staff.

About the Department

More than a year after consolidating functions from two groups into a centralized service structure, the PA&GR department continues to work toward the objectives set out in the consolidation: cost containment, process improvement, and quality control in all of Metro's communications functions. The objectives listed in the plans for consolidation included:

- Improving communications with local jurisdictions and communities of interest
- Supporting the Council in policy development
- Improving intergovernmental relationships at the local, state and federal levels to promote Metro policies and programs, as directed by the Council
- Managing communications and community relations for the Council's decision-making and policy development projects, in coordination with Metro departments
- Coordinating Council media relations and community outreach to raise awareness of the Metro Council and the role of regional government to engage citizens in regional policy discussions
- Ensuring the people of the region are notified, involved, informed, and educated on the services and benefits provided by Metro
- Encouraging citizens to share their views and to influence the policy debate

Residing within the PA&GR department are two specialized functions:

Creative Services

The Creative Services group provides comprehensive publication services – including graphic design, writing, copy editing and web design – to customers throughout Metro. It helps ensure all Metro communication products meet high and consistent standards for effectiveness, message development, and visual appeal. Creative Services manages the web program and collaborates with the Information Technology division in creating and maintaining both internal and external web sites.

Metro Office of Citizen Involvement

During FY 2003-04, management of three positions in the Planning Fund was transferred to the Office of Citizen Involvement (OCI). This actualization of the OCI set in motion a centralized delivery system for the Metro Council's renewed commitment to early and frequent citizen involvement in issues affecting local governments, citizens, neighborhoods, businesses, and civic organizations. The OCI staff supports Planning Department projects and develops the standard processes for managing Metro investments in citizen involvement.

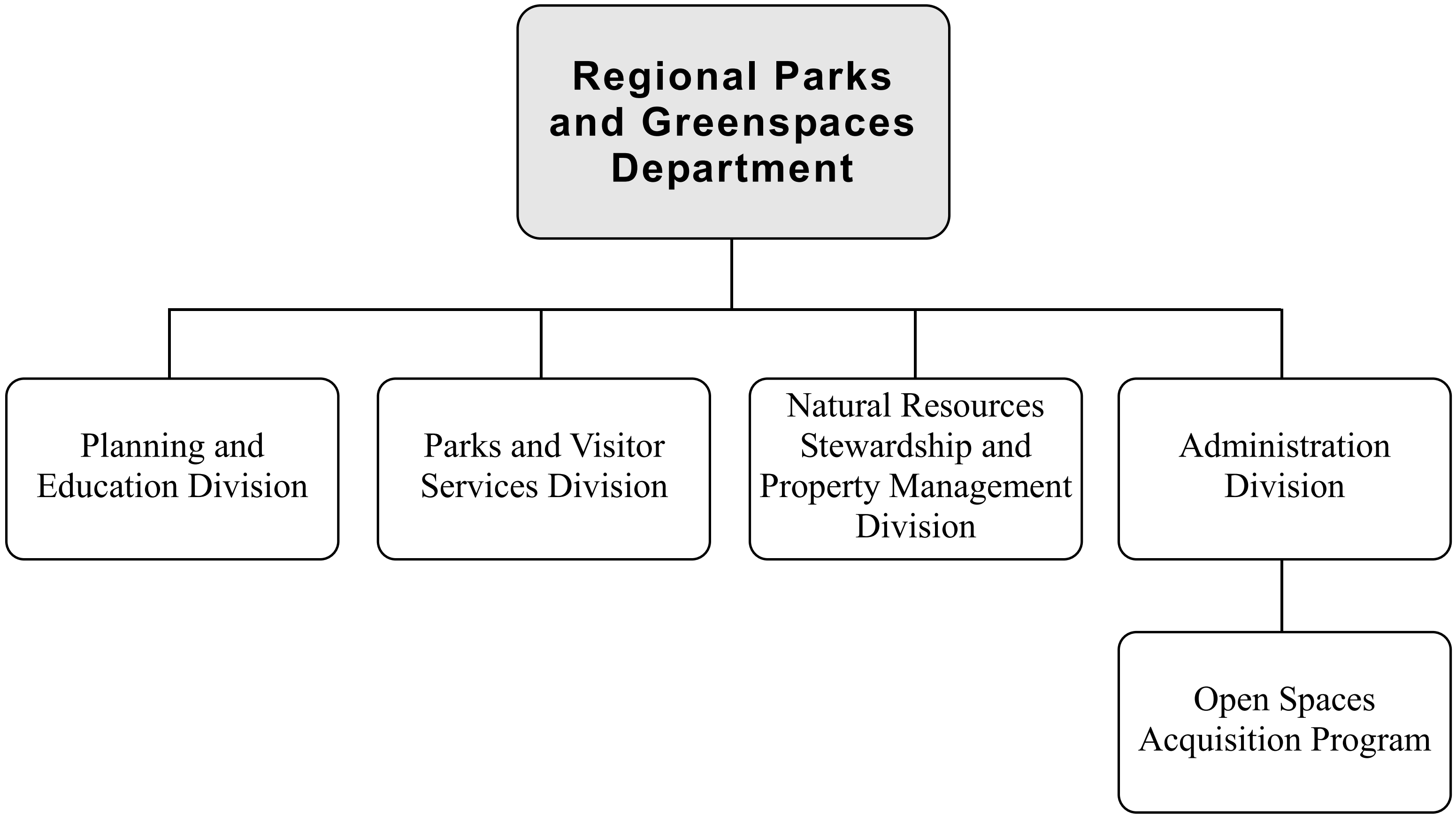
Central to the OCI work is staff support of the Metro Committee on Citizen Involvement (MCCI). When the voters passed the Metro Home Rule Charter in 1992, they established the Metro Committee for Citizen Involvement, supported by an office of citizen involvement. MCCI advises the Council, Metro elected officials, and staff on how to engage citizens productively and effectively in public involvement processes that support policy development and decision-making.

Major Accomplishments in FY 2003-04

- Hired a staff director and legislative affairs manager, bringing legislative and government relations functions in-house after numerous years of augmenting staff functions with contracted services.
- Won the local version of an international award for Metro's "Let's Talk" public outreach initiative from the International Association for Public Participation. The association recognized Metro for "excellence and innovation" as it brought thousands of citizens into the discussion of land use, transportation, and natural resource planning.
- Guided MCCI through the development of procedural improvements that will formalize its advisory relationship to the Council and improve its representative effectiveness in local jurisdictions.
- Went live with closed circuit video broadcasts of Thursday Council meetings; developed grant proposals for technology additions and upgrades, including a chamber table microphone and audio system to assist citizen observers in hearing discussion during work sessions and advisory committee meetings.

Major Objectives for Fiscal Year 2004-05

- Direct a coordinated evaluation of costs allocated to public involvement across departments; develop objectives and cost-benefit measurements.
- Engage citizens more productively in agency program and policy development.
- Provide decision analysis support to Council and departments for Council-directed policy development and decision-making processes.
- Develop a Metro region legislative strategy for the 2005 state legislative session.
- Devise and implement strategies to raise Metro's awareness level to all media, and therefore the public.
- Improve internal communication among employees, management, and Councilors, through meetings, regular e-mail communications, and an enhanced internal website with up-to-date and useful information.


Regional Parks and Greenspaces Department
Planning and Education Division
Parks and Visitor Services Division
Natural Resources Stewardship and Property Management Division
Administration Division
Open Spaces Acquisition Program

Regional Parks and Greenspaces Department

Budget by Classification	Audited FY 2001-02	Audited FY 2002-03	Adopted FY 2003-04	Amended FY 2003-04	Proposed FY 2004-05	Approved FY 2004-05	Adopted FY 2004-05	% Change from Amended FY 2003-04
Personal Services	$3,527,683	$3,613,936	$3,555,314	$3,555,314	$3,835,612	$3,852,473	$3,689,010	3.76%
Materials and Services	2,576,030	3,677,513	4,074,500	4,074,500	3,414,761	3,443,261	3,346,389	(17.87%)
Capital Outlay	9,690,981	3,971,672	7,162,081	7,162,081	4,473,940	4,563,289	4,986,029	(30.38%)
Totals	**$15,794,694**	**$11,263,121**	**$14,791,895**	**$14,791,895**	**$11,724,313**	**$11,859,023**	**$12,021,428**	**(18.73%)**
Budget by Division								
Administration	$793,706	$1,190,581	$1,277,183	$1,277,183	$507,064	$507,064	$484,418	(62.07%)
Natrual Resource Management	0	0	0	0	856,589	856,589	621,391	0.00%
Parks & Visitor Services	2,417,012	3,082,540	3,913,644	3,913,644	3,765,216	3,862,996	3,925,817	0.31%
Planning & Education	1,242,253	1,167,195	2,132,156	2,132,156	1,965,591	2,002,521	2,377,696	11.52%
Open Spaces Acquisition *	11,341,723	5,822,805	7,468,912	7,468,912	4,629,853	4,629,853	4,612,106	(38.25%)
Totals	**$15,794,694**	**$11,263,121**	**$14,791,895**	**$14,791,895**	**$11,724,313**	**$11,859,023**	**$12,021,428**	**(18.73%)**
Budget by Fund								
Regional Parks Operating Fund	$4,326,726	$5,241,948	$5,991,343	$5,991,343	$5,197,087	$5,242,448	$4,879,860	(18.55%)
Regional Parks Capital Fund	0	0	0	0	1,165,000	1,165,000	1,707,740	0.00%
Open Spaces Fund	11,341,723	5,822,805	7,468,912	7,468,912	4,629,853	4,629,853	4,612,106	(38.25%)
Smith & Bybee Lakes Fund	126,045	198,057	1,331,540	1,331,540	732,148	821,497	821,497	(38.30%)
Regional Parks Special Accts Fund	200	311	100	100	225	225	225	125.00%
Totals	**$15,794,694**	**$11,263,121**	**$14,791,895**	**$14,791,895**	**$11,724,313**	**$11,859,023**	**$12,021,428**	**(18.73%)**
Full-Time Equivalents (FTE)	49.50	48.00	42.10	42.10	44.10	44.10	44.10	4.75%

NOTE: Beginning FY 2003-04 the Open Spaces Acquisition program is managed under the Administration Division

Regional Parks and Greenspaces Department

Department Purpose

The department's primary purpose is to work cooperatively with our partners to develop and maintain a regional system of interconnected natural areas, parks, trails, and greenways for wildlife and people that:

- complements the Region 2040 Concept Plan
- is consistent with the Regional Framework Plan
- contributes to the region's quality of life and economic prosperity
- balances human use with the need to protect habitat diversity
- is managed in a manner that sustains natural systems over time
- provides educational opportunities throughout the region that inspire stewardship of natural resources
- provides recreational opportunities integrating nature and cultural resources
- is accessible and responsive to diverse human and wildlife populations
- is assembled and managed through a cooperative process involving citizens, governments, and private interests
- is maintained and operated in a manner that is fiscally responsible
- reflects leadership in regional protection of natural systems

Primary policy direction is provided by the Regional Framework Plan, the Metropolitan Greenspaces Master Plan, Regional Urban Growth Goals and Objectives (RUGGO), the Region 2040 Growth Concept, and the Open Spaces, Parks, and Streams bond measure legal requirements/covenants.

About the Department

The Regional Parks and Greenspaces Department contributes directly to the preservation of the region's livability. Department programs focus on the provision of accessible regional open spaces, parks and trails, and the maintenance and enhancement of environmental quality. The department implements elements of the 2040 Growth Concept related to open spaces, parks, trails, and stream corridors through (1) the acquisition of open space, trail and greenway corridors; (2) development of programs and plans related to the implementation of the Regional Framework Plan; and (3) management of more than 11,000 acres of regional parks and natural areas.

The department actively pursues partnerships with other park and natural area providers, state and federal natural resource management agencies, nonprofit and citizen groups, and a variety of recipients of restoration and education grants. The department provides and promotes natural history interpretive programs, hands-on stewardship activities, and outdoor recreation opportunities. It also develops management/master plans for Metro sites that strive to involve stakeholders and leverage limited financial resources.

Four divisions carry out services and functions of the department:

Planning and Education Division

The Planning and Education Division provides a wide range of services including site and system planning, capital development and construction oversight, land use and legislative review, local government coordination, outreach and education activities, and volunteer management. The division also administers the Environmental Education grant program funded through the US Fish and Wildlife Service.

The charge for FY 2004-05 is to continue the strong level of programs and services that have characterized the division for the last several years. The public is a direct recipient of services provided by the Planning and Education Division. In FY 2003-04, an estimated 13,000 people participated in environmental education and natural history interpretation activities offered by the division. An estimated 12,000 people participated in community events and programs such as the popular Salmon Festival and Blue Lake's 4th-of-July celebration. *Metro GreenScene*, a newsletter about the department's work that includes a comprehensive calendar of nature activities provided by Metro and our partners, is published four times per year, distributed at parks and libraries, and mailed to approximately 14,500 subscribers. An expanded version of the calendar is available on the Metro website, and the *GreenScene* e-calendar is sent via email to 1,400 people every month. In addition, master planning and capital development projects led by the division provide improved facilities in Metro parks and more opportunities for public use and enjoyment of these resources.

Continued emphasis will be placed on wrapping up the Multnomah County local share projects (funded by the 1995 Open Spaces, Parks and Streams bond measure). The division will also continue to provide support to Metro in implementation of the Regional Framework Plan, including development of policies and incentives to protect and manage an interconnected system of parks, natural areas, trails and greenways for wildlife and people.

Parks and Visitor Services Division

The purpose of the Parks and Visitor Services Division is to efficiently and cost-effectively provide day-to-day operations, visitor assistance and maintenance services at Metro's regional parks, recreational and marine facilities, wildlife areas, and pioneer cemeteries.

The Parks and Visitor Services Division is responsible for 35 separate areas that include three regional parks, three marine facilities, four wildlife areas, two 18-hole golf courses, and 14 pioneer cemeteries totaling 4,092 acres. Each year, 1.2-1.5 million people use park and wildlife area facilities managed by this division.

The division strives to provide accessible, well-maintained, and safe parks, wildlife areas, and recreational facilities for the people of the region. Management objectives also include the protection of natural resources for future generations.

Natural Resources Stewardship Division

The Natural Resources Stewardship Division provides property management services for all Open Spaces Bond acquisitions, as well as natural resource management of all Regional Parks and Greenspaces properties. The Natural Resources Stewardship Division will directly manage more than 7,000 acres in FY 2004-05.

Administration Division

Primary responsibilities include oversight and coordination of all department business and personnel management, as well as Open Spaces acquisition work and an emphasis on the protection, preservation and restoration of regionally significant parks and natural resources.

In FY 2004-05, the division will continue to research sources of operational funding for parks and open spaces; process reservations at Oxbow and Blue Lake parks; sell over 2,200 annual parks passes; answer over 6,500 phone calls from the public, providing information about Parks and Greenspaces programs; process and maintain over 200 contracts relating to parks operations and property purchases; process accounts payable for four divisions; provide support services to staff; coordinate development and implementation of the annual work plan; update the department's Capital Improvement Plan for FY 2006-10; and prepare the annual budget for FY 2005-06.

Also within this Division is management of the 1995 Open Spaces Bond program. In May 1995, Metro voters approved a $135.6 million bond measure to purchase land for parks, open spaces, and trails. As of May 25, 2004, Metro had acquired 8,023 acres of regionally significant land in 255 separate "willing seller" property transactions. This represents 134 percent of the original goal.

Implementation of the Open Spaces Program bond measure directly supports the policies and goals of the Regional Framework Plan and the Metropolitan Greenspaces Master Plan.

In FY 2004-05, the remaining Open Spaces staff will continue to focus on meeting the goals and standards of the Open Spaces Implementation Work Plan. This includes acquisition of properties prioritized by Metro Council in September 2001, in its detailed review of potential future acquisitions in each of the 14 target areas and six regional trails and greenway areas. In FY 2004-05 an estimated 200 acres will be purchased through the regional acquisition program. As lands are purchased, they will be turned over to the Natural Resources Stewardship Division for stabilization and landbanking.

Also, staff will move toward completion of the Local Share element of the bond measure. Four of the 26 local jurisdictions have not yet expended all of their local share funds.

This program is also responsible for providing technical support to local jurisdictions for negotiation services. These local jurisdictions pay for these services through Intergovernmental Agreements.

Major Accomplishments in FY 2003-04

- Operated and maintained parks, natural areas, recreation facilities at FY 2002-03 levels and provided direct services to more than 1.2 million visitors
- Acquired 88 acres of open space in compliance with adopted refinement plans (as of May 25, 2004)
- Education programs reached an estimated 13,000 people. These included school field trips, Oxbow campfire program, *GreenScene* natural history interpretive programs, and our roving naturalist program
- More than 12,000 people attended special events at our parks and greenspaces. This includes Salmon Festival and Blue Lake's 4th-of-July celebration
- Approximately 1,300 volunteers donated 14,000 hours of their time and talent this year participating in activities at a variety of Metro properties including parks, natural areas, and historic pioneer cemeteries (valued at $240,660)
- Removed the dam at Smith and Bybee Lakes and replaced it with a water control structure
- Began master planning process for Cooper Mountain
- Assisted the Planning Department with development of performance measures for open spaces acquisitions
- Assisted the Planning Department with development of regional growth inventory, regional conference and natural resources protection programs
- Began construction of facility improvements at Smith and Bybee Lakes
- Continued working with local partners at Metro's new open space acquisition sites. Metro and the City of Wilsonville presented a master/management plan for Graham Oaks Natural Area to Metro Council for approval
- Participated in, and contributed to, agency-wide financial planning efforts
- Demolished an old restroom building at Blue Lake Park and replaced it with a new one
- Completed a variety of deferred capital maintenance projects
- Worked with local partners on a feasibility study for the Tonquin Trail
- Worked with the Tualatin Riverkeepers and Ducks Unlimited to improve habitat at the Killin Wetlands near Banks

Service Level Changes from FY 2003-04

The FY 2004-05 budget maintains the service levels from FY 2003-04, with the exception of some areas that were enhanced due to increased excise tax support. There were also some structural changes made within the budget.

- *Enhanced Renewal & Replacement Support* – the FY 2004-05 budget represents an increase in renewal and replacement projects and contributions to the R&R reserve, from $175,000 in projects in FY 2003-04 to $500,000 in this budget year. There is also a 0.5 FTE position dedicated to managing the 15-25 projects per year that are anticipated in future years with continued support.
- *Preparing for development of new regional parks* – The increased excise tax support allows for the department to plan for the development of new regional parks. In the FY 2004-05 budget, design & engineering for the Mt. Talbert Natural Area has been budgeted, along with the beginning of design & engineering for the Graham Oaks Natural Area. There is also additional excise tax that will be transferred to the Regional Parks Capital Fund to be used toward the construction costs at these sites.

- *Additional DRC support* – The development of new regional parks, including construction of facilities and habitat improvements, will require additional support from Metro's Data Resources Center. The budget provides for an additional $75,000 to be transferred to the DRC for continued RLIS data maintenance and for additional services.
- *Increased Habitat Restoration* – Support for natural resources management on the over 7,000 acres of open spaces maintained by the department is enhanced by $40,000 in the FY 2004-05 budget. This will be used to provide for more maintenance activities on these sites, as well as improve the ability of the department to provide matching funds for habitat restoration grants.
- *Improved administrative support* – With the increased program activities and development of new regional parks, it is necessary to provide additional administrative support to the department through a 1.0 FTE increase.
- *Move staff out of Smith & Bybee Lakes Fund* – The 1.0 FTE Park Supervisor and 0.5 FTE Naturalist were moved from the Smith & Bybee Lakes Fund into the Regional Parks Operating Fund. This move has no negative impact to services delivered at the Smith & Bybee Lakes Wildlife Area, but it does improve the flexibility to deploy staff resources throughout the region more effectively. It also serves to better integrate the wildlife area into the rest of Metro's parks and greenspaces holdings.

Major Objectives for FY 2004-05

- Complete design and engineering drawings for improvements at Mt. Talbert Natural Area and begin the land use approval process with Clackamas County
- Begin the design and engineering drawings for improvements at Graham Oaks Natural Area in Wilsonville
- Complete the Master Plan for the Cooper Mountain Natural Area
- Complete facility improvements at Smith and Bybee Lakes
- Complete facility improvements at M. James Gleason Boat Ramp
- Complete the 5-year update of the Regional Parks Inventory
- Complete Phase IV construction improvements at Oxbow Regional Park (picnic shelters and restrooms)
- Complete a variety of deferred Renewal and Replacement (capital maintenance) projects
- Provide natural resource stewardship services on approximately 7,300 acres located in 14 target areas spread across the tri-county Metropolitan region
- Conclude implementation of the Open Spaces Bond Measure in compliance with bond provisions, adopted work plan, and refinement plans (including land acquisition and local share coordination)
- Continue to provide natural history, environmental education, and special events at locations throughout the region
- Administer the final year of the environmental education grants program in partnership with the U.S. Fish and Wildlife Service

Performance Measures		Regional Parks and Greenspaces Department	Actual FY 01-02	Actual FY 02-03	Target FY 03-04	Target FY 04-05
Parks and Visitor Services Division	1.	Total acres managed	4,092	4,100	4,100	4,100
	2.	Number of visitors at Blue Lake, Oxbow Park, and Chinook Landing	751,916	713,276	722,175	721,800
	3.	Number of nine-hole rounds played at Glendoveer Golf Course	176,624	165,858	180,000	160,000
Planning and Education Division	1.	Number of participants in the interpretive and education program	11,513	10,706	13,000	11,000
	2.	Number of contact hours in the interpretive and education programs	62,774	51,254	60,000	55,000
	3.	Number of department volunteer hours	16,785	14,312	20,100	15,000
	4.	Number of volunteers	1,259	1,478	1,575	1,500
Open Spaces Acquisition Division	1.	Number of acres purchased	885	168	200	200
	2.	Average number of days to process local share requests	30	19	30	8
Natural Resources Stewardship Division	1.	Number of acres managed (as of June 30)	6,839	7,510	7,300	7,750

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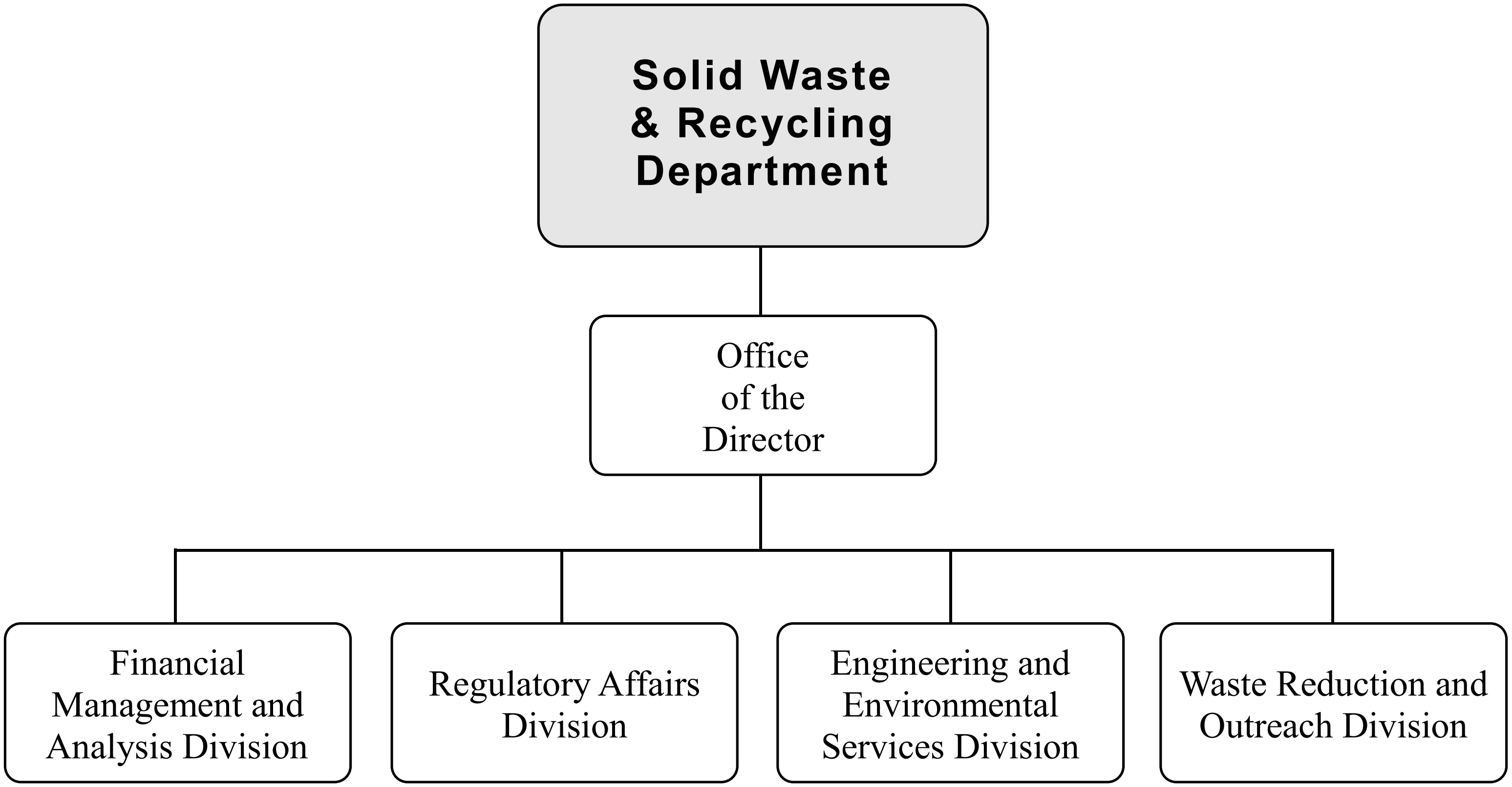
OPEN SPACES


Solid Waste & Recycling Department
Office of the Director
Financial Management and Analysis Division
Regulatory Affairs Division
Engineering and Environmental Services Division
Waste Reduction and Outreach Division

Solid Waste & Recycling Department

Budget by Classification	Audited FY 2001-02	Audited FY 2002-03	Adopted FY 2003-04	Amended FY 2003-04	Proposed FY 2004-05	Approved FY 2004-05	Adopted FY 2004-05	% Change from Amended FY 2003-04
Personal Services	$7,479,870	$8,049,413	$8,680,433	$8,680,433	$8,985,296	$8,985,296	$8,585,228	(1.10%)
Materials and Services	34,757,937	34,926,468	36,593,626	36,593,626	34,197,287	34,517,287	34,822,287	(4.84%)
Capital Outlay	1,760,949	1,910,208	4,822,200	5,272,200	2,460,900	2,876,900	2,876,900	(45.43%)
Debt Service	3,790,840	11,051,987	1,861,427	1,861,427	1,601,412	1,601,412	1,601,412	(13.97%)
Totals	**$47,789,596**	**$55,938,076**	**$51,957,686**	**$52,407,686**	**$47,244,895**	**$47,980,895**	**$47,885,827**	**(8.63%)**

Budget by Division	Audited FY 2001-02	Audited FY 2002-03	Adopted FY 2003-04	Amended FY 2003-04	Proposed FY 2004-05	Approved FY 2004-05	Adopted FY 2004-05	% Change from Amended FY 2003-04
Office of the Director	$481,951	$513,490	$1,343,391	$1,343,391	$1,433,868	$1,463,868	$1,557,890	15.97%
Business & Regulatory Affairs	4,632,191	528,766	533,952	533,952	0	0	0	(100.00%)
Environmental & Engineering Services	38,229,442	45,726,539	40,644,577	41,094,577	37,778,399	38,214,399	38,015,962	(7.49%)
Waste Reduction, Planning & Outreach	4,446,012	4,413,594	5,678,693	5,678,693	4,880,046	5,139,046	5,062,926	(10.84%)
Community & Administrative Services	0	1,252,498	0	0	523,151	534,151	534,151	0.00%
Financial Management & Analysis Division	0	2,711,293	2,842,559	2,842,559	1,690,314	1,690,314	1,798,755	(36.72%)
Regulatory Affairs	0	791,896	914,514	914,514	939,117	939,117	916,143	0.18%
Totals	**$47,789,596**	**$55,938,076**	**$51,957,686**	**$52,407,686**	**$47,244,895**	**$47,980,895**	**$47,885,827**	**(8.63%)**

Budget by Fund	Audited FY 2001-02	Audited FY 2002-03	Adopted FY 2003-04	Amended FY 2003-04	Proposed FY 2004-05	Approved FY 2004-05	Adopted FY 2004-05	% Change from Amended FY 2003-04
Solid Waste Revenue	$47,268,176	$55,429,894	$51,423,734	$51,873,734	$46,721,744	$47,446,744	$47,351,676	(8.72%)
Rehabilitation & Enhancement	521,420	508,182	533,952	533,952	523,151	534,151	534,151	0.04%
Totals	**$47,789,596**	**$55,938,076**	**$51,957,686**	**$52,407,686**	**$47,244,895**	**$47,980,895**	**$47,885,827**	**(8.63%)**
Full-Time Equivalents (FTE)	110.15	109.15	108.70	108.70	106.20	106.20	106.20	(2.30%)

Solid Waste & Recycling Department

Department Purpose

To contribute to the livability and conservation of the Metro region's environmental resources by taking actions that reduce and manage the region's solid waste in an effective, economical, and environmentally sound manner.

About the Department

The Solid Waste & Recycling Department (SW&R) is responsible for regional solid waste management and disposal. The primary goals of the department are to:

- Reduce the toxicity and amount of solid waste generated and disposed
- Manage an efficient, economical, and environmentally sound solid waste disposal system

In carrying out its mission and primary goals, the department promotes the sustainable management of resources by ensuring the opportunity to recycle throughout the region; providing waste reduction education, promotion and grants; and performing other targeted waste reduction activities. The department operates two hazardous waste facilities and a latex paint recycling facility, and contracts for disposal of the region's solid waste and commercially exempt hazardous waste. The department manages Metro's two transfer stations, licenses and franchises private solid waste facilities, and maintains and monitors the region's largest inactive solid waste landfill. In addition, the department is responsible for solid waste planning in the region; the Regional Solid Waste Management Plan (RSWMP) is the principal embodiment of that role. The purpose of the RSWMP is to:

- Provide a framework for coordinating solid waste programs within the region
- Establish direction for the solid waste system
- Identify roles and responsibilities
- Fulfill a state requirement that Metro have a waste reduction plan

The department is organized into four divisions and the Office of the Director, as follows:

Office of the Director

The Office of the Director coordinates and directs the work of the department's divisions, provides a variety of support functions to the department, and serves as liaison to Metro's elected officials and other departments. It serves as SW&R's principal contact for news media, local governments, the solid waste industry, and other stakeholders. Strategic and long-range planning and communications strategies are developed and managed by this office. In addition, the department's legislative and regulatory agenda is coordinated through this office as well as administration of the ENACT (in-house sustainability) program and the Community Enhancement programs.

Financial Management & Analysis

The Financial Management & Analysis Division is responsible for the financial planning and fiscal administration of the department. The division provides a variety of financial services: strategic fiscal management, financial planning and analysis, solid waste rate-setting, tonnage tracking and reporting, publication of the Solid Waste Information System Report, fiscal impacts of policy choices, economic and tonnage forecasting, and trend and risk analysis. In addition, the division performs finance-related functions for the department, including contract administration, payroll, accounts receivable and payable, develops the annual budget, administers the Regional System Fee Credit program, monitors and reports performance indicators, manages databases, provides support to the Rate Review Committee, and conducts field audits at non-Metro facilities. The division is also responsible for IT coordination and acquisition for the department.

Regulatory Affairs

The Regulatory Affairs Division ensures that private solid waste facilities are in compliance with Metro's Code, administrative procedures, performance standards, and Metro-granted authorizations. Specific responsibilities include facility franchising and licensing (solid waste and compost operations); facility inspections; cleanup and investigation of illegal dump sites; investigations of potential violators; and, when necessary, enforcement, including assessment of monetary penalties.

Engineering & Environmental Services

The Engineering & Environmental Services Division manages Metro's two transfer stations and hazardous waste facilities, and provides solid and hazardous waste services to the residents of the Metro region. These services include waste disposal, waste transport, hazardous waste and transfer station facility operations, and hazardous waste round-up (collection) events.

This division develops and maintains the regional solid waste disposal system, conducts assessments of regional transfer and disposal capabilities, provides environmental protection from past disposal sites, and provides technical information within the department and the region. The Division also provides health and safety services to the department and the agency.

Waste Reduction and Outreach

The purpose of the Waste Reduction & Outreach Division is to achieve the waste reduction goals of the RSWMP through several programs and activities. The division develops, coordinates, and assists with implementation of the waste reduction programs, including strategies for the management of organic, commercial, and construction/demolition (C&D) waste. The division also develops and implements policies, programs, and projects involving technical research, market development, and product stewardship. In addition, the division also develops and provides information about disposal and recovery alternatives and promotes waste prevention and recycling practices to businesses, students, and the general public through educational programs.

Major Accomplishments in FY 2003-04

- Led the Council through a series of policy discussions that resulted in articulation of the Council's values for the solid waste system and guidance for future directions
- Initiated the first major revision of the Regional Solid Waste Management Plan, a revision that will guide solid waste management for the next decade
- Launched a major new initiative to increase recycling from commercial enterprises
- Advanced regional efforts to secure transfer and processing capacity for food waste generated in the region
- Staffed a task force appointed by the Council President to evaluate the Regional System Fee Credit Program
- Led a group of experts and stakeholders to recommend new initiatives for increasing regional recovery, including a proposal for the universal processing of construction & demolition waste
- Assisted in implementing improvements to reduce contamination and loss of commingled recyclable material collected in the region
- Initiated negotiations for a new operations contract for Metro transfer station that includes leadership in material recovery and sustainability
- Successfully negotiated the consent order and post-closure permit for St. Johns landfill with DEQ
- Identified a location, negotiated a lease, and began to move the Metro recycled latex paint operation
- Simplified and streamlined regulatory decision-making through changes to Metro Code chapters 5.01 and 5.05
- Successfully refranchised all local transfer stations
- Successfully tested the ability of Metro Code to address major and complicated environmental problems and nuisances by resolving the fallout when a yard debris processor illegally accepted putrescible materials—specifically, contaminated lentils
- Completed a major review of Metro's solid waste rate-setting policies and procedures and developed improvements for implementation over the next several years

Service Level Changes from FY 2004-05

Service levels for FY 2004-05 reflect the policies and priorities established by Council President Bragdon last year to find efficiencies and cost savings in the operation of the department—an initiative that continues into this budget cycle. For the preparation of the budget this year, the department identified potential cost reductions up to $2.7 million, in addition to reductions that have been implemented during each of the last three fiscal years. This year, the department has reduced the budget and continues to reduce administrative and overhead costs, including reduction of consulting contracts, advertising and promotion, tuition and training, temporary help, and other similar costs. New initiatives of about $400,000 are introduced in this budget.

This year's level of reduction requires outright elimination of certain programs. In this regard, the department identified work that *relative to other, remaining programs*: (1) had matured to the point where it could be phased out with reasonable assurance that results would not be heavily impacted; (2) was not clearly producing the desired results; (3) cost significantly more to produce results than other programs or approaches, all else being equal; or (4) had not yet developed to a point where results could be assured. Examples of each type of program reductions are: home composting and neighborhood clean-up vouchers, competitive local government waste reduction grants, and Regional System Fee credits. The only program in the fourth category—early stage of development—is the Product Stewardship Initiative in the Waste Reduction & Outreach Division. This program has been left intact.

Additional initiatives and program modifications are described as follows:

Waste Reduction Initiatives

- The development of an organics waste infrastructure (processing capacity) is one of the priorities of the updated Waste Reduction Initiatives. Work continues, in close cooperation with the City of Portland's new organics collection programs. However, the FY 2004-05 budget does not contain any new money for the organics initiative.
- Focus of the other initiatives for FY 2004-05 will be on the C&D and commercial sectors. The budget includes funds for commercial promotion and outreach through the Commercial Technical Assistance Program and an effort to ensure processing of all C&D waste.

Latex Paint Marketing

- In response to the recycled latex paint marketing plan to increase the demand for Metro recycled paint to match production levels, as well as the need for more space for operations at Metro South Station, the processing facility is moving offsite into leased space in the fall of 2004. The move provides an improved retail storefront for the product. The move will save overall costs in the paint program and disposal operations, while providing expanded opportunities for sales. In response, the Latex Paint Business Plan will be updated in FY 2004-05.

Sustainability Elements

- In response to Metro's policy, as identified in Resolution No. 03-03338 directing the creation of a sustainable business model for Metro, the SW&R department has included sustainability elements within the transfer station operation contract. These sustainable elements include material recovery, renewable energy, and the clean exhaust program.

Major Objectives for FY 2004-05

- <u>Regional Solid Waste Management Plan</u>. Complete major elements of the RSWMP, the comprehensive solid waste plan for the region.
- <u>Waste Reduction Initiatives</u>. Launch workplans for waste reduction initiatives in business waste prevention and recycling, and universal processing of construction and demolition debris. Continue development of regional infrastructure for food waste processing infrastructure and the opportunity to recycle food waste.
- <u>Latex Paint Recycling Operations</u>. Complete the move to the new facility and pursue the related elements of the updated latex paint marketing plan; meet the growing demand for Metro's recycled paint; eliminate customers' waiting times; increase volume, quality and selection; drive down unit costs through efficiency and scale economies; and explore expanded supply, productivity, and retailing.
- <u>New Transfer Station Operations Contract</u>. Transition from the old contract to the new contract by November 2004.

Performance Measures

Inclusion of the Solid Waste & Recycling Department's performance measures in the FY 2000-01 adopted budget marked the agency's initial step toward implementation of performance-based budgeting. In FY 1999-00, the department completed the first phase of this project by increasing the number of performance measures and indicators that it uses to measure the effectiveness of its services and facilities and placing greater emphasis in the budget on specific objectives linked to performance measures. Based on the results of the first phase, the indicators were redefined to improve clarity, measurability, and accuracy. The department included these measures in the FY 2000-01 adopted budget. The department remains committed to this project. In FY 2001-02, the department began tracking and formally reporting the progress of these objectives through the use of the performance measures.

In FY 2003-04, the department reviewed and revised some of its performance measures identified in the budget. Certain measures that were more appropriate for use as internal management tools were removed. Modifications more closely align performance measures with the department's mission, goals, and objectives.

Performance Measures		Solid Waste & Recycling Department	Target/Actual FY 01-02	Target/Actual FY 02-03	Projected FY 03-04	Target FY 04-05
Office of the Director	1.	Increase the number of new applicants for Community Enhancement Grants (2 for Metro Central and 2 for North Portland)	N/A	N/A	50%	100%
Financial Management & Analysis	1.	Private facility review	N/A	N/A	11	11[1]
	2.	Forecast accuracy	+/-5%/ -1.6%/	+/-5%/ 0.2%	+/-5%	+/-5%
		[1] *Target not increased due to reduction in cleanup crews from 1.8 FTE to about 1.5.*				
Regulatory Affairs	1	Number of facility inspections	N/A	196/221	392	400
	2.	Percent of formal enforcement action upheld on appeal to hearings officer	100% / 100%	100% / 100%	100%	100%
	3.	Percent of illegal dumpsites where action was taken within two days of discovery	90% / 98.6%	90% / 98.1%	90%	90%
Engineering & Environmental Services	1.	Actual project costs vs. CIP estimates	90% / 100%	80% / 100%	80%	90%
	2.	Compliance with permits/energy contract	N/A	N/A	100%	100%
	3.	Hazardous waste net cost per pound	$0.91 / $0.98	$0.91 / $0.90	$0.91	$0.91
	4.	Injury & illness rate for engineering & environmental services staff at Metro transfer stations & hazardous waste facilities (in FY 2003-04, the reporting was changed from quantitative to percentage)	10 / 3	10 / Data not available	15%	15%
	5.	Customer satisfaction with facility staff				
		• *Scalehouse*	95% / 82%	95% / 86%	90%	90%
		• *Hazardous Waste*	95% / 96.6%	95% / 97%	95%	95%
	6.	Percent increase in latex paint sales revenue	N/A / 51%	N/A / 47%	20%	20%

NOTE: N/A signifies that this measure was not tracked at this time and data is not available.

Performance Measures		***Solid Waste and Recycling Department cont'd.***	**Target/Actual FY 01-02**	**Target/Actual FY 02-03**	**Projected FY 03-04**	**Target FY 04-05**
Waste Reduction & Outreach	1.	Calls to Recycling Information Center (RIC) & hits on website	N/A	N/A	110,000	110,000
	2.	Caller satisfaction with RIC information	85% / 82%	85% / 85%	85%	85%
	3.	Students reached in elementary and secondary school presentations	15,000 / 29,911	30,000 / 37,478	30,000	30,000
	4.	Adults reached in Hazardous Waste education program workshops and projects	N/A	N/A	6,000	6,000
			Target/Actual CY 2002	**Target/Actual CY 2003**	**Projected CY 2004**	**Target CY 2005**
	1.	Regional recovery rate	49.2% / 47.9%	51.44% / Data not available	53.72%	56.0%
	2.	Recovery rate progress by initiative (in tons)				
		• Organics	24,048/11,958	34,758/TBD	44,879	55,000
		• C&D	272,489/261,253	291,721/TBD	304,274	316,826
		• Commercial	551,759/596,542	609,666/TBD	654,049	698,431
		• Other programs	252,535/203,768	270,150/TBD	281,575	293,000

Solid Waste Revenue Tons[(1)]	**Actual**			**Projected**[(2)]	**Forecast**	
	FY 2000-01	**FY 2001-02**	**FY 2002-03**	**FY 2003-04**	**FY 2003-04**[(3)]	**FY 2004-05**
Metro Facilities	649,761	612,558	577,780	547,381	578,611	562,760
Non-Metro Facilities	547,429	589,111	628,973	646,222	628,995	663,946
Total	1,197,190	1,201,669	1,206,753	1,193,603	1,207,606	1,226,706
Forecasts for Budget	1,256,232	1,221,208	1,203,826	1,207,606	- - -	- - -
Percentage Change	-4.7%	-1.6%	0.2%	-0.8%	- - -	- - -

(1) *Includes yard debris at Metro facilities for which fees were charged. Excludes Petroleum Contaminated Soils (PCS) and other environmental cleanup material (ECU) at all facilities. PCS and ECU are not subject to full Metro fees.*

(2) *Projected based on data through November 2003.*

(3) *FY 2003-04 forecast for the Budget.*

Non-departmental Summary

Non-Departmental Summary

Budget by Classification	Audited FY 2001-02	Audited FY 2002-03	Adopted FY 2003-04	Amended FY 2003-04	Proposed FY 2004-05	Approved FY 2004-05	Adopted FY 2004-05	% Change from Amended FY 2003-04
Materials and Services	$274,569	$898,040	$340,000	$340,000	$265,000	$265,000	$265,000	(22.06%)
Capital Outlay	125,214	28,842	0	0	0	0	0	0.00%
Debt Service	68,580,397	119,683,261	21,333,923	21,333,923	19,685,201	19,685,201	19,685,201	(7.73%)
Interfund Reimbursements	11,591,944	11,979,701	12,876,393	12,876,393	13,419,123	13,419,123	13,419,123	4.21%
Internal Service Charges	924,814	848,341	1,347,099	1,347,099	829,325	918,674	1,093,674	(18.81%)
Interfund Loan	403,690	103,898	106,100	106,100	0	0	0	(100.00%)
Fund Equity Transfers	11,629,517	12,533,574	11,640,293	11,640,293	14,713,352	14,895,436	14,669,270	26.02%
Totals	**$93,530,145**	**$146,075,657**	**$47,643,808**	**$47,643,808**	**$48,912,001**	**$49,183,434**	**$49,132,268**	**3.12%**

Budget by Fund								
Building Management Fund	$1,703,435	$1,715,505	$1,755,696	$1,755,696	$1,607,314	$1,607,314	$1,607,314	(8.45%)
Convention Center Project Capital Fund	222,993	191,773	0	0	255,000	350,000	385,000	0.00%
General Fund	6,690,422	8,266,727	8,381,194	8,381,194	9,951,658	10,038,742	9,807,038	17.01%
General Obligation Bond Debt Service Fund	66,862,261	118,261,302	19,548,227	19,548,227	18,174,887	18,174,887	18,174,887	(7.03%)
General Revenue Bond Fund	1,963,649	1,874,350	1,785,696	1,785,696	1,510,314	1,510,314	1,510,314	(15.42%)
MERC Operating Fund	3,556,168	4,602,917	3,694,943	3,694,943	3,487,795	3,487,795	3,666,545	(0.77%)
MERC Pooled Capital	0	0	0	0	354,000	354,000	354,000	0.00%
Open Spaces Fund	640,726	507,589	1,009,078	1,009,078	464,400	553,749	608,749	(39.67%)
Planning Fund	2,249,405	2,462,113	2,437,286	2,437,286	2,189,991	2,189,991	2,189,991	(10.15%)
Regional Parks Operating Fund	930,642	1,131,854	1,294,707	1,294,707	2,990,252	2,990,252	2,902,040	124.15%
Regional Parks Special Accounts Fund	0	22,461	93,993	93,993	70,000	70,000	70,000	(25.53%)
Rehabilitation & Enhancement Fund	43,050	14,458	23,923	23,923	26,630	26,630	26,630	11.32%
Smith & Bybee Lakes Fund	47,847	49,534	52,412	52,412	25,000	25,000	25,000	(52.30%)
Solid Waste Revenue Fund	4,098,987	3,918,087	4,209,801	4,209,801	4,308,854	4,308,854	4,308,854	2.35%
Support Services Fund	2,058,456	616,551	756,557	756,557	705,540	705,540	705,540	(6.74%)
Zoo Operating Fund	2,462,104	2,440,436	2,600,295	2,600,295	2,790,366	2,790,366	2,790,366	7.31%
Totals	**$93,530,145**	**$146,075,657**	**$47,643,808**	**$47,643,808**	**$48,912,001**	**$49,183,434**	**$49,132,268**	**3.12%**
Full-Time Equivalents (FTE)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00%

Non-departmental Summary

The expenditures listed in the non-departmental summary are non-operating expenses such as general obligation debt service and interfund transfers. Non-departmental expenditures also include items (such as special appropriations) that cannot be easily tied to the program of any single department or office. It also includes costs (such as election expenses) that do not occur every year.

Highlights of the FY 2004-05 non-departmental budget are:

- Debt service on general obligation bonds totaling $18.2 million
- $13.4 million in Interfund Reimbursements to fund agency-wide central service functions such as accounting, legal services, risk management, and Metro Regional Center management
- Transfer of $8.5 million in excise tax from the General Fund to the Planning and Regional Parks departments and to the Metro Exposition-Recreation Commission to support the activities and operations of those departments
- Transfer of $1.5 million from the Building Management Fund to the General Revenue Bond Fund to fund debt service payments on the Metro Regional Center bonds
- Transfers of $1.6 million from the Zoo Operating and MERC Operating Funds to the General Revenue Bond Fund for debt service on outstanding bonds and OECDD loans
- Transfers of approximately $458,000 for services provided by Data Resource Center to other Metro departments
- General Fund Special Appropriations
  - √ $125,000 for general election costs for one Council district
  - √ $100,000 for public notice requirements under voter-approved ballot measures or required by Metro Code
  - √ $25,000 for contribution to the Regional Arts and Culture Council
  - √ $15,000 for water consortium dues

METRO

PEOPLE PLACES
OPEN SPACES

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Fund Summaries

Summary of All Funds

	Building Management Fund	Convention Center Project Capital Fund	General Fund	General Obligation Bond Debt Service Fund	General Revenue Bond Fund	MERC Operating Fund	MERC Pooled Capital Fund	Open Spaces Fund	Pioneer Cemetery Perpetual Care Fund	Planning Fund	Regional Parks Capital Fund
Resources											
Beginning Fund Balance	*$1,659,770*	*$385,000*	*$2,035,545*	*$10,308,427*	*$764,968*	*$10,806,745*	*$4,714,622*	*$6,678,356*	*$113,583*	*$627,552*	*$0*
Current Revenues											
Real Property Taxes	0	0	0	17,480,653	0	0	0	0	0	0	0
Excise Tax	0	0	12,083,153	0	0	0	0	0	0	0	0
Other Derived Tax Revenue	0	0	0	0	0	0	0	0	18,090	0	0
Grants	0	0	0	0	0	0	0	200,000	0	8,333,645	633,749
Local Government Shared Revenues	0	0	0	0	0	7,000,663	0	0	0	0	0
Contributions from other Governments	0	0	0	0	0	331,128	321,484	0	0	0	0
Enterprise Revenue	526,834	0	0	0	0	23,593,490	0	55,000	0	5,184,088	0
Interest Earnings	25,000	0	25,000	200,000	9,614	69,503	67,779	91,600	1,500	0	0
Donations	0	0	0	0	0	263,500	715,775	0	0	0	33,991
Other Misc. Revenue	0	0	0	0	0	80,000	0	0	0	31,000	0
Interfund Transfers:											
Interfund Reimbursements	2,119,904	0	291,550	0	0	0	0	0	0	0	0
Internal Service Transfers	0	0	0	0	0	0	0	0	0	458,145	315,000
Fund Equity Transfers	0	0	0	0	3,236,064	536,129	681,106	0	0	4,141,845	1,489,822
Subtotal Current Revenues	2,671,738	0	12,399,703	17,680,653	3,245,678	31,874,413	1,786,144	346,600	19,590	18,148,723	2,472,562
Total Resources	**$4,331,508**	**$385,000**	**$14,435,248**	**$27,989,080**	**$4,010,646**	**$42,681,158**	**$6,500,766**	**$7,024,956**	**$133,173**	**$18,776,275**	**$2,472,562**
Requirements											
Current Expenditures											
Personal Services	$311,440	$0	$1,796,906	$0	$0	$13,030,447	$406,287	$494,137	$0	$6,866,929	$0
Materials and Services	672,345	0	569,286	0	0	15,053,931	10,000	1,270,395	0	8,795,515	620,000
Capital Outlay	15,000	0	0	0	178,988	0	3,142,350	3,096,940	0	47,000	1,087,740
Debt Service	0	0	0	18,174,887	3,139,064	22,809	0	0	0	0	0
Interfund Transfers:											
Interfund Reimbursements	0	0	1,031,945	0	0	2,161,931	0	256,204	0	2,189,991	0
Internal Service Transfers	0	0	0	0	0	0	0	352,545	0	0	0
Fund Equity Transfers	1,607,314	385,000	8,510,093	0	0	1,504,614	354,000	0	0	0	0
Contingency	66,259	0	1,212,615	0	300,000	2,479,849	537,581	174,735	0	786,840	0
Subtotal Current Expenditures	2,672,358	385,000	13,120,845	18,174,887	3,618,052	34,253,581	4,450,218	5,644,956	0	18,686,275	1,707,740
Ending Fund Balance	*1,659,150*	*0*	*1,314,403*	*9,814,193*	*392,594*	*8,427,577*	*2,050,548*	*1,380,000*	*133,173*	*90,000*	*764,822*
Total Requirements	**$4,331,508**	**$385,000**	**$14,435,248**	**$27,989,080**	**$4,010,646**	**$42,681,158**	**$6,500,766**	**$7,024,956**	**$133,173**	**$18,776,275**	**$2,472,562**
Full-Time Equivalents (FTE)	5.40	0.00	23.00	0.00	0.00	152.05	4.95	5.25	0.00	76.15	0.00

Summary of All Funds

	Regional Parks Operating Fund	Regional Parks Special Accounts Fund	Rehab. & Enhancement Fund	Risk Management Fund	Smith & Bybee Lakes Fund	Solid Waste Revenue Fund	Support Services Fund	Zoo Capital Fund	Zoo Operating Fund	Total
Resources										
Beginning Fund Balance	*$3,700,311*	*$434,570*	*$1,916,992*	*$5,596,030*	*$3,607,895*	*$30,014,392*	*$1,050,873*	*$3,698,288*	*$6,005,062*	*$94,118,981*
Current Revenues										
Real Property Taxes	0	0	0	0	0	0	0	0	8,933,904	26,414,557
Excise Tax	0	0	0	0	0	0	0	0	0	12,083,153
Other Derived Tax Revenue	0	0	0	0	0	0	0	0	0	18,090
Grants	196,200	0	0	10,000	261,902	0	0	0	77,000	9,712,496
Local Government Shared Revenues	403,975	0	0	0	0	0	0	0	0	7,404,638
Contributions from other Governments	40,300	0	0	0	60,000	0	0	0	0	752,912
Enterprise Revenue	2,592,335	0	0	5,901,190	1,800	48,964,852	418,868	0	13,975,534	101,213,991
Interest Earnings	60,000	6,519	28,590	100,912	54,118	433,084	3,500	55,474	90,076	1,322,269
Donations	22,000	0	0	0	190,000	0	0	1,100,000	912,500	3,237,766
Other Misc. Revenue	11,500	0	0	0	0	365,000	0	0	49,907	537,407
Interfund Transfers:										
Interfund Reimbursements	0	0	0	1,327,998	0	0	9,679,671	0	0	13,419,123
Internal Service Transfers	3,150	0	0	25,000	265,749	26,630	0	0	0	1,093,674
Fund Equity Transfers	4,186,119	0	398,185	0	0	0	0	0	0	14,669,270
Subtotal Current Revenues	7,515,579	6,519	426,775	7,365,100	833,569	49,789,566	10,102,039	1,155,474	24,038,921	191,879,346
Total Resources	**$11,215,890**	**$441,089**	**$2,343,767**	**$12,961,130**	**$4,441,464**	**$79,803,958**	**$11,152,912**	**$4,853,762**	**$30,043,983**	**$285,998,327**
Requirements										
Current Expenditures										
Personal Services	$3,334,469	$0	$0	$127,500	$0	$8,585,228	$7,283,183	$71,083	$12,313,752	$54,621,361
Materials and Services	1,545,391	225	534,151	8,038,881	20,148	34,288,136	1,692,428	0	8,341,475	81,452,307
Capital Outlay	0	0	0	0	801,349	2,876,900	180,000	3,000,000	85,700	14,511,967
Debt Service	0	0	0	0	0	1,601,412	0	0	0	22,938,172
Interfund Transfers:										
Interfund Reimbursements	1,135,218	0	0	0	0	3,568,170	705,540	0	2,370,124	13,419,123
Internal Service Transfers	277,000	70,000	26,630	0	25,000	342,499	0	0	0	1,093,674
Fund Equity Transfers	1,489,822	0	0	0	0	398,185	0	0	420,242	14,669,270
Contingency	493,908	0	300,000	534,547	822	13,695,368	1,052,261	505,648	2,030,595	24,171,028
Subtotal Current Expenditures	8,275,808	70,225	860,781	8,700,928	847,319	65,355,898	10,913,412	3,576,731	25,561,888	226,876,902
Ending Fund Balance	*2,940,082*	*370,864*	*1,482,986*	*4,260,202*	*3,594,145*	*14,448,060*	*239,500*	*1,277,031*	*4,482,095*	*59,121,425*
Total Requirements	**$11,215,890**	**$441,089**	**$2,343,767**	**$12,961,130**	**$4,441,464**	**$79,803,958**	**$11,152,912**	**$4,853,762**	**$30,043,983**	**$285,998,327**
Full-Time Equivalents (FTE)	40.35	0.00	0.00	1.80	0.00	106.20	87.50	1.00	150.85	654.50

METRO

PEOPLE PLACES
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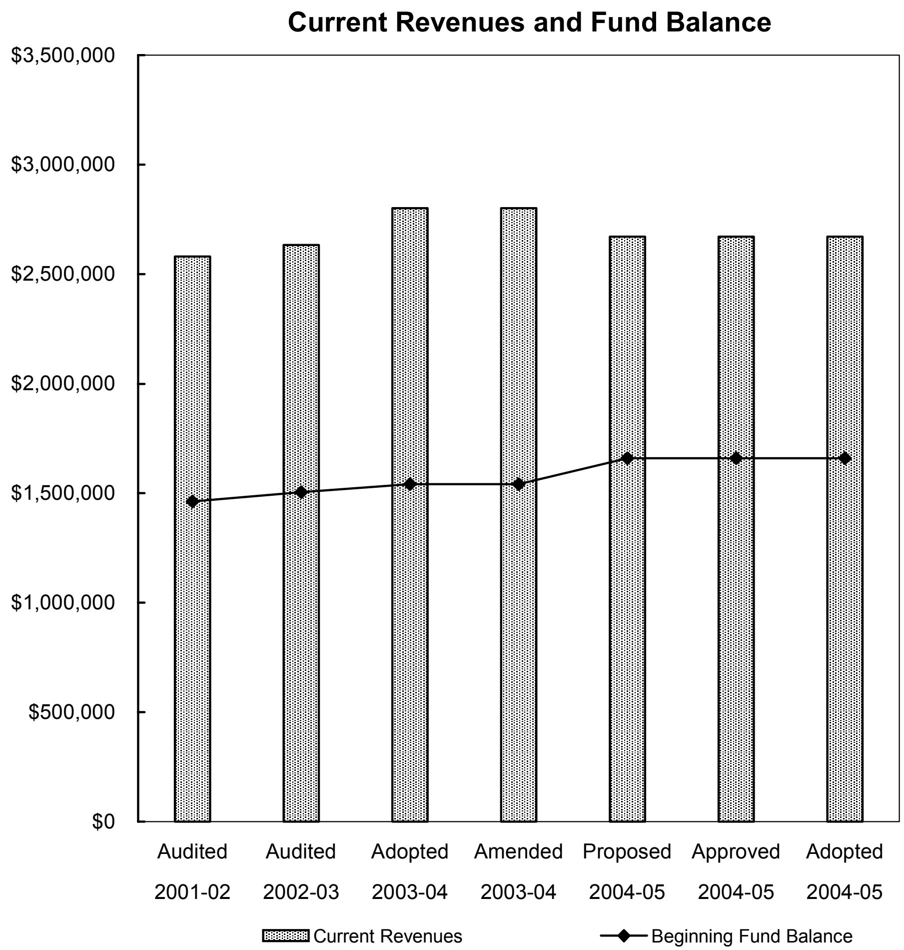
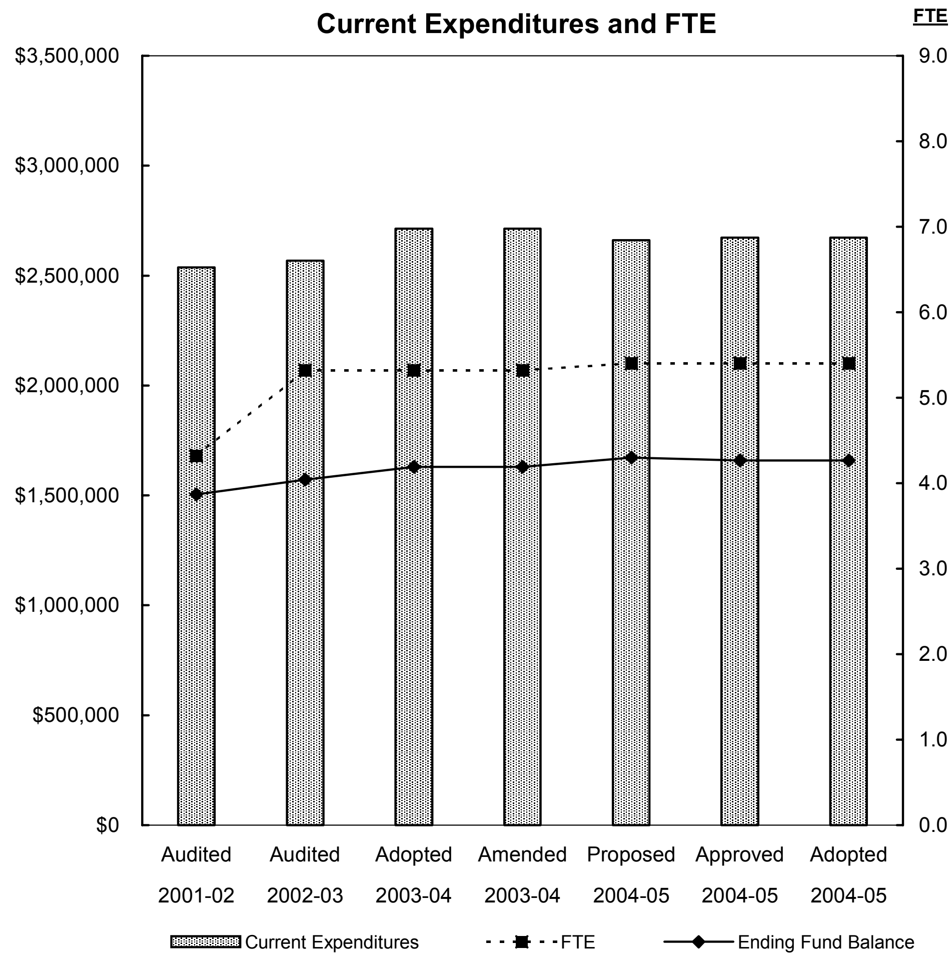
Building Management Fund

Building Management Fund Summary

	Audited FY 2001-02	Audited FY 2002-03	Adopted FY 2003-04	Amended FY 2003-04	Proposed 2004-05	Approved 2004-05	Adopted 2004-05	% Change from FY 2003-04 Amended
Resources								
Beginning Fund Balance	*$1,462,113*	*$1,504,367*	*$1,541,439*	*$1,541,439*	*$1,659,770*	*$1,659,770*	*$1,659,770*	*7.68%*
Current Revenues								
Enterprise Revenue	535,805	560,875	562,556	562,556	526,834	526,834	526,834	(6.35%)
Interest Earnings	44,407	26,188	30,000	30,000	25,000	25,000	25,000	(16.67%)
Other Misc. Revenue	29,272	15,035	0	0	0	0	0	0.00%
Interfund Transfers:								
Interfund Reimbursements	1,880,408	1,924,799	2,159,499	2,159,499	2,119,904	2,119,904	2,119,904	(1.83%)
Fund Equity Transfers	90,000	106,477	50,000	50,000	0	0	0	(100.00%)
Subtotal Current Revenues	**2,579,892**	**2,633,374**	**2,802,055**	**2,802,055**	**2,671,738**	**2,671,738**	**2,671,738**	**(4.65%)**
Total Resources	**$4,042,005**	**$4,137,741**	**$4,343,494**	**$4,343,494**	**$4,331,508**	**$4,331,508**	**$4,331,508**	**(0.28%)**
Requirements								
Current Expenditures								
Personal Services	$221,638	$254,659	$306,549	$306,549	$326,079	$326,079	$311,440	1.60%
Materials and Services	547,610	537,955	596,510	596,510	672,345	672,345	672,345	12.71%
Capital Outlay	64,955	59,266	15,000	15,000	15,000	15,000	15,000	0.00%
Interfund Transfers:								
Fund Equity Transfers	1,703,435	1,715,505	1,755,696	1,755,696	1,607,314	1,607,314	1,607,314	(8.45%)
Contingency	0	0	40,000	40,000	40,000	51,620	66,259	65.65%
Subtotal Current Expenditures	**2,537,638**	**2,567,385**	**2,713,755**	**2,713,755**	**2,660,738**	**2,672,358**	**2,672,358**	**(1.53%)**
Ending Fund Balance	*1,504,367*	*1,570,356*	*1,629,739*	*1,629,739*	*1,670,770*	*1,659,150*	*1,659,150*	*1.80%*
Total Requirements	**$4,042,005**	**$4,137,741**	**$4,343,494**	**$4,343,494**	**$4,331,508**	**$4,331,508**	**$4,331,508**	**(0.28%)**
Full-Time Equivalents (FTE)	4.32	5.32	5.32	5.32	5.40	5.40	5.40	1.50%

Building Management Fund





Building Management Fund

The Building Management Fund accounts for the revenues and expenditures of two programs: Metro Regional Center Building Management and Metro Regional Center Parking Structure Management. The fund is managed by the Property Services Division of the Finance and Administrative Services Department.

The Building Management program includes building and grounds maintenance, security, tenant leases, coordination of furniture moving and office repairs, and enforcement of the Americans with Disabilities Act standards at Metro Regional Center.

The Parking Structure program provides oversight for the operation of the 470-space parking structure adjoining Metro Regional Center. The structure is operated through a contract with a parking management firm.

Current Revenues

Interfund Transfers – The largest source of income for this fund is service charges to Metro departments for use of office space in the building. These charges are paid through transfers from the General, Planning, Open Spaces, Regional Parks, Solid Waste Revenue, and Support Services funds.

Enterprise Revenue – Enterprise revenue is generated by parking fees in the parking structure and employee parking at Metro Regional Center, and from space leased in Metro Regional Center.

Interest – Interest earnings are projected to be approximately 1.5 percent of the beginning fund balance.

Current Expenditures

Personal Services – Personal Services expenditures in this fund are for the staff who operate and maintain the facility. The expenditures in this classification show a slight increase due to reclassifications and normal annual increases for staff. There is also a net increase of 0.08 FTE as a result of two staffing level changes in the Building Management Fund. The first is a reduction of 0.10 FTE due to the elimination of a Program Director I position. The second change is an increase of 0.18 FTE for a Management Technician, providing additional administrative support to the Property Services Division.

Materials and Services – Materials and services expenditures are projected to be higher than previous years primarily due to a change in the contract for the management of the parking structure. Other increases include normal adjustments for inflation.

Capital Outlay – The capital outlay portion of the budget includes funds for minor building improvements throughout the year.

Transfers – Transfers are made to the General Revenue Bond Fund to pay for debt service on Metro Regional Center and the parking structure. In October of 2003, this debt was refinanced with Full Faith and Credit Refunding Bonds, producing substantial reductions in interest expense. The debt service transfers for these bonds will continue through August 2022. More information on the Full Faith and Credit Refunding Bonds can be found in the Debt Summary section of this document. Also included in this year's budget is a contribution to the Metro Regional Center Renewal and Replacement Reserve. This reserve, in the General Revenue Bond Fund, will fund the ongoing capital maintenance projects for the building.

Fund Balance

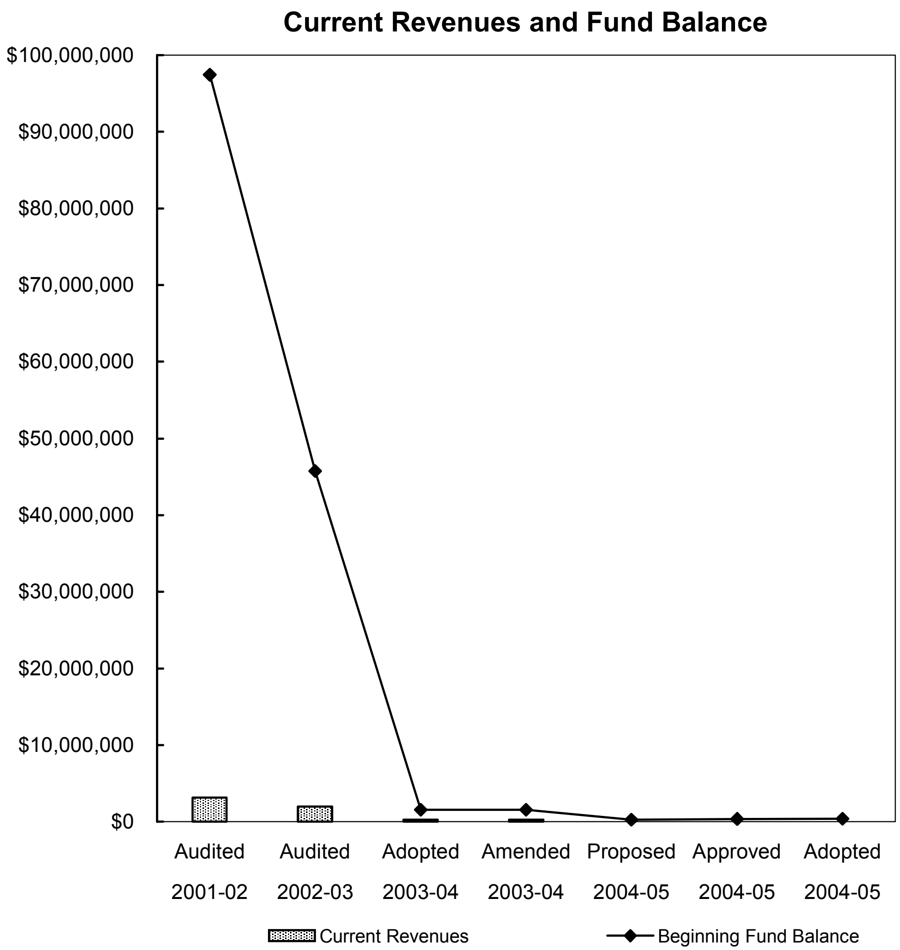
The fund balance is made up of two components: 1) a reserve to offset potential changes to the PERS rate; and 2) a reserve for future debt service. The Building Management Fund charges departments for use of office space. Included in these charges is an amount for depreciation, as allowed under federal cost allocation regulations. Recoverable depreciation charges do not match required principal payments. While principal payments grow over time, depreciation charges remain flat. A reserve was established several years ago to provide stability to the department assessments and to avoid large future increases in charges. This reserve will fluctuate as needs arise.

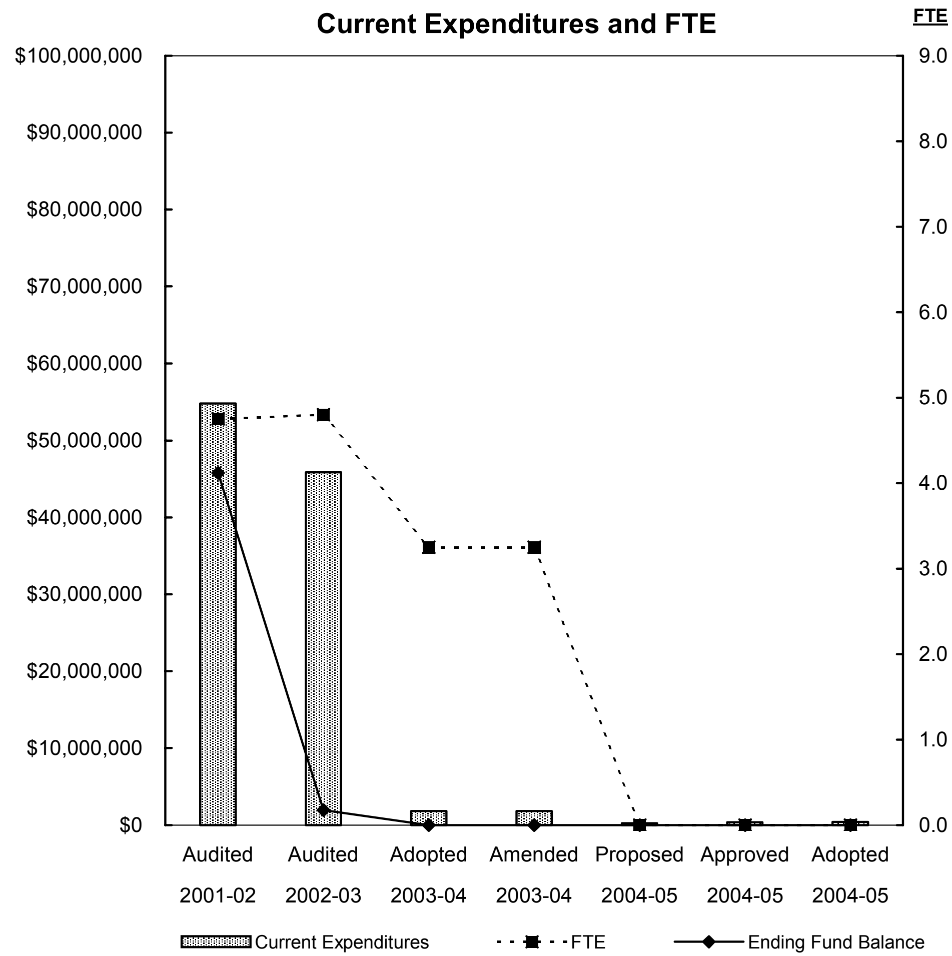
Convention Center Project Capital Fund

Convention Center Project Capital Fund Summary

	Audited FY 2001-02	Audited FY 2002-03	Adopted FY 2003-04	Amended FY 2003-04	Proposed FY 2004-05	Approved FY 2004-05	Adopted FY 2004-05	% Change from FY 2003-04 Amended
Resources								
Beginning Fund Balance	*$97,433,173*	*$45,769,532*	*$1,564,870*	*$1,564,870*	*$255,000*	*$350,000*	*$385,000*	*(75.40%)*
Current Revenues								
Enterprise Revenue	0	750,000	0	0	0	0	0	0.00%
Interest	3,105,408	478,199	130	130	0	0	0	(100.00%)
Donations	0	750,000	0	0	0	0	0	0.00%
Other Misc. Revenue	119	0	0	0	0	0	0	0.00%
Interfund Transfers:								
Fund Equity Transfers	24,786	21,138	260,000	260,000	0	0	0	(100.00%)
Subtotal Current Revenues	**3,130,313**	**1,999,337**	**260,130**	**260,130**	**0**	**0**	**0**	**(100.00%)**
Total Resources	**$100,563,486**	**$47,768,869**	**$1,825,000**	**$1,825,000**	**$255,000**	**$350,000**	**$385,000**	**(78.90%)**
Requirements								
Current Expenditures								
Personal Services	$408,246	$447,227	$46,300	$116,300	$0	$0	$0	(100.00%)
Materials and Services	12,062	5,740	2,300	2,300	0	0	0	(100.00%)
Capital Outlay	54,150,653	45,185,010	1,776,400	1,706,400	0	0	0	(100.00%)
Interfund Transfers:								
Interfund Reimbursements	116,865	109,157	0	0	0	0	0	0.00%
Internal Service Transfers	106,128	82,616	0	0	0	0	0	0.00%
Fund Equity Transfers	0	0	0	0	255,000	350,000	385,000	0.00%
Subtotal Current Expenditures	**54,793,954**	**45,829,750**	**1,825,000**	**1,825,000**	**255,000**	**350,000**	**385,000**	**(78.90%)**
Ending Fund Balance	*45,769,532*	*1,939,119*	*0*	*0*	*0*	*0*	*0*	*0.00%*
Total Requirements	**$100,563,486**	**$47,768,869**	**$1,825,000**	**$1,825,000**	**$255,000**	**$350,000**	**$385,000**	**(78.90%)**
Full-Time Equivalents (FTE)	4.75	4.80	3.25	3.25	0.00	0.00	0.00	(100.00%)

Convention Center Project Capital Fund





Convention Center Project Capital Fund

The Convention Center Project Capital Fund was established to provide and account for the construction of the Oregon Convention Center. The fund accounts for design and construction of the center and dedicated project staff. Phase one of the convention center project was completed in 1990, which included 150,000 square feet of exhibit space; 25,000 square feet of ballroom space; 30,000 square feet of meeting space; 10 docks on the main loading dock and 850 parking spaces in a surface parking lot.

To improve the competitiveness of the center, in 1998 the second phase of the project that would result in its full build-out was developed. The center began the expansion of the facility in February 2001 after several years of hard work by community, government, and industry leaders to generate funding for the $115 million project. The expansion adds more than 407,000 total square feet to the current 500,000 square foot multipurpose facility. The expansion project includes 105,000 square feet of new exhibit space, a new grand ballroom, 22 new meeting rooms, an 800-space covered parking garage, 11 additional loading bays, retail spaces, and improvements to the kitchen and food areas. The grand opening of the expanded center was April 2003. Partial parking in the garage opened April 2002; the balance opened with the expanded Center.

The Visitor Development Initiative, a collaborative public/private partnership trust, provided funding for the expansion. The trust is funded through allocation of a 2.5 percent surcharge on Multnomah County hotel and car rental taxes that are primarily dedicated to pay debt service on obligations issued to finance costs related to the Oregon Convention Center expansion. The City of Portland issued approximately $100 million in Limited Tax Revenue Bonds to fund a grant to Metro to complete the center. Additional funding for the expansion came from cash contributions of $5 million from the Oregon Convention Center fund balance and $5 million from the city of Portland.

In FY 2004-05, this fund includes a small amount of funding to complete the closing of this project.

Current Expenditures

Interfund Transfers – The transfer budgeted is to transfer the remaining fund balance to the MERC Pooled Capital Fund to support the capital needs of the Oregon Convention Center.

Fund Balance

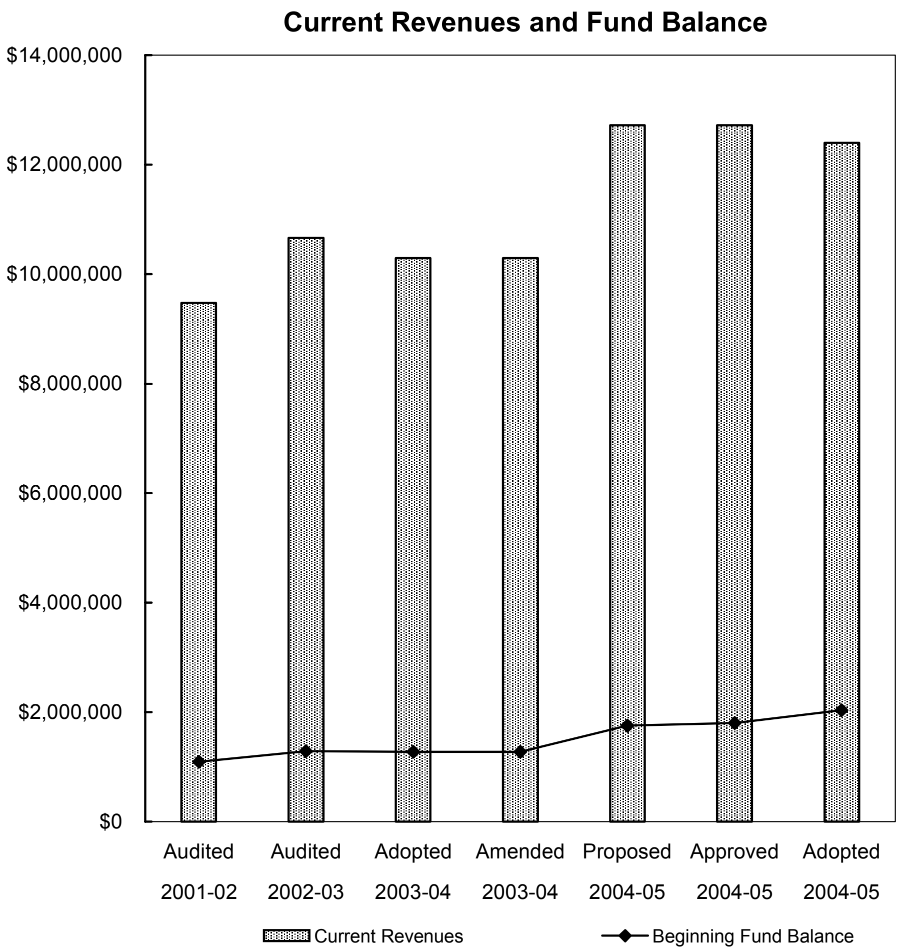
The fund balance subsequent to the transfer to the MERC Pooled Capital Fund will be zero, and this fund will be closed.

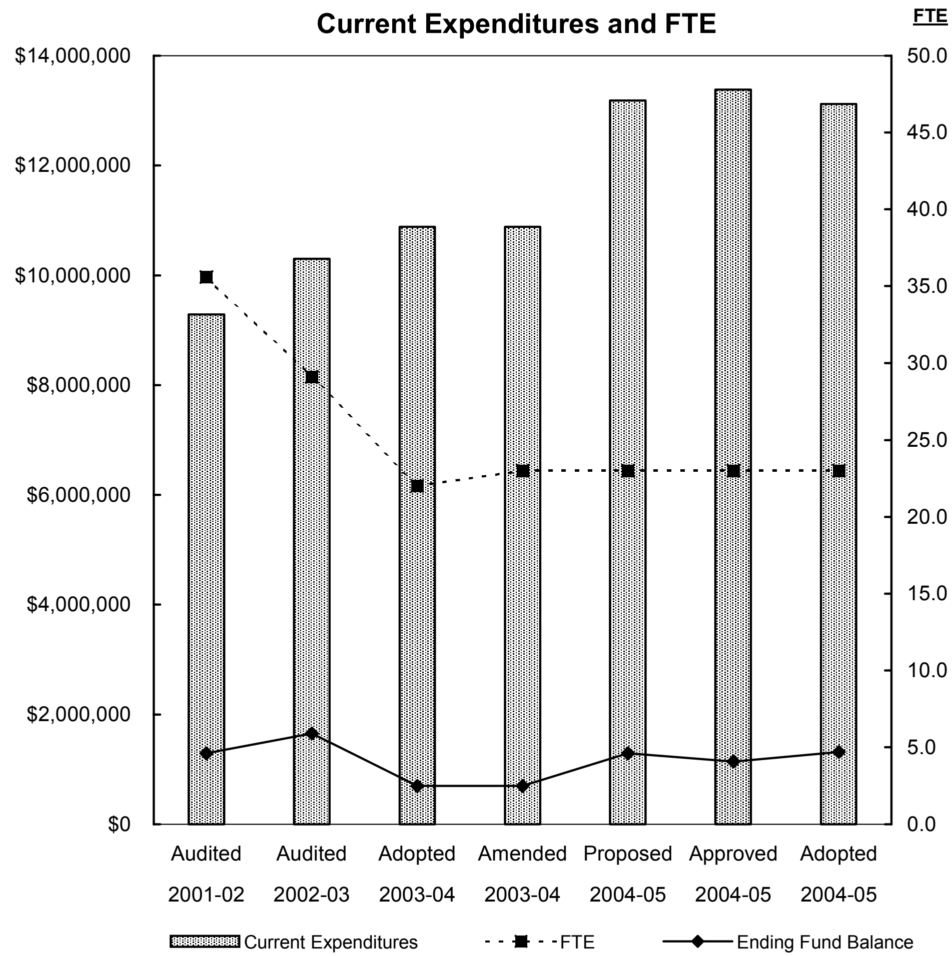
General Fund

General Fund Summary

	Audited FY 2001-02	Audited FY 2002-03	Adopted FY 2003-04	Amended FY 2003-04	Proposed FY 2004-05	Approved FY 2004-05	Adopted FY 2004-05	% Change from FY 2003-04 Amended
Resources								
Beginning Fund Balance	*$1,097,033*	*$1,288,482*	*$1,277,550*	*$1,277,550*	*$1,752,492*	*$1,802,492*	*$2,035,545*	*59.33%*
Current Revenues								
Excise Tax	7,922,160	9,821,988	10,019,954	10,019,954	12,406,504	12,406,504	12,083,153	20.59%
Enterprise Revenue	16,302	673	0	0	0	0	0	0.00%
Interest Earnings	31,057	21,920	25,000	25,000	25,000	25,000	25,000	0.00%
Donations	55,383	0	0	0	0	0	0	0.00%
Other Misc. Revenue	4,136	224	0	0	0	0	0	0.00%
Interfund Transfers:								
Interfund Reimbursements	0	811,604	248,114	248,114	291,550	291,550	291,550	17.51%
Fund Equity Transfers	1,444,778	3,526	0	0	0	0	0	0.00%
Subtotal Current Revenues	**9,473,816**	**10,659,935**	**10,293,068**	**10,293,068**	**12,723,054**	**12,723,054**	**12,399,703**	**20.47%**
Total Resources	**$10,570,849**	**$11,948,417**	**$11,570,618**	**$11,570,618**	**$14,475,546**	**$14,525,546**	**$14,435,248**	**24.76%**
Requirements								
Current Expenditures								
Personal Services	$2,266,215	$1,837,758	$1,680,221	$1,736,291	$1,883,664	$1,883,664	$1,796,906	3.49%
Materials and Services	530,000	729,673	656,261	656,261	519,286	569,286	569,286	(13.25%)
Interfund Transfers:								
Interfund Reimbursements	882,967	812,546	966,406	966,406	1,031,945	1,031,945	1,031,945	6.78%
Fund Equity Transfers	5,603,185	6,919,687	7,074,788	7,074,788	8,654,713	8,741,797	8,510,093	20.29%
Contingency	0	0	500,000	443,930	1,095,954	1,154,504	1,212,615	173.15%
Subtotal Current Expenditures	**9,282,367**	**10,299,664**	**10,877,676**	**10,877,676**	**13,185,562**	**13,381,196**	**13,120,845**	**20.62%**
Ending Fund Balance	*1,288,482*	*1,648,753*	*692,942*	*692,942*	*1,289,984*	*1,144,350*	*1,314,403*	*89.68%*
Total Requirements	**$10,570,849**	**$11,948,417**	**$11,570,618**	**$11,570,618**	**$14,475,546**	**$14,525,546**	**$14,435,248**	**24.76%**
Full-Time Equivalents (FTE)	35.60	29.10	22.00	23.00	23.00	23.00	23.00	0.00%

General Fund





General Fund

The General Fund includes the cost of general government functions, including the elected Metro Council and Council President, their staffs, the Public Affairs Department, and non-departmental special appropriations.

Current Revenues

Excise Tax – The primary source of revenue for the General Fund is an excise tax on the purchase of Metro goods and services. The budget includes an excise tax rate of 7.5 percent on all non-solid waste generated revenues and a flat fee of $8.58 on all solid waste tonnage, including an additional $2.50 per ton dedicated to Regional Parks and $0.50 per ton dedicated to a Tourism Opportunity and Competitiveness Account to provide assistance to MERC in marketing the Oregon Convention Center.

In FY 2000-01, the Metro Council changed the excise tax rate on solid waste revenues from a percentage of the tipping fee to a per ton fee. The initial per ton fee was set to raise the same amount that would have been generated using an 8.5 percent excise tax rate. The per ton excise tax is determined annually during the budget process. For budgeting purposes, the Council President may assume the fee increases at the same rate as the Consumer Price Index. However, the Council may exceed that limitation if additional resources are deemed necessary during the budget review and adoption process.

In March 2002, the Council adopted a change in the excise tax ordinance providing funding for the Parks Department from an additional excise tax levy on solid waste. The initial levy was set at $1.00 per ton. In FY 2004-05, the budget increased the levy dedicated to Regional Parks to $2.50 per ton effective September 1st. The levy will provide for operations and maintenance, as well as capital development of four open space sites to Regional Parks.

The FY 2004-05 budget also provides an additional $0.50 per ton to an account in the General Fund Contingency dedicated to the marketing of the Oregon Convention Center. The new levy is effective September 1st.

Interest – Interest on fund balance provides about $25,000.

Transfers – In the Council Office, salary expense for the Chief Operating Officer, as well as materials and services and salary expense for the Council archiving program, is allocated through the agency's Cost Allocation Plan. The General Fund receives transfers from all departments to fund these expenses. Prior to FY 2003-04, the Council Public Outreach, Executive Office Public Affairs, and the Office of Citizen Involvement, as well as a portion of the Council staff, were all allocated through the Cost Allocation Plan. These functions and staff are now funded directly by the General Fund.

Current Expenditures

Personal Services – In the fiscal year 2002-03, the Council Office and the former Office of the Executive Officer underwent a transition resulting from the Charter amendment approved by voters in November 2000. On January 6, 2003, the newly created position of Council President absorbed and/or delegated the authorities and functions previously vested in the Executive Officer, a position which was abolished. Personal Services for this fund includes the salaries for the Council and Council President and their staffs, and the Public Affairs Department created as part of the FY 2003-04 transition. The consolidation of the two offices in the fiscal year 2003-04 budget resulted in a reduction of 7.1 FTE, and over $400,000 savings in personal services from the prior year's adopted budget.

Beginning in FY 2003-04, the Council records archiving program was moved to the General Fund within the Council Office. Previously, this function was under the Office of the Metro Attorney, in the Support Services Fund. In addition, mid-year FY 2003-04, the Council added a position of in-house lobbyist. This function had formerly been provided through contract and budgeted in the Office of Metro Attorney.

In FY 2002-03, Creative Services was moved from the General Fund to the Support Services Fund, appearing as a decrease to Personal Services and reducing FTE by 7.0 from the FY 2001-02 budget. The Executive Office increased .5 FTE in FY 2002-03 from the combination of the reduction of the Executive Officer to .5 FTE (implementing a 2000 Charter Amendment that replaced the Executive Officer with a Council President, effective in January 2003) and 1.0 FTE increase in administrative staff, previously budgeted in the Support Services Fund, to assist in the decommissioning of the office. Finally, in FY 2004-05, costs associated with the PERS Reserve have been transferred to Contingency. (For an explanation of the PERS Reserve, see *Where the Money Goes* in the Budget Summary section of this document.)

Materials and Services – The materials and services expenditures for the General Fund cover costs for the Council and Public Affairs Department as well as non-departmental special appropriations. The FY 2004-05 budget includes four special appropriations: $125,000 for elections expenses, $100,000 for public notice costs, $15,000 for Water Consortium dues, and a $25,000 contribution to the Regional Arts & Culture Council.

Capital Outlay – No capital outlay expenditures are planned in FY 2004-05.

Transfers – There are two types of transfers from the General Fund: (1) interfund reimbursements for central support services and (2) fund equity transfers of excise tax resources to support the Regional Parks and Planning Departments as well as the Metro Exposition-Recreation Commission. Transfers of excise tax resources account for over 89 percent of expenditures in this category. Fund equity transfers are tied to the level of excise tax funding anticipated to be received.

Contingency – A contingency is provided to meet unforeseen needs throughout the year. Expenditures from contingency may only be made through Council adoption of an ordinance amending the budget. Three accounts are included in the FY 2004-05 contingency: (1) a general contingency that can be used for any lawful purpose approved by the Council, (2) the Tourism Opportunity and Competitiveness Account dedicated to marketing of the Oregon Convention Center., and (3) a PERS Reserve set aside for potential pension cost liabilities.

Fund Balance

Current Council policy is to dedicate additional discretionary revenues over budget to rebuild the General Fund reserve balance. The long-term goal is to maintain at least $1 million in undesignated reserves. The FY 2004-05 budget projects a beginning undesignated fund balance of $1.15 million.

Also, excise tax earned on solid waste tonnage in excess of the base amount allowed under the excise tax authorization ordinance, must be placed in a restricted fund balance, named Recovery Rate Stabilization Reserve. The use of these funds is guided by the excise tax ordinance and can only be appropriated by specific Council action during the budget development process.

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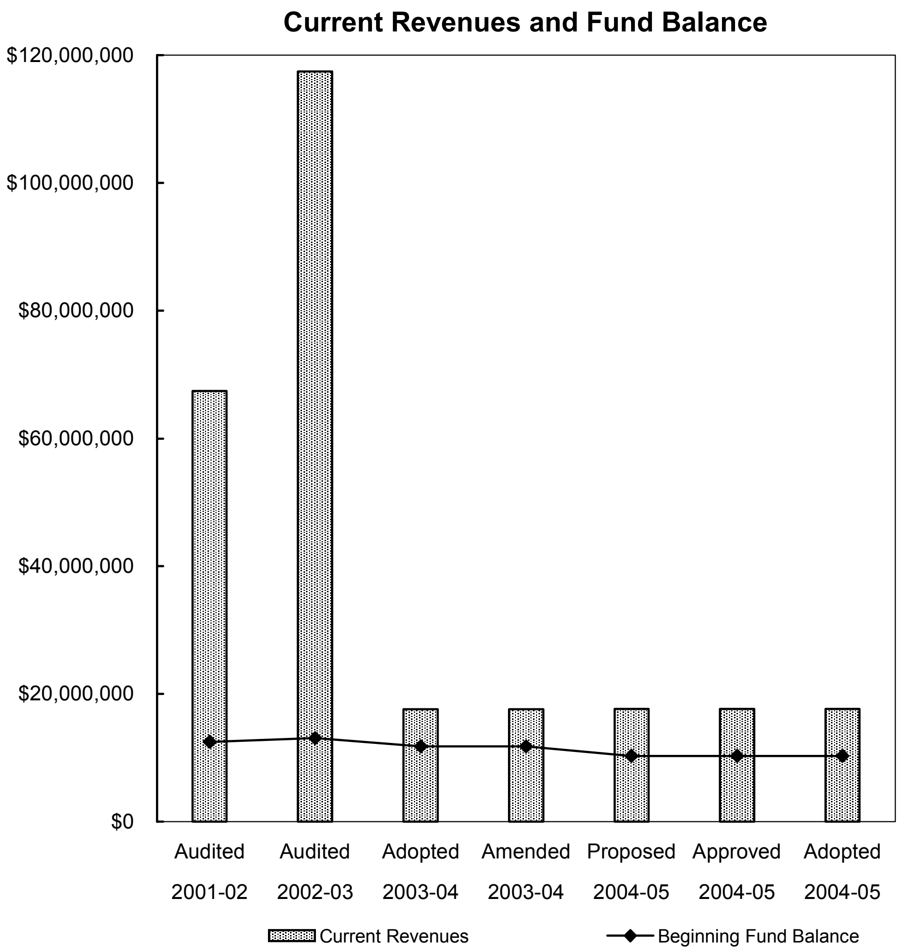
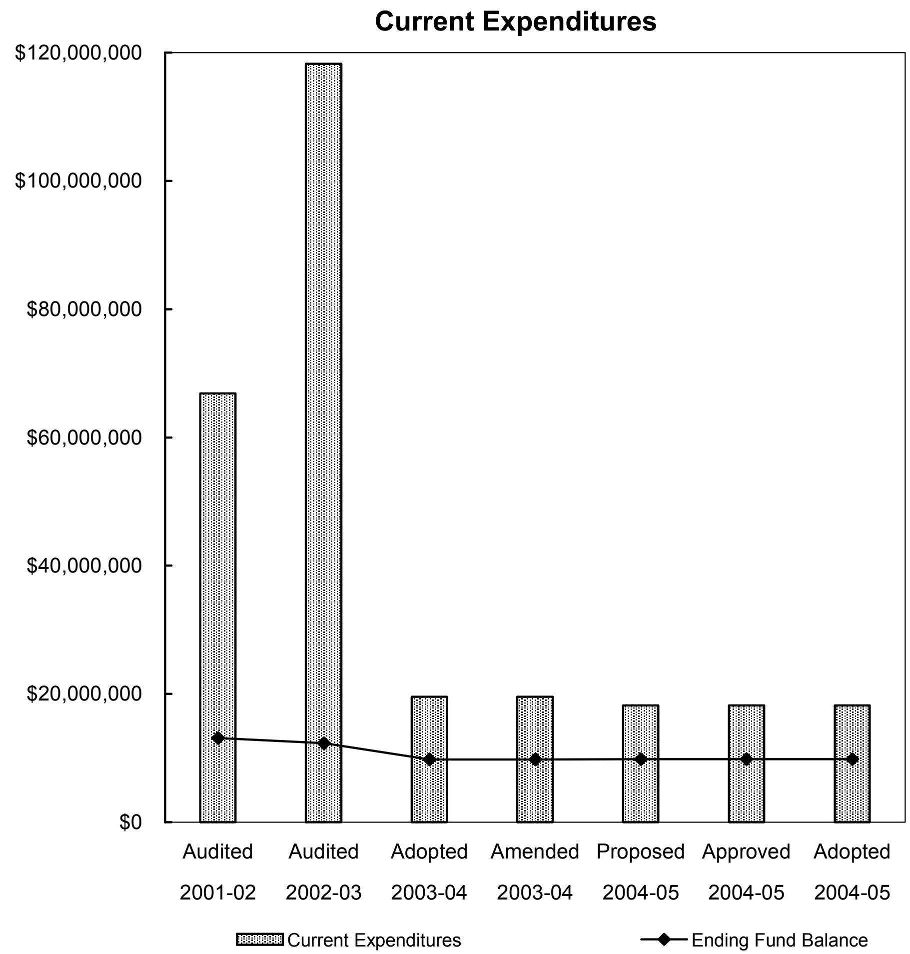
General Obligation Bond Debt Service Fund

General Obligation Bond Debt Service Fund Summary

	Audited FY 2001-02	Audited FY 2002-03	Adopted FY 2003-04	Amended FY 2003-04	Proposed FY 2004-05	Approved FY 2004-05	Adopted FY 2004-05	% Change from FY 2003-04 Amended
Resources								
Beginning Fund Balance	*$12,532,332*	*$13,094,846*	*$11,790,000*	*$11,790,000*	*$10,308,427*	*$10,308,427*	*$10,308,427*	*(12.57%)*
Current Revenues								
Real Property Taxes	19,235,074	16,494,258	17,363,870	17,363,870	17,480,653	17,480,653	17,480,653	0.67%
Interest Earnings	334,351	283,378	200,000	200,000	200,000	200,000	200,000	0.00%
Bond and Loan Proceeds	47,855,350	100,681,603	0	0	0	0	0	0.00%
Subtotal Current Revenues	**67,424,775**	**117,459,239**	**17,563,870**	**17,563,870**	**17,680,653**	**17,680,653**	**17,680,653**	**0.66%**
Total Resources	**$79,957,107**	**$130,554,085**	**$29,353,870**	**$29,353,870**	**$27,989,080**	**$27,989,080**	**$27,989,080**	**(4.65%)**
Requirements								
Current Expenditures								
Materials and Services	$70,299	$363,546	$0	$0	$0	$0	$0	0.00%
Debt Service	66,791,962	117,897,756	19,548,227	19,548,227	18,174,887	18,174,887	18,174,887	(7.03%)
Subtotal Current Expenditures	**66,862,261**	**118,261,302**	**19,548,227**	**19,548,227**	**18,174,887**	**18,174,887**	**18,174,887**	**(7.03%)**
Ending Fund Balance	*13,094,846*	*12,292,783*	*9,805,643*	*9,805,643*	*9,814,193*	*9,814,193*	*9,814,193*	*0.09%*
Total Requirements	**$79,957,107**	**$130,554,085**	**$29,353,870**	**$29,353,870**	**$27,989,080**	**$27,989,080**	**$27,989,080**	**(4.65%)**
Full-Time Equivalents (FTE)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00%

General Obligation Bond Debt Service Fund





General Obligation Bond Debt Service Fund

The General Obligation Bond Debt Service Fund receives property tax revenue from voter-approved levies and pays principal and interest due holders of Metro's outstanding general obligation bonds. The fund contains debt service payments for each of Metro's existing general obligation bond series.

The Convention Center Project Debt Service Account pays the principal and interest due on the 2001 Series A general obligation refunding bonds (Oregon Convention Center project). In FY 2004-05, $5,292,864 is due.

In July 2001, Metro refinanced the 1992 Series A Convention Center refunding bonds, saving approximately $4.2 million in interest payments over the next 10 years.

In November 2002, Metro refinanced the 1995 Series A and C Open Spaces, Parks, and Streams bonds. The refinancing resulted in a net present value savings of $6.1 million. In FY 2004-05, total due is $10,454,513, which includes debt service on the 1995 Series B bonds.

The Metro Oregon Zoo Project Debt Service Account pays the principal and interest due on the 1996 Series A Oregon Project general obligation bonds. In FY 2004-05, $2,427,510 is due.

Current Revenues

Property Taxes

Property taxes are levied to meet the outstanding requirements of the general obligation bonds. The levy amount is the amount needed to pay debt obligations after consideration of all other resources and assuming a 94 percent collection rate. The significant reduction in property taxes from FY 2001-02 to FY 2002-03 is the result of the refinancing of the Convention Center bonds. The refinancing significantly reduced cash flow requirements and increased beginning fund balance, resulting in a one-time reduction in the property tax levy. Although property taxes increased in FY 2003-04, there was also a one-time reduction due to the Open Spaces refinancing in 2002. In FY 2004-05, current year property taxes should be approximately $17 million, slightly below the estimated future year average of $17.5 million.

Interest

Interest is earned on the average cash balance of the fund. Earnings are based on the current rates of Metro's investment portfolio. In FY 1999-00, Metro implemented Rule #31 of the Governmental Accounting Standards Board (GASB 31), which required that interest earnings be adjusted to reflect market value of investments. As a result, interest earnings will be less predictable and result in greater variability from year to year. In addition, current economic conditions have significantly reduced the expected interest earnings rate to an average of approximately 1.5 percent.

Current Expenditures

Debt Service

Principal and interest payments on the outstanding general obligation bonds are based on the actual debt service schedules for each issue. Debt service payments are made semi-annually.

Fund Balance

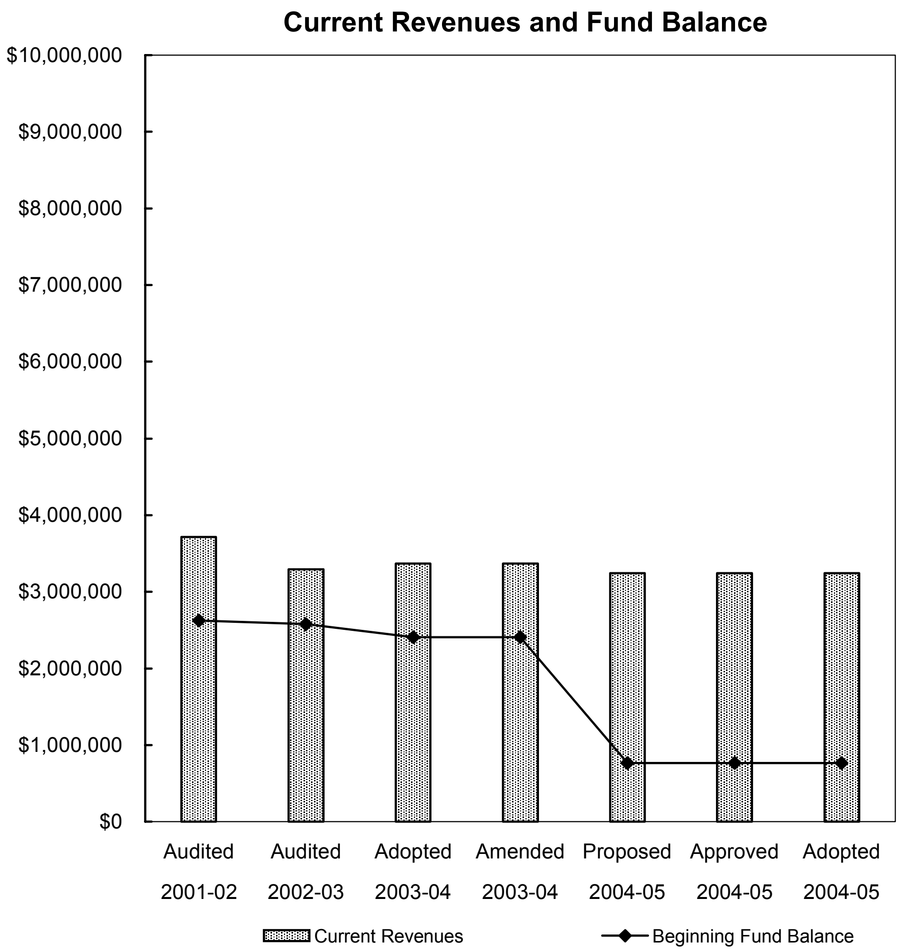
All of Metro's existing general obligation bonds have payments due early in the fiscal year, before property tax payments are received. All accounts, therefore, have ending fund balances of sufficient size to carry funds over to the following fiscal year to make the first debt service payment. Ending balances will be adjusted over time to meet the requirements of debt obligations. Cash flow requirements for the Convention Center and Open Spaces bonds have been reduced significantly due to refinancing. This results in a reduction of 25 percent in the ending balance requirement for the fund since FY 2001-02.

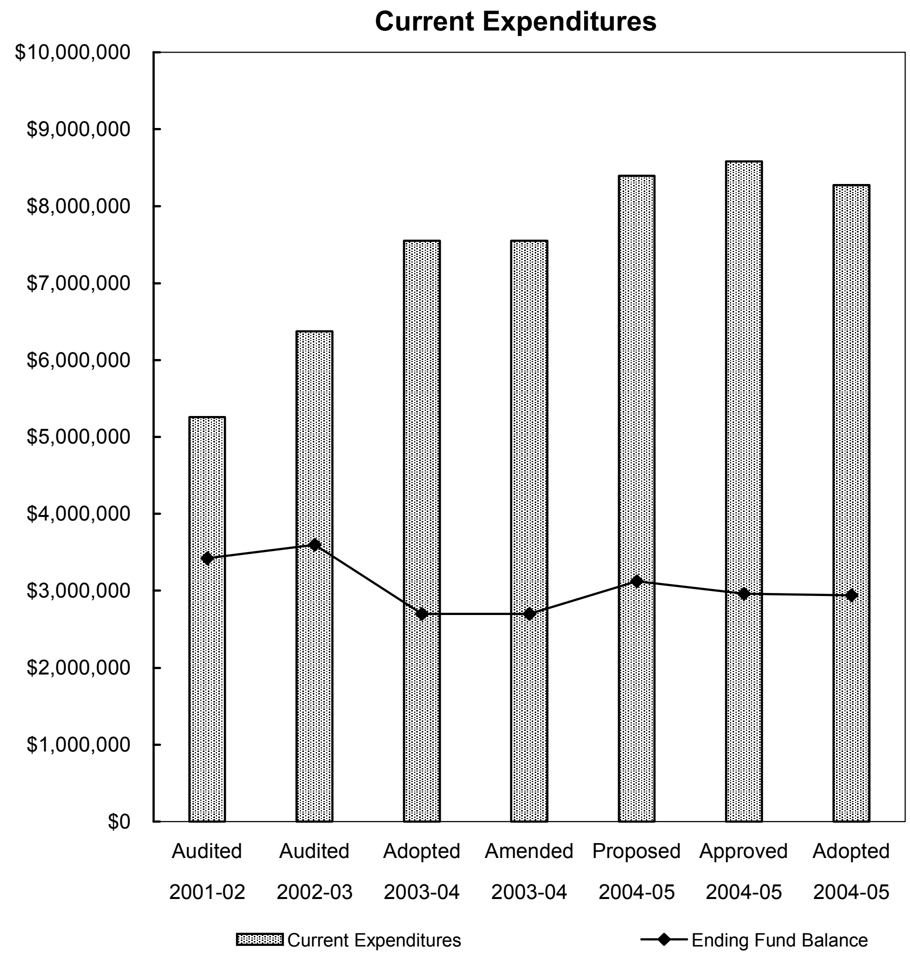
General Revenue Bond Fund

General Revenue Bond Fund Summary

	Audited FY 2001-02	Audited FY 2002-03	Adopted FY 2003-04	Amended FY 2003-04	Proposed 2004-05	Approved 2004-05	Adopted 2004-05	% Change from FY 2003-04 Amended
Resources								
Beginning Fund Balance	*$2,623,920*	*$2,574,920*	*$2,406,881*	*$2,406,881*	*$764,968*	*$764,968*	*$764,968*	*(68.22%)*
Current Revenues								
Grants	108,000	28,039	0	0	0	0	0	0.00%
Interest Earnings	84,995	43,847	48,400	48,400	9,614	9,614	9,614	(80.14%)
Bond and Loan Proceeds	412,830	0	0	0	0	0	0	0.00%
Interfund Transfers:								
Fund Equity Transfers	3,108,048	3,217,588	3,319,757	3,319,757	3,236,064	3,236,064	3,236,064	(2.52%)
Subtotal Current Revenues	**3,713,873**	**3,289,474**	**3,368,157**	**3,368,157**	**3,245,678**	**3,245,678**	**3,245,678**	**(3.64%)**
Total Resources	**$6,337,793**	**$5,864,394**	**$5,775,038**	**$5,775,038**	**$4,010,646**	**$4,010,646**	**$4,010,646**	**(30.55%)**
Requirements								
Current Expenditures								
Capital Outlay	$483,580	$28,842	$175,281	$175,281	$178,988	$178,988	$178,988	2.11%
Debt Service	3,229,293	3,293,329	3,349,757	3,349,757	3,139,064	3,139,064	3,139,064	(6.29%)
Interfund Transfers:								
Fund Equity Transfers	50,000	60,003	0	0	0	0	0	0.00%
Contingency	0	0	300,000	300,000	300,000	300,000	300,000	0.00%
Subtotal Current Expenditures	**3,762,873**	**3,382,174**	**3,825,038**	**3,825,038**	**3,618,052**	**3,618,052**	**3,618,052**	**(5.41%)**
Ending Fund Balance	*2,574,920*	*2,482,220*	*1,950,000*	*1,950,000*	*392,594*	*392,594*	*392,594*	*(79.87%)*
Total Requirements	**$6,337,793**	**$5,864,394**	**$5,775,038**	**$5,775,038**	**$4,010,646**	**$4,010,646**	**$4,010,646**	**(30.55%)**
Full-Time Equivalents (FTE)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00%

General Revenue Bond Fund





General Revenue Bond Fund

The General Revenue Bond Fund was established to account for bond proceeds used to construct Metro Regional Center and the assessments against Metro departments to pay debt service on those bonds. In FY 1995-96, the fund was expanded to include loan proceeds for the Washington Park parking lot renovation and a contribution to Tri-Met for the Zoo light rail station. In FY 1999-00 the fund was amended to include loan proceeds from the Oregon Economic and Community Development Department (OECDD) used to replace Hall D at the Expo Center. In the future, this financing method and fund could be used to pay for other general purpose capital items. The General Revenue Bond Fund contains the following accounts:

Construction Account – This account tracked resources and expenditures associated with the Metro Regional Center construction project. The residual funding was used as matching funds for a grant received to purchase and install audio/visual production equipment for the Council Chamber. This project was completed in FY 2002-03. The small balance remaining in the account will be used to offset debt service requirements from the departments.

Project Account – This account was created in FY 1995-96 to provide for expenditures related to the Washington Park parking lot renovation and the contribution to Tri-Met for the Zoo light rail station. Beginning in FY 1999-00 it was used to account for expenses associated with the Hall D Replacement Project.

Debt Service Account – This account is used to pay principal and interest due on the outstanding revenue bonds and the OECDD loan. In FY 2003-04, the Metro Regional Center general revenue bonds and Washington Park parking lot OECDD loans were refinanced with full faith and credit bonds. The refinancing resulted in a net present value savings of almost $2.5 million, or 10 percent. Debt service on the Metro Regional Center bonds is paid from assessments allocated to the operations and activities of Metro that use the Metro Regional Center, and from fees and charges for the use of the attached parking structure. Debt service on the outstanding obligation for the Washington Park parking lot is paid by Zoo revenues. Debt service for the OECDD loan for the replacement of Hall D is paid by Expo Center revenues.

Renewal and Replacement Account – This account was established to provide for the renewal & replacement needs of Metro Regional Center headquarters building. Seed funding for the account was provided from reimbursed costs associated with the original Metro Regional Center general revenue bond issue in 1991. Through FY 2003-04, interest earnings on the balance in the account have been the primary source of revenue. Beginning in FY 2004-05, annual renewal & replacement contributions will be made in conformance with the Metro Council's adopted Capital Asset Management Policies. Transfers out of this fund to the Building Management Fund will be made as projects are identified and authorized in the budget.

Debt Reserve Account – The general revenue bonds issued to construct Metro Regional Center required the establishment of a debt reserve equal to the maximum annual debt service on the outstanding bonds. This reserve was initially funded with revenue bond proceeds. Interest earned on the reserve was released from the account on an annual basis and used to offset debt service payments. In FY 2003-04, the general revenue bonds were refunded with the issuance of full faith and credit bonds. A debt reserve was no longer required and the proceeds in this account were used to pay down the outstanding bonds prior to refunding.

Current Revenues

Grants – In FY 2001-02 and FY 2002-03, grants were received from the Mt. Hood Cable Regulatory Commission to upgrade the video production equipment in the Council Chamber. The project was completed in FY 2002-03.

Bond and Loan Proceeds – In FY 1999-00 Metro applied for and received a loan from the Oregon Economic and Community Development Department. Proceeds from the loan were received over a three-year period and were used to replace Hall D at the Expo Center. The Hall D project was completed in FY 2001-02.

Interest Earnings – Interest is earned on the unused portion of the fund balance. Earnings are based on the current rates of Metro's average investment portfolio. For FY 2004-05, average interest rates were assumed at 1.5 percent.

Interfund Transfers – Debt service on the full faith and credit bonds for Metro Regional Center is paid from assessments allocated to the operations and activities of Metro that use Metro Regional Center, and fees and charges for the use of the attached parking structure. The fees, charges, and assessments are collected within the Building Management Fund and are transferred to the General Revenue Bond Fund for payment of debt service. Debt service for the Washington Park parking lot obligations is repaid with Zoo revenues transferred from the Zoo Operating Fund. Debt service on the OECDD loan for Hall D is repaid by Expo revenues transferred from the MERC Operating Fund. In addition, a contribution to the Metro Regional Center renewal and replacement account will be made in FY 2004-05 with funds transferred from the Building Management Fund.

Current Expenditures

Capital Outlay – Capital outlay requirements in this fund are dependent on anticipated projects and vary from year to year. In prior years, capital outlay was budgeted primarily for the Hall D Replacement Project. In FY 2004-05, an amount has been carried forward and budgeted for completion of the auxiliary lot at the Washington Park parking lot.

Debt Service – This category contains principal and interest due on the outstanding full faith and credit bonds and the OECDD loans. Debt service payments are made semi-annually and are tied to the debt service schedule. The Metro Regional Center revenue bonds and the Washington Park parking lot OECDD loans were refinanced in FY 2003-04. The full faith and credit refinancing bonds will be repaid over 20 years and will fully mature in 2022. A final loan payment for the OECDD parking lot loan will be made in FY 2004-05. The loan for Hall D will be repaid over 25 years and be retired in 2025.

Interfund Transfers **–** A renewal and replacement account has been established for future capital needs of Metro Regional Center. In prior years, funds were transferred to the Building Management Fund to pay for renewal and replacement projects authorized in the Capital Improvement Plan. No additional transfers are planned for FY 2004-05.

Contingency – In order to meet emergency needs should they arise, a portion of the renewal and replacement account has been placed in contingency.

Fund Balance

The former Metro Regional Center general revenue bonds required a debt reserve in an amount equal to the maximum annual debt service on the outstanding bonds. This amount was held in fund balance (under the General Expenses category) on an annual basis. In FY 2003-04, the bonds were refinanced with full faith and credit bonds, no longer requiring the retention of a debt reserve. The existing debt reserve was used to buy down the outstanding debt at the time it was refinanced. In addition, the unexpended portion of the Renewal and Replacement Account, budgeted in contingency, is carried forward in fund balance on an annual basis. The renewal and replacement balance will fluctuate depending on projects authorized.

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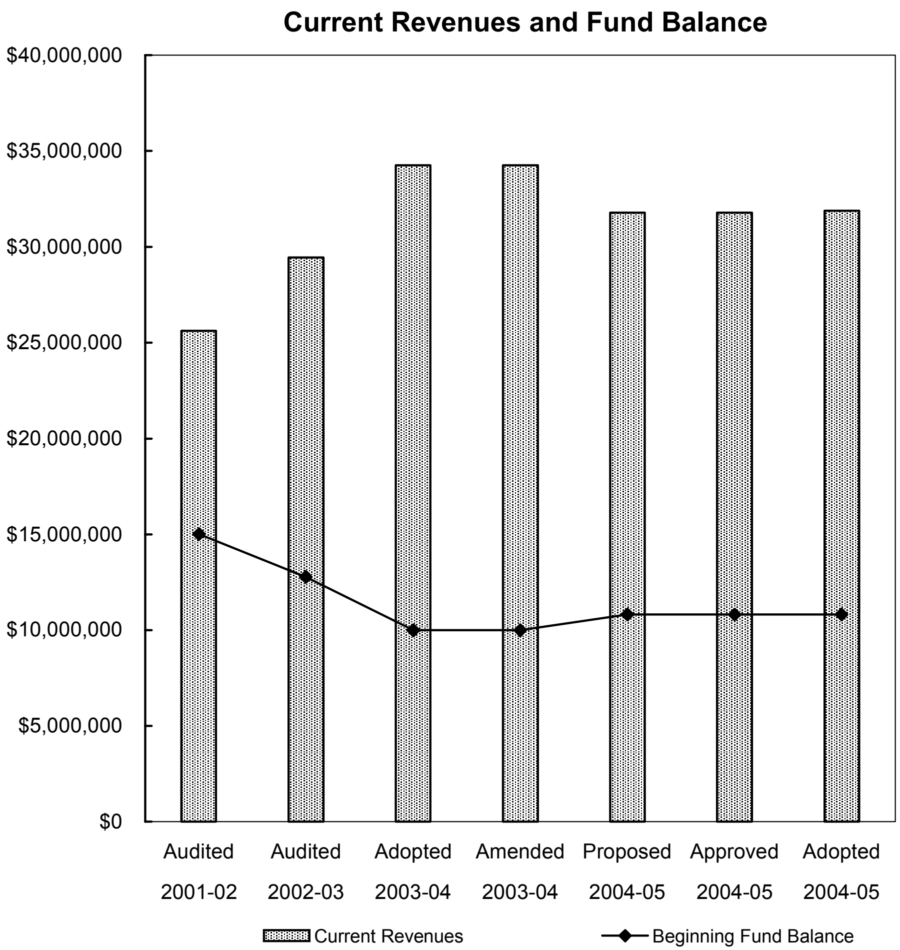
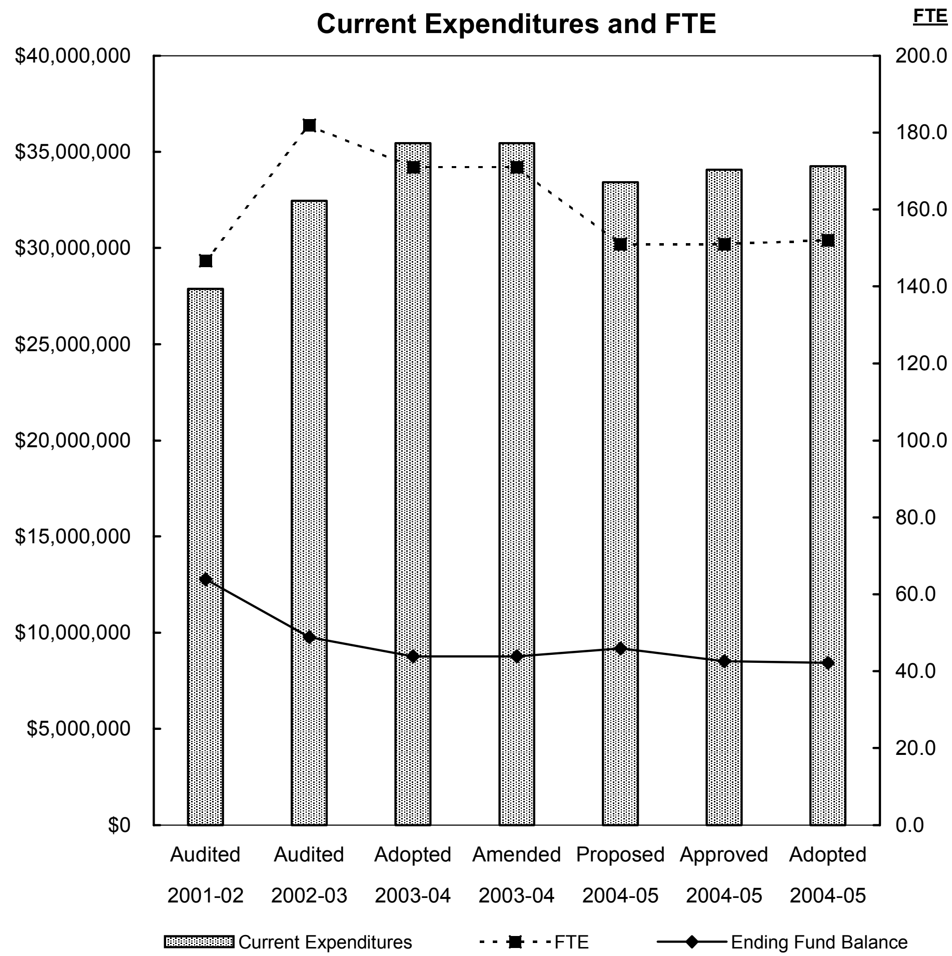
MERC Operating Fund

MERC Operating Fund Summary

	Audited FY 2001-02	Audited FY 2002-03	Adopted FY 2003-04	Amended FY 2003-04	Proposed FY 2004-05	Approved FY 2004-05	Adopted FY 2004-05	% Change from FY 2003-04 Amended
Resources								
Beginning Fund Balance	*$15,012,405*	*$12,769,627*	*$9,986,094*	*$9,986,094*	*$10,806,745*	*$10,806,745*	*$10,806,745*	*8.22%*
Current Revenues								
Grants	12,725	0	0	0	0	0	0	0.00%
Local Government Shared Revenues	6,820,346	8,157,148	7,988,680	7,988,680	7,000,663	7,000,663	7,000,663	(12.37%)
Contributions from other Governments	650,000	310,861	324,635	324,635	331,128	331,128	331,128	2.00%
Enterprise Revenue	17,627,256	20,519,717	25,461,276	25,461,276	23,593,490	23,593,490	23,593,490	(7.34%)
Interest Earnings	340,947	168,752	206,281	206,281	69,503	69,503	69,503	(66.31%)
Donations	0	1,590	0	0	168,500	168,500	263,500	0.00%
Other Misc. Revenue	10,926	170,734	100,000	100,000	80,000	80,000	80,000	(20.00%)
Interfund Transfers:								
Internal Service Transfers	87,966	66,011	0	0	0	0	0	0.00%
Fund Equity Transfers	75,000	50,000	173,939	173,939	536,129	536,129	536,129	208.23%
Subtotal Current Revenues	**25,625,166**	**29,444,813**	**34,254,811**	**34,254,811**	**31,779,413**	**31,779,413**	**31,874,413**	**(6.95%)**
Total Resources	**$40,637,571**	**$42,214,440**	**$44,240,905**	**$44,240,905**	**$42,586,158**	**$42,586,158**	**$42,681,158**	**(3.53%)**
Requirements								
Current Expenditures								
Personal Services	$11,181,423	$11,997,165	$14,381,661	$14,381,661	$13,631,821	$13,631,821	$13,030,447	(9.40%)
Materials and Services	13,130,353	15,817,776	16,138,437	16,138,437	15,117,974	15,117,974	15,053,931	(6.72%)
Debt Service	0	25,042	22,809	22,809	22,809	22,809	22,809	0.00%
Interfund Transfers:								
Interfund Reimbursements	1,561,315	1,698,426	2,052,621	2,052,621	2,161,931	2,161,931	2,161,931	5.33%
Fund Equity Transfers	1,994,853	2,904,491	1,642,322	1,642,322	1,325,864	1,325,864	1,504,614	(8.38%)
Contingency	0	0	1,222,561	1,222,561	1,155,854	1,814,432	2,479,849	102.84%
Subtotal Current Expenditures	**27,867,944**	**32,442,900**	**35,460,411**	**35,460,411**	**33,416,253**	**34,074,831**	**34,253,581**	**(3.40%)**
Ending Fund Balance	*12,769,627*	*9,771,540*	*8,780,494*	*8,780,494*	*9,169,905*	*8,511,327*	*8,427,577*	*(4.02%)*
Total Requirements	**$40,637,571**	**$42,214,440**	**$44,240,905**	**$44,240,905**	**$42,586,158**	**$42,586,158**	**$42,681,158**	**(3.53%)**
Full-Time Equivalents (FTE)	146.70	181.91	171.05	171.05	151.05	151.05	152.05	(11.11%)

MERC Operating Fund





MERC Operating Fund

This fund contains the operating revenues and expenditures of the facilities managed by the Metro Exposition-Recreation Commission (MERC). The Commission through its staff manages the Oregon Convention Center (OCC) and the Portland Metropolitan Exposition Center (Expo), both of which are owned by Metro. The Commission also manages the Portland Center for the Performing Arts (PCPA) through an intergovernmental agreement with the City of Portland, which owns this facility.

Current Revenues

Local Government Shared Revenues – The revenues recorded in this classification are the transient lodging taxes and auto rental taxes forwarded by Multnomah County to support operations of the Oregon Convention Center and the Portland Center for the Performing Arts. The continued downturn in the economy in the convention business has depressed this source of revenue; however, the largest decline stems from the scheduled reduction in funding to OCC and PCPA of $1,281,000 from the Visitor Development multi-government agreement.

Contributions from other Governments – These revenues represent a contribution from the City of Portland to support the operations of the PCPA.

Enterprise Revenues – MERC charges various fees for the use of its facilities. They include rental fees, user fees, concession revenues, catering, parking, and other enterprise activities. These revenues had shown consistent overall gains for the combined facilities up until FY 1999-00. The decreases in FY 2000-01 and FY 2001-02 are the result of the transfer of Civic Stadium back to the City of Portland and the impact of the construction of the expanded facility at OCC. With the opening of the expanded OCC facility, enterprise revenues are expected to have continued growth in FY 2004-05, but at a slower pace than originally projected.

Interest – Interest is calculated on the fund balance. The anticipated interest earnings are 1.5 percent in FY 2004-05.

Donations and Bequests – In past years, donations received for capital improvements were placed in this fund. Beginning in FY 2001-02, these donations are recorded in the MERC Pooled Capital Fund to better match the contributions with the projects that they fund. A new category this fiscal year is Sponsorship Revenue, the expected business developed from naming rights.

Interfund Transfers – This category consists of transfers into this fund from various other funds. In FY 2004-05, the General Fund will provide up to $182,129 to allow MERC to remain in compliance with the Visitor Development Initiative agreement on central services charges.

Current Expenditures

Personal Services – The decrease in this classification is a result of FY 2003-04 staff cuts in response to the continued downturn in the economy and the management decision to move the PERS Reserve to Contingency. (For an explanation of the PERS Reserve, see *Where the Money Goes* in the Budget Summary section of this document.)

Materials and Services – This category includes spending for goods and services required to operate and market the facilities. The major expenditures in this category are for food service contracts, utilities, marketing services, and facility maintenance expenses. As with other expenditure categories, this one decreases in FY 2004-05 due to budget cuts originally made in FY 2003-04 and continued into FY 2004-05.

Capital Outlay – All capital projects are in the MERC Pooled Capital Fund. This allows the department to track operational costs from year to year without the fluctuations associated with capital projects.

Debt Service – This category is the debt service for a Local Improvement District (LID) assessment from the City of Portland. The LID was levied against the OCC for the Steel Bridge Pedestrian Walkway project.

Interfund Transfers – In FY 2004-05, this fund contains three interfund transfers. Transfers to the General, Support Services, and Risk Management Funds are for central service charges as allocated through the cost allocation plan. The transfer to the General Revenue Bond Fund is for principal and interest payments on the Oregon Economic and Community Development Department's (OECDD) loan that provided financing for the Expo Center Hall D replacement. The transfer to the MERC Pooled Capital Fund is for capital improvements for the facilities. The increase in support charges is primarily the result of large increases in risk management costs, partially from the expanded facility, partially from the increase in liability insurance costs as a result of the expanded facility, and partially from an agency-wide effort to increase reserves in the Risk Management Fund.

Fund Balance

The beginning fund balance represents funds carried over from the previous year. These funds are used to maintain cash flow at the beginning of the fiscal year, preserve operating flexibility, and provide cash reserves in the event of unexpected business downturns. The beginning fund balance is projected to be $10.8 million. Even after the budget tightening measures, MERC will still draw the ending fund balance down to $10.4 million.

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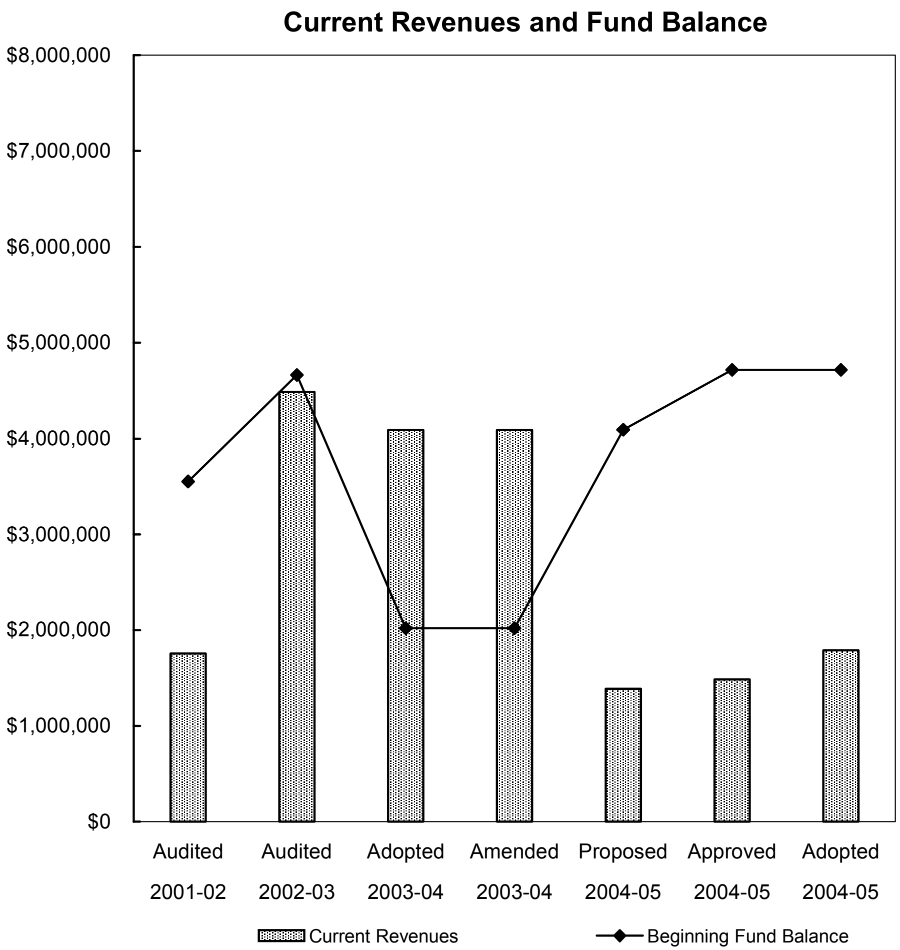
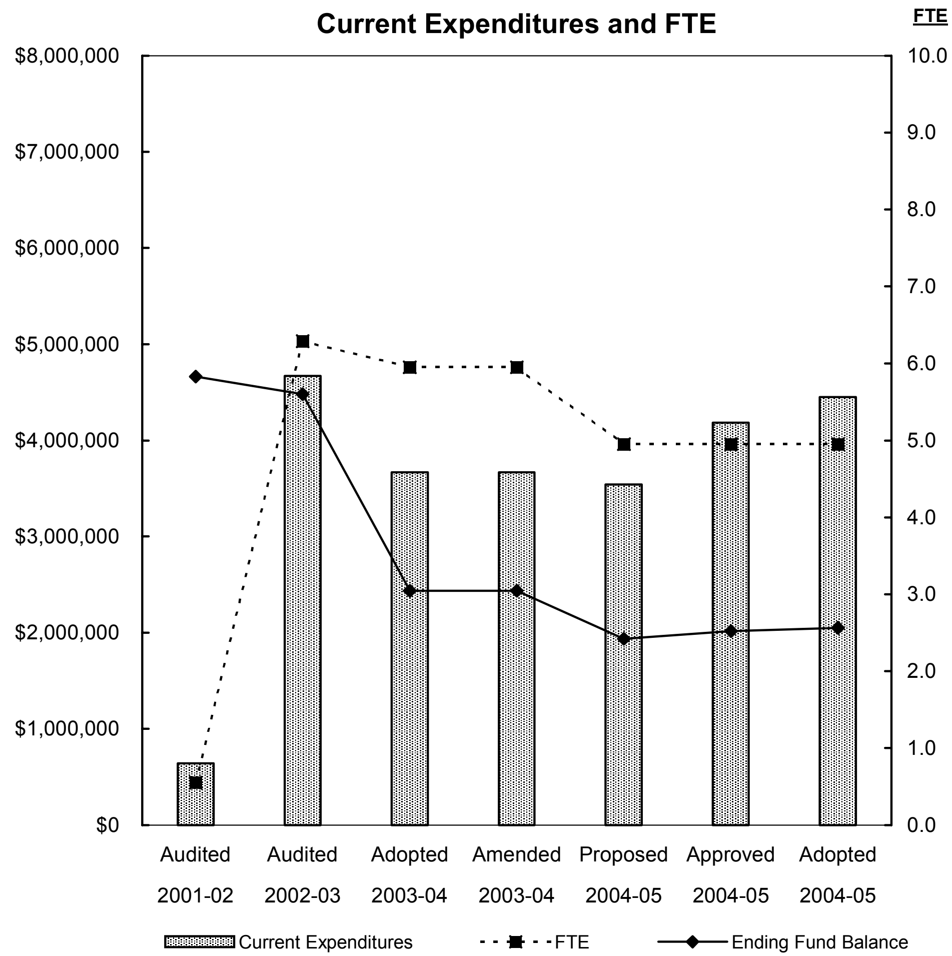
MERC Pooled Capital Fund

MERC Pooled Capital Fund Summary

	Audited FY 2001-02	Audited FY 2002-03	Adopted FY 2003-04	Amended FY 2003-04	Proposed FY 2004-05	Approved FY 2004-05	Adopted FY 2004-05	% Change from FY 2003-04 Amended
Resources								
Beginning Fund Balance	*$3,550,683*	*$4,663,986*	*$2,017,297*	*$2,017,297*	*$4,089,622*	*$4,714,622*	*$4,714,622*	*133.71%*
Current Revenues								
Grants	0	18,500	0	0	0	0	0	0.00%
Local Government Shared Revenues	0	169,704	0	0	0	0	0	0.00%
Contributions from other Governments	634,563	2,400,803	3,208,931	3,208,931	321,484	321,484	321,484	(89.98%)
Interest Earnings	114,182	78,651	98,220	98,220	67,779	67,779	67,779	(30.99%)
Donations	0	0	527,520	527,520	627,775	627,775	715,775	35.69%
Other Misc. Revenue	100	12,607	0	0	0	0	0	0.00%
Interfund Transfers:								
Fund Equity Transfers	1,006,210	1,804,489	253,580	253,580	372,356	467,356	681,106	168.60%
Subtotal Current Revenues	**1,755,055**	**4,484,754**	**4,088,251**	**4,088,251**	**1,389,394**	**1,484,394**	**1,786,144**	**(56.31%)**
Total Resources	**$5,305,738**	**$9,148,740**	**$6,105,548**	**$6,105,548**	**$5,479,016**	**$6,199,016**	**$6,500,766**	**6.47%**
Requirements								
Current Expenditures								
Personal Services	$39,033	$504,516	$493,048	$493,048	$427,410	$427,410	$406,287	(17.60%)
Materials and Services	6,472	31,158	35,000	35,000	10,000	10,000	10,000	(71.43%)
Capital Outlay	596,247	4,133,619	2,389,580	2,389,580	2,250,600	2,875,600	3,142,350	31.50%
Interfund Transfers:								
Fund Equity Transfers	0	0	0	0	354,000	354,000	354,000	0.00%
Contingency	0	0	750,000	750,000	500,000	516,458	537,581	(28.32%)
Subtotal Current Expenditures	**641,752**	**4,669,293**	**3,667,628**	**3,667,628**	**3,542,010**	**4,183,468**	**4,450,218**	**21.34%**
Ending Fund Balance	*4,663,986*	*4,479,447*	*2,437,920*	*2,437,920*	*1,937,006*	*2,015,548*	*2,050,548*	*(15.89%)*
Total Requirements	**$5,305,738**	**$9,148,740**	**$6,105,548**	**$6,105,548**	**$5,479,016**	**$6,199,016**	**$6,500,766**	**6.47%**
Full-Time Equivalents (FTE)	0.55	6.29	5.95	5.95	4.95	4.95	4.95	(16.81%)

MERC Pooled Capital Fund





MERC Pooled Capital Fund

The MERC Pooled Capital Fund accounts for MERC's capital projects and renovation and replacement of its extensive infrastructure. This allows for capital and infrastructure renovation and replacement costs to be captured in one place, and to segregate normal operating expenditures from special one-time project expenditures. This permits more accurate reflection of operating results within the MERC Operating Fund, while more closely tracking the connection between revenues dedicated for capital and replacement/renovation expenditures.

The fund receives direct transfers from the MERC facilities (Oregon Convention Center, Portland Center for the Performing Arts, and the Portland Metropolitan Exposition Center) that are responsible for the particular projects. Each facility records revenues, interest earnings, transfers and expenses separately.

With the completion of the Oregon Convention Center expansion in April 2003, the current focus is being placed on updating the Portland Center for the Performing Arts (PCPA) and continuing to research and review the Phase III development at Expo.

Current Revenues

Contributions from other Governments – The revenue in this classification is a contribution from the City of Portland to support the capital needs of PCPA.

Donations – This reflects the reimbursement of expenditures for work done on PCPA facilities. These funds are held by the Oregon Community Foundation.

Transfer of Resources – The individual facilities provide funding from operations to support their capital maintenance and improvement. In addition, the Convention Center Capital Fund will be closed with the transfer of its $350,000 balance to the MERC Pooled Capital Fund.

Current Expenditures

Personal Services – The expenditures in this classification are for the staff that coordinate and oversee the projects that are expensed in this fund.

Materials and Services – These expenditures represent the renewal and replacement projects that are not classified as capital outlay. These expenditures are budgeted in this fund rather than the operating fund because the funding for these projects comes from donations or contributions from other governments that are dedicated to capital needs.

Capital Outlay – The majority of the projects in this category are related to PCPA and Expo. Beginning in FY 2001-02, MERC budgeted all of the capital projects that are included in the CIP in this fund. This was done to better track the expenditures in conjunction with the revenues dedicated for these projects.

Interfund Transfer – This is a one-time transfer from MERC Pooled Capital back to the MERC Operating Fund. These funds were paid to the Pooled Capital Fund by the Oregon Convention Center (OCC) for improvements at OCC to upgrade the existing facility to match the addition. These funds were not expended and are needed to support operating costs at OCC.

Contingency – This provides a contingency for unexpected capital needs and the PERS Reserve. (For an explanation of the PERS Reserve, see *Where the Money Goes* in Section B, Budget Summary of this document.)

Fund Balance

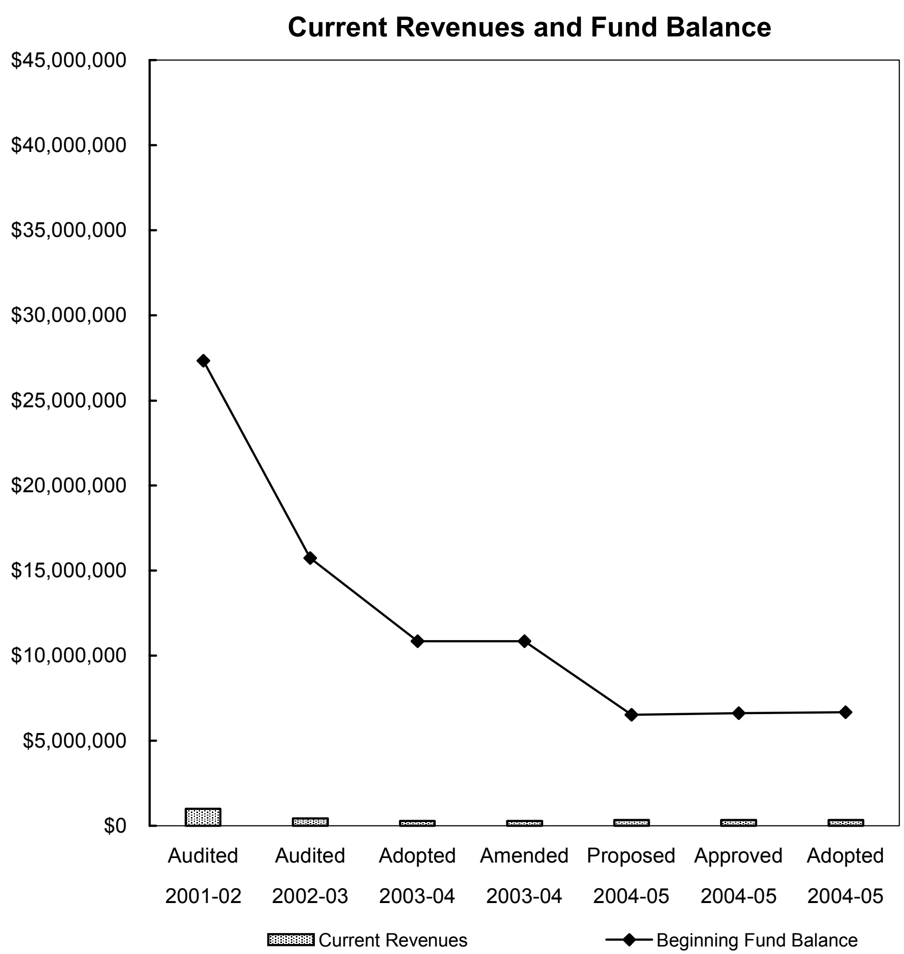
Fund balance is the carry-forward of funding for planned capital projects.

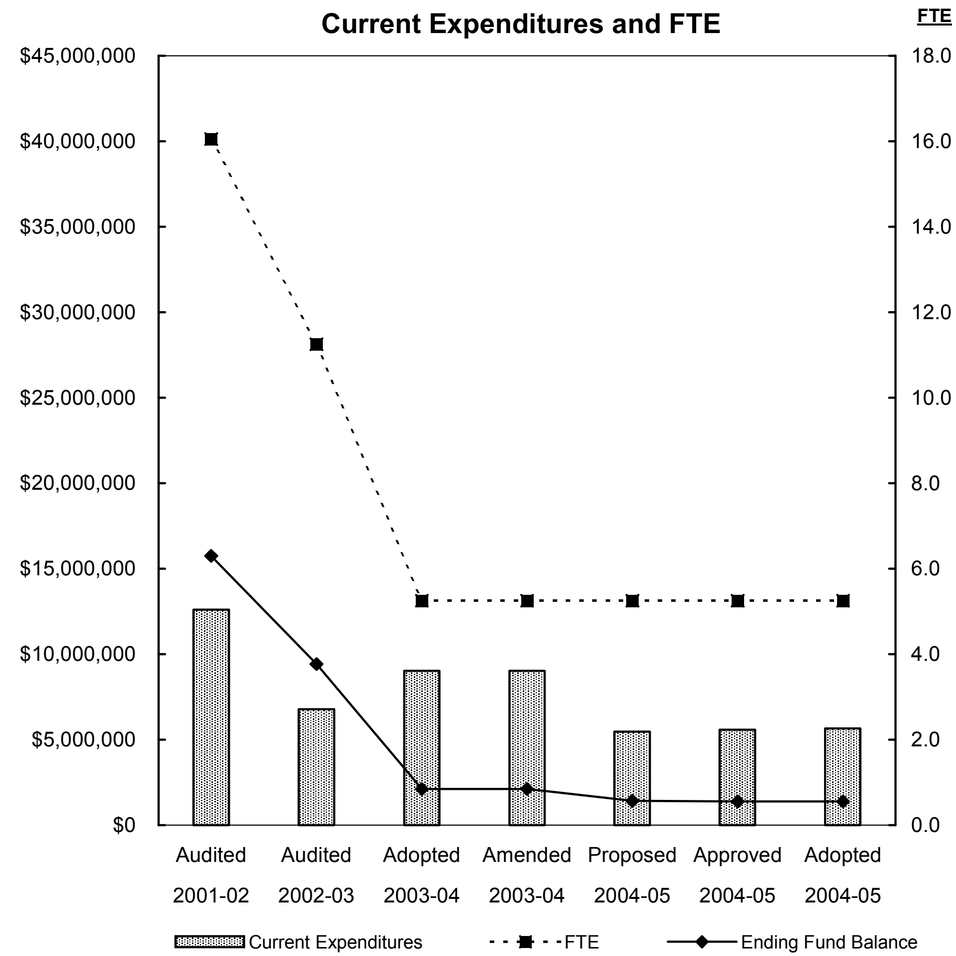
Open Spaces Fund

Open Spaces Fund Summary

	Audited FY 2001-02	Audited FY 2002-03	Adopted FY 2003-04	Amended FY 2003-04	Proposed FY 2004-05	Approved FY 2004-05	Adopted FY 2004-05	% Change from FY 2003-04 Amended
Resources								
Beginning Fund Balance	*$27,338,023*	*$15,737,419*	*$10,851,057*	*$10,851,057*	*$6,534,007*	*$6,623,356*	*$6,678,356*	*(38.45%)*
Current Revenues								
Grants	14,900	141,000	200,000	200,000	200,000	200,000	200,000	0.00%
Contributions from other Governments	7,485	100	0	0	0	0	0	0.00%
Enterprise Revenue	17,637	54,140	0	0	55,000	55,000	55,000	0.00%
Interest Earnings	799,963	232,374	85,000	85,000	91,600	91,600	91,600	7.76%
Donations	168,757	142	0	0	0	0	0	0.00%
Other Misc. Revenue	97	13,959	0	0	0	0	0	0.00%
Subtotal Current Revenues	**1,008,839**	**441,715**	**285,000**	**285,000**	**346,600**	**346,600**	**346,600**	**21.61%**
Total Resources	**$28,346,862**	**$16,179,134**	**$11,136,057**	**$11,136,057**	**$6,880,607**	**$6,969,956**	**$7,024,956**	**(36.92%)**
Requirements								
Current Expenditures								
Personal Services	$1,234,214	$862,889	$520,617	$520,617	$518,872	$518,872	$494,137	(5.09%)
Materials and Services	1,449,722	1,940,483	2,112,643	2,112,643	1,270,395	1,270,395	1,270,395	(39.87%)
Capital Outlay	9,284,781	3,452,746	5,137,300	5,137,300	3,096,940	3,096,940	3,096,940	(39.72%)
Interfund Transfers:								
Interfund Reimbursements	466,992	398,351	287,471	287,471	256,204	256,204	256,204	(10.88%)
Internal Service Transfers	173,734	109,238	721,607	721,607	208,196	297,545	352,545	(51.14%)
Contingency	0	0	250,000	250,000	125,000	150,000	174,735	(30.11%)
Subtotal Current Expenditures	**12,609,443**	**6,763,707**	**9,029,638**	**9,029,638**	**5,475,607**	**5,589,956**	**5,644,956**	**(37.48%)**
Ending Fund Balance	*15,737,419*	*9,415,427*	*2,106,419*	*2,106,419*	*1,405,000*	*1,380,000*	*1,380,000*	*(34.49%)*
Total Requirements	**$28,346,862**	**$16,179,134**	**$11,136,057**	**$11,136,057**	**$6,880,607**	**$6,969,956**	**$7,024,956**	**(36.92%)**
Full-Time Equivalents (FTE)	16.05	11.25	5.25	5.25	5.25	5.25	5.25	0.00%

Open Spaces Fund





Open Spaces Fund

In July 1992, Metro adopted the Metropolitan Greenspaces Master Plan. Among other strategies, the master plan calls for the acquisition of regionally significant open spaces. The Open Spaces Fund is used to account for bond proceeds and expenditures related to the Open Spaces, Parks, and Streams 1995 general obligation bonds.

The fund includes the Open Spaces Acquisition Program managed by the Regional Parks and Greenspaces Department and the Open Spaces Due Diligence Program managed by the Office of Metro Attorney.

The funds are being used to purchase regionally significant open spaces in 14 target areas, six regional trails and greenway areas, construct two regional trails, and fund approximately 90 local government parks projects through the local greenspaces project element of the bond measure.

Through May 2004, Metro had acquired 8,023 acres of regionally significant land in 255 separate "willing seller" property transactions. This represents 134 percent of the original goal of 6,000 acres.

As the acquisition program nears completion, staff have been reduced or transferred to the Regional Parks Operating Fund for long-term maintenance of the properties. It is anticipated that FY 2004-05 will be the last full year for the Acquisition Program.

Current Revenues

Grants – Grants have been received for various stabilization projects. In FY 2004-05, the department anticipates a grant from the National Fish and Wildlife Foundation for stabilization activities.

Interest Earnings – Interest is earned on the unexpended balance of bond proceeds and other resources. Bond proceeds are invested in compliance with bond and arbitrage requirements. Interest earnings are declining as the balance of bond proceeds is expended.

Current Expenditures

Personal Services – This category includes salaries and benefits for 5.25 FTE, including 1.5 FTE Due Diligence staff working under the direction of the Office of Metro Attorney. FY 2004-05 is assumed to be the last year of staffing for this fund. Costs associated with the PERS Reserve have been transferred to Contingency. (For an explanation of the PERS Reserve, see *Where the Money Goes* in the Budget Summary section of this document.)

Materials and Services – The Open Spaces, Parks, and Streams bond measure included $25 million for local jurisdiction projects. These "local share" contributions are reflected in the budget as materials and services. Forty-six percent of the FY 2004-05 budget in this category is for remaining payments of local share bond proceeds to other jurisdictions. Local share contributions are made on a reimbursement basis. The remaining funds are budgeted for completion of the acquisition and stabilization process (i.e., appraisals, environmental consultants, surveys, engineering studies, etc.).

Capital Outlay – The FY 2004-05 capital outlay budget reflects the remaining amount available for the purchase of land.

Interfund Transfers – Expenditures in this category include transfers to the Support Services, General, Building Management, and Risk Management funds for central services, rent and insurance costs incurred on behalf of the Open Spaces Program. These charges are allocated based on the federally approved central services cost allocation plan. This category also includes about $321,000 of Multnomah County local share bond proceeds transferred to the Regional Parks Capital Fund and Smith and Bybee Lakes Fund. Under the intergovernmental agreement with Multnomah County transferring the regional parks to Metro completed in March 1996, Metro assumed management responsibility for the Multnomah County open spaces local share proceeds; these transfers support such projects. There is also a transfer to the Planning Fund for mapping services provided by the Data Resource Center in the Planning Department.

Contingency – Contingency funds are provided to meet unforeseen needs or other emergencies throughout the fiscal year. The Metro Council must authorize appropriation and expenditure of contingency via ordinance.

Fund Balance

The fund balance represents unexpended bond proceeds plus interest earned. The balance has decreased as the program goals are achieved. The Council, through resolution, set aside a minimum of $1.5 million of the regional funds as a reserve for future site stabilization costs, legal liabilities, or other similar unforeseen expenses related to acquisition. Expenditures from this reserve will begin in FY 2004-05. The fund balance will gradually decline as these funds are expended.

METRO

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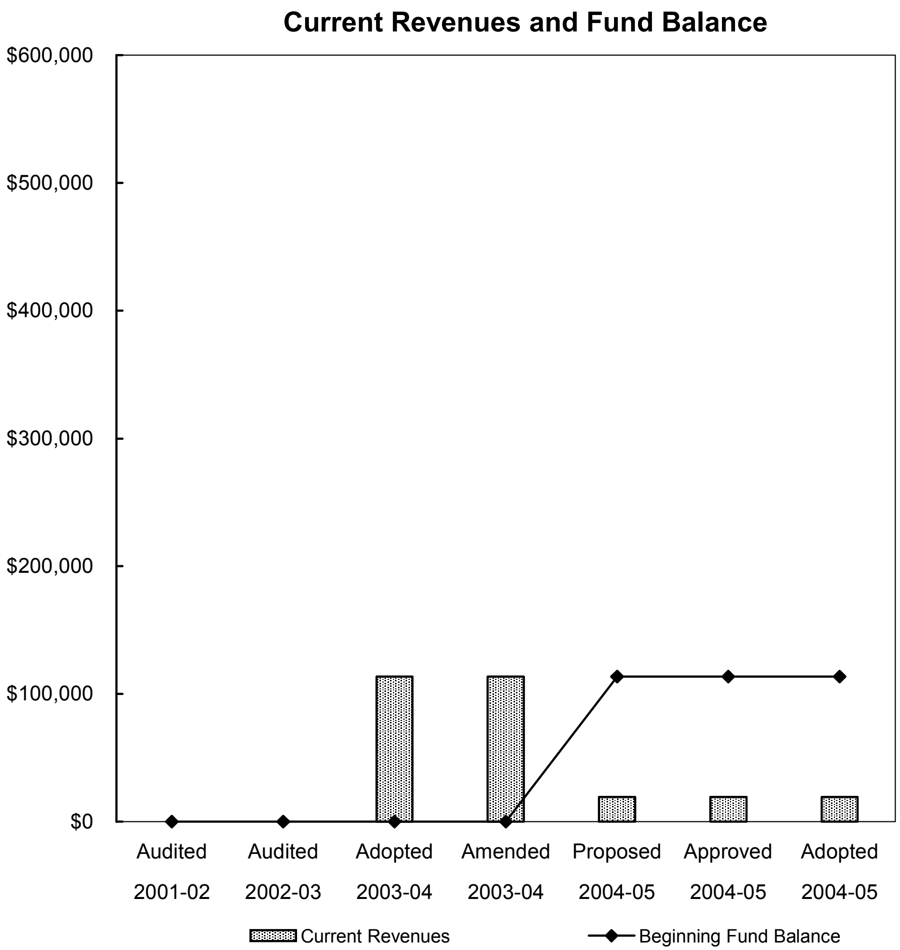
OPEN SPACES

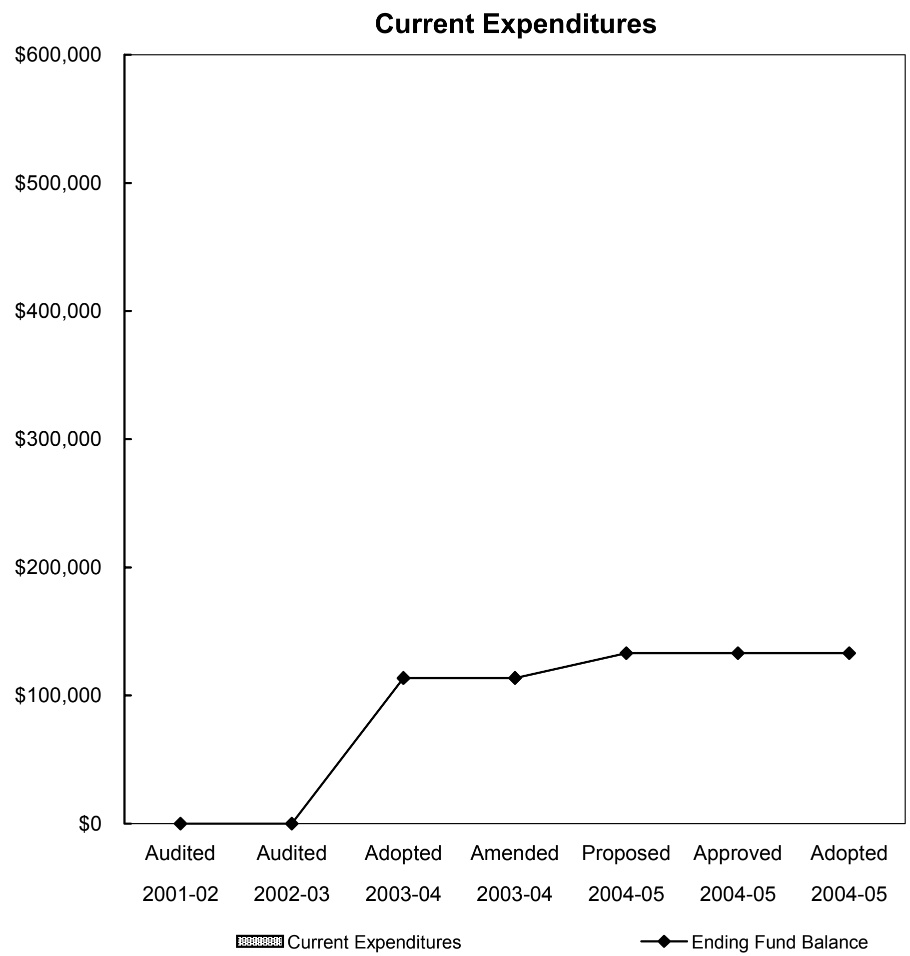
Pioneer Cemetery Perpetual Care Fund

Pioneer Cemetery Perpetual Care Fund Summary

	Audited FY 2001-02	Audited FY 2002-03	Adopted FY 2003-04	Amended FY 2003-04	Proposed FY 2004-05	Approved FY 2004-05	Adopted FY 2004-05	% Change from FY 2003-04 Amended
Resources								
Beginning Fund Balance	*$0*	*$0*	*$0*	*$0*	*$113,583*	*$113,583*	*$113,583*	*0.00%*
Current Revenues								
Other Derived Tax Revenue	0	0	18,090	18,090	18,090	18,090	18,090	0.00%
Interest Earnings	0	0	1,500	1,500	1,500	1,500	1,500	0.00%
Interfund Transfers:								
Fund Equity Transfers	0	0	93,993	93,993	0	0	0	(100.00%)
Subtotal Current Revenues	**0**	**0**	**113,583**	**113,583**	**19,590**	**19,590**	**19,590**	**(82.75%)**
Total Resources	**$0**	**$0**	**$113,583**	**$113,583**	**$133,173**	**$133,173**	**$133,173**	**17.25%**
Requirements								
Ending Fund Balance	*0*	*0*	*113,583*	*113,583*	*133,173*	*133,173*	*133,173*	*17.25%*
Total Requirements	**$0**	**$0**	**$113,583**	**$113,583**	**$133,173**	**$133,173**	**$133,173**	**17.25%**
Full-Time Equivalents (FTE)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00%

Pioneer Cemetery Perpetual Care Fund





Pioneer Cemetery Perpetual Care Fund

The Pioneer Cemetery Perpetual Care Fund was created in FY 2003-04 to provide financial support for the long-term maintenance of the Metro Pioneer Cemeteries after the cemeteries are no longer receiving revenue from grave sales and burial services. The fund will receive revenue from a 15 percent surcharge on grave sales. No expenditures are anticipated from this fund until grave sites are exhausted at the cemeteries. Current estimates indicate that all grave sites will be sold around the year 2058.

The fund was seeded with a transfer of the Willamina Farmer Family account from the Regional Parks Specials Accounts Fund. This account was a bequest from the family to provide for the long-term maintenance and upkeep of the Farmer Family plot and the Pioneer Cemeteries.

Current Revenues

Other Derived Tax Revenue – a 15 percent surcharge will be added to every grave sale to provide a contribution to the long-term perpetual care of the plot.

Interest Earning – Interest will be earned on the balance of the fund. Interest is projected at 1.5 percent of the cash balance.

Fund Balance

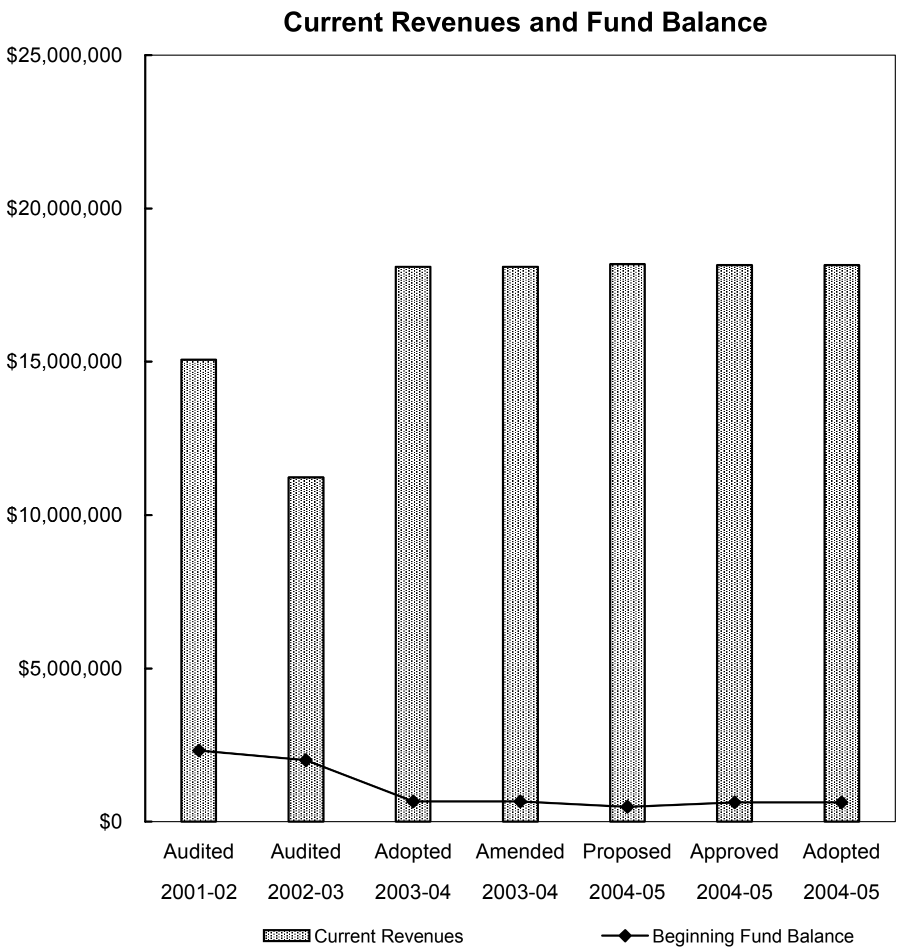
No expenditures are planned from this fund until such time as the department runs out of grave sites to sell. The fund balance will continue to grow annually with additional contributions from grave sales and interest earnings.

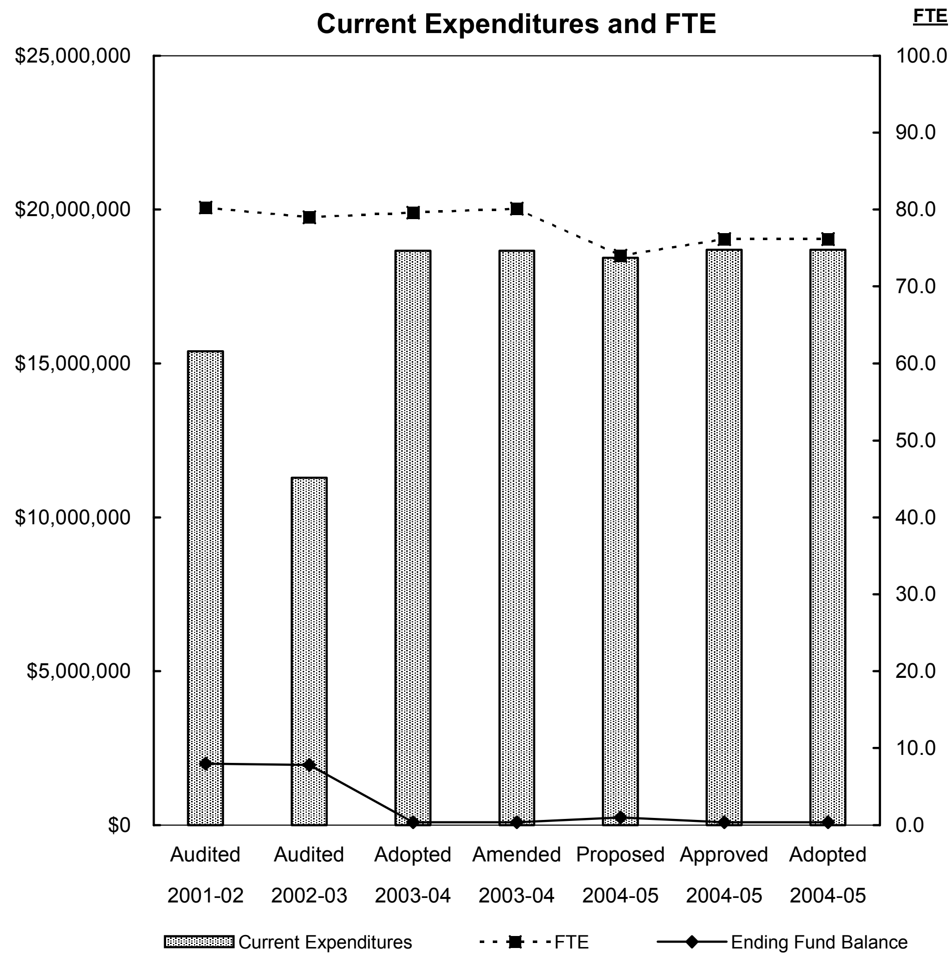
Planning Fund

Planning Fund Summary

	Audited FY 2001-02	Audited FY 2002-03	Adopted FY 2003-04	Amended FY 2003-04	Proposed 2004-05	Approved 2004-05	Adopted 2004-05	% Change from FY 2003-04 Amended
Resources								
Beginning Fund Balance	*$2,321,341*	*$1,999,360*	*$654,431*	*$654,431*	*$485,896*	*$627,552*	*$627,552*	*(4.11%)*
Current Revenues								
Grants	9,735,097	6,127,328	12,895,064	12,895,064	8,315,301	8,333,645	8,333,645	(35.37%)
Local Gov't Shared Revenues	21,320	13,635	0	0	0	0	0	0.00%
Enterprise Revenue	499,359	364,840	543,480	543,480	5,184,088	5,184,088	5,184,088	853.87%
Interest Earnings	105,627	53,098	0	0	135,000	0	0	0.00%
Other Misc. Revenue	11,288	0	14,536	14,536	31,000	31,000	31,000	113.26%
Interfund Transfers:								
Internal Service Transfers	430,302	462,804	471,145	471,145	458,145	458,145	458,145	(2.76%)
Interfund Loan	300,000	0	0	0	0	0	0	0.00%
Fund Equity Transfers	3,966,110	4,209,339	4,172,311	4,172,311	4,054,761	4,141,845	4,141,845	(0.73%)
Subtotal Current Revenues	**15,069,103**	**11,231,044**	**18,096,536**	**18,096,536**	**18,178,295**	**18,148,723**	**18,148,723**	**0.29%**
Total Resources	**$17,390,444**	**$13,230,404**	**$18,750,967**	**$18,750,967**	**$18,664,191**	**$18,776,275**	**$18,776,275**	**0.13%**
Requirements								
Current Expenditures								
Personal Services	$6,165,458	$6,382,522	$7,194,265	$7,262,224	$6,855,058	$7,029,192	$6,866,929	(5.44%)
Materials and Services	6,705,608	2,394,103	8,561,505	8,561,505	8,857,565	8,795,515	8,795,515	2.73%
Capital Outlay	223,161	0	54,200	54,200	47,000	47,000	47,000	(13.28%)
Debt Service	47,452	40,773	44,212	44,212	0	0	0	(100.00%)
Interfund Transfers:								
Interfund Reimbursements	2,145,715	2,358,215	2,331,186	2,331,186	2,189,991	2,189,991	2,189,991	(6.06%)
Interfund Loan	103,690	103,898	106,100	106,100	0	0	0	(100.00%)
Contingency	0	0	369,499	301,540	474,577	624,577	786,840	160.94%
Subtotal Current Expenditures	**15,391,084**	**11,279,511**	**18,660,967**	**18,660,967**	**18,424,191**	**18,686,275**	**18,686,275**	**0.14%**
Ending Fund Balance	*1,999,360*	*1,950,893*	*90,000*	*90,000*	*240,000*	*90,000*	*90,000*	*0.00%*
Total Requirements	**$17,390,444**	**$13,230,404**	**$18,750,967**	**$18,750,967**	**$18,664,191**	**$18,776,275**	**$18,776,275**	**0.13%**
Full-Time Equivalents (FTE)	80.25	79.00	79.60	80.10	74.00	76.15	76.15	(4.93%)

Planning Fund





Planning Fund

With voter approval of the Metro Charter in 1992, growth management and land-use planning became Metro's primary mission. The growth management services and transportation functions are intrinsically linked to one another and to the goal of preserving and enhancing the livability of the metropolitan area. These functions continue to take the lead in charting the course for and identifying milestones along the route to successful implementation of a regional growth plan.

Prior to FY 2001-02, growth management services and transportation were budgeted as separate departments. In FY 2001-02, the departments were combined into one department.

Current Revenues

Grants – The Planning Fund receives 46 percent of its revenues from federal, state, and local grants. Grant funding is declining in FY 2004-05, primarily due to a technical reclassification of Transit Oriented Development (TOD) program revenues to contracted services.

Enterprise Revenue – Almost 90 percent of the revenue in this category, $4.66 million, is contracted services associated with the TOD program. The remaining funds are generated by the Data Resource Center (DRC) through sales and contracted services with local jurisdictions.

Interfund Transfers – The Planning Fund receives transfers from several funds. The Solid Waste and Recycling and the Regional Parks and Greenspaces departments use the services of the Data Resource Center. Both departments are charged for services received as well as for a share of the data base and equipment maintenance costs. In addition, in FY 2001-02, the Planning Fund received a $300,000 interfund loan from the Solid Waste Revenue Fund to provide financing for a major new computer purchase, the TRANSIMS modeling system for travel forecasting; the loan is being repaid over a three-year period. The largest transfer, approximately $4.14 million, is excise tax from the General Fund. The General Fund provides funding for Charter-mandated functions and services performed by the department and for administrative costs and matching funds for grants received.

Current Expenditures

Personal Services – The Planning Fund includes salaries and benefits for 76.15 FTE. The FY 2004-05 budget reflects several staffing changes from the prior year budget. These changes are in response to changing departmental program needs. Overall, the fund reflects a net decrease of 3.95 FTE from the FY 2003-04 budget. Costs associated with the PERS Reserve have been transferred to Contingency. (For an explanation of the PERS Reserve, see *Where the Money Goes* in the Budget Summary section of this document.)

Materials and Services – Expenditures in this category are closely tied to the level of grants received. Around 91 percent of all materials and services expenditures are for contracted professional services, land purchases, or pass-throughs of grant funds to other governments. Materials and services expenditures have increased from FY 2003-04 because of an increase in the affordable housing program, the expansion of the regional travel options program, and the addition of a household survey in the travel forecasting program.

Capital Outlay – In FY 2001-02 and FY 2002-03, capital expenditures were for the purchase of computer equipment for the Transims Modeling Project. The project was completed in FY 2003-04. Capital for FY 2004-05 reflects upgrade or replacement of various components of the DRC computer system.

Debt Service – Debt service payments are budgeted in accordance with authorized debt schedules. FY 2003-04 was the last year of a three-year capital lease financing for the purchase of computer equipment for the Data Resource Center.

Transfers – Expenditures in this category include transfers to the Support Services, General, Building Management, and Risk Management funds for central services, rent, and insurance costs. These charges are allocated based on the federally approved cost allocation plan. Nongrant-eligible General Fund costs were removed from the cost allocation plan in FY 2003-04, resulting in a significant reduction in allocated costs charged to the department. In addition, the FY 2003-04 budget included the third of three annual installments to repay the Interfund loan from Solid Waste for the TRANSIMS computer purchase.

Contingency – Contingency is budgeted at 3 percent of total personal services, materials and services, and capital outlay. Contingency funds are provided to meet unforeseen needs or other emergencies throughout the fiscal year. The Metro Council must authorize appropriation and expenditure of contingency via ordinance. The Contingency also includes reserves set aside to meet potential pension cost liabilities.

Fund Balance

Components of the fund balance are project-specific. Since the majority of resources are reimbursements for actual costs, only those project-specific resources received in advance are carried forward as fund balance. Projected beginning fund balances are estimated each year during the budget development process.

METRO

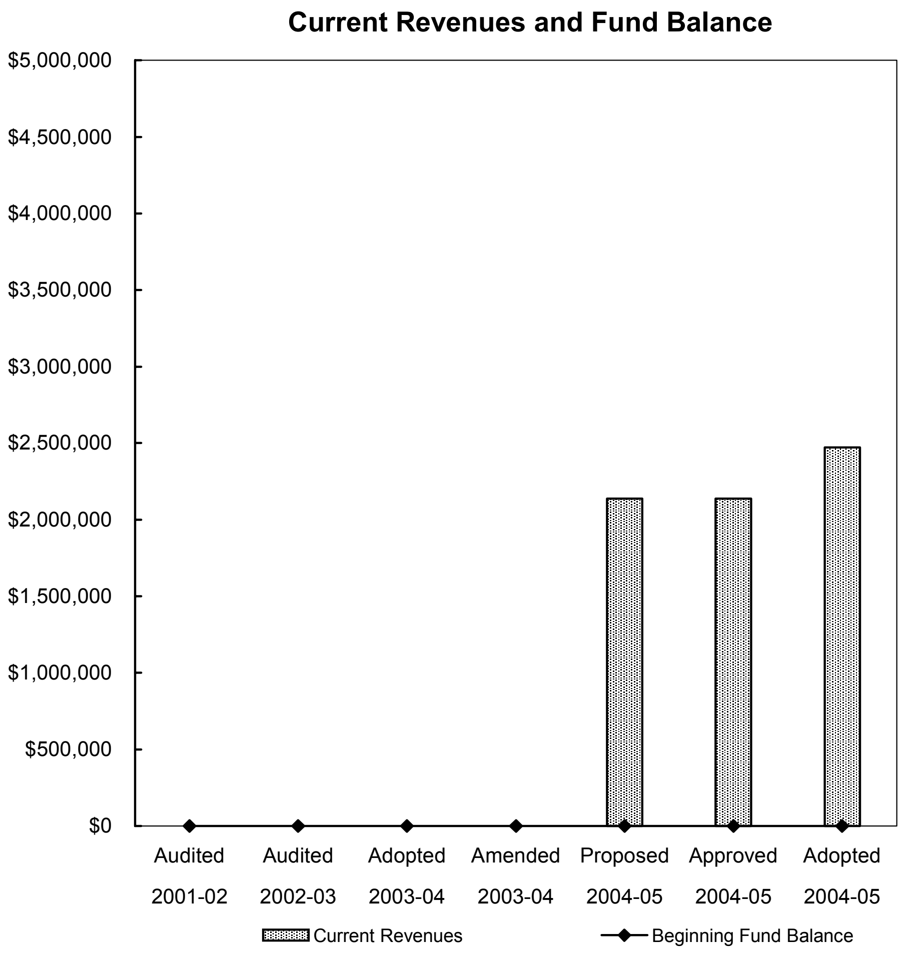
PEOPLE PLACES
OPEN SPACES

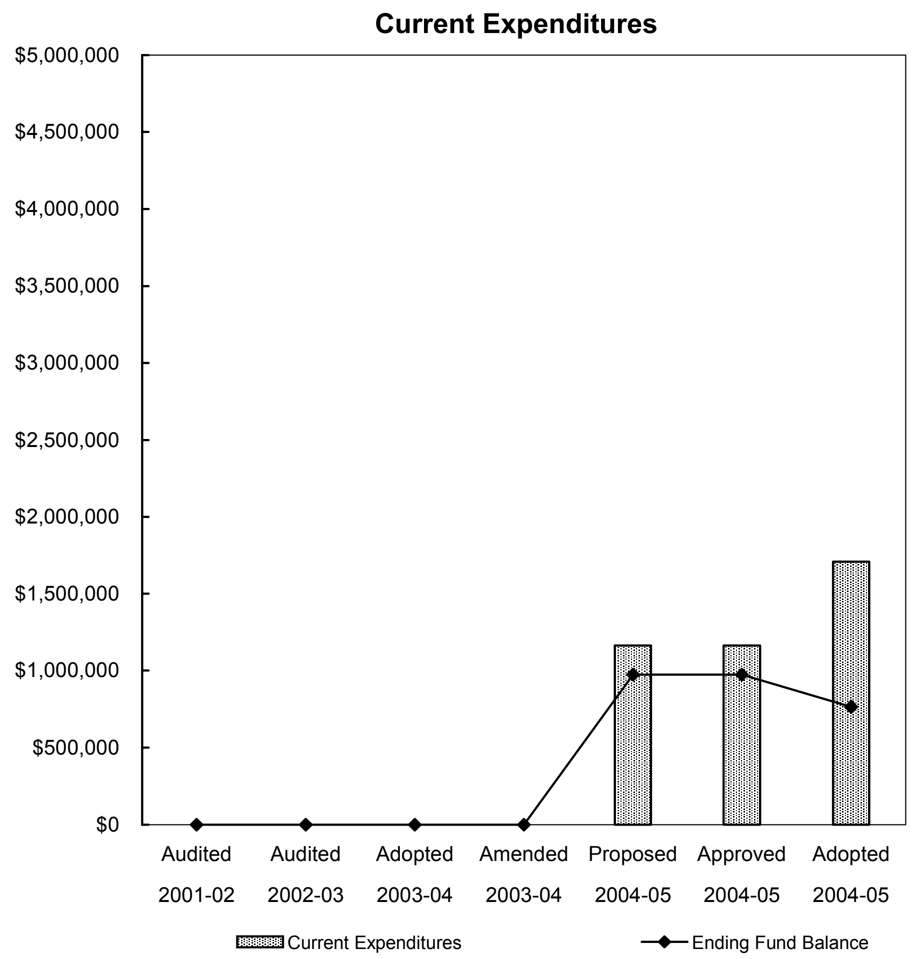
Regional Parks Capital Fund

Regional Parks Capital Fund Summary

	Audited FY 2001-02	Audited FY 2002-03	Adopted FY 2003-04	Amended FY 2003-04	Proposed 2004-05	Approved 2004-05	Adopted 2004-05	% Change from FY 2003-04 Amended
Resources								
Beginning Fund Balance	*$0*	*$0*	*$0*	*$0*	*$0*	*$0*	*$0*	*0.00%*
Current Revenues								
Grants	0	0	0	0	300,000	300,000	633,749	0.00%
Interfund Transfers:								
Internal Service Transfers	0	0	0	0	140,000	140,000	315,000	0.00%
Fund Equity Transfers	0	0	0	0	1,698,034	1,698,034	1,489,822	0.00%
Subtotal Current Revenues	**0**	**0**	**0**	**0**	**2,138,034**	**2,138,034**	**2,472,562**	**0.00%**
Total Resources	**$0**	**$0**	**$0**	**$0**	**$2,138,034**	**$2,138,034**	**$2,472,562**	**0.00%**
Requirements								
Current Expenditures								
Materials and Services	0	0	0	0	500,000	500,000	620,000	0.00%
Capital Outlay	0	0	0	0	665,000	665,000	1,087,740	0.00%
Interfund Transfers:								
Subtotal Current Expenditures	**0**	**0**	**0**	**0**	**1,165,000**	**1,165,000**	**1,707,740**	**0.00%**
Ending Fund Balance	*0*	*0*	*0*	*0*	*973,034*	*973,034*	*764,822*	*0.00%*
Total Requirements	**$0**	**$0**	**$0**	**$0**	**$2,138,034**	**$2,138,034**	**$2,472,562**	**0.00%**
Full-Time Equivalents (FTE)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00%

Regional Parks Capital Fund





Regional Parks Capital Fund

The Regional Parks Capital Fund is established as a new fund in FY 2004-05. It accounts for all major capital development projects as well as renewal and replacement of the extensive regional park infrastructure. This allows for capital costs to be captured in one place and to segregate normal operating expenditures from one-time capital project expenditures.

The FY 2004-05 budget includes a $2.50 per ton excise tax levy on solid waste dedicated to Regional Parks. In addition to providing much needed operational support, the levy will support the development of four open space sites into regional parks accessible by the general public as well as funding renewal and replacement needs in accordance with the Capital Asset Management Policies adopted by the Metro Council.

Current Revenues

Grants – Grants received are project specific. In FY 2004-05 the department anticipates the receipt of grants from a variety of sources to support specific capital projects at Gleason Boat Ramp and Blue Lake Regional Parks, as well as major restoration at the Gales Creek/Tualatin River Confluence open space site.

Interfund Transfers – The Regional Parks and Greenspaces Department will receive excise tax funding from a dedicated $2.50 per ton levy on solid waste. The portion of that levy identified for capital development or renewal and replacement will be transferred to the Regional Parks Capital Fund from the General Fund via the Regional Parks Operating Fund. In addition, three smaller transfers will be made from the Open Spaces Fund, the Regional Parks Operating Fund, and the Regional Parks Special Accounts Fund. The transfer from the Open Spaces Fund is associated with Multnomah County's share of the Open Space Program bond proceeds, which is managed by Metro's Regional Parks and Greenspaces department under the final consolidation agreement with the county. The transfer from the Regional Parks Special Accounts Fund will be made from the Blue Lake Stage Account, a designated account set aside for capital development of Blue Lake Park.

Current Expenditures

Materials & Services – Expenditures in this category reflect potential renewal and replacement projects that do not meet the threshold of major capital improvement and which, by definition, are considered capital maintenance.

Capital Outlay – This category represents capital construction projects approved in Metro's Capital Improvement Plan (CIP). All capital projects that are over $50,000 and have a useful life of more than five years are included in the CIP. Projects for FY 2004-05 include M. James Gleason Boat Ramp Improvements, development of a water play area at Blue Lake Park, design and engineering for Mt. Talbert and Wilsonville open space sites, and habitat restoration at the Gales Creek/Tualatin River Confluence site.

Fund Balance

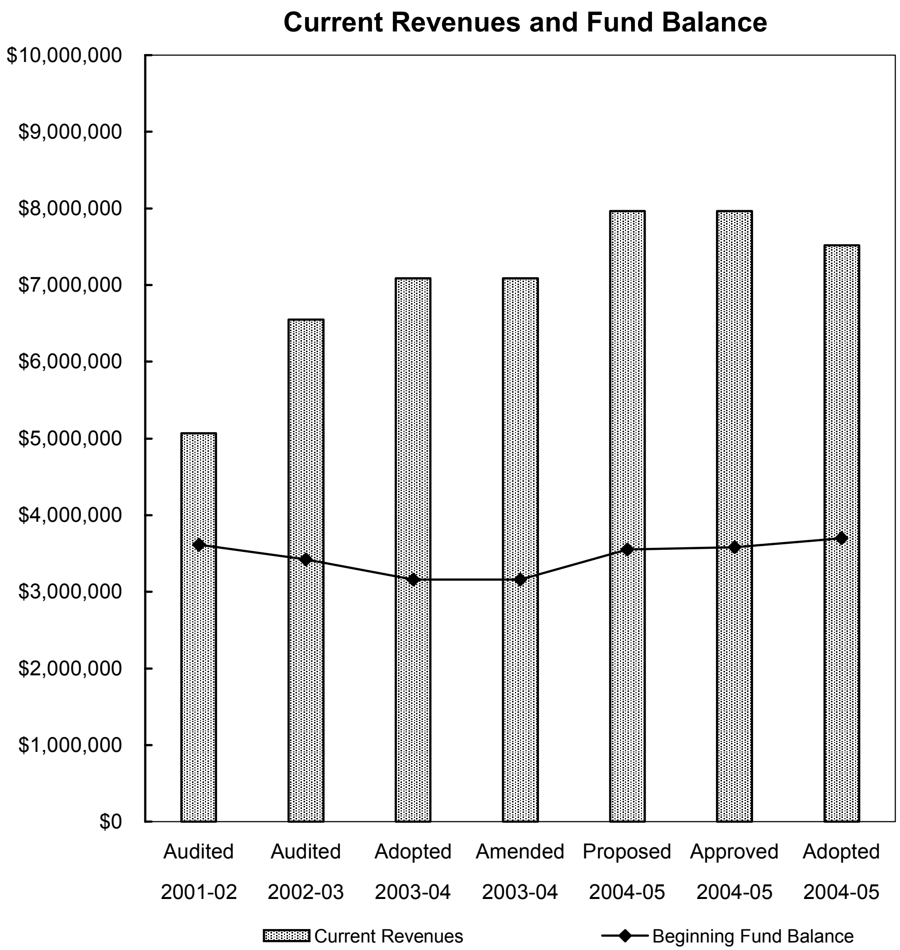
The fund balance consists of two components – a renewal and replacement reserve for future needs and capital development funding received in FY 2004-05 that will be needed in future years. A portion of the $2.50 excise tax levy on solid waste dedicated to Regional Parks is identified for the development of four open space sites into regional parks. The expenditures associated with the capital projects do not necessarily coincide with the receipt of the funding. Monies received in advance are held in reserve until needed in future years.

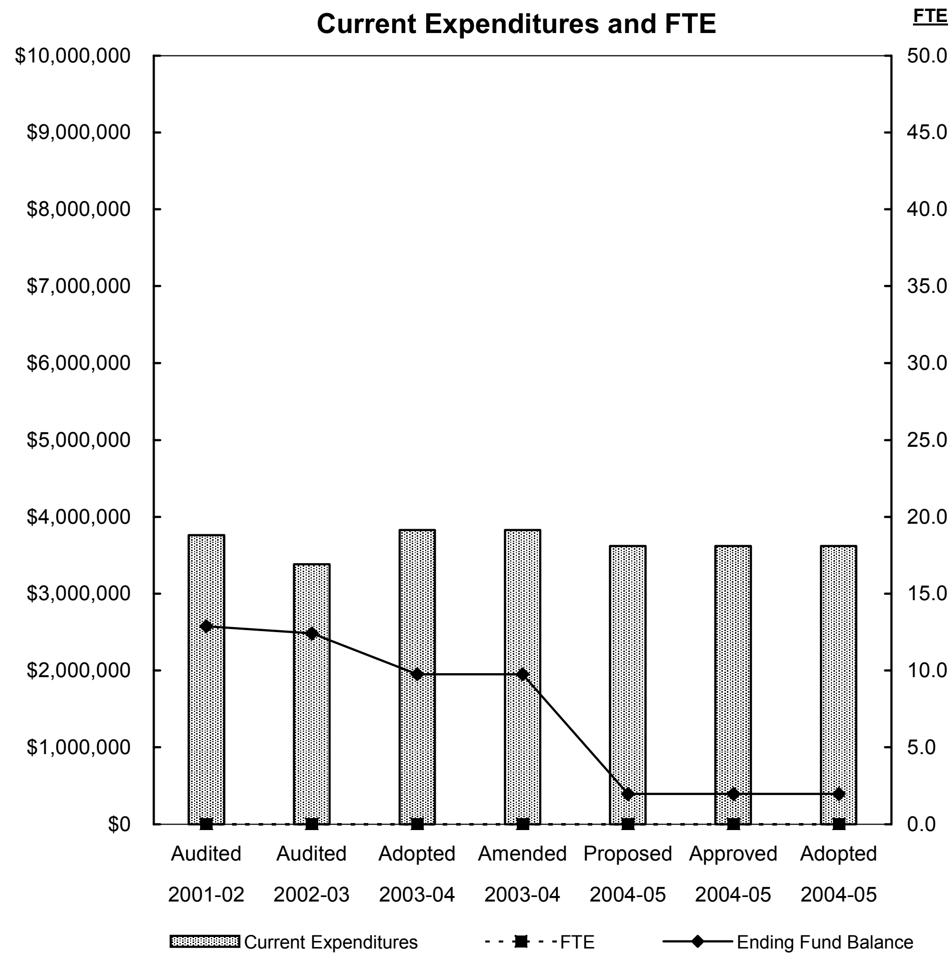
Regional Parks Operating Fund

Regional Parks Operating Fund Summary

	Audited FY 2001-02	Audited FY 2002-03	Adopted FY 2003-04	Amended FY 2003-04	Proposed 2004-05	Approved 2004-05	Adopted 2004-05	% Change from FY 2003-04 Amended
Resources								
Beginning Fund Balance	*$3,611,951*	*$3,422,429*	*$3,158,426*	*$3,158,426*	*$3,551,811*	*$3,580,311*	*$3,700,311*	*17.16%*
Current Revenues								
Grants	389,024	546,144	698,353	698,353	413,072	413,072	196,200	(71.91%)
Local Gov't Shared Revenues	414,466	370,531	414,361	414,361	403,975	403,975	403,975	(2.51%)
Contributions from other Gov'ts	63,100	106,829	45,300	45,300	40,300	40,300	40,300	(11.04%)
Enterprise Revenue	2,229,155	2,387,587	2,458,663	2,458,663	2,592,335	2,592,335	2,592,335	5.44%
Interest Earnings	114,413	61,404	58,998	58,998	60,000	60,000	60,000	1.70%
Donations	95,792	340,638	232,340	232,340	22,000	22,000	22,000	(90.53%)
Other Misc. Revenue	8,944	15,127	11,500	11,500	11,500	11,500	11,500	0.00%
Interfund Transfers:								
Internal Service Transfers	197,877	59,576	509,811	509,811	3,150	3,150	3,150	(99.38%)
Fund Equity Transfers	1,555,075	2,660,348	2,658,538	2,658,538	4,417,823	4,417,823	4,186,119	57.46%
Subtotal Current Revenues	**5,067,846**	**6,548,184**	**7,087,864**	**7,087,864**	**7,964,155**	**7,964,155**	**7,515,579**	**6.03%**
Total Resources	**$8,679,797**	**$9,970,613**	**$10,246,290**	**$10,246,290**	**$11,515,966**	**$11,544,466**	**$11,215,890**	**9.46%**
Requirements								
Current Expenditures								
Personal Services	$2,511,529	$2,954,041	$3,063,164	$3,063,164	$3,463,324	$3,480,185	$3,334,469	8.86%
Materials and Services	1,408,997	1,840,045	2,003,468	2,003,468	1,733,763	1,762,263	1,545,391	(22.86%)
Capital Outlay	406,200	447,862	924,711	924,711	0	0	0	(100.00%)
Interfund Transfers:								
Interfund Reimbursements	914,009	1,008,824	1,032,985	1,032,985	1,135,218	1,135,218	1,135,218	9.90%
Internal Service Transfers	16,633	15,525	74,535	74,535	157,000	157,000	277,000	271.64%
Fund Equity Transfers	0	107,505	187,187	187,187	1,698,034	1,698,034	1,489,822	695.90%
Contingency	0	0	261,390	261,390	205,192	348,192	493,908	88.95%
Subtotal Current Expenditures	**5,257,368**	**6,373,802**	**7,547,440**	**7,547,440**	**8,392,531**	**8,580,892**	**8,275,808**	**9.65%**
Ending Fund Balance	*3,422,429*	*3,596,811*	*2,698,850*	*2,698,850*	*3,123,435*	*2,963,574*	*2,940,082*	*8.94%*
Total Requirements	**$8,679,797**	**$9,970,613**	**$10,246,290**	**$10,246,290**	**$11,515,966**	**$11,544,466**	**$11,215,890**	**9.46%**
Full-Time Equivalents (FTE)	35.70	38.75	36.85	36.85	40.35	40.35	40.35	9.50%

Regional Parks Operating Fund





Regional Parks Operating Fund

The Regional Parks Fund accounts for revenues and expenditures of the Regional Parks and Greenspaces Department. Parks and facilities owned and managed by Metro are:

- **Oxbow Regional Park** – A 1,000-acre natural area along the Sandy River including Indian John Island, Larch Mountain Corridor, and three fishing access points on the river. The Salmon Festival is an annual event at Oxbow Park; proceeds from the salmon bake are contributed to the Oxbow Park Nature Center (Diack Nature Center).
- **Blue Lake Regional Park** – A 185-acre park with a swim beach, Lake House for meetings and receptions, and food and boat concessions.
- **Glendoveer** – Two 18-hole golf courses, related golf facilities, and a fitness trail in northeast Portland.
- **Other regional parks** – These include Howell Territorial Park and Bybee House on Sauvie Island, Mason Hill Park, and Beggar's-tick Wildlife Refuge.
- **Marine facilities** – Includes Chinook Landing Marine Park, M. James Gleason Boat Ramp, Broughton Beach, Gary and Flagg Islands, Bell View Point, and Burlington (Sauvie Island) Boat Ramp.
- **Pioneer cemeteries** – Includes 14 active pioneer cemeteries around the region, such as Lone Fir Cemetery in southeast Portland, a 30-acre arboretum. Others include Douglass Cemetery in Troutdale, Columbia Pioneer Cemetery in northeast Portland, Grand Army of the Republic Cemetery in southwest Portland, Multnomah Park Cemetery in southeast Portland, and Gresham Pioneer Cemetery in Gresham.
- **Metro Open Spaces landbanked properties** – Includes over 8000 acres of land purchased under the Metro Open Spaces Acquisition Program. Properties extend from east Multnomah County to west Washington County to the middle of Clackamas County.

Current Revenues

Grants – These revenues are from contributions received to support programs managed by the Regional Parks and Greenspaces Department. Funds include grants from the U.S. Fish and Wildlife Service for the Environmental Education Program. Grant funding fluctuates annually based on project needs.

Enterprise Revenue – These are revenues earned through operation of the Glendoveer Golf Course and fees for use of park facilities and are heavily dependent on weather conditions. Enterprise revenues are estimated based on a three-year average of actual revenues. The FY 2004-05 budget reflects a full year of all fee increases implemented in October 2003. No other fee increases are planned in FY 2004-05.

Intergovernmental Revenues – This category includes local government shared revenues derived from registration fees for recreational vehicles (RVs), county marine fuel taxes, and payments from other governmental agencies for services provided by the Regional Parks and Greenspaces Department. In FY 2004-05, revenues received from RV registration fees are expected to remain relatively flat based on projections from the State of Oregon, and marine fuel taxes are anticipated to decline.

Donations and Bequests – These are donations from organizations or individuals that have traditionally been one-time in nature but can be an ongoing source of revenue. In FY 2003-04, the department anticipated approximately $232,000 from various sources for natural area restoration projects. For FY 2004-05, the department anticipates about $22,000 in sponsorships for the annual salmon festival.

Interest – Interest is earned on the unspent portion of the fund balance. Earnings are based on the current rate of Metro's average investment portfolio. In FY 2004-05, the budget assumes an interest rate of 1.5 percent.

Interfund Transfers – Transfers from other funds provide about 56 percent of the Regional Parks and Greenspaces Department current revenues.

In FY 2004-05, the General Fund will provide approximately $4.2 million in excise tax to support the Greenspaces Master Plan and the Regional Framework Plan, natural resource management and maintenance costs for property purchased under the Open Spaces Acquisition Program, and for regional parks operations and capital support. In FY 2004-05, Metro will levy additional excise tax equivalent to $1.50 per ton on solid waste tonnage, dedicated to Regional Parks operations and capital development. Proceeds from the additional levy, effective September 1, 2004, will generate approximately $1.5 million of the $4.2 million in excise tax support and will be used to convert four open space sites to regional parks, as well as address maintenance of existing facilities.

Current Expenditures

Personal Services – This category includes salary, wage and fringe benefit costs for 40.35 FTE included in the Administration, Natural Resource Management, Parks and Visitor Services, and Planning and Education divisions of the Regional Parks Department. Salaries and wages are increasing based on cost of living and existing collective bargaining agreements. The FY 2004-05 budget reflects the transfer of 1.5 FTE from the Smith and Bybee Lakes Fund to the Regional Parks Fund. In addition, with the additional excise tax levy, the department will add 1.0 FTE secretary to provide general administrative assistance and will transfer 1.0 FTE construction manager from the Finance & Administrative Services Department to manage the expanded renewal and replacement programs. Cost associated with the PERS Reserve have been transferred to Contingency. (For an explanation of the PERS Reserve, see *Where the Money Goes* in the Budget Summary section of this document.)

Materials and Services – Expenditures in this category for basic operations, maintenance and administration have remained relatively flat over several years. Expenditures for capital maintenance and major restoration have been moved to the newly created Regional Parks Capital Fund.

Capital Outlay – This category represents the purchase of fixed assets as well as capital construction projects approved in Metro's Capital Improvement Program. All capital projects are now reflected in the newly created Regional Parks Capital Fund.

Interfund Transfers – Budgeted in this classification are transfers made to Metro central services for administrative services, as well as risk management and building management. It also includes a transfer to the Smith and Bybee Lakes Fund to provide funding for a capital project as well as a transfer to Planning for Data Resource Center services. Also included is a transfer of approximately $1.5 million to the Regional Parks Capital Fund. This represents the portion of the new $1.50 excise tax levy that is identified for renewal and replacement and capital development and includes existing renewal and replacement reserves.

Contingency – Contingencies are approximately 4 percent of the total personal services, materials and services, and capital outlay budgeted in the fund. A contingency is provided to meet unforeseen needs or other emergencies throughout the year. Appropriation and expenditure of contingency funds must be authorized by Council. The Contingency also includes additional reserves set aside to meet potential pension cost liabilities. (For an explanation of the PERS Reserve, see *Where the Money Goes* in the Budget Summary section of this document.)

Fund Balance

Approximately $2.1 million of the fund balance is set aside for specific needs, such as cash flow, or in reserves restricted by intergovernmental agreement.

To avoid significant program reductions, the Parks Department relied on fund balance reserves to backfill for revenue shortfalls. However, at the anticipated rate of decline, fund balance reserves would have lasted only another one to two years. At the end of that time, all reserves but the approximately $1 million restricted by consolidation agreement with Multnomah County would have been spent. In FY 2002-03 and FY 2003-04, the budget provided an additional excise tax levy equivalent to $1.00 per ton on solid waste tonnage. The levy raised approximately $1.23 million annually and was dedicated to Regional Parks operations. The levy was meant as an interim funding strategy and was to sunset at the end of FY 2003-04.

In March 2004, the Metro Council eliminated the sunset clause on the $1.00 per ton excise tax levy. In addition, starting in FY 2004-05, an additional $1.50 per ton levy dedicated to Regional Parks was adopted. The combination of the two levies will provide for operations, maintenance, and capital development for the foreseeable future. The result should be a long-term stabilization of fund balance.

METRO

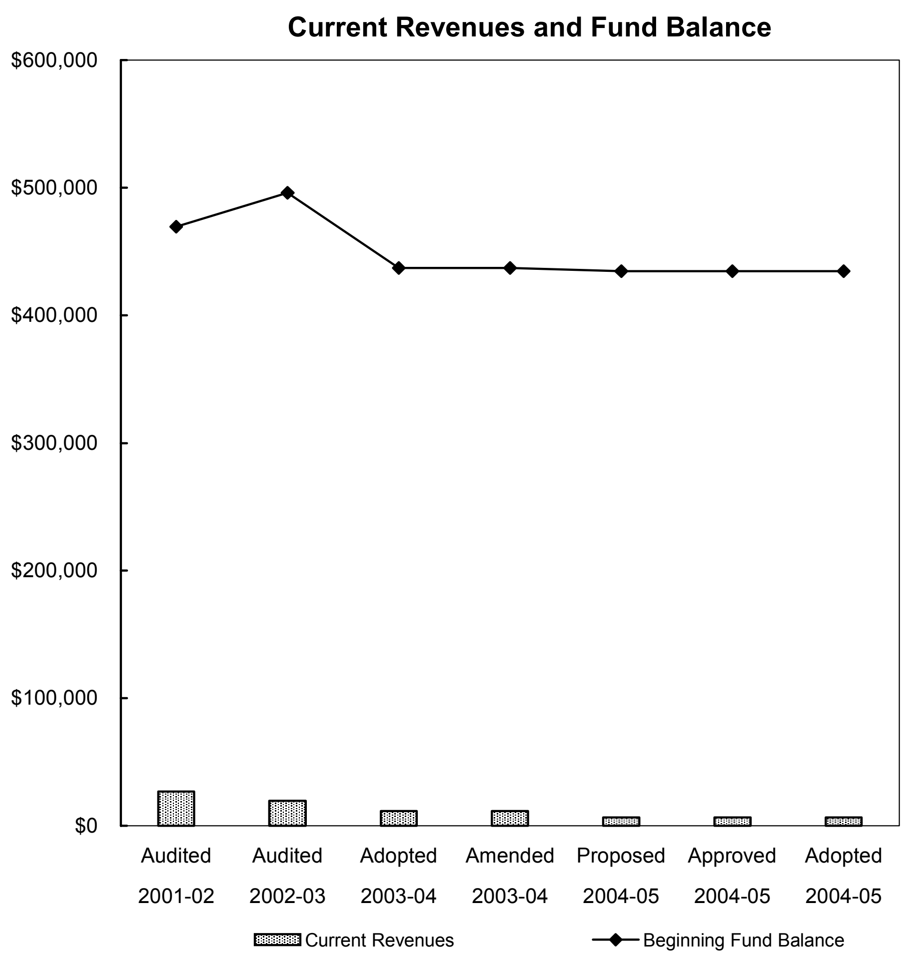
PEOPLE PLACES
OPEN SPACES

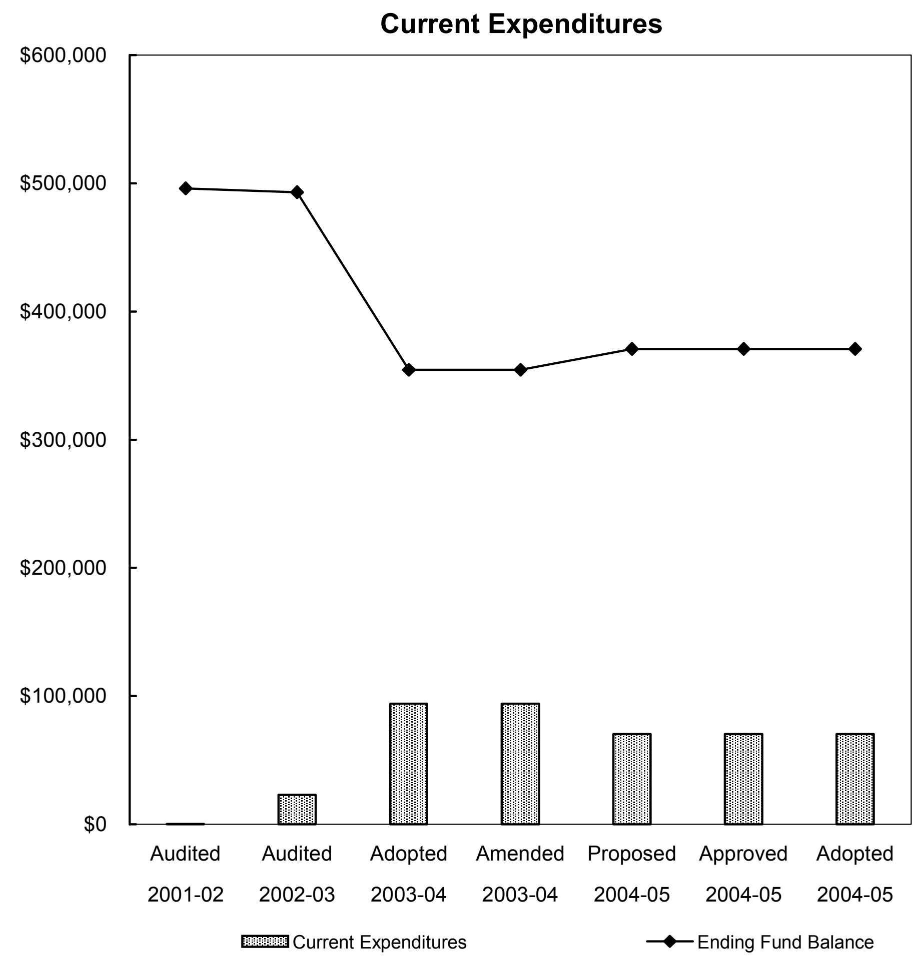
Regional Parks Special Accounts Fund

Regional Parks Special Accounts Fund Summary

	Audited FY 2001-02	Audited FY 2002-03	Adopted FY 2003-04	Amended FY 2003-04	Proposed 2004-05	Approved 2004-05	Adopted 2004-05	% Change from FY 2003-04 Amended
Resources								
Beginning Fund Balance	*$469,453*	*$496,038*	*$437,134*	*$437,134*	*$434,570*	*$434,570*	*$434,570*	*(0.59%)*
Current Revenues								
Enterprise Revenue	8,618	10,792	2,000	2,000	0	0	0	(100.00%)
Interest Earnings	15,154	8,967	9,409	9,409	6,519	6,519	6,519	(30.72%)
Donations	2,485	20	0	0	0	0	0	0.00%
Other Misc. Revenue	528	0	0	0	0	0	0	0.00%
Subtotal Current Revenues	**26,785**	**19,779**	**11,409**	**11,409**	**6,519**	**6,519**	**6,519**	**(42.86%)**
Total Resources	**$496,238**	**$515,817**	**$448,543**	**$448,543**	**$441,089**	**$441,089**	**$441,089**	**(1.66%)**
Requirements								
Current Expenditures								
Materials and Services	$200	$311	$100	$100	$225	$225	$225	125.00%
Interfund Transfers:								
Internal Service Transfers	0	22,461	0	0	70,000	70,000	70,000	0.00%
Fund Equity Transfers	0	0	93,993	93,993	0	0	0	(100.00%)
Subtotal Current Expenditures	**200**	**22,772**	**94,093**	**94,093**	**70,225**	**70,225**	**70,225**	**(25.37%)**
Ending Fund Balance	*496,038*	*493,045*	*354,450*	*354,450*	*370,864*	*370,864*	*370,864*	*4.63%*
Total Requirements	**$496,238**	**$515,817**	**$448,543**	**$448,543**	**$441,089**	**$441,089**	**$441,089**	**(1.66%)**
Full-Time Equivalents (FTE)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00%

Regional Parks Special Accounts Fund





Regional Parks Special Accounts Fund

This fund was created in FY 1993-94 to account for designated funds transferred to Metro as part of the consolidation agreement with Multnomah County. The Fund, formerly named the Regional Parks Trust Fund, includes the following accounts:

- ***Oxbow Regional Park Diack Nature Center*** – Designated for the construction of a nature center at Oxbow Regional Park.
- ***Blue Lake Park Concert Stage*** – Designated for the construction of a concert stage at Blue Lake Regional Park. Revenues to this account consist only of donations and interest earnings. The most recent master plan for Blue Lake has determined that a concert stage is infeasible. The funding will be used for other projects recommended in the master plan.
- ***Willamina Farmer*** – Created with a donation from the estate of Willamina Farmer for the perpetual upkeep of the Farmer family plot and to assist in the general maintenance of the pioneer cemeteries. In FY 2003-04, the balance of this account was transferred to the newly created Pioneer Cemetery Perpetual Care Fund.
- ***Tibbetts Flowers*** – Designated for the purchase of flowers to be placed annually on the Tibbetts family graves at pioneer cemeteries on Memorial Day.

Current Revenues

Enterprise Revenues **–** Proceeds of the Annual Salmon Bake at Oxbow Park are dedicated to the Diack Nature Center account.

Interest Earnings **–** Interest is earned on the unused portion of the fund balance. Earnings are based on the current rates of Metro's average investment portfolio. For FY 2004-05 an interest rate of 1.5 percent was assumed for the budget.

Current Expenditures

Materials and Services – The Tibbetts Flowers account provides for the purchase of flowers for the Tibbetts family plot on Memorial Day.

Transfers – The Willamina Farmer Account was created to provide funding for perpetual care activities related to the pioneer cemeteries managed by the Regional Parks and Greenspaces Department. In FY 2003-04, the balance of this account was transferred to the newly created Pioneer Cemetery Perpetual Care Fund. In FY 2004-05, a transfer is proposed from the Blue Lake account to fund a water play park at Blue Lake Regional Park.

Fund Balance

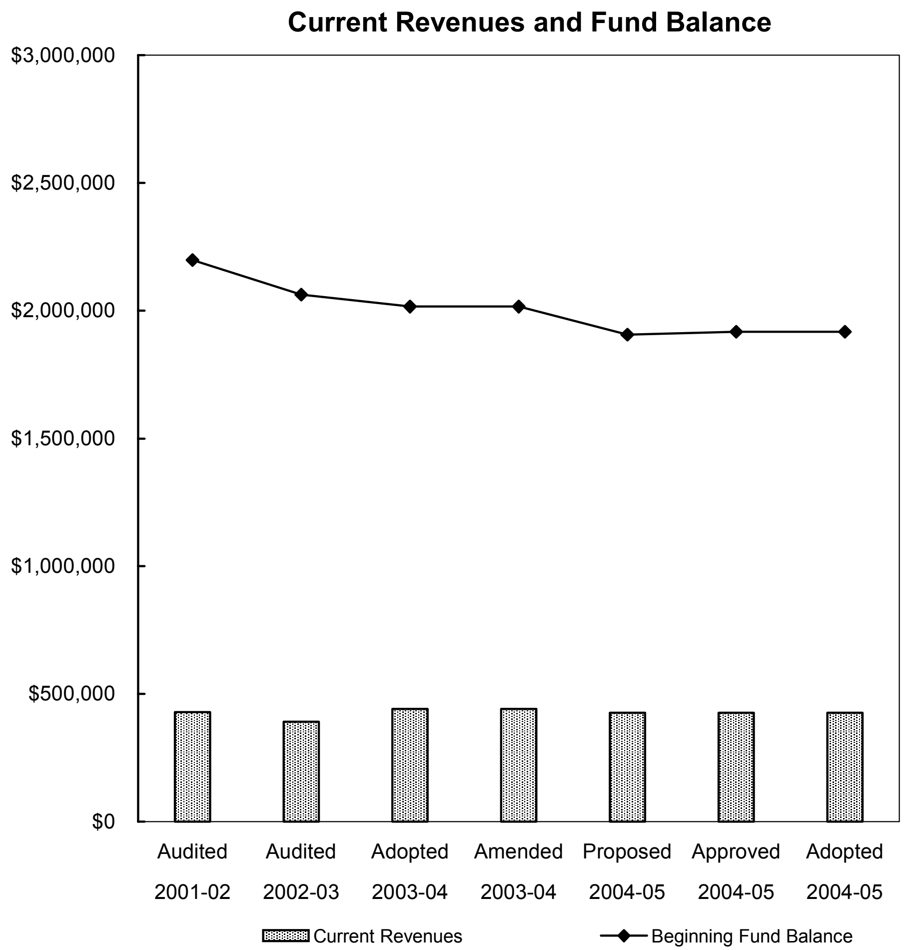
Over several years, the fund balance increased gradually with interest earnings and small contributions from the Salmon Festival. In FY 2003-04, the balance of the Willamina Farmer Account was transferred to the newly created Pioneer Cemetery Perpetual Care Fund. In addition, a portion of the Blue Lake account will be used in FY 2004-05 to assist in funding of a capital project at Blue Lake. These actions result in a 25 percent reduction in fund balance since FY 2001-02.

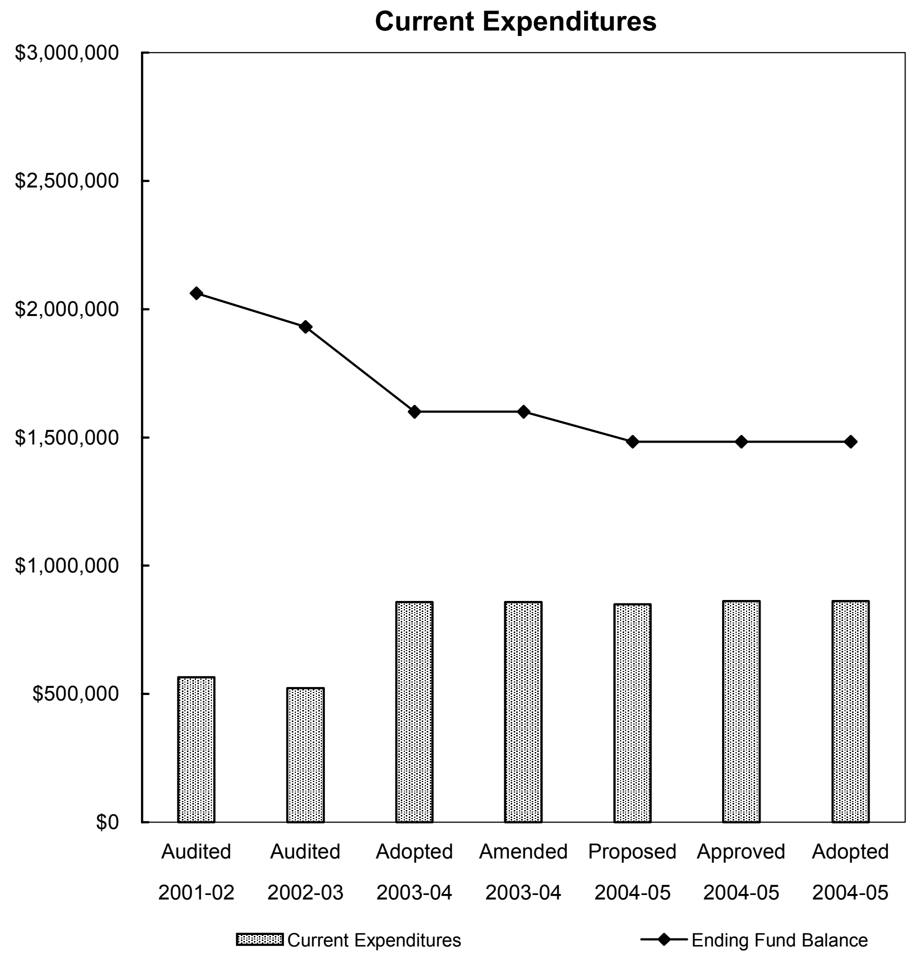
Rehabilitation and Enhancement Fund

Rehabilitation and Enhancement Fund Summary

	Audited FY 2001-02	Audited FY 2002-03	Adopted FY 2003-04	Amended FY 2003-04	Proposed 2004-05	Approved 2004-05	Adopted 2004-05	% Change from FY 2003-04 Amended
Resources								
Beginning Fund Balance	*$2,197,706*	*$2,062,061*	*$2,016,233*	*$2,016,233*	*$1,905,992*	*$1,916,992*	*$1,916,992*	*(4.92%)*
Current Revenues								
Interest Earnings	69,315	37,856	40,324	40,324	28,590	28,590	28,590	(29.10%)
Interfund Transfers:								
Fund Equity Transfers	359,510	353,165	400,988	400,988	398,185	398,185	398,185	(0.70%)
Subtotal Current Revenues	**428,825**	**391,021**	**441,312**	**441,312**	**426,775**	**426,775**	**426,775**	**(3.29%)**
Total Resources	**$2,626,531**	**$2,453,082**	**$2,457,545**	**$2,457,545**	**$2,332,767**	**$2,343,767**	**$2,343,767**	**(4.63%)**
Requirements								
Current Expenditures								
Materials and Services	$521,420	$508,182	$533,952	$533,952	$523,151	$534,151	$534,151	0.04%
Interfund Transfers:								
Internal Service Transfers	43,050	14,458	23,923	23,923	26,630	26,630	26,630	11.32%
Contingency	0	0	300,000	300,000	300,000	300,000	300,000	0.00%
Subtotal Current Expenditures	**564,470**	**522,640**	**857,875**	**857,875**	**849,781**	**860,781**	**860,781**	**0.34%**
Ending Fund Balance	*2,062,061*	*1,930,442*	*1,599,670*	*1,599,670*	*1,482,986*	*1,482,986*	*1,482,986*	*(7.29%)*
Total Requirements	**$2,626,531**	**$2,453,082**	**$2,457,545**	**$2,457,545**	**$2,332,767**	**$2,343,767**	**$2,343,767**	**(4.63%)**
Full-Time Equivalents (FTE)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00%

Rehabilitation and Enhancement Fund





Rehabilitation and Enhancement Fund

The Rehabilitation and Enhancement Fund was established to comply with Senate Bill 662, enacted by the Oregon Legislature in 1985. The fund accounts for rehabilitation and enhancement fees (50 cents per ton of solid waste material processed) collected at the Metro Central, Metro South, and Forest Grove transfer stations. Funds are used for community enhancement projects in the vicinity of each of these solid waste facilities, including administration of the enhancement program.

There are four established community enhancement programs.

North Portland Community Enhancement Program – Assists the North Portland Community Enhancement Committee in selecting and funding projects to rehabilitate and enhance North Portland areas surrounding the St. Johns Landfill. Because the landfill no longer generates fees, revenue for this program comes from interest earnings on the fund balance for this account.

Oregon City Community Enhancement Program – Receives funds from community enhancement fees at Metro South Station in Oregon City. Funds are paid to Oregon City on a quarterly basis and are used for local community enhancement projects.

Metro Central Community Enhancement Program – Receives funds from community enhancement fees at Metro Central Station. Funds are used for community enhancement projects in the vicinity of Metro Central Station in Northwest Portland, as recommended by a seven-member citizen committee.

Forest Grove Community Enhancement Program – Receives fees collected at a privately owned transfer station in Forest Grove. Funds are paid to the City of Forest Grove on a quarterly basis and are used for local community enhancement projects.

Current Revenues

Interest – This represents interest earned on the fund balances designated for the North Portland Community Enhancement and Metro Central Enhancement Accounts. Expected continued low interest earnings restrict funds available for the North Portland Community Enhancement grants.

Interfund Transfers – These funds are the community enhancement fees collected at the solid waste facilities and transferred from the Solid Waste Revenue Fund. The full amount of fees collected at these facilities for the fiscal year is transferred to this fund. Transfers vary from year to year depending upon the solid waste tonnage received at the facilities.

Current Expenditures

Materials and Services – About 62 percent of the materials and services expenditures in this fund is for grants and contractual services. The North Portland and Metro Central community enhancement committees administer programs through grants and contracts with community organizations and others. The remaining 38 percent of expenditures are direct payments to Oregon City and Forest Grove.

Contingency – Of the $300,000 budgeted in FY 2004-05, $200,000 is allocated for the North Portland Community Enhancement Program, which has consistently maintained a higher contingency to provide greater flexibility to finance projects during the fiscal year. The Metro Council through ordinance must authorize use of contingency funds.

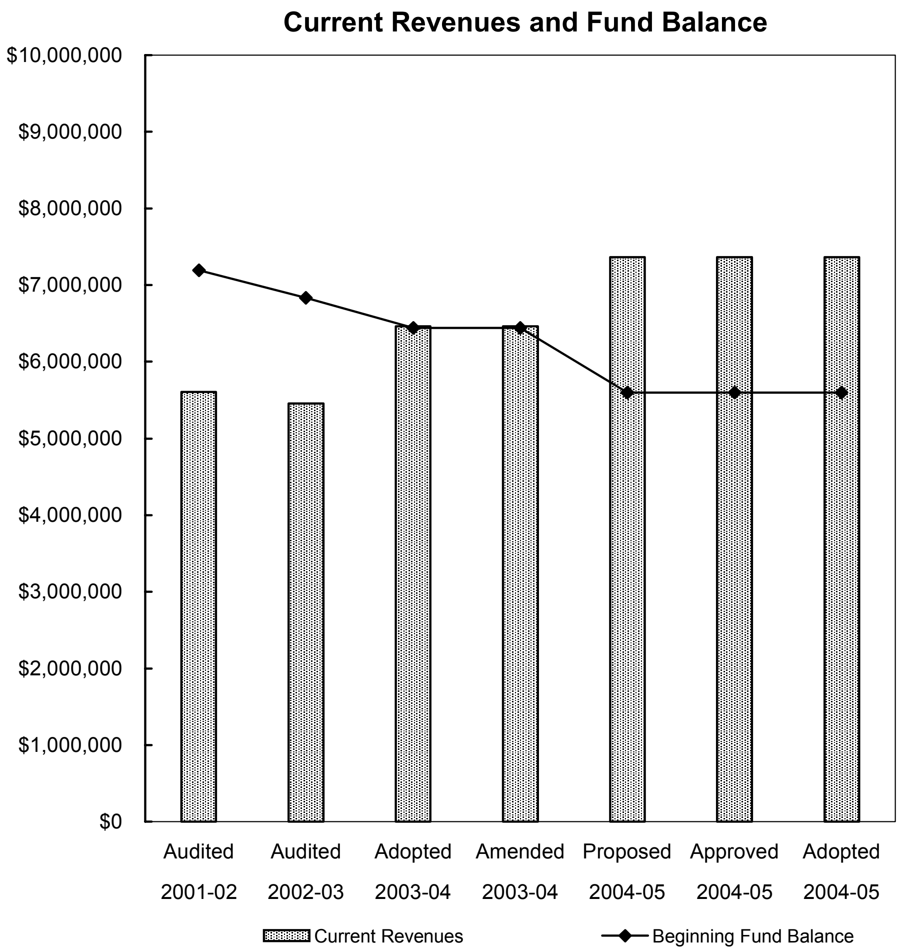
Interfund Transfers – This represents funds transferred to the Solid Waste Revenue Fund for personal services costs associated with employee staffing of the North Portland and Metro Central community enhancement committees. This staff support comes from the Solid Waste and Recycling Department.

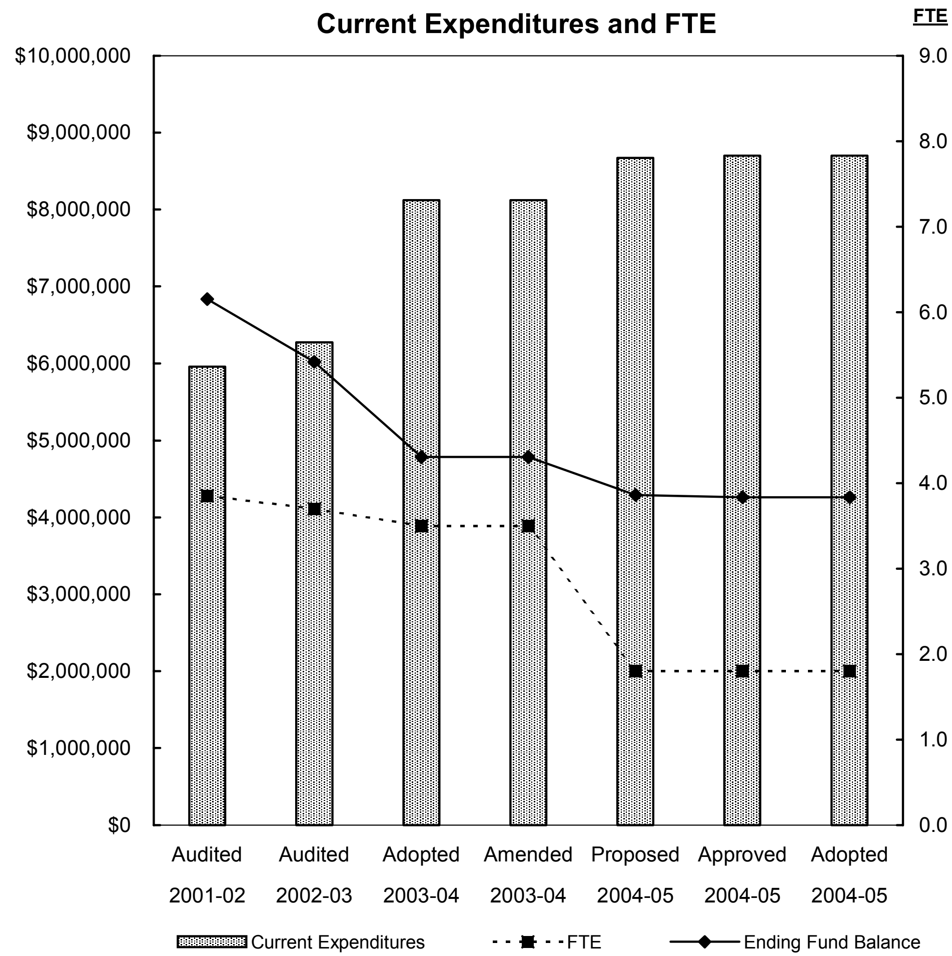
Risk Management Fund

Risk Management Fund Summary

	Audited FY 2001-02	Audited FY 2002-03	Adopted FY 2003-04	Amended FY 2003-04	Proposed FY 2004-05	Approved FY 2004-05	Adopted FY 2004-05	% Change from FY 2003-04 Amended
Resources								
Beginning Fund Balance	*$7,190,938*	*$6,835,805*	*$6,442,134*	*$6,442,134*	*$5,596,030*	*$5,596,030*	*$5,596,030*	*(13.13%)*
Current Revenues								
Grants	0	0	10,000	10,000	10,000	10,000	10,000	0.00%
Enterprise Revenue	4,629,398	4,594,946	5,312,168	5,312,168	5,901,190	5,901,190	5,901,190	11.09%
Interest Earnings	254,094	136,428	140,000	140,000	100,912	100,912	100,912	(27.92%)
Other Misc. Revenue	72,709	31,752	0	0	0	0	0	0.00%
Interfund Transfers:								
Interfund Reimbursements	648,290	694,017	1,000,000	1,000,000	1,327,998	1,327,998	1,327,998	32.80%
Internal Service Transfers	0	0	0	0	25,000	25,000	25,000	0.00%
Subtotal Current Revenues	**5,604,491**	**5,457,143**	**6,462,168**	**6,462,168**	**7,365,100**	**7,365,100**	**7,365,100**	**13.97%**
Total Resources	**$12,795,429**	**$12,292,948**	**$12,904,302**	**$12,904,302**	**$12,961,130**	**$12,961,130**	**$12,961,130**	**0.44%**
Requirements								
Current Expenditures								
Personal Services	$301,772	$292,343	$303,522	$303,522	$133,692	$133,692	$127,500	(57.99%)
Materials and Services	5,657,852	5,982,041	7,318,836	7,318,836	8,038,881	8,038,881	8,038,881	9.84%
Contingency	0	0	500,000	500,000	500,000	528,355	534,547	6.91%
Subtotal Current Expenditures	**5,959,624**	**6,274,384**	**8,122,358**	**8,122,358**	**8,672,573**	**8,700,928**	**8,700,928**	**7.12%**
Ending Fund Balance	*6,835,805*	*6,018,564*	*4,781,944*	*4,781,944*	*4,288,557*	*4,260,202*	*4,260,202*	*(10.91%)*
Total Requirements	**$12,795,429**	**$12,292,948**	**$12,904,302**	**$12,904,302**	**$12,961,130**	**$12,961,130**	**$12,961,130**	**0.44%**
Full-Time Equivalents (FTE)	3.85	3.70	3.50	3.50	1.80	1.80	1.80	(48.57%)

Risk Management Fund





Risk Management Fund

This fund accounts for the revenues and expenditures related to administration of Metro's Risk Management Self-Insurance Program and Employee Health and Wellness Program. Costs are allocated through the cost allocation plan to all departments based on past claims experience and exposure. Reserves accumulated through an excellent claims record were used to offset allocation of claims costs in the past. The fund is managed by the Finance and Administrative Services Department.

Current Revenues

Grants – A grant of $10,000 is provided to pay for modifications to work sites for injured employees. Grant reimbursement is available from the State of Oregon Workers' Compensation Division.

Enterprise Revenues **–** The enterprise revenues include internal charges for service to departments for insurance premiums related to unemployment and health and welfare. The increase in employee health insurance is lower than market trends, due to a negotiated cap on Metro's obligation for insurance costs.

Interest on Investments – Interest on investments is forecast at approximately $101,000 for this fiscal year. The interest is earned on the fund's reserves.

Interfund Transfers – These transfers represent payments from other Metro departments for their allocated shares of the costs of the Risk Management Program. The increases in each of the last two years are in response to increased costs of insurance and the significant reduction of investment earnings.

Current Expenditures

Personal Services – Management of the health and welfare program was transferred to the Human Resource Department. Two staff associated with this program have been transferred to this department in the Support Services Fund. All other costs associated with the program remain in the Risk Management Fund. Costs associated with the department's PERS Reserve have been transferred to Contingency. (For an explanation of the PERS Reserve, see *Where the Money Goes* in the Budget Summary section of this document.)

Materials and Services –This classification includes the costs for the Health and Wellness, Liability/Property, Workers' Compensation and Unemployment programs. Each of these areas has experienced an increase in costs over the past several years.

Fund Balance

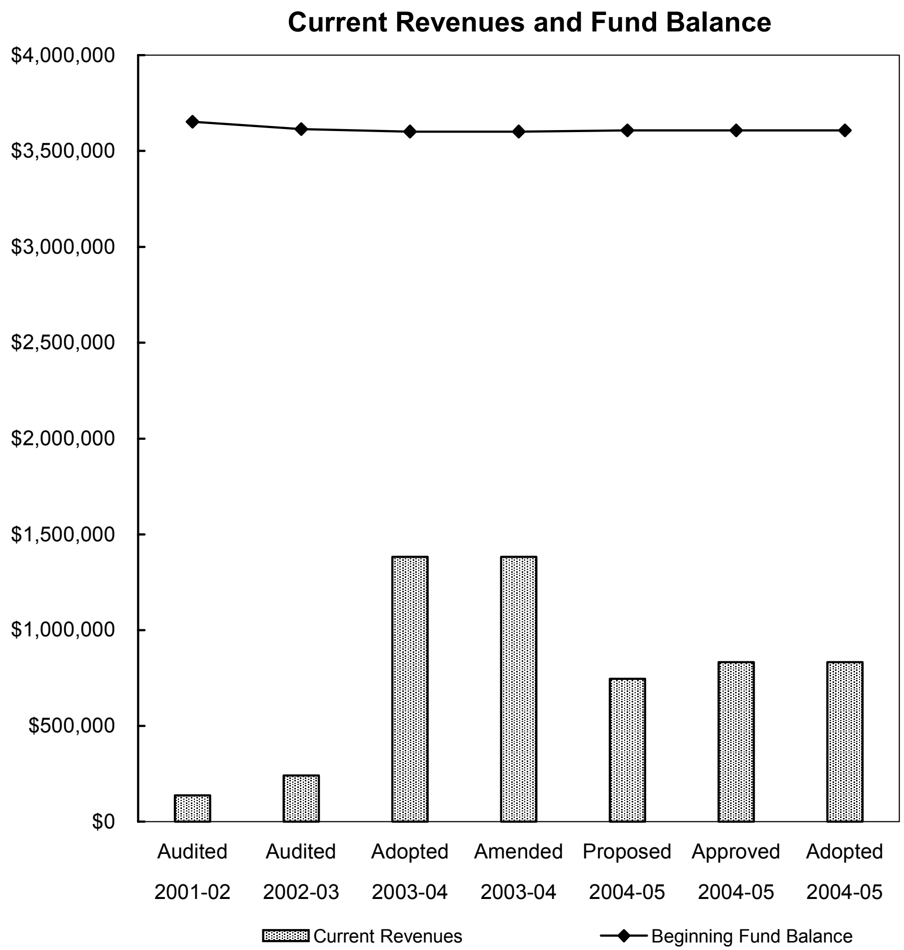
This balance includes reserves for self-insured retention to minimize insurance costs on workers' compensation and general liability. Self-insurance of Workers' Compensation and General Liability programs has substantially reduced total claims and insurance expenses. As costs rose and interest earnings declined, fund balance was used to pay risk management costs. This has resulted in an unacceptable draw down of reserves. Allocations to departments have increased substantially to assist in restoring reserves to actuarially recommended levels. Full restoration of reserve levels is expected to take four to five years.

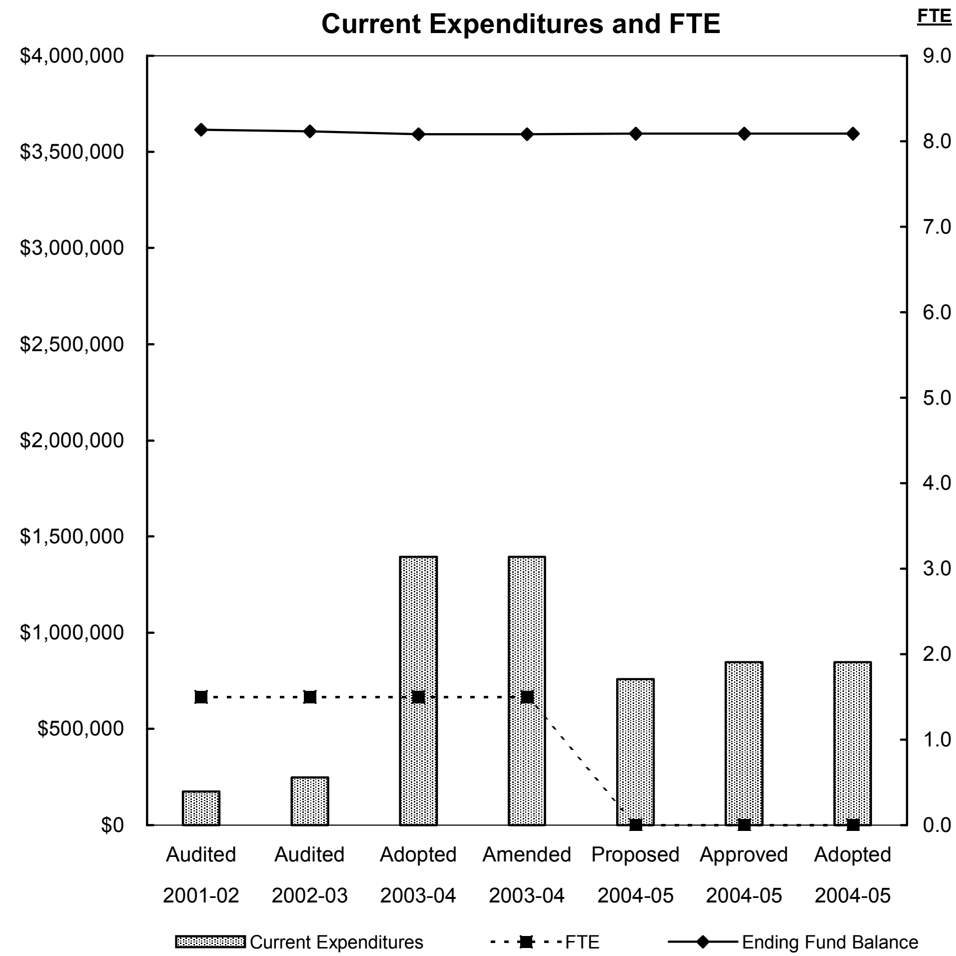
Smith and Bybee Lakes Fund

Smith and Bybee Lakes Fund Summary

	Audited FY 2001-02	Audited FY 2002-03	Adopted FY 2003-04	Amended FY 2003-04	Proposed 2004-05	Approved 2004-05	Adopted 2004-05	% Change from FY 2003-04 Amended
Resources								
Beginning Fund Balance	*$3,652,366*	*$3,614,913*	*$3,601,998*	*$3,601,998*	*$3,607,895*	*$3,607,895*	*$3,607,895*	*0.16%*
Current Revenues								
Grants	12,500	0	128,570	128,570	261,902	261,902	261,902	103.70%
Contributions from other Gov'ts	2,500	10,000	363,000	363,000	60,000	60,000	60,000	(83.47%)
Enterprise Revenue	1,603	1,880	1,500	1,500	1,800	1,800	1,800	20.00%
Interest Earnings	115,064	64,486	71,136	71,136	54,118	54,118	54,118	(23.92%)
Donations	200	0	438,500	438,500	190,000	190,000	190,000	(56.67%)
Interfund Transfers:								
Internal Service Transfers	4,572	56,703	193,150	193,150	176,400	265,749	265,749	37.59%
Fund Equity Transfers	0	107,505	187,187	187,187	0	0	0	(100.00%)
Subtotal Current Revenues	**136,439**	**240,574**	**1,383,043**	**1,383,043**	**744,220**	**833,569**	**833,569**	**(39.73%)**
Total Resources	**$3,788,805**	**$3,855,487**	**$4,985,041**	**$4,985,041**	**$4,352,115**	**$4,441,464**	**$4,441,464**	**(10.90%)**
Requirements								
Current Expenditures								
Personal Services	$105,637	$104,221	$118,231	$118,231	$0	$0	$0	(100.00%)
Materials and Services	20,408	22,772	113,239	113,239	20,148	20,148	20,148	(82.21%)
Capital Outlay	0	71,064	1,100,070	1,100,070	712,000	801,349	801,349	(27.15%)
Interfund Transfers:								
Interfund Reimbursements	37,347	39,534	42,412	42,412	0	0	0	(100.00%)
Internal Service Transfers	10,500	10,000	10,000	10,000	25,000	25,000	25,000	150.00%
Contingency	0	0	9,817	9,817	822	822	822	(91.63%)
Subtotal Current Expenditures	**173,892**	**247,591**	**1,393,769**	**1,393,769**	**757,970**	**847,319**	**847,319**	**(39.21%)**
Ending Fund Balance	*3,614,913*	*3,607,896*	*3,591,272*	*3,591,272*	*3,594,145*	*3,594,145*	*3,594,145*	*0.08%*
Total Requirements	**$3,788,805**	**$3,855,487**	**$4,985,041**	**$4,985,041**	**$4,352,115**	**$4,441,464**	**$4,441,464**	**(10.90%)**
Full-Time Equivalents (FTE)	1.50	1.50	1.50	1.50	0.00	0.00	0.00	(100.00%)

Smith and Bybee Lakes Fund





Smith and Bybee Lakes Fund

This fund was established as a dedicated endowment fund for development and management of the Smith and Bybee Lakes Natural Area as required by the Smith and Bybee Lakes Natural Resource Management Plan. The plan was adopted by the City of Portland, Port of Portland, and Metro Council in 1990. The plan, along with the St. Johns Landfill closure and purchase assurance agreement, designated Metro as the lead agency establishing and managing the fund and implementing the plan.

The plan calls for Smith and Bybee Lakes to be managed as environmental and recreational resources for the region. The lakes are to be preserved in a manner faithful to their original condition as historical remnants of the Columbia River riparian and wetland system.

The fund is managed by the Regional Parks and Greenspaces Department.

Current Revenues

Grants – Grant funds are applied for on an annual basis as appropriate projects are identified. In FY 2004-05 the fund anticipates the receipt of grants to assist in the construction of new facilities at the Lakes.

Contributions from Other Governments – Intergovernmental revenues are project-dependent and will fluctuate from year to year. For FY 2004-05, contributions are anticipated from the Port of Portland and the Army Corps of Engineers in support of capital improvements.

Enterprise Revenues – The fund receives a small amount from fees collected from educational program users at the Wildlife Area.

Interest Earnings – Interest is earned on the unused portion of the fund balance. Earnings are based on the current rates of Metro's average investment portfolio. For FY 2004-05, the budget assumes an interest rate of 1.5 percent.

Donations – Donations are project-specific. In FY 2004-05, the department anticipates funding from the Regional Arts and Culture Council in support of facility improvements.

Interfund Transfers – A portion of the Multnomah County local share proceeds from the Open Spaces bond program is being used to fund the construction of new facility improvements. Also, in FY 2002-03 and FY 2003-04, the Parks Department used a portion of its excise tax funding from the General Fund to offset reduced interest earnings.

Current Expenditures

Personal Services – Program staff have been transferred to the Regional Parks Operating Fund. Staff will still manage the Smith and Bybee Lakes, but in a more cost effective manner. This transfer eliminates the subsidy of excise tax received from the Parks Operating Fund for the last two years.

Materials and Services – Expenditures in this category depend on the special nature of projects to be completed under the Smith and Bybee Lakes Management Plan. The large reduction reflects the amount anticipated to be available for habitat restoration.

Capital Outlay – Capital expenditures for the program are tied to the goals of the management plan. Major capital projects are budgeted in accordance with the adopted CIP. In FY 2004-05, the department anticipates the construction of new facility improvements, such as relocation of the parking lot and construction of an entry road, boat launch, and vault toilet.

Transfers – Previously, the fund had paid a share of Metro's central administrative services. These costs have been transferred to the operating fund, along with the staff. In FY 2004-05, the fund will reimburse the Risk Management Fund for environmental assessment work done on lands received from the Port of Portland.

Contingency – A contingency is provided to meet unforeseen needs or other emergencies throughout the fiscal year. Appropriation and expenditure of contingency must be authorized via ordinance adopted by the Metro Council.

Fund Balance

Other than interest earnings, the fund has no continuous source of funding. The fund was established as an endowment fund to enable the development and management of the Smith and Bybee Lakes Natural Area. However, it was known at the time of the development of the management plan that the existing fund balance would be insufficient to fully fund all current and long-term needs. The fund balance has been stable for several years and will show fluctuations depending on specific program needs. Reduced interest earnings may result in short-term minor reductions in the ending balances. The transfer of operations staff to the Parks Operating Fund is intended to preserve the fund balance for restoration and enhancement of the natural area.

METRO

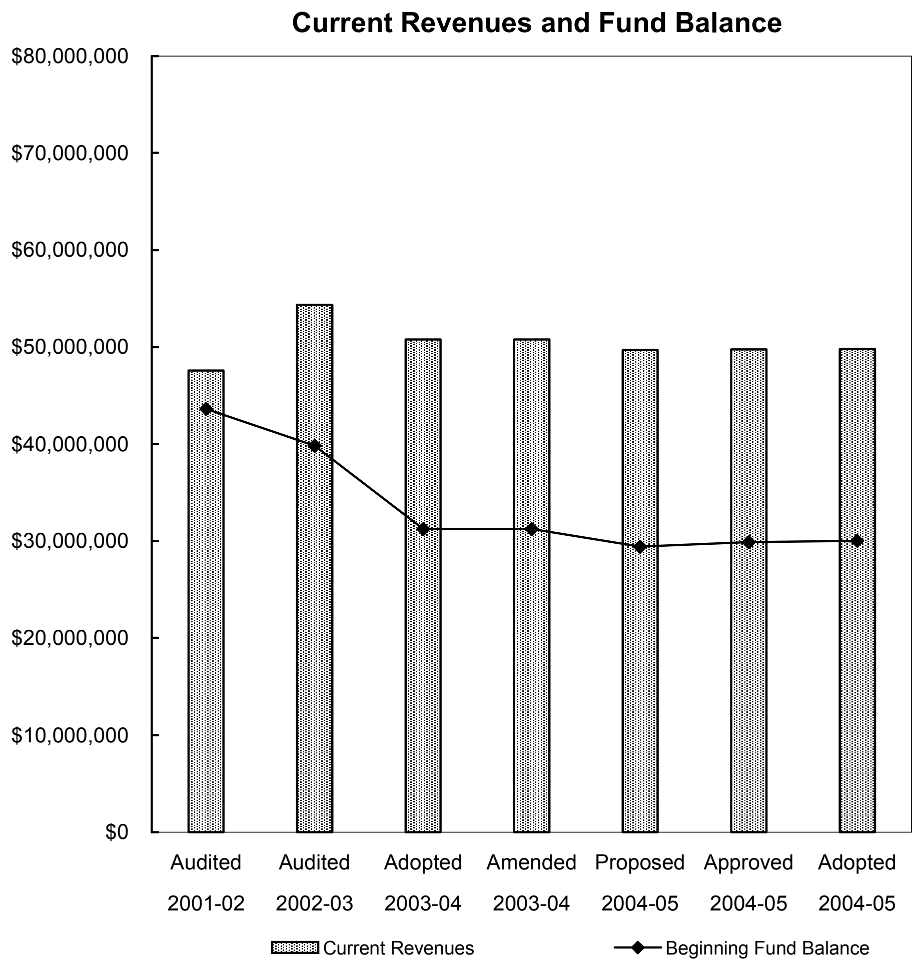
PEOPLE PLACES
OPEN SPACES

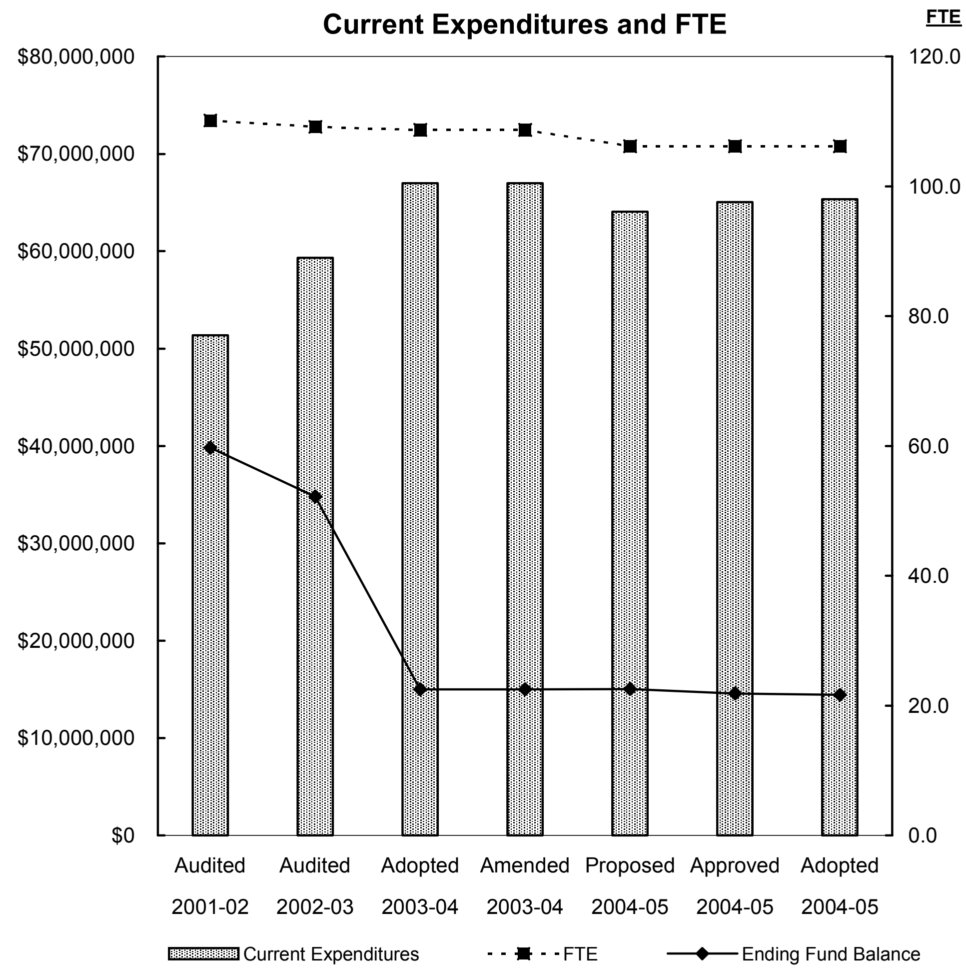
Solid Waste Revenue Fund

Solid Waste Revenue Fund Summary

	Audited FY 2001-02	Audited FY 2002-03	Adopted FY 2003-04	Amended FY 2003-04	Proposed 2004-05	Approved 2004-05	Adopted 2004-05	% Change from FY 2003-04 Amended
Resources								
Beginning Fund Balance	*$43,610,662*	*$39,823,811*	*$31,239,138*	*$31,239,138*	*$29,421,392*	*$29,890,392*	*$30,014,392*	*(3.92%)*
Current Revenues								
Grants	11,157	78,922	0	0	0	0	0	0.00%
Enterprise Revenue	46,064,653	48,353,528	49,596,153	49,596,153	48,865,657	48,925,657	48,964,852	(1.27%)
Interest Earnings	1,240,423	674,554	678,896	678,896	433,084	433,084	433,084	(36.21%)
Other Misc. Revenue	117,339	87,781	365,000	365,000	365,000	365,000	365,000	0.00%
Bond and Loan Proceeds	0	5,011,984	0	0	0	0	0	0.00%
Interfund Transfers:								
Internal Service Transfers	43,050	14,458	23,923	23,923	26,630	26,630	26,630	11.32%
Interfund Loan	103,690	103,898	106,100	106,100	0	0	0	(100.00%)
Subtotal Current Revenues	**47,580,312**	**54,325,125**	**50,770,072**	**50,770,072**	**49,690,371**	**49,750,371**	**49,789,566**	**(1.93%)**
Total Resources	**$91,190,974**	**$94,148,936**	**$82,009,210**	**$82,009,210**	**$79,111,763**	**$79,640,763**	**$79,803,958**	**(2.69%)**
Requirements								
Current Expenditures								
Personal Services	$7,479,870	$8,049,413	$8,680,433	$8,680,433	$8,985,296	$8,985,296	$8,585,228	(1.10%)
Materials and Services	34,236,517	34,619,325	36,059,674	36,059,674	33,674,136	33,983,136	34,288,136	(4.91%)
Capital Outlay	1,760,949	1,910,208	4,822,200	5,272,200	2,460,900	2,876,900	2,876,900	(45.43%)
Debt Service	3,790,840	10,850,948	1,861,427	1,861,427	1,601,412	1,601,412	1,601,412	(13.97%)
Interfund Transfers:								
Interfund Reimbursements	2,864,708	2,970,879	3,291,779	3,291,779	3,568,170	3,568,170	3,568,170	8.40%
Internal Service Transfers	574,769	594,043	517,034	517,034	342,499	342,499	342,499	(33.76%)
Interfund Loan	300,000	0	0	0	0	0	0	0.00%
Fund Equity Transfers	359,510	353,165	400,988	400,988	398,185	398,185	398,185	(0.70%)
Contingency	0	0	11,358,338	10,908,338	13,042,197	13,295,300	13,695,368	25.55%
Subtotal Current Expenditures	**51,367,163**	**59,347,981**	**66,991,873**	**66,991,873**	**64,072,795**	**65,050,898**	**65,355,898**	**(2.44%)**
Ending Fund Balance	*39,823,811*	*34,800,955*	*15,017,337*	*15,017,337*	*15,038,968*	*14,589,865*	*14,448,060*	*(3.79%)*
Total Requirements	**$91,190,974**	**$94,148,936**	**$82,009,210**	**$82,009,210**	**$79,111,763**	**$79,640,763**	**$79,803,958**	**(2.69%)**
Full-Time Equivalents (FTE)	110.15	109.15	108.70	108.70	106.20	106.20	106.20	(2.30%)

Solid Waste Revenue Fund





Solid Waste Revenue Fund

The Solid Waste Revenue Fund is an enterprise fund established to account for Metro revenues and expenses related to the operation and management of the region's solid waste disposal system.

Metro Ordinance 89-319, known as the Master Bond Ordinance and adopted in 1989, placed restrictions on the uses of this fund as a condition of issuing $28 million in revenue bonds to finance major capital components of Metro's solid waste system. The ordinance set up the following accounts within the fund to facilitate compliance with bond covenants: operating, debt service, debt service reserve, landfill closure, construction, renewal and replacement, and general account. In FY 1999-00 the department added the Recycling Business Assistance Account. The budget for this fund follows this account structure.

The primary sources of enterprise revenue for the fund are fees and charges on landfill waste. More than 97 percent of the fund's current revenues consists of these fees and charges. Solid waste fees are variable because they are directly proportional to solid waste tonnage, which is influenced by economic activity and waste recovery efforts. The population and economic development within the region in recent years has resulted, for the most part, in a steady growth of waste generation. Based on recent trends, revenue tonnage is expected to continue at a slow increase in the future.

About 38.9 percent of current expenditures (including contingency) is linked to solid waste tonnage at Metro facilities. In FY 2004-05, $25.4 million will be spent on processing waste at Metro's two transfer stations and transporting and disposing of approximately 555,200 tons of solid waste. Fee reimbursements are included in the FY 2004-05 budget to continue the regional system fee credit program, but at a reduced level from prior years. Through this performance-based credit program, a portion of the regional system fee paid by a facility may be credited to that facility, depending on the facility's waste recovery rate. Direct operating costs not related to tonnage are declining about $0.8 million from FY 2003-04, to $16.9 million.

Almost $2.7 million of total current expenditures will be spent on capital projects, as scheduled in Metro's Capital Improvement Plan (CIP). No one project dominates this fiscal year's capital expenditures. The largest projects are expected replacement and rebuilding of compactors.

Current Revenues

Enterprise Revenues

Metro's solid waste system is funded largely through three types of user fees: the regional system fee, the Metro tip fee, and a direct-haul disposal charge. The regional system fee is imposed on all waste generated in the Metro region and ultimately disposed of for a fee. The Metro tip fee is a user charge collected only at Metro transfer stations. This year the rate change is effective September 1, rather than July 1, as in the past.

For the last several years, the department has been subsidizing the regional system fee by using excess fund reserves to pay some of those costs. This budget includes a $3.00 increase in the Metro tip fee and a $1.48 reduction in the regional system fee. Budget reductions in areas charged to the regional system fee and a change in cost allocation result in the elimination of a $1.00 per ton subsidy and reduce the fee.

Scalehouse costs have traditionally been recovered through the Metro tip fee. Metro incurs nearly the same scalehouse costs regardless of the size of the load delivered to a Metro transfer station. To encourage delivery of larger, more efficient loads, and to reflect a pricing strategy that is closer to the cost of service than a flat tip fee, a transaction charge of $5 per transaction was established in FY 1998-99, increased to $6 in FY 2002-03 and increased to $7.50 effective with the other rate changes.

A new latex paint facility at the Metro South transfer station began operations in August 1999, allowing latex paint to be recovered and repackaged into consumer-size (five-gallon) packages for resale. This facility is being moved offsite. The move was expected to happen in FY 2003-04, but now will occur early in FY 2004-05. New revenues are expected from having more product and new marketing initiatives, increasing product sales from $270,000 to $550,000. The new program is expecting to accept paint from both inside and outside the Metro region.

Despite the Metro tip fee increase that is only partially offset by the regional system fee decline, total enterprise revenues are projected to fall 1.3 percent. This is almost entirely due to decreased tonnage at Metro facilities. During FY 2001-02, private local transfer station capacity was increased to provide better access to transfer services in the region and greater potential for material recovery. Enterprise revenues decline as tonnage shifts away from Metro-owned transfer stations to private local transfer stations.

Interest

Interest earnings were calculated using the current rates of Metro's average investment portfolio. Anticipated rates of 1.5 percent on declining fund balances produce a $245,812 reduction in this category.

Current Expenditures

Personal Services

The 106.20 FTE represents a net decrease of 2.50 FTE from the adopted FY 2003-04 budget. This net decrease is from the elimination of the Home Composting Program and its related 1 FTE, the elimination of a Management Technician position in the Office of the Director, and the elimination of one FTE Scalehouse Technician as a result of delaying the opening of Metro Central by one hour. These declines are offset by a .50 FTE Administrative Secretary addition to the Office of the Director to aid analytical work.

Materials and Services

Materials and Services are budgeted to decline by approximately $1.8 million from the current fiscal year. $1.0 million of this decline is the result of projected lower disposal costs from the shift of disposal from Metro-owned facilities to non-Metro-owned facilities. In addition, a comprehensive review of programs and activities was completed for this budget submission, proposing a net reduction in nondisposal-related Materials and Services charges of about $0.8 million.

Capital Outlay

This category includes the purchase of equipment and capital improvements at Metro solid waste facilities. Capital improvements are scheduled in Metro's FY 2004-05 through FY 2008-09 CIP. With the completion of Metro South northern tip floor renovation and the replacement of the metal roof/vent system at Metro Central, the total capital outlay budget is declining about $2.4 million. During fiscal year 2004-05, the department will complete the relocation of the latex paint facility and continue work on the expansion of the hazardous waste facility at Metro South, as well as the Metro Central wood room improvements and the Metro Central office addition. Several compactors are scheduled for replacement at Metro Central. Metro South plans on installing a sidewalk on Washington Street. Ongoing projects totaling $385,000 continue at St. Johns Landfill.

Debt Service

The debt service category includes the necessary payments for the Solid Waste and Recycling Department's bonded debt.

Transfers

Transfers to other funds include internal service charges for central services and for Geographic Information System (GIS) services provided by the Planning Department.

Contingency

The operating contingency, designed to meet short-term, unanticipated needs, is funded to cover tonnage-related costs based on possible increases in tonnage at Metro facilities and other unanticipated costs. For FY 2004-05 the operating contingency, which represents 15 percent of total contingency, is budgeted at $2.0 million. The remaining 85 percent in contingency consists of restricted funds representing projected ending balances in the Renewal and Replacement and the St. Johns Landfill accounts and the $0.8 million PERS Reserve. (For an explanation of the PERS Reserve, see *Where the Money Goes* in the Budget Summary section of this document.)

Fund Balance

The unappropriated ending fund balance consists of designated and restricted funds. Approximately 16 percent of the ending fund balance is reserved for rate stabilization. The Rate Stabilization Account was created in FY 1994-95 to minimize fluctuations in what otherwise might be required in disposal rates.

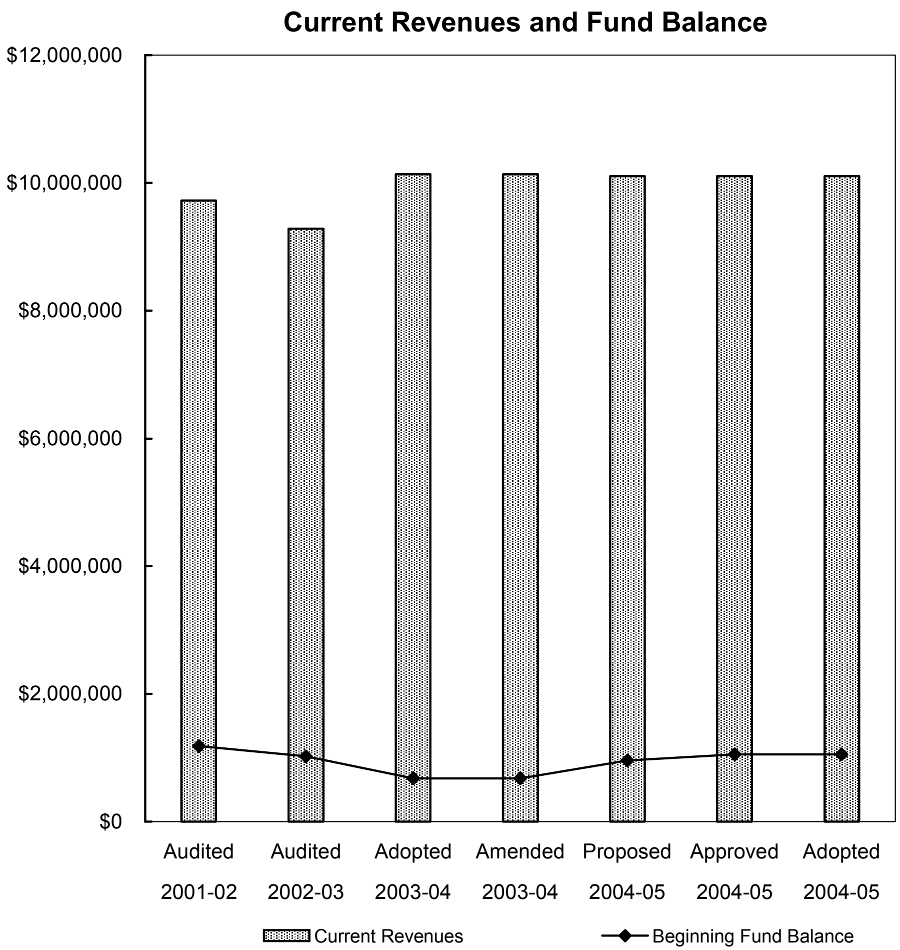
Over 39 percent of the balance is designated as working capital to meet cash flow needs. Sixteen percent is restricted to prepaid debt service and debt service reserves. The capital reserve account represents 20 percent of the total fund balance. This account was created in FY 1996-97 to set aside funds for capital improvements. For FY 2004-05, this account includes $2.9 million to fund capital projects identified in the CIP for FY 2005-06 through FY 2008-09.

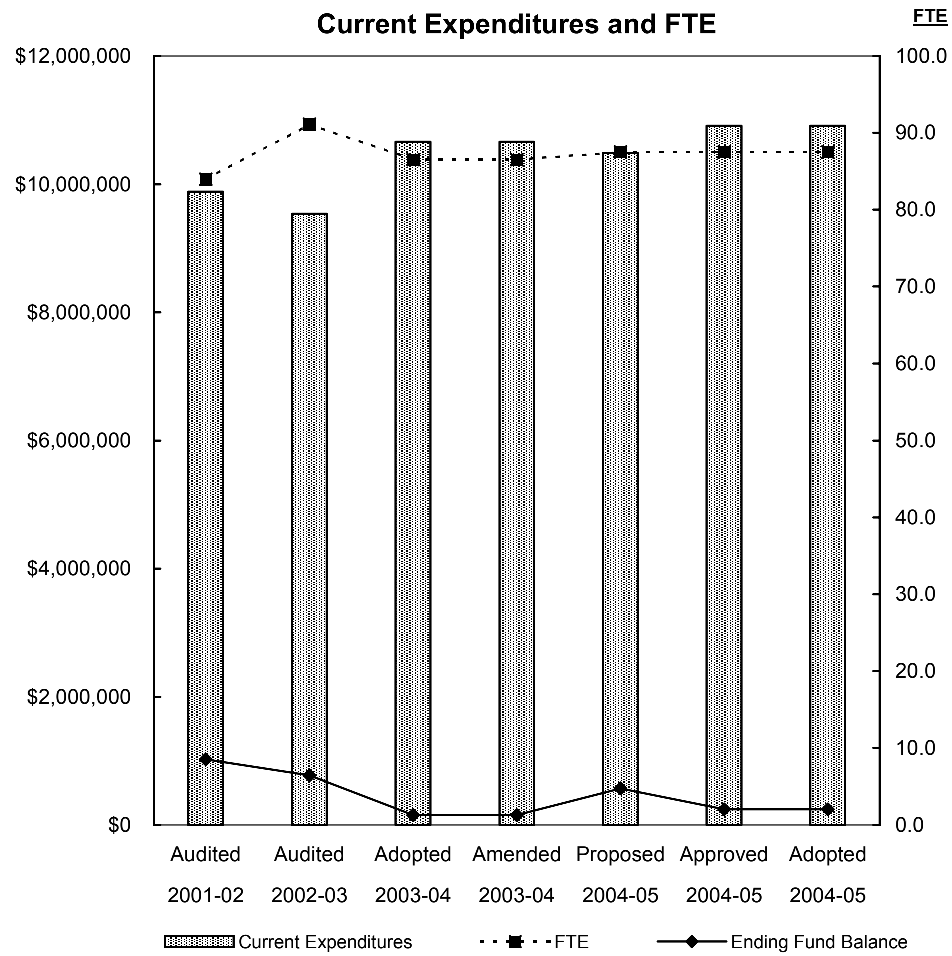
Support Services Fund

Support Services Fund Summary

	Audited FY 2001-02	Audited FY 2002-03	Adopted FY 2003-04	Amended FY 2003-04	Proposed FY 2004-05	Approved FY 2004-05	Adopted FY 2004-05	% Change from FY 2003-04 Amended
Resources								
Beginning Fund Balance	*$1,181,617*	*$1,023,045*	*$678,272*	*$678,272*	*$955,873*	*$1,050,873*	*$1,050,873*	*54.93%*
Current Revenues								
Grants	6,500	12,500	0	0	0	0	0	0.00%
Enterprise Revenue	439,804	498,537	432,000	432,000	418,868	418,868	418,868	(3.04%)
Interest Earnings	44,589	31,833	12,960	12,960	3,500	3,500	3,500	(72.99%)
Other Misc. Revenue	9,355	3,071	0	0	0	0	0	0.00%
Interfund Transfers:								
Interfund Reimbursements	9,063,245	8,549,281	9,468,779	9,468,779	9,679,671	9,679,671	9,679,671	2.23%
Internal Service Transfers	161,048	188,790	149,070	149,070	0	0	0	(100.00%)
Fund Equity Transfers	0	0	70,000	70,000	0	0	0	(100.00%)
Subtotal Current Revenues	**9,724,541**	**9,284,012**	**10,132,809**	**10,132,809**	**10,102,039**	**10,102,039**	**10,102,039**	**(0.30%)**
Total Resources	**$10,906,158**	**$10,307,057**	**$10,811,081**	**$10,811,081**	**$11,057,912**	**$11,152,912**	**$11,152,912**	**3.16%**
Requirements								
Current Expenditures								
Personal Services	$5,903,615	$6,901,957	$7,341,871	$7,341,871	$7,639,943	$7,639,943	$7,283,183	(0.80%)
Materials and Services	1,541,164	1,798,591	1,751,783	1,798,783	1,597,428	1,692,428	1,692,428	(5.91%)
Capital Outlay	330,034	179,700	309,000	309,000	180,000	180,000	180,000	(41.75%)
Debt Service	49,844	38,060	34,620	34,620	0	0	0	(100.00%)
Interfund Transfers:								
Interfund Reimbursements	558,678	566,551	706,557	706,557	705,540	705,540	705,540	(0.14%)
Fund Equity Transfers	1,499,778	50,000	50,000	50,000	0	0	0	(100.00%)
Contingency	0	0	465,276	418,276	364,628	695,501	1,052,261	151.57%
Subtotal Current Expenditures	**9,883,113**	**9,534,859**	**10,659,107**	**10,659,107**	**10,487,539**	**10,913,412**	**10,913,412**	**2.39%**
Ending Fund Balance	*1,023,045*	*772,198*	*151,974*	*151,974*	*570,373*	*239,500*	*239,500*	*57.59%*
Total Requirements	**$10,906,158**	**$10,307,057**	**$10,811,081**	**$10,811,081**	**$11,057,912**	**$11,152,912**	**$11,152,912**	**3.16%**
Full-Time Equivalents (FTE)	83.98	91.13	86.53	86.53	87.50	87.50	87.50	1.12%

Support Services Fund





Support Services Fund

The Support Services Fund contains the budgets for Metro's central administrative and business support functions. These include the Office of the Metro Attorney, Office of the Auditor, Finance & Administrative Services Department, Human Resource Department, and the Creative Services division of the Public Affairs Department

The fund's primary revenue source is transfers from other Metro funds. The amount of each department's transfer is established through a cost allocation plan that distributes the central service costs to the departments based on their usage and the benefit received.

Current Revenues

Enterprise Revenue – Metro provides a contractor's license valid in multiple jurisdictions within the Metro boundary, under the authority of ORS Chapter 701.015. Metro distributes 75.5 percent of the program's revenue to participating jurisdictions, and retains the remainder to offset operating and administrative costs. The program is completely self-supporting. The decrease in revenues in this program is related to the economic conditions in the region.

Interest – Interest accrues to available funds as part of Metro's investment pool. The budget assumes an approximate 1.5 percent return on investments.

Interfund Transfers – The main source of revenue for this fund is the transfer of indirect costs from departments that receive central services. An audited cost allocation plan determines the allocation to each department.

Current Expenditures

Personal Services – As part of a mid-year reorganization in FY 2003-04, several positions were shifted between the departments and divisions within the Support Services Fund. Additionally, two FTE responsible for the administration of the benefits program were transferred from the Risk Management Fund to the Human Resource Department in the Support Services Fund. One FTE for the Construction Manager position was moved from the Support Services Fund to the Regional Parks Operating Fund. Overall, this classification increases less than 1 percent over the prior year, with increases due to planned merit and cost-of-living adjustments and health insurance costs. In the FY 2003-04 Budget, a reserve established to offset potential changes to the PERS rate was budgeted in Personal Services, but moved to Contingency in FY 2004-05. After adjusting for this change, Personal Services increased by 4 percent. (For an explanation of the PERS Reserve, see *Where the Money Goes* in the Budget summary section of this document.)

Materials and Services – Budgeted expenditures in this classification are down from the previous year primarily due to an organizational change. Beginning in the 2003-04 fiscal year the Metro lobbyist function, formerly budgeted under the Office of the Metro Attorney, was moved to the Public Affairs & Government Relations Department in the General Fund.

Capital Outlay – The planned capital expenditures include improvements to Information Technology systems. These projects are reviewed and approved through the annual Capital Improvement Plan.

Transfers – The Support Services Fund makes transfers to two other central service funds to pay for indirect costs. A transfer to the Building Management Fund pays costs for office space, and another to the Risk Management Fund pays insurance costs. In the past, the Support Services Fund received transfers through the cost allocation plan for programs that were budgeted in the General Fund; these funds were then transferred to the General Fund. Beginning in FY 2002-03, these funds are transferred directly to the General Fund from other funds rather than through the Support Services Fund.

Fund Balance

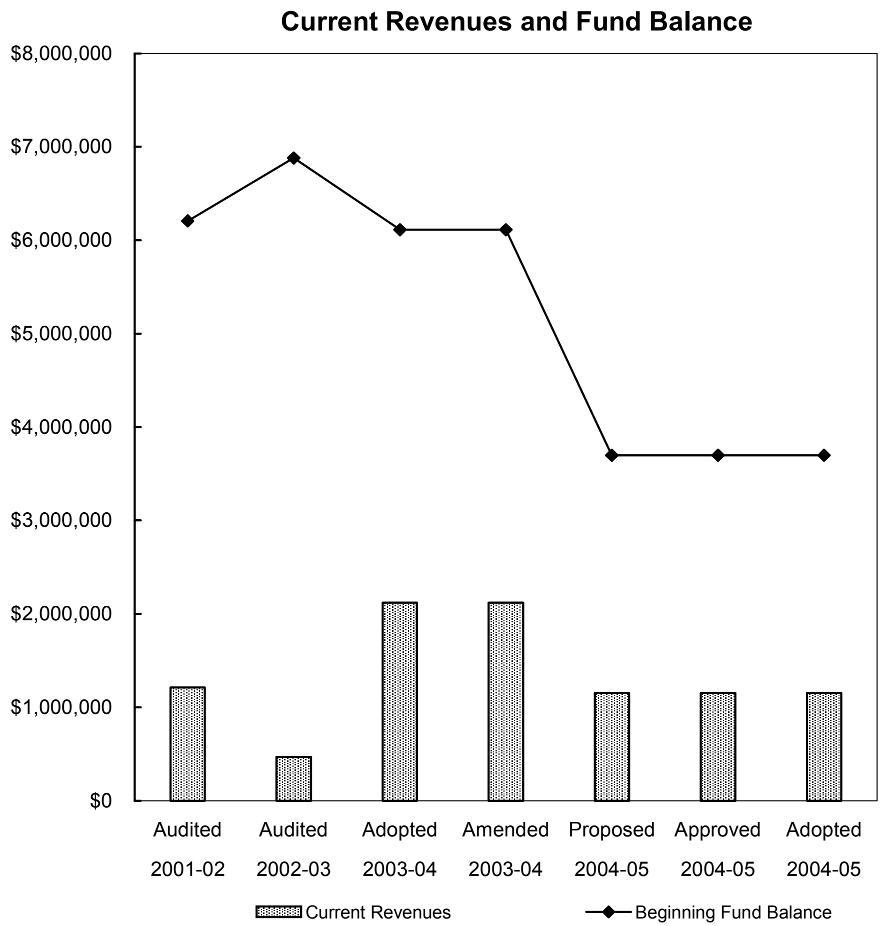
Included in the fund balance, beginning in the 2004-05 fiscal year, is a reserve to fund Information Technology renewal and replacement projects.

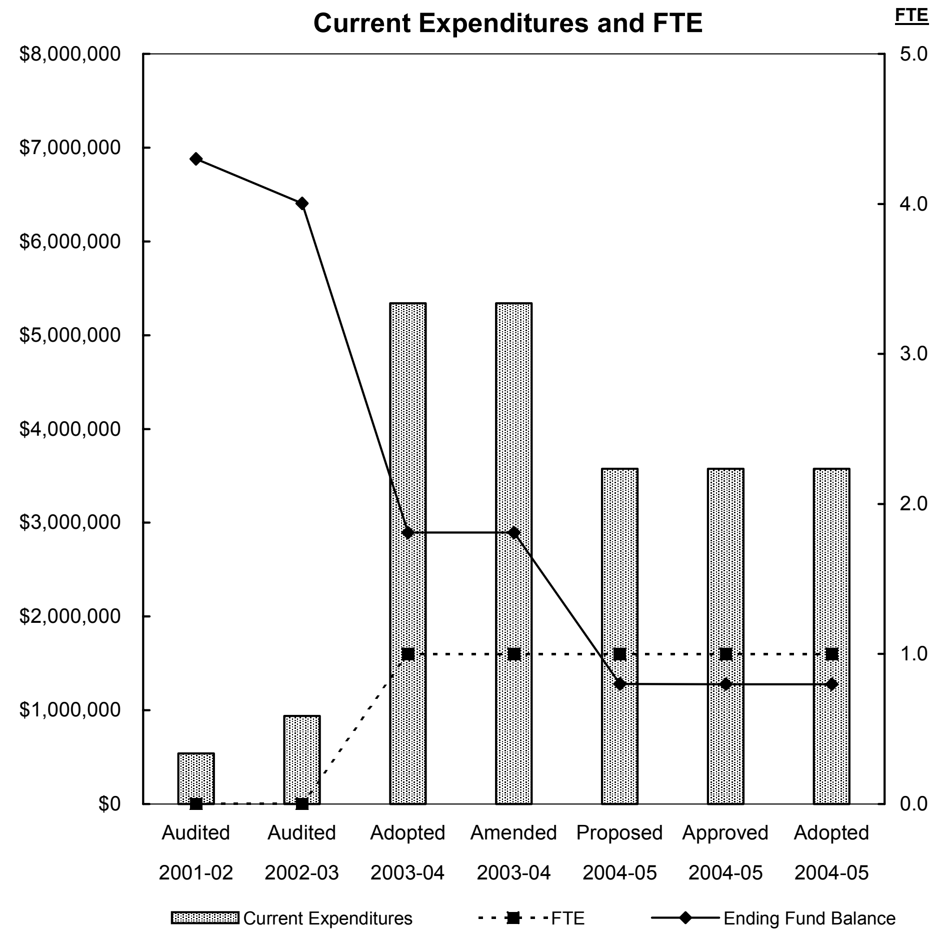
Zoo Capital Fund

Zoo Capital Fund Summary

	Audited FY 2001-02	Audited FY 2002-03	Adopted FY 2003-04	Amended FY 2003-04	Proposed 2004-05	Approved 2004-05	Adopted 2004-05	% Change from FY 2003-04 Amended
Resources								
Beginning Fund Balance	*$6,207,658*	*$6,880,060*	*$6,110,661*	*$6,110,661*	*$3,698,288*	*$3,698,288*	*$3,698,288*	*(39.48%)*
Current Revenues								
Grants	0	20,000	0	0	0	0	0	0.00%
Interest Earnings	164,199	90,781	122,213	122,213	55,474	55,474	55,474	(54.61%)
Donations	816,979	355,589	2,000,000	2,000,000	1,100,000	1,100,000	1,100,000	(45.00%)
Other Misc. Revenue	230,364	0	0	0	0	0	0	0.00%
Subtotal Current Revenues	**1,211,542**	**466,370**	**2,122,213**	**2,122,213**	**1,155,474**	**1,155,474**	**1,155,474**	**(45.55%)**
Total Resources	**$7,419,200**	**$7,346,430**	**$8,232,874**	**$8,232,874**	**$4,853,762**	**$4,853,762**	**$4,853,762**	**(41.04%)**
Requirements								
Current Expenditures								
Personal Services	$0	$0	$61,819	$96,819	$74,481	$74,481	$71,083	(26.58%)
Capital Outlay	539,140	938,862	4,777,862	4,742,862	3,000,000	3,000,000	3,000,000	(36.75%)
Contingency	0	0	500,000	500,000	500,000	502,250	505,648	1.13%
Subtotal Current Expenditures	**539,140**	**938,862**	**5,339,681**	**5,339,681**	**3,574,481**	**3,576,731**	**3,576,731**	**(33.02%)**
Ending Fund Balance	*6,880,060*	*6,407,568*	*2,893,193*	*2,893,193*	*1,279,281*	*1,277,031*	*1,277,031*	*(55.86%)*
Total Requirements	**$7,419,200**	**$7,346,430**	**$8,232,874**	**$8,232,874**	**$4,853,762**	**$4,853,762**	**$4,853,762**	**(41.04%)**
Full-Time Equivalents (FTE)	0.00	0.00	1.00	1.00	1.00	1.00	1.00	0.00%

Zoo Capital Fund





Zoo Capital Fund

The Zoo Capital Fund accounts for all major capital improvement projects at the Oregon Zoo. In FY 1996-97, the fund received the proceeds from the $28.8 million general obligation bond measure approved by voters in September 1996 to build an exhibit showcasing the animals of the Northwest. The bond proceeds and interest earnings, together with donations and a transfer from the Zoo Operating Fund, financed the Zoo's first major new exhibit since 1989, as well as a new entrance, food service, and retail facilities.

Current Revenues

Donations and Bequests – Donations and bequests from individuals are placed in this revenue category, as are contributions from organizations such as the Oregon Zoo Foundation. The budget includes $1.1 million in donations in FY 2004-05 from the Oregon Zoo Foundation and other donors for construction of the California Condor Project and the final phase of the Great Northwest Exhibit.

Interest – The budget assumes an interest rate of 1.5 percent calculated on the beginning fund balance.

Current Expenditures

Personal Services – In FY 2004-05, a project manager will oversee the construction of the California Condor facility and the Introduction to the Forest phase of the Great Northwest project.

Capital Outlay – Design, engineering, and construction costs of capital projects budgeted in the fund are placed in this category.

The Great Northwest Project (originally called the Oregon Project) represents the next phase of the Zoo's Master Plan and is designed to expand the Zoo's collection of animals native to the Northwest, improve conditions for the current animal collection, improve visitor access, and enhance the Zoo's financial self-sufficiency. Earlier phases of the project include a native wildlife exhibit with forest and water components, relocation of the Zoo's main entrance adjacent to the light rail station, and a restaurant and gift shop at the entrance plaza. A family farm exhibit including an animal contact area and an Eagle Canyon exhibit highlighting native fish and birds of prey opens in 2004. During FY 2004-05 work will continue on phase five of the Great Northwest—the Introduction to the Forest—as well as on continued construction of a California Condor rehabilitation facility.

Contingency – The FY 2004-05 budget includes $500,000 in contingency to be used if needed for projects scheduled this year, and a small amount for potential increases in pension costs. (For an explanation of the PERS Reserve, see *Where the Money Goes* in the Budget summary section of this document.)

Fund Balance

The beginning fund balance for FY 2004-05 includes revenues from prior years' transfers from the Zoo Operating Fund and fundraising revenues.

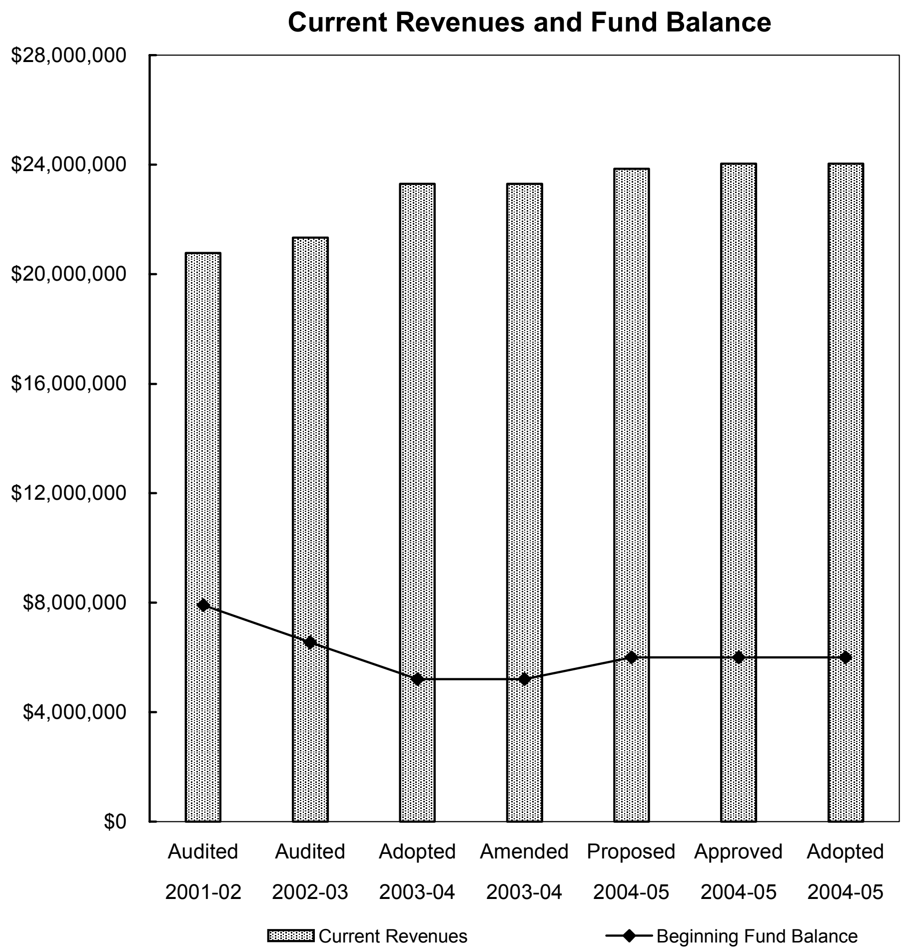
The unappropriated ending fund balance represents amounts that are carried over into subsequent fiscal years to complete specific projects.

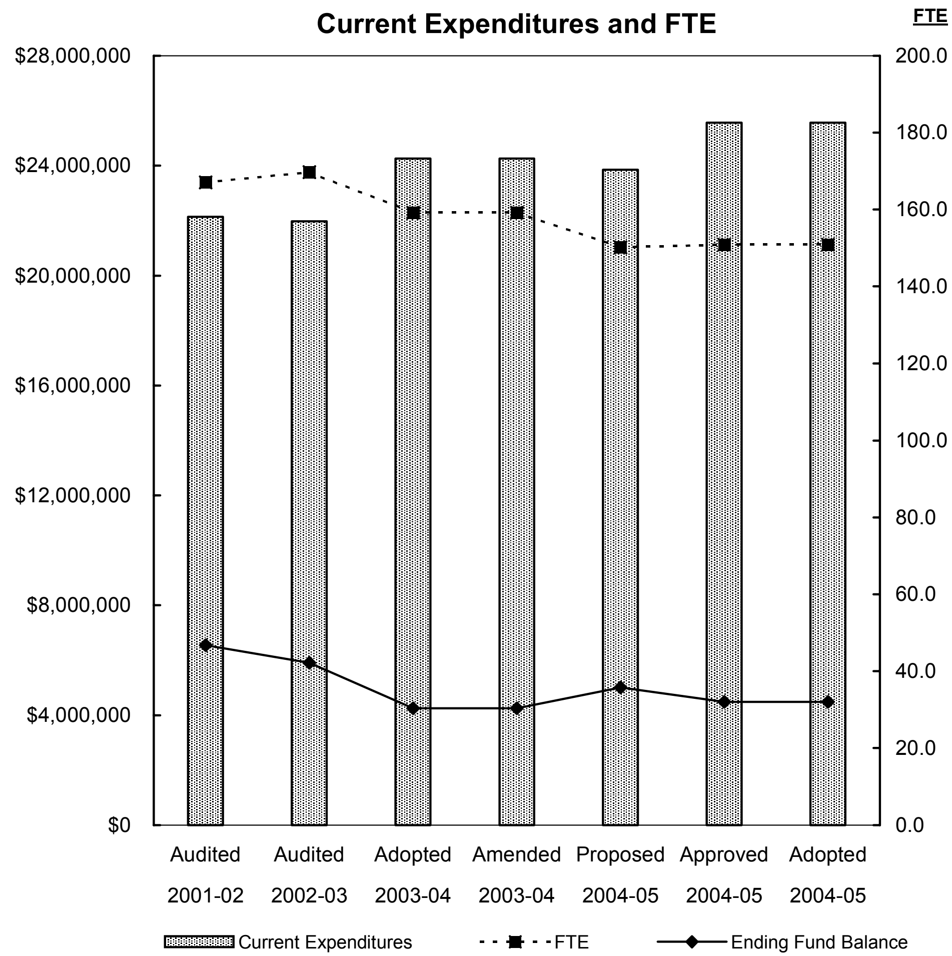
Zoo Operating Fund

Zoo Operating Fund Summary

	Audited FY 2001-02	Audited FY 2002-03	Adopted FY 2003-04	Amended FY 2003-04	Proposed 2004-05	Approved 2004-05	Adopted 2004-05	% Change from FY 2003-04 Amended
Resources								
Beginning Fund Balance	*$7,909,030*	*$6,543,031*	*$5,202,233*	*$5,202,233*	*$6,005,062*	*$6,005,062*	*$6,005,062*	*15.43%*
Current Revenues								
Real Property Taxes	8,094,915	8,375,766	8,822,490	8,822,490	8,933,904	8,933,904	8,933,904	1.26%
Grants	63,438	102,092	0	0	77,000	77,000	77,000	0.00%
Enterprise Revenue	11,531,117	11,454,576	13,114,025	13,114,025	13,975,534	13,975,534	13,975,534	6.57%
Interest Earnings	266,930	139,127	104,045	104,045	90,076	90,076	90,076	(13.43%)
Donations	766,883	1,193,224	1,232,000	1,232,000	912,500	912,500	912,500	(25.93%)
Other Misc. Revenue	55,456	61,752	29,756	29,756	49,907	49,907	49,907	67.72%
Subtotal Current Revenues	**20,778,739**	**21,326,537**	**23,302,316**	**23,302,316**	**24,038,921**	**24,038,921**	**24,038,921**	**3.16%**
Total Resources	**$28,687,769**	**$27,869,568**	**$28,504,549**	**$28,504,549**	**$30,043,983**	**$30,043,983**	**$30,043,983**	**5.40%**
Requirements								
Current Expenditures								
Personal Services	$12,066,748	$12,229,008	$13,032,647	$13,032,647	$12,759,222	$12,794,347	$12,313,752	(5.52%)
Materials and Services	7,468,211	6,824,656	7,351,770	7,602,026	8,376,600	8,341,475	8,341,475	9.73%
Capital Outlay	147,675	473,406	268,600	268,600	85,700	85,700	85,700	(68.09%)
Interfund Transfers:								
Interfund Reimbursements	2,043,348	2,017,218	2,164,976	2,164,976	2,370,124	2,370,124	2,370,124	9.48%
Fund Equity Transfers	418,756	423,218	435,319	435,319	420,242	420,242	420,242	(3.46%)
Contingency	0	0	1,000,000	749,744	1,000,000	1,550,000	2,030,595	170.84%
Subtotal Current Expenditures	**22,144,738**	**21,967,506**	**24,253,312**	**24,253,312**	**25,011,888**	**25,561,888**	**25,561,888**	**5.40%**
Ending Fund Balance	*6,543,031*	*5,902,062*	*4,251,237*	*4,251,237*	*5,032,095*	*4,482,095*	*4,482,095*	*5.43%*
Total Requirements	**$28,687,769**	**$27,869,568**	**$28,504,549**	**$28,504,549**	**$30,043,983**	**$30,043,983**	**$30,043,983**	**5.40%**
Full-Time Equivalents (FTE)	167.03	169.73	159.23	159.23	150.35	150.85	150.85	(5.26%)

Zoo Operating Fund





Zoo Operating Fund

The Zoo Operating Fund was established to account for the operating revenues and expenditures of the Oregon Zoo. Major capital improvements are budgeted in the Zoo Capital Fund.

The Zoo Operating Fund relies on property taxes and enterprise revenues as its major sources of revenue. Together, these two sources account for 95 percent of the Zoo's current revenue.

It is projected that attendance at the Oregon Zoo in FY 2004-05 will be 1.295 million visitors.

In preparing the budget for FY 2004-05 the Zoo was directed to submit a balanced budget (i.e., one in which current revenues equal current expenditures). In order to achieve this balanced budget, increases were made to revenue generating programs, and reductions were made to expenditures. These changes were made in areas that did not affect the health and welfare of the animals in our care.

Current Revenues

Property Taxes – Property tax revenues are received from a tax base approved by voters in May 1990. It is anticipated that Metro will receive 94 percent of the property tax levied and approximately $260,000 in delinquent taxes.

Enterprise Revenue – These revenues are derived from a variety of income-producing activities including admission fees, food and beverage sales, gift shop sales, train rides, and education fees. Most estimates are based upon per capita revenue projections combined with an estimated attendance of 1.295 million. The cost of admission to the Zoo increased in January of 2004, and this budget assumes another increase in January 2005 to keep up with rising operating costs. Although the Zoo remains the most popular paid tourist attraction in the state, admission levels can be greatly affected by weather and other factors beyond the control of management.

Donations and Bequests – Anticipated contributions from individuals and organizations, including contributions by the Oregon Zoo Foundation in support of general operations and specific projects, are budgeted in this category. Contributions are expected to decrease due to the downturn in the local economy.

Interest – The projected interest is based upon an anticipated 1.5 percent earnings on the beginning fund balance.

Other –This category consists of miscellaneous revenue, including sale of fixed assets.

Current Expenditures

Personal Services – Zoo staffing has decreased by 8.38 FTE and personal services expenditures decreased 5.5 percent ($720,000). These reductions were made to help achieve a balanced budget and also reflect a shift of the PERS Reserve from Personal Services to Contingency. (For an explanation of the PERS Reserve, see *Where the Money* Goes in the Budget Summary of this document.) About half of the reductions are elimination of vacant positions. As other positions become vacant, those positions will be closely evaluated to determine if filling that particular position is warranted or if the position could be better utilized elsewhere.

Materials and Services – This classification shows an increase of $740,000 from the 2003-04 Amended Budget, but most of the increase is the result of a change in how expenses are recorded for the new retail contract and the simulator ride. Actual costs for these operations are not significantly increased.

Aside from the above change, the largest cost increase is for utilities, which increase $220,000. This comes from higher costs for water/sewer service, to cover both higher rates and increased usage. There are also increases for animal food and for revenue producing initiatives, such as a summer cultural festival and restoration of the Winged Wonders butterfly exhibit; the budget also has numerous smaller cuts made to help balance the budget.

Capital Outlay – Expenditures in this category include the purchase of equipment and vehicles, and the remodeling and rehabilitation of exhibits and other facilities. These expenditures fluctuate year to year in accordance with the current needs at the Zoo. Capital spending in FY 2004-05 is reduced significantly (68 percent), in order to achieve a balanced budget. New exhibits over $50,000 are budgeted in the Zoo Capital Fund.

Transfers – This category includes transfers for central services, risk management, and a transfer to the General Revenue Bond Fund to cover the debt service for the reconfiguration of the parking lot serving the Zoo, the World Forestry Center, and the Portland Children's Museum.

Fund Balance

The fund balance, along with contingency, is designed to provide a stable base for the Zoo to meet its long-term operating and capital needs, meet cash flow requirements, and provide flexibility to cover against unanticipated revenue shortfalls or spending requirements. The contingency includes reserves to be applied to increased pension costs, pending an Oregon Supreme Court ruling on pension reforms enacted by the 2003 Legislature.

METRO

PEOPLE PLACES
OPEN SPACES

Table of Contents

Budget and Financial Structure

METRO

PEOPLE PLACES
OPEN SPACES

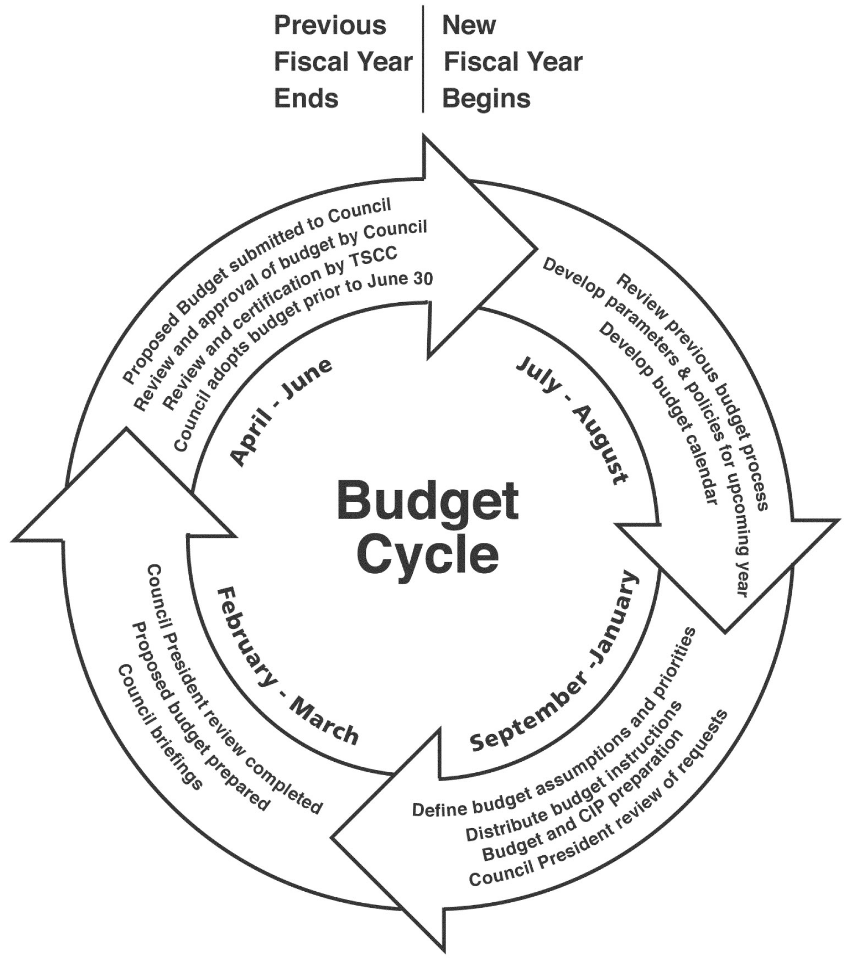
Budget Process

Review of Prior Year – Each fiscal year begins with a review of the previous year's budget cycle, determining what was successful and where there were problems. Then staff works to refine the process for the next year. New budget parameters are developed which set out the basic assumptions that departments should follow when putting their budgets together. These parameters, along with the policies and priorities set by the Council President, the Council, and the Chief Operating Officer, are incorporated into the budget instructions.

Budget Instructions – The Financial Planning Division of the Finance & Administrative Services Department provides departments detailed instructions for preparing their budgets and submitting them for review by the Council President, Chief Operating Officer, and staff. The instructions provide directions for increasing or decreasing staff, calculating changes in personnel costs, and list costs for commonly purchased items such as office furniture and computer software. They also give departments detailed information regarding the correct way to budget for capital outlay and incorporating capital projects from the Capital Improvement Plan (CIP) into the budget.

Department Requests – Departmental staff review the instructions and assumptions from Financial Planning and Council, and forecast their program activities and financial needs for the next fiscal year. These forecasts form the basis of the departments' budget requests.

Review and Analysis by the Chief Operating Officer – After departments submit their budgets, they are reviewed by the staff in Financial Planning. Upon the completion of the analysis, the Financial Planning staff reviews the results with each department, as well as the Council President, Chief Operating Officer, and Chief Financial Officer. The Council President and Chief Operating Officer meet with department and Finance & Administrative Services staff to discuss identified issues and program changes. The Council President and Chief Operating Officer consider Council priorities and actions required to balance the budget. The Council President makes the final decisions, which form the base upon which the proposed budget document is prepared and submitted to the Council for review.



Review and Analysis by the Metro Council – The Council, sitting as the Budget Committee, meets with the departments and analysts from Financial Planning to review the budget and make any changes, additions, or deletions. Meetings are open to the public, and public comment is accepted. Upon acceptance by the Council, the approved budget document is prepared and is submitted to the Tax Supervising and Conservation Commission.

Tax Supervising and Conservation Commission (TSCC) Review and Certification – In Oregon, state law requires each local government to establish a budget committee that reviews the budget and makes decisions regarding the budget. For most jurisdictions, this committee is made up of members of the governing body and an equal number of citizens. This law, however, does not apply in counties where the population exceeds 500,000. In counties where the population is greater than 500,000 (currently only Multnomah County), a Tax Supervising and Conservation Commission must be established. Members of this commission are appointed by the governor to supervise local government budgeting and taxing activities. Because more than 50 percent of Metro's total assessed value is within Multnomah County, Metro must submit its budget to the TSCC. After the commission reviews Metro's budget, it holds a public hearing and asks for clarification on items within the budget or items affecting the financial health of the organization. After the public hearing, the TSCC submits a letter of certification to the local government, and it becomes part of the official record included in the adoption of the budget.

Council Adoption and Submission to County Tax Assessors – After receiving certification by the TSCC, the Council makes any necessary technical adjustments and adopts the budget prior to June 30, the end of the fiscal year. The final adopted budget document is prepared, printed, and submitted to each of the county tax assessors in the region and to TSCC, prior to July 15th.

Changes to the Budget after Adoption – Oregon Local Budget Law provides several ways for the budget to be changed after adoption. If the government receives additional revenues in the form of a grant, donation, or bequest, appropriations may be increased through Council action in an amount equal to the additional revenues. If other new revenues are received that were not anticipated at the time that the budget was adopted, the government may prepare a supplemental budget to recognize the additional revenue and increase appropriations. Appropriations may be adjusted via action by the Council when adjustments within a fund are to be made between appropriation levels in the budget (e.g., increase in Personal Services appropriations and a corresponding decrease in Capital Outlay or Contingency appropriations).

The Capital Improvement Plan – Metro's five-year capital planning process identifies the agency's capital asset needs for projects which cost $50,000 or more and have a useful life of five years or more. The Council adopted the agency's first Capital Improvement Plan in January 1997. A more thorough description of the CIP process is found in section H of this document. In FY 2004-05, the CIP is included as part of the budget, with Council review of the CIP taking place concurrently rather than several months prior to budget review. This promoted improved coordination between capital spending and the overall budget.

Budget Calendar

Milestone	Date
Council adopts budget assumptions for FY 2004-05 (Resolution 03-3366)	September 18, 2003
Financial Planning issues budget instructions for central service departments to prepare current service level budget requests	October 1, 2003
Council conducts retreats to discuss excise tax and budget issues	October 2003 – February 2004
Central service departments submit budget requests to Financial Planning	October 31, 2003
Financial Planning issues budget instructions for operating departments	November 3, 2003
Council Pres. meets with operating departments to provide budget direction	November – December 2003
Chief Operating Officer meets with central service department managers to review budget requests	December 2003
Preliminary cost allocation plan prepared, based on direction from COO and Council President on central service and General Fund budgets	December 29, 2003
Operating Departments submit budget requests to Financial Planning	January 30, 2004
Council President and COO meet with departments to review requests	February 2 – 12, 2004
Council President meets with Councilors to discuss preliminary decisions	February 2004
Council President makes final decisions on proposed budget	February 20, 2004
Budget briefings with Council: discussion of issues, prioritizing, and long-range financial picture	March 2004
Proposed budget submitted to Metro Council, initial public hearing held	April 1, 2004
Council work sessions on budget	April 2004
Additional public hearings held	April 15, 22, & 27, 2004
Council approves budget, public hearing	April 29, 2004
Metro submits approved budget to Tax Supervising and Conservation Commission	May 6, 2004
Tax Supervising and Conservation Commission public comment period	May 7 – June 8, 2004
Tax Supervising and Conservation Commission public hearing on approved budget	June 9, 2004
Council public hearing, budget adoption	June 17, 2004

Budget Development Guidelines

Budget development is an intensive process involving the entire organization from the Council President, Councilors, and Chief Operating Officer to department directors, managers, and staff. The final product is a policy and financial plan covering all of Metro's programs and services.

The FY 2004-05 budget was the second budget developed under Metro's new governance structure, and the first overseen by the Council President throughout the entire process. The first step in the process was a briefing for Council on budget assumptions, such as interest rates, pension contribution increases, and cost of living adjustments. The Council then adopted a resolution, in September, directing staff to include its assumptions in preparing the FY 2004-05 budget. Significant among these were directions to increase costs allocated for Risk Management, and to continue a reserve for potential increases in PERS pension costs pending an Oregon Supreme Court decision on challenges to 2003 legislative changes to the pension system.

The budget process incorporated two significant changes from prior years. First was the inclusion of the five-year Capital Improvement Plan (CIP) within the budget, rather than having the CIP considered and adopted in December, several months before the budget. Departments prepared their draft capital plans in the fall, and these plans were updated in conjunction with the Proposed Budget. Incorporating the CIP into the budget was designed to give the Council a better context for coordinating capital planning with overall financial planning and budgeting.

The second change was to prepare budgets for central service functions earlier than for the operating departments. The primary purpose of this change was to provide the operating departments with a firmer figure for their central service expenses in preparing their overall budget requests. Central service budgets were reviewed by the Chief Operating Officer, whose recommendations were then reviewed and approved by the Council President.

A series of Council retreats on revenue options and expenditure priorities overlay the 2004-05 budget process. These retreats began in October and concluded in February, with the primary result being a direction from Council to pursue development of certain open space lands and provide additional funding for Regional Parks' operating and capital needs. The funding mechanism was to be an increase in excise tax on solid waste.

In November and December, the Council President provided budget direction in meetings with department staff. The Zoo was again to prepare a break-even budget – one that did not draw on reserves – and Solid Waste & Recycling was to identify potential spending reductions for consideration. The Planning Department's budget was to be based on the same amount of General Fund support as the prior year. Consistent with the prior year was the overall direction that Metro was to live within its means, supporting new initiatives with new revenue sources, and maintain or improve General Fund reserves as well as ensure continued compliance with bond covenants.

The budget process included a series of briefings with the Council prior to the formal release of the Proposed Budget. These meetings took place weekly through the month of March, including a financial overview of each department and a briefing on the CIP. Following release of the Proposed Budget on April 1, 2004, the Council conducted a series of work sessions and public hearings through April. Through these efforts, the Council identified issues for further discussion, and approved several amendments to the Proposed Budget that were included in the budget that was approved on April 29, 2004.

Budget Assumptions

The Financial Planning Division develops specific guidelines for departments to use in developing their initial budget requests. These guidelines formed the bases for initial cost estimates. Departments used the following assumptions to develop their requests:

Personal Services

- Gross available hours per year per FTE – 2080 hours for exempt employees; 2088 for non-exempt employees

<u>Metro Non-Represented Employees (except MERC) and Metro AFSCME 3580</u>

- Assumed 5.0 percent adjustment to wages, which includes both cost of living adjustment and merit/step increases

All Other Employee or Labor Groups

- Assumed 2.0 percent cost of living adjustment to wages and wage ranges effective July 1, 2003
- Appropriate increases according to existing collective bargaining agreement

Zoo Visitor Services Seasonal

- Assumed appropriate increase per the Visitor Services pay range based on Oregon minimum wage

New and/or vacant positions were budgeted at no more than 20 percent above the beginning rate or step. Positions that were budgeted at the beginning rate allowed for a 5 percent increase after successful completion of a six-month probationary period.

Fringe Rates were calculated on an individual department basis, based on actual fringe benefits provided to existing employees. Fringe benefit rates and components are shown in the appendices of the budget document.

Materials & Services

Increases in these costs as a result of inflationary factors were limited to 2 percent, unless otherwise justified.

Overhead Transfers

In preparing budget requests, departments used preliminary overhead rates provided by the Financial Planning Division to calculate transfer amounts. These rates were determined based on Council direction where applicable (primarily for the total allocation for Risk Management), and on a preliminary cost allocation plan based on central service departments' revised current service level budgets. Final central services transfers for FY 2004-05 were adjusted to reflect Council approval of the central services department budgets, and the actual run of the cost allocation plan with the latest service level allocation basis.

Contingency

Departments were instructed to budget contingency funds in an amount not less than 4 percent of the total of Personal Services, Materials and Services, and Capital Outlay. Departments varied from this amount based on their needs.

Excise Tax Rate

An excise tax rate of 7.5 percent was used for all non-solid waste revenues subject to the Metro excise tax. Excise tax on solid waste revenues was calculated per ordinance 00-857B to generate a base excise tax amount of $6,128,650. In addition, an extra $1.00 per ton levy dedicated to Regional Parks was continued, and an additional $2.00 per ton was levied effective September 1, 2004. This $2.00 per ton was dedicated to Regional Parks ($1.50) and a Tourism Opportunity and Competitiveness account in the General Fund contingency ($0.50) to promote the Oregon Convention Center. Upon the September 1 effective date, the excise tax rate for solid waste will be $8.58 per ton.

Excise Tax Revenue Allocation Estimates

Several departments receive a portion of Metro excise tax revenues in the form of transfers from the General Fund. All department budgets were prepared following excise tax targets established by the Council President. Excise tax targets for FY 2004-05 were initially set at the same amount as FY 2003-04 for the base excise tax (i.e., not including the $3.00 per ton that is dedicated as noted in the preceding paragraph). Adjustments during the budget review process raised or lowered excise tax allocations based on need.

Other

Interest rate for revenue calculations equals 1.5 percent.

Financial Structure

Fund-Based Budget

Metro's accounts are organized on the basis of funds, each of which is considered a separate fiscal entity accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures. Each fund has a specific purpose, with specific revenue sources and uses. The fund structure was modified in FY 2001-02 to be in accordance with GASB Statement 34.

Basis of Accounting Used by Metro for Budgeting

Metro's budget is prepared on the modified accrual basis of accounting. In modified accrual, revenues are recognized when they become measurable and available. Measurable means that the dollar value of the revenue is known. Available means that it is collectible within the current period, or soon enough after the end of the current period to pay liabilities of the current period. Significant revenues that are considered to be measurable and available under the modified accrual basis of accounting are interest earned on temporary investments and property taxes received within approximately 60 days of the end of the fiscal year. Expenditures are recognized when the liability is incurred, if measurable, except for interest on long-term debt which is recognized on its due date.

The Comprehensive Annual Financial Report (CAFR) shows the status of Metro's finances in accordance with "generally accepted accounting principles" (GAAP). In many cases, this conforms with the way Metro prepares its budget. Major exceptions are as follow:

- Central services costs incurred by funds are recorded as direct expenses on a GAAP basis, whereas these amounts are reflected as operating transfers on a budget basis.
- Depreciation and amortization expenses are recorded on a GAAP basis. The budget basis does not reflect these items.
- Reductions to certain liabilities on a GAAP basis are recorded as expenditures on a budget basis.
- Certain funds are aggregated and reported as fund components on a GAAP basis and are reported as separate funds on a budget basis.

The Comprehensive Annual Financial Reports shows fund expenditures and expenses, as well as revenues, on both a GAAP basis and budget basis for comparison purposes.

Fund Structure

General Fund

The *General Fund* accounts primarily for Metro's general government activities, including Council and Public Affairs functions and resource transfers to the Planning and Regional Parks and Greenspaces departments. The principal resources of the fund are an excise tax on Metro's facilities and services levied in accordance with the Metro Code, and interest earnings on fund balance.

Enterprise Funds

Primary Government – Metro

Solid Waste Revenue Fund – This fund accounts for revenues and expenditures for the implementation, administration and enforcement of Metro's Solid Waste Management Plan. The primary revenue source is from fees collected for the disposal of solid waste. This fund also accounts for Metro South transfer station and Metro Central transfer station solid waste transfer and recycling facilities, and the closed St. Johns Landfill.

Zoo Operating Fund – Funding and operation of the Oregon Zoo is accounted for in this fund. Principal sources of revenues are admissions, concessions and property taxes derived from a property tax base approved by voters on May 15, 1990.

Zoo Capital Fund – Major improvement projects at the Oregon Zoo are accounted for in this fund and are combined with the Zoo operating fund on a GAAP basis. Principal resources are transfers from the Zoo Operating Fund and donations raised through the Oregon Zoo Foundation.

Component Unit – Metro ERC

MERC Operating Fund – This fund accounts for the revenues and expenditures of the Metro Exposition-Recreation Commission (MERC), which includes the Oregon Convention Center, Portland Center for the Performing Arts, Expo Center, and MERC Administration. The fund maintains the facilities and administration as divisions within the fund but is appropriated at the following levels: operating expenditures, debt service, transfers, and contingency. Capital expenditures for MERC are all budgeted in the MERC Pooled Capital Fund. Principal sources of revenues are user fees and charges, food service revenues, and hotel/motel tax.

MERC Pooled Capital Fund – The MERC Pooled Capital Fund contains the budget for capital projects at the MERC facilities. Like the MERC Operating Fund, this fund is appropriated at the level of expenditure categories (operating expenditures, capital outlay, transfers, and contingency), but is managed to ensure that facility-specific resources are spent at the proper facility. The fund includes appropriations for staff who work on capital projects, as well as for the projects themselves. Principal revenue sources include hotel/motel tax receipts and other intergovernmental revenues, and transfers from the MERC Operating Fund.

Special Revenue Funds

Primary Government – Metro

Planning Fund – This fund accounts for funding and operation of Metro's regional planning functions, including land use, urban growth management, and environmental and transportation planning. Principal sources of revenues are federal, state and local grants, a share of the excise tax transferred from the General Fund, and transit-oriented development program income and bond proceeds.

Regional Parks Operating Fund – The Regional Parks Operating Fund accounts for funding and operation of Metro's greenspaces program and recreation activities, including parks, marine facilities and pioneer cemeteries. Principal sources of revenue are user and contract fees, and a share of excise tax revenues.

Smith and Bybee Lakes Fund – This fund accounts for the implementation of the Smith and Bybee Lakes Management Plan, managed by Metro's Regional Parks and Greenspaces Department. A Natural Resources Plan for Smith and Bybee Lakes was adopted by the City of Portland and Metro on December 13, 1990. Primary resources are federal grants and interest.

Regional Parks Special Accounts Fund – This fund accounts for four designated funds transferred from Multnomah County as of January 1, 1994. The funds are dedicated to construction of a nature center and a concert stage, and to fund the care and maintenance of a family plot and the purchase of flowers for the pioneer cemeteries. The primary resource is interest earned on the fund balance.

General Revenue Bond Fund –General revenue bonds and other financing proceeds are accounted for in this fund. To date this fund has been used for construction of the Metro Regional Center, the Washington Park parking lot renovation, contribution to Tri-Met for the Zoo light rail station, and for the construction of the Expo Center Hall D replacement. This fund also accounts for the payments on outstanding debt associated with these projects. The principal sources of revenue are charges against departments for debt service, interest earnings, and loan proceeds. In the CAFR, this fund is segregated and then combined with another applicable fund for proper GAAP classification as an Enterprise Fund (Zoo), an Internal Service Fund (Building Management), and an Enterprise Fund (Component Unit–MERC) on a GAAP basis.

Capital Projects Funds

Primary Government – Metro

Open Spaces Fund – This fund accounts for the bond proceeds and expenditures related to the Open Spaces, Parks and Streams general obligation bonds approved by the voters in 1995. Primary sources of revenues include interest earnings on the bond proceeds and public and private contributions toward the acquisition program. Expenditures are governed by the bond measure and are related to the acquisition of land and the establishment of trails.

Regional Parks Capital Fund – This fund was created to account for major capital improvement and renewal and replacement reserves and projects for the Regional Parks & Greenspaces Department and facilities. Major revenue sources for the fund include but are not limited to grants, donations, excise tax contributions from the General Fund, and other revenues or contributions identified for capital purpose.

Component Unit – Metro ERC

Convention Center Project Capital Fund – This fund is to account for revenues and expenditures associated with the Convention Center expansion project and is combined with the MERC Operating Fund on a GAAP basis.

Internal Service Funds

Primary Government – Metro

Building Management Fund – This fund accounts for revenues and expenditures related to the management of Metro’s headquarters facility, Metro Regional Center, and the related parking structure. Principal sources of revenue are charges to user funds and parking income. Expenditures primarily consist of maintenance, utilities and professional services costs.

Support Services Fund – This fund accounts for central services provided to other Metro operating units. These central services consist of Finance & Administrative Services, Office of Metro Attorney, Office of the Auditor, and Public Affairs & Government Relations. The primary source of revenue is charges to user funds, established through a cost allocation plan that distributes the central services’ costs based upon the benefit received. Additional miscellaneous revenue includes business license fees and interest.

Risk Management Fund – This fund accounts for risk management and self-insurance programs performed for the organizational units within Metro, including employee health insurance expenditures. Primary revenues are charges to user funds and interest. Primary expenditures are insurance premiums, claims costs, and studies related to insurance issues.

Debt Service Fund

Primary Government – Metro

The *General Obligation Bond Debt Service Fund* accounts for payments of general obligation bond principal and interest to bond holders. The principal source of revenue is property taxes.

Private-Purpose Trust Fund

Rehabilitation and Enhancement Fund – This fund accounts for funds received and expenditures for rehabilitation and enhancement of the area in and around the solid waste transfer facilities and St. Johns Landfill. Primary resources are rehabilitation and enhancement fees and interest. Expenditures are for planning and implementation of rehabilitation and enhancement programs in the area.

Permanent Fund

Primary Government – Metro

Metro Pioneer Cemetery Perpetual Care Fund – This fund was created in 2003 to provide financial support for the long-term maintenance of the Metro Pioneer Cemeteries after the cemeteries are no longer receiving revenue from grave sales and burial services. The fund will receive revenue from a 15 percent surcharge on grave sales. It is anticipated that no expenditures will be made from this fund until grave sites are exhausted at the cemeteries, currently estimated to be around the year 2058.

Financial Policies

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF ADOPTING COMPREHENSIVE FINANCIAL POLICIES FOR METRO	))))	RESOLUTION NO. 04-3465 Introduced by Mike Jordan, Chief Operating Officer, with the concurrence of the Council President

WHEREAS, Metro recognizes the importance of comprehensive financial policies to provide a framework for the overall fiscal management of the agency; and

WHEREAS, the Government Finance Officers Association (GFOA) and the National Advisory Council on State and Local Budgeting (NACSLB) recommend the establishment and adoption of financial policies as a key budget and financial management practice; and

WHEREAS, Metro's Financial Planning division working in conjunction with the Finance Advisory Strategy Team under the guidance of the Chief Financial Officer developed a set of comprehensive financial policies for consideration of the Metro Council; and

WHEREAS, these comprehensive financial policies were reviewed by the Senior Management Team and the Chief Operating Officer; and

WHEREAS, Resolution No. 84-444, "Adopting Long-Range Financial Policies for the Metropolitan Service District" (Attachment 1) was adopted January 26, 1984, has become outdated and should be rescinded; now therefore

BE IT RESOLVED that the Metro Council adopts Exhibit A of this resolution, entitled "Metro Financial Policies," and rescinds Resolution No. 84-444.

ADOPTED by the Metro Council this 17th day of June, 2004

David Bragdon, Council President

Approved as to Form:

Daniel B. Cooper, Metro Attorney

APPROVATO APPROVED METRO COUNCIL CONSIGLIO METROPOLITANO

In 2004, the Metro Council voted unanimously in favor of Resolution No. 04-3465, "adopting comprehensive financial policies for Metro." The policies contained in this resolution are included below, in their entirety.

Metro Financial Policies

Metro's financial policies, set forth below, provide the framework for the overall fiscal management of the agency. Operating independently of changing circumstances and conditions, these policies are designed to help safeguard Metro's assets, promote effective and efficient operations, and support the achievement of Metro's strategic goals.

These policies establish basic principles to guide Metro's elected officials and staff in carrying out their financial duties and fiduciary responsibilities. The Chief Financial Officer shall establish procedures to implement the policies established in this document.

General Policies

1. Metro's Financial Policies shall be reviewed annually by the Council and shall be published in the adopted budget.
2. Metro shall prepare its annual budget and Comprehensive Annual Financial Report consistent with accepted public finance professional standards.
3. The Chief Financial Officer shall establish and maintain appropriate financial and internal control procedures to assure the integrity of Metro's finances.
4. Metro shall comply with all applicable state and federal laws and regulations concerning financial management and reporting, budgeting, and debt administration.

Accounting, Auditing and Financial Reporting

1. Metro shall annually prepare and publish a Comprehensive Annual Financial Report including financial statements and notes prepared in conformity with generally accepted accounting principles as promulgated by the Governmental Accounting Standards Board.
2. Metro shall maintain its accounting records on a basis of accounting consistent with the annual budget ordinance.
3. Metro shall have an independent financial and grant compliance audit performed annually in accordance with generally accepted auditing standards.

Budgeting and Financial Planning

1. As prescribed in Oregon budget law, total resources shall equal total requirements in each fund, including contingencies and fund balances. However, Metro considers a budget to be balanced whenever budgeted revenues equal or exceed budgeted expenditures. Beginning fund balances shall not be considered as revenue, nor shall contingencies or ending fund balances be considered expenditures, in determining whether a fund is in balance.
2. Metro shall maintain fund balance reserves that are appropriate to the needs of each fund. Targeted reserve levels shall be established and reviewed annually as part of the budget process. Use of fund balance to support budgeted operations in the General Fund, an operating fund, or a central service fund shall be explained in the annual budget document; such explanation shall describe the nature of the budgeted reduction in fund balance and its expected future impact. Fund balances in excess of future needs shall be evaluated for alternative uses.
3. Metro staff shall regularly monitor actual revenues and expenditures and report to Council at least quarterly on how they compare to budgeted amounts, to ensure compliance with the adopted budget. Any significant changes in financial status shall be timely reported to the Council.
4. Metro shall use its annual budget to identify and report on department or program goals and objectives and measures of performance.
5. A new program or service shall be evaluated before it is implemented to determine its affordability.
6. Metro shall authorize grant-funded programs and associated positions for a period not to exceed the length of the grant unless alternative funding can be secured.

7. Each operating fund will maintain a contingency account to meet unanticipated requirements during the budget year. The amount shall be appropriate for each fund.

8. Metro shall prepare annually a five-year forecast of revenues, expenditures, other financing sources and uses, and staffing needs for each of its major funds, identifying major anticipated changes and trends, and highlighting significant items which require the attention of the Council.

9. Metro will annually prepare a cost allocation plan prepared in accordance with applicable federal guidelines to maintain and maximize the recovery of indirect costs from federal grants, and to maintain consistency and equity in the allocation process.

Capital Asset Management

1. Metro shall budget for the adequate maintenance of capital equipment and facilities and for their orderly replacement, consistent with longer-term planning for the management of capital assets.

2. The Council's previously-adopted policies governing capital asset management are incorporated by reference into these policies.

Cash Management and Investments

1. Metro shall maintain an investment policy in the Metro Code, which shall be subject to annual review and readoption.

2. Metro shall schedule disbursements, collections and deposits of all funds to ensure maximum cash availability and investment potential.

3. Metro shall manage its investment portfolio with the objectives of safety of principal as the highest priority, liquidity adequate to needs as the second highest priority, and yield from investments as its third highest priority.

Debt Management

1. Metro shall issue long-term debt only to finance capital improvements, including land acquisition, that cannot be readily financed from current revenues, or to reduce the cost of long-term financial obligations.

2. Metro will not use short-term borrowing to finance operating needs unless specifically authorized by the Council.

3. Metro shall repay all debt issued within a period not to exceed the expected useful life of the improvements financed by the debt.

4. Metro shall fully disclose financial and pertinent credit information as it relates to Metro's outstanding securities.

5. Metro shall strive to obtain the highest credit ratings to ensure that borrowing costs are minimized and Metro's access to credit is preserved.

6. Equipment and vehicles should be financed using the least costly method, including comparison to direct cash expenditure. This applies to purchase using operating leases, capital leases, bank financing, company financing or any other purchase programs.

Revenues

1. Metro shall estimate revenues through an objective, analytical process.

2. Metro shall strive to maintain a diversified and balanced revenue system to protect it from short-term fluctuations in any one revenue source.

3. One-time revenues shall be used to support one-time expenditures or increase fund balance.

4. Metro shall pursue appropriate grant opportunities; however, before accepting any grant, Metro will consider the current and future implications of either accepting or rejecting it. The Chief Financial Officer may establish criteria to be used in evaluating the potential implications of accepting grants.

Capital Asset Management Policies

The following policies establish the framework for Metro's overall capital asset planning and management. They provide guidance for current practices and a framework for evaluation of proposals for future projects. These policies also seek to improve Metro's financial stability by providing a consistent approach to fiscal strategy. Adopted financial policies show the credit rating industry and prospective investors (bond buyers) the agency's commitment to sound financial management and fiscal integrity. Adherence to adopted policies ensures the integrity and clarity of the financial planning process and can lead to improvement in bond ratings and lower cost of capital.

1. Metro shall operate and maintain its physical assets in a manner that protects the public investment and ensures achievement of their maximum useful life.

   Ensuring the maximum useful life for public assets is a primary agency responsibility. Establishing clear policies and procedures for monitoring, maintaining, repairing and replacing essential components of facilities is central to good management practices. It is expected that each Metro department will have written policies and procedures that address:

   - Multi-year planning for renewal and replacement of facilities and their major components;
   - Annual maintenance plans.

2. Metro shall establish a Renewal & Replacement Reserve account for each operating fund responsible for major capital assets.

   Ensuring that the public receives the maximum benefit for their investments in major facilities and equipment requires an ongoing financial commitment. A Renewal & Replacement Reserve should initially be established based on the value of the asset and consideration of known best asset management practices. Periodic condition assessments should identify both upcoming renewal and replacement projects and the need to adjust reserves to support future projects. If resources are not sufficient to fully fund the Reserve without program impacts, the Council will be consider alternatives during the annual budget process. Establishing and funding the Reserve demonstrates Metro's ongoing capacity and commitment to these public investments.

3. Metro shall prepare, adopt and update at least annually a five-year Capital Improvement Plan (CIP). The Plan will identify and set priorities for all major capital assets to be acquired or constructed by Metro. The first year of the adopted CIP shall be included in the Proposed Budget.

   The primary method for Metro departments to fulfill the need for multi-year planning is the Capital Improvement Planning process. The CIP allows a comprehensive look at Metro's capital needs for both new facilities and renewal and replacement of existing ones, and allows the Council to make the necessary decisions to ensure financial resources match forecasted needs.

4. Capital improvement projects are defined as facility or equipment purchases or construction which results in a capitalized asset costing more than $50,000 and having a useful (depreciable life) of five years or more. Also included are major maintenance projects of $50,000 or more that have a useful life of at least five years.

   A clear threshold ensures that the major needs are identified and incorporated in financial plans.

5. An assessment of each Metro facility will be conducted at least every five years. The report shall identify repairs needed in the coming five years to ensure the maximum useful life of the asset. This information shall be the basis for capital improvement planning for existing facilities and in determining the adequacy of the existing Renewal & Replacement Reserves.

   A foundation step for capital planning is an understanding of the current conditions of Metro facilities. It is expected that Metro departments have a clear, documented process for assessing facility condition at least every five years. The assessment processes may range from formal, contracted engineering studies to in-house methods such as peer reviews. The assessment should identify renewal and replacement projects that should be done within the following five years. The Renewal

& Replacement Reserve account should be evaluated and adjusted to reflect the greater of the average renewal & replacement project needs over the coming five years or 2% of the current facility replacement value.

6. The Capital Improvement Plan will identify adequate funding to support repair and replacement of deteriorating capital assets and avoid a significant unfunded liability from deferred maintenance.

   Using the information provided by facility assessments, Metro departments should use the CIP process to identify the resources necessary to keep facilities in an adequate state of repair. In situations where financial resources force choices between programs and facility repair, the annual budget process should highlight these policy choices for Council action.

7. A five-year forecast of revenues and expenditures will be prepared in conjunction with the capital budgeting process. The forecast will include a discussion of major trends affecting Agency operations, incorporate the operating and capital impact of new projects, and determine available capacity to fully fund the Renewal & Replacement Reserve.

   Incorporation of capital needs into agency five-year forecasts ensures that problem areas are identified early enough that action can be taken to ensure both the maintenance of Metro facilities and integrity of Metro services.

8. To the extent possible, improvement projects and major equipment purchases will be funded on a pay-as-you-go basis from existing or foreseeable revenue sources. Fund Balances above established reserve requirements may be used for one-time expenditures such as capital equipment or financing of capital improvements.

   Preparing a CIP and incorporating it into five-year forecasts enables Metro to plan needed capital spending within foreseeable revenues. This minimizes the more costly use of debt for capital financing and ensures renewal and replacement of facility components takes place without undue financial hardship to operations.

9. Debt (including capital leases) may only be used to finance capital, including land acquisition, not ongoing operations. Projects that are financed through debt must have a useful service life at least equal to the debt repayment period.

   Because interest costs impact taxpayers and customers, debt financing should be utilized only for the creation or full replacement of major capital assets.

10. When choosing funding sources for capital items, every effort should be made to fund enterprise projects either with revenue bonds or self-liquidating general obligation bonds. For the purpose of funding non-enterprise projects other legally permissible funding sources, such as systems development charges should be considered.

11. Acquisition or construction of new facilities shall be done in accordance with Council adopted facility and/or master plans. Prior to approving the acquisition or construction of a new asset, Council shall be presented with an estimate of the full cost to operate and maintain the facility through its useful life and the plan for meeting these costs. At the time of approval, Council will determine and establish the Renewal & Replacement Reserve policy for the asset to ensure resources are adequate to meet future major maintenance needs.

    New Metro facilities should be planned within the overall business and service objectives of the agency. To ensure that the public gains the maximum utility from the new facility or capital asset, Metro should identify the full cost of building and operating the facility throughout its useful life. Resources generated from its operation or other sources should be identified to meet these needs.

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Debt Summary

Debt Summary

Metro uses long- and short-term debt to finance capital projects and some capital equipment. As of July 1, 2004, Metro has eight debt issues, one energy conservation loan, two loans outstanding, and one long-term installment contract. On the following pages, the Debt Summary, Outstanding and Planned Debt Issues tables summarize Metro's debt by type and issue as of July 1, 2004.

Metro has a relatively low level of outstanding debt when compared to other jurisdictions. The Debt Ratios table (also on the following pages) shows Metro's level of outstanding debt on a per capita basis and as compared to the estimated Real Market Value of the Metro region. There are currently no plans to issue additional debt during FY 2004-05.

Periodically, Metro will refund bond issues to take advantage of lower interest rates. Metro currently has four refunding bond issues outstanding. The net present value of the savings from refunding is calculated when the new bonds are issued and is included on the debt service schedules later in this section.

General Obligation Debt – $153,820,393 outstanding

Metro's Charter and state law require Metro to obtain voter approval prior to issuing any general obligation bonds. To date, voters have approved three general obligation bond issues: $65,000,000 for the Oregon Convention Center issued in 1987 and refunded in 1992 and 2001; $135,600,000 for Open Spaces, Parks and Streams issued in three series in 1995, with two of the three series refunded in 2002; and $28,800,000 for improvements to the Oregon Zoo issued in 1996.

State law establishes a limit of 10 percent of Real Market Value on Metro's total general obligation indebtedness. Metro's general obligation debt is 0.10 percent, only 1/95 of the allowable limit. The Metro Debt Limitation Comparison table (on subsequent pages) shows a comparison of Metro's outstanding general obligation bonds to the statutory debt limit.

Full Faith & Credit Bonds - $24,435,000 outstanding

Metro issued full faith & credit refunding bonds in 2003, refunding obligations for Metro Regional Center construction and loans to the Oregon Zoo. The Metro Regional Center obligation had been a General Revenue Refunding Bond issued in 1993, backed by assessments to Metro departments occupying Metro's headquarters building. The Zoo obligations had been loans from the Oregon Economic & Community Development Department issued in 1995 and 1996 to pay Metro's share of Westside MAX light rail construction and reconfiguration of the Washington Park parking lot used by Zoo patrons. These loans were paid from Zoo revenues.

The Full Faith & Credit bonds are backed by a broader pledge of Metro revenues, including property taxes used to support Zoo operations, and excise taxes levied on users of certain Metro services. It is planned and expected that the prior funding sources will continue to be used to pay debt service on the Full Faith & Credit bonds, but the additional backing from other Metro revenues provides greater security for bondholders and lower interest rates, which reduces Metro's costs.

Revenue Bonds – $7,095,107 outstanding

Metro uses revenue bonds to pay for capital projects and equipment for enterprise activities on an as needed basis. Debt service on revenue bonds is paid from revenues generated by the particular enterprise activity being financed; there is no recourse to property taxes to pay for these bonds.

In 1990, Metro issued $28,500,000 in revenue bonds to pay for construction of the Metro Central solid waste transfer station. A portion of that issue was refunded in 1993, and again in 2003. In February of 2003, Metro defeased the 1990 and 1993 bonds maturing on July 1, 2003 through July 1, 2004, thereby removing the liability from Metro's books. Debt service on these bonds is paid from the revenues of the solid waste system, primarily tipping fees and the regional system fee.

Other Debt – $15,228,107 outstanding

In 1993, Metro entered into an energy services agreement with Pacific Power and Light Company to finance various energy conservation measures in the Metro Regional Center, then under construction. The loan and repayment amounts were sized based on the projected savings from these conservation measures. Loan payments are billed monthly on Metro's electric bill.

In 1995, Metro received the first of a two-phase loan from the Oregon Economic and Community Development Department, Special Public Works Fund, to pay Metro's $2 million contribution to the westside light rail project and to begin reconfiguration of the Washington Park parking lot to accommodate a light rail station. Westside MAX and the Washington Park parking lot serve the Oregon Zoo, as well as the World Forestry Center and the Portland Children's Museum. The second phase of this loan was received in 1996. The total amount of the two loans was $4,940,000, with debt service paid from Zoo revenues. The Full Faith & Credit bonds issued in 2003 refunded all callable portions of these two loans; the only remaining obligation in FY 2004-05 is a final payment on the 1996 loan.

In 2000, Metro received a loan from the Oregon Economic and Community Development Department, Special Public Works Fund, to pay for reconstruction of Hall D at the Portland Expo Center. The loan consists of $13,618,000 for construction of the new building and an additional $2,013,000 for necessary infrastructure improvements. Debt service is paid from Expo Center revenues.

In 2002, the City of Portland made a Local Improvement District assessment on the Oregon Convention Center for the construction of a pedestrian walkway across the Willamette River. MERC has chosen to repay the assessment over time through a 20-year installment contract with the city. Contract payments are made from Oregon Convention Center revenues.

Project Bonds – $5,000,000 outstanding

Metro has one project bond outstanding. This bond, issued in 1990, provided conduit financing for Riedel Environmental Technologies, Inc., for a share of the cost of a composter Riedel built in North Portland. Under the terms of this financing, Metro obtained $5 million for Riedel, and Riedel is solely responsible for payment of debt service. Should Riedel fail to pay debt service, payment will be made by a letter of credit provided by U.S. Bank. Metro has no obligation to make payments on this debt. The composter closed in 1993, and Riedel went out of business shortly thereafter. Debt service payments are currently being made by North Union Corporation, Riedel's successor.

Outstanding Debt Issues

Issue	Original Amount	Original Issue Date	Principal Outstanding	Final Maturity	Source of Payment
GENERAL OBLIGATION BONDS					
General Obligation Refunding Bonds					
Oregon Convention Center					
2001 Series A	$47,095,000	06/15/2001	$39,065,000	01/01/2013	Property Taxes
Open Spaces, Parks, and Streams					
2002 Series	$92,045,000	10/30/2002	$90,745,000	09/01/2015	Property Taxes
General Obligation Bonds					
Open Spaces, Parks, and Streams					
1995 Series B	$5,219,923	09/29/1995	$1,910,393	09/01/2010	Property Taxes
Metro Washington Park Zoo Oregon Project					
1996 Series A	$28,800,000	11/01/1996	$22,100,000	01/15/2017	Property Taxes
TOTAL GENERAL OBLIGATION BONDS OUTSTANDING			**$153,820,393**		
FULL FAITH AND CREDIT BONDS					
Full Faith & Credit Refunding Bonds					
2003 Series	$24,435,000	10/16/2003	$24,435,000	08/01/2022	General Revenues
TOTAL FULL FAITH & CREDIT BONDS OUTSTANDING			**$24,435,000**		
REVENUE BONDS					
Waste Disposal System Revenue Bonds					
Metro Central Transfer Station					
1990 Series A	$28,500,000	03/01/1990	$2,105,107	07/01/2007	Solid Waste Revenues
Waste Disposal System Revenue Refunding Bonds					
Metro Central Transfer Station					
2003 Series	$4,990,000	05/27/2003	$4,990,000	07/01/2009	Solid Waste Revenues
TOTAL REVENUE BONDS OUTSTANDING			**$7,095,107**		

Outstanding Debt Issues, *continued*

Issue	Original Amount	Original Issue Date	Principal Outstanding	Final Maturity	Source of Payment
OTHER DEBT (Loans Outstanding)					
Pacific Power Finanswer					
1993	$293,672	04/23/1993	$106,844	04/23/2008	Department Revenues
Oregon Economic and Community Development Department SPWF Loan					
Washington Park Parking Lot					
1996 Series A	$2,217,000	09/06/1996	$97,407	12/01/2004	Zoo Operating Revenue
Oregon Economic and Community Development Department SPWF Loan					
Expo Center Hall D Replacement					
2000 Series A	$15,631,000	04/12/2000	$14,838,827	12/01/2024	Expo Center Revenues
City of Portland, Local Improvement District Installment Contracts					
OCC, Steel Bridge	$205,588	01/13/2002	$185,029	01/13/2022	OCC Revenues
TOTAL OTHER DEBT OUTSTANDING			**$15,228,107**		
GRAND TOTAL – METRO DEBT OUTSTANDING			**$200,578,607**		
PROJECT BONDS					
Waste Disposal Project Revenue Bonds					
Riedel Compost Facility	$5,000,000	06/20/1990	$5,000,000	07/01/2011	North Union Corporation

Metro Debt Ratios

Metro Debt Ratios

as of July 1, 2004

FY 2004-05 Estimated Real Market Value $146,762,374,398
2003 Estimated Population 1,338,000 (Source: Metro Data Resource Center)

	Metro		
	Debt Outstanding	Debt Per Capita	Debt as % of Real Market Value
General Obligation Debt	$153,820,393	$114.96	0.10%
Full Faith & Credit Bonds	$24,435,000	$18.26	0.02%
Revenue Bonds	$7,095,107	$5.30	0.00%
Other Debt	$15,228,107	$11.38	0.01%
Total Metro Debt	$200,578,607	$149.91	0.14%

as of June 30, 2005

FY 2005-06 Estimated Real Market Value $155,568,116,862
2004 Estimated Population 1,356,000 (Estimated growth rate of 1.3%. Source: Metro Data Resource Center)

	Metro		
	Debt Outstanding & Planned	Debt Per Capita	Debt as % of Real Market Value
General Obligation Debt	$143,180,238	$105.59	0.09%
Full Faith & Credit Bonds	$23,420,000	$17.27	0.02%
Revenue Bonds	$6,646,223	$4.90	0.00%
Other Debt	$14,702,735	$10.84	0.01%
Total Metro Debt	$187,949,196	$138.61	0.12%

Metro Debt Limitation Comparison

Statutory General Obligation Bond Limit – 10% of Real Market Value

FY 2004-05 Estimated Real Market Value*	$146,762,374,398
Times General Obligation Debt Limit Percentage	10%
Statutory General Obligation Bond Limit	$14,676,237,440
Less General Obligation Debt Outstanding	$153,820,393
General Obligation Bond Limit Remaining	$14,522,417,047
Metro's General Obligation Debt Percentage	0.10%

* FY 2003-04 Real Market Value of $138,455,070,187 plus 6% growth

General Obligation Refunding Bonds

Oregon Convention Center
2001 Series A
Semi-Annual Debt Service Schedule

The Oregon Convention Center general obligation bonds were issued in 1987 for the construction of the Oregon Convention Center facility. The project opened for business in September 1990. Refunding bonds dated March 15, 1992, were issued for $65,760,000 in order to refund the $61,855,000 balance of the original issue. This bond issue was again refunded in 2001 resulting in a $4,370,954.57 net present value of savings.

Amount Issued:	$47,095,000		Ratings
Issue Date:	06/15/2001	Moody's:	Aa1
Original Issue True Interest Rate (TIC):	4.323%	Standard & Poor's:	AA+
		Principal Outstanding as of July 1, 2004:	$39,065,000

Payment Due	Interest Rate	Principal Due	Interest Due	Total Debt Service	Total F/Y Debt Service
7-1-04	4.000%		881,431.88	881,431.88	
1-1-05	4.000%	3,530,000.00	881,431.88	4,411,431.88	5,292,863.76
7-1-05	4.000%		810,831.88	810,831.88	
1-1-06	4.000%	3,695,000.00	810,831.88	4,505,831.88	5,316,663.76
7-1-06	4.000%		736,931.88	736,931.88	
1-1-07	4.250%	3,870,000.00	736,931.88	4,606,931.88	5,343,863.76
7-1-07	4.250%		654,694.38	654,694.38	
1-1-08	4.375%	4,065,000.00	654,694.38	4,719,694.38	5,374,388.76
7-1-08	4.375%		565,772.50	565,772.50	
1-1-09	5.000%	4,270,000.00	565,772.50	4,835,772.50	5,401,545.00
7-1-09	5.000%		459,022.50	459,022.50	
1-1-10	5.000%	4,525,000.00	459,022.50	4,984,022.50	5,443,045.00
7-1-10	5.000%		345,897.50	345,897.50	
1-1-11	4.300%	4,785,000.00	345,897.50	5,130,897.50	5,476,795.00
7-1-11	4.300%		243,020.00	243,020.00	
1-1-12	4.400%	5,035,000.00	243,020.00	5,278,020.00	5,521,040.00
7-1-12	4.400%		132,250.00	132,250.00	
1-1-13	5.000%	5,290,000.00	132,250.00	5,422,250.00	5,554,500.00
Total		$39,065,000.00	$9,659,705.04	$48,724,705.04	$48,724,705.04

General Obligation Bonds

Open Spaces, Parks, and Streams
2002 Refunding and 1995 Series B
Semi-Annual Debt Service Schedule

The Open Spaces, Parks and Streams general obligation bonds were authorized by the voters on May 16, 1995. The original bonds were issued in three series between September 1 and October 15, 1995, to facilitate compliance with federal regulations regarding expenditures and investment of bond proceeds. Bond proceeds are used to purchase regionally significant open spaces and to provide funds for local governments to purchase, construct, and improve local parks. Series A and C of the original bonds were refunded in 2002 resulting in a net present value savings of $6,104,077.

	Refunding	Series B
Amount Issued:	$92,045,000	$5,219,923
Issue Date:	10-30-02	9-29-95
Original Issue True Interest Cost (TIC):	3.696%	5.259%

Ratings	Refunding	Series B
Moody's:	Aa1	Aa1
Standard & Poor's:	AA+	AA+
Principal Outstanding as of July 1, 2004:	$90,745,000	$1,910,393

Payment Due	Refunding Interest Rate	Refunding Principal Due	Refunding Interest Due	Series B Interest Rate	Series B Principal Due	Series B Interest Due	Total Principal Due	Total Interest Due	Total Debt Service	Fiscal Year Debt Service
9-1-04	4.000%	5,570,000.00	2,247,956.25	4.900%	325,155.00	174,845.00	5,895,155.00	2,422,801.25	8,317,956.25	
3-1-05			2,136,556.25					2,136,556.25	2,136,556.25	10,454,512.50
9-1-05	4.000%	5,795,000.00	2,136,556.25	5.000%	308,037.24	193,962.76	6,103,037.24	2,330,519.01	8,433,556.25	
3-1-06			2,020,656.25					2,020,656.25	2,020,656.25	10,454,212.50
9-1-06	5.000%	6,040,000.00	2,020,656.25	5.100%	288,945.00	211,055.00	6,328,945.00	2,231,711.25	8,560,656.25	
3-1-07			1,869,656.25					1,869,656.25	1,869,656.25	10,430,312.50
9-1-07	5.000%	6,350,000.00	1,869,656.25	5.200%	271,585.00	228,415.00	6,621,585.00	2,098,071.25	8,719,656.25	
3-1-08			1,710,906.25					1,710,906.25	1,710,906.25	10,430,562.50
9-1-08	5.000%	6,685,000.00	1,710,906.25	5.300%	254,775.00	245,225.00	6,939,775.00	1,956,131.25	8,895,906.25	
3-1-09			1,543,781.25					1,543,781.25	1,543,781.25	10,439,687.50
9-1-09	5.000%	7,030,000.00	1,543,781.25	5.400%	238,540.00	261,460.00	7,268,540.00	1,805,241.25	9,073,781.25	
3-1-10			1,368,031.25					1,368,031.25	1,368,031.25	10,441,812.50
9-1-10	5.000%	7,395,000.00	1,368,031.25	5.500%	223,355.82	277,644.18	7,618,355.82	1,645,675.43	9,264,031.25	
3-1-11			1,183,156.25					1,183,156.25	1,183,156.25	10,447,187.50
9-1-11	5.000%	8,265,000.00	1,183,156.25				8,265,000.00	1,183,156.25	9,448,156.25	
3-1-12			976,531.25					976,531.25	976,531.25	10,424,687.50
9-1-12	5.000%	8,690,000.00	976,531.25				8,690,000.00	976,531.25	9,666,531.25	
3-1-13			759,281.25					759,281.25	759,281.25	10,425,812.50
9-1-13	5.250%	9,140,000.00	759,281.25				9,140,000.00	759,281.25	9,899,281.25	
3-1-14			519,356.25					519,356.25	519,356.25	10,418,637.50
9-1-14	5.250%	9,630,000.00	519,356.25				9,630,000.00	519,356.25	10,149,356.25	
3-1-15			266,568.75					266,568.75	266,568.75	10,415,925.00
9-1-15	5.250%	10,155,000.00	266,568.75				10,155,000.00	266,568.75	10,421,568.75	10,421,568.75
Totals		$90,745,000.00	$30,956,918.75		$1,910,393.06	$1,592,606.94	$92,655,393.06	$32,549,525.69	$125,204,918.75	$125,204,918.75

General Obligation Bonds

Oregon Zoo (formerly the Metro Washington Park Zoo), Oregon Project
1996 Series A
Semi-Annual Debt Service Schedule

The Oregon Zoo (formerly the Metro Washington Park Zoo) Oregon Project bonds were authorized by voters on September 17, 1996. The general obligation bonds were issued November 1, 1996. Bond proceeds were used to fund a variety of improvements, new exhibits, and support facilities at the Oregon Zoo.

Amount Issued:	$28,800,000	Ratings	
Issue Date:	11-1-96	Moody's:	Aa1
Original Issue True Interest Rate (TIC):	5.3119%	Standard & Poor's:	AA+
		Principal Outstanding as of July 1, 2004:	$22,100,000

Payment Due	Interest Rate	Principal Due	Interest Due	Total Debt Service	Total F/Y Debt Service
7-15-04			606,255.00	606,255.00	
1-15-05	6.000%	1,215,000.00	606,255.00	1,821,255.00	2,427,510.00
7-15-05			569,805.00	569,805.00	
1-15-06	6.000%	1,275,000.00	569,805.00	1,844,805.00	2,414,610.00
7-15-06			531,555.00	531,555.00	
1-15-07	6.000%	1,345,000.00	531,555.00	1,876,555.00	2,408,110.00
7-15-07			491,205.00	491,205.00	
1-15-08	5.200%	1,415,000.00	491,205.00	1,906,205.00	2,397,410.00
7-15-08			454,415.00	454,415.00	
1-15-09	5.250%	1,490,000.00	454,415.00	1,944,415.00	2,398,830.00
7-15-09			415,302.50	415,302.50	
1-15-10	5.250%	1,570,000.00	415,302.50	1,985,302.50	2,400,605.00
7-15-10			374,090.00	374,090.00	
1-15-11	5.300%	1,660,000.00	374,090.00	2,034,090.00	2,408,180.00
7-15-11			330,100.00	330,100.00	
1-15-12	5.375%	1,755,000.00	330,100.00	2,085,100.00	2,415,200.00
7-15-12			282,934.38	282,934.38	
1-15-13	5.375%	1,850,000.00	282,934.38	2,132,934.38	2,415,868.76
7-15-13			233,215.63	233,215.63	
1-15-14	5.375%	1,955,000.00	233,215.63	2,188,215.63	2,421,431.26
7-15-14			180,675.00	180,675.00	
1-15-15	5.500%	2,070,000.00	180,675.00	2,250,675.00	2,431,350.00
7-15-15			123,750.00	123,750.00	
1-15-16	5.500%	2,185,000.00	123,750.00	2,308,750.00	2,432,500.00
7-15-16			63,662.50	63,662.50	
1-15-17	5.500%	2,315,000.00	63,662.50	2,378,662.50	2,442,325.00
Total		$22,100,000.00	$9,313,930.02	$31,413,930.02	$31,413,930.02

Waste Disposal System Refunding Bonds

Metro Central Transfer Station Project
1990 Series A and 2003 Series
Semi-Annual Debt Service Schedule

The Waste Disposal System revenue bonds were issued in 1990 to build the Metro Central solid waste transfer station. Debt service on the bonds is paid from solid waste revenues (primarily the solid waste tipping fee). Refunding bonds were issued August 15, 1993, for $12,895,000 in order to refund $11,370,000 par value of the original bonds. The net present value savings was $668,200. Bonds from both series with maturity dates of July 1, 2003, January 1, 2004, and July 1, 2004 were defeased on February 28, 2003 to ensure compliance with debt coverage ratios. Refunding bonds for the remaining 1993 Series A bonds were issued on May 27, 2003 at a par value of $4,990,000, to take advantage of lower interest rates. These bonds produced net present value savings of $1,106,626. In addition, the 2003 Series used debt service reserves to buy down principal and interest payments; the term was also shortened, with the 2003 Series scheduled to be retired in 2009, two years earlier than the 1993 Series. Finally, Metro insured the 2003 Series bonds to receive AAA ratings. The underlying ratings are A from Standard and Poor's and A3 from Moody's.

	1990	2003
Amount Issued:	$28,500,000	$4,990,000
Issue Date:	3-1-90	5-27-03
Original Issue Net Interest Cost (NIC):	8.09%	
Original Issue True Interest Cost (TIC):		2.381%

	Ratings*
Moody's:	A3
Standard & Poor's:	A

*The 2003 Series bonds are insured to produce Aaa/AAA ratings.

	1990	2003
Principal Outstanding as of July 1, 2004:	$2,105,107	$4,990,000

Payment Due	1990 Series A Interest Rate	1990 Series A Principal Due	1990 Series A Interest Due	2003 Series Interest Rate	2003 Series Principal Due	2003 Series Interest Due	Total Principal Due	Total Interest Due	Total Debt Service	Total F/Y Debt Service
7-1-04		0.00	0.00	2.00%	65,000.00	58,531.25	65,000.00	58,531.25	123,531.25	
1-1-05	7.05%	383,883.90	686,116.10 (a)			57,881.25	383,883.90	743,997.35	1,127,881.25	1,251,412.50
7-1-05	7.05%	370,819.20	699,180.80 (a)	2.00%	90,000.00	57,881.25	460,819.20	757,062.05	1,217,881.25	
1-1-06	7.10%	355,464.70	714,535.30 (a)			56,981.25	355,464.70	771,516.55	1,126,981.25	2,344,862.50
7-1-06	7.10%	343,277.40	726,722.60 (a)	2.00%	95,000.00	56,981.25	438,277.40	783,703.85	1,221,981.25	
1-1-07	7.10%	331,518.10	738,481.90 (a)			56,031.25	331,518.10	794,513.15	1,126,031.25	2,348,012.50
7-1-07	7.10%	320,144.00	749,856.00 (a)	2.00%	155,000.00	56,031.25	475,144.00	805,887.25	1,281,031.25	
1-1-08		0.00	0.00			54,481.25	0.00	54,481.25	54,481.25	1,335,512.50
7-1-08		0.00	0.00	2.25%	2,265,000.00	54,481.25	2,265,000.00	54,481.25	2,319,481.25	
1-1-09		0.00	0.00			29,000.00	0.00	29,000.00	29,000.00	2,348,481.25
7-1-09		0.00	0.00	2.50%	2,320,000.00	29,000.00	2,320,000.00	29,000.00	2,349,000.00	2,349,000.00
Totals		$2,105,107.30	$4,314,892.70		$4,990,000.00	$567,281.25	$7,095,107.30	$4,882,173.95	$11,977,281.25	$11,977,281.25

(a) Sold as Capital Accumulator Serial Bonds (Zero-Coupon) with accreted interest paid only at maturity.

Full Faith and Credit Refunding Bonds

2003 Series – Semi-Annual Debt Service Schedule

Full faith and credit bonds were issued in October 2003 to refund outstanding obligations for Metro Regional Center (MRC) acquisition and construction, and for loans from the Oregon Economic and Community Development Department's (OECDD) Special Public Works Fund to the Oregon Zoo for Metro's share of Light Rail station construction and Washington Park parking lot improvements. Bonds to finance Metro Regional Center were originally issued in 1991, and refunded in 1993, as revenue bonds to be paid by assessments to Metro departments. The OECDD loans were issued in two series, in 1995 and 1996, to coincide with construction schedules for the Light Rail and parking lot improvements projects. These loans were paid from Zoo revenues. The 2003 refunding broadened the pool of available funds to back payment of the obligations, by pledging Metro's general revenues including excise taxes and Metro's permanent rate property tax levy, which is used to support Zoo operations. Debt service payments will continue to be made from the same sources as before, but the full faith and credit pledge strengthens the security for bondholders. The refunding bonds produced net present value savings of $2,462,082.

Amount Issued:	$24,435,000		Ratings
Issue Date:	10-16-03	Moody's:	Aa2
Original Issue True Interest Cost (TIC):	3.793%	Standard & Poor's:	AA+
		Principal Outstanding as of July 1, 2004:	$24,435,000

Payment Due	MRC Principal Due	MRC Interest Due	Zoo Principal Due	Zoo Interest Due	TOTAL Principal Due	TOTAL Interest Due	Total Debt Service	Total F/Y Debt Service
8-1-04	815,000	351,731.87	200,000	59,981.88	1,015,000	411,713.75	1,426,713.75	
2-1-05		343,581.87		57,981.88	0	401,563.75	401,563.75	1,828,277.50
8-1-05	835,000	343,581.87	290,000	57,981.88	1,125,000	401,563.75	1,526,563.75	
2-1-06		335,231.87		55,081.88	0	390,313.75	390,313.75	1,916,877.50
8-1-06	840,000	335,231.87	300,000	55,081.88	1,140,000	390,313.75	1,530,313.75	
2-1-07		326,831.87		52,081.88	0	378,913.75	378,913.75	1,909,227.50
8-1-07	865,000	326,831.87	305,000	52,081.88	1,170,000	378,913.75	1,548,913.75	
2-1-08		315,478.75		48,078.75	0	363,557.50	363,557.50	1,912,471.25
8-1-08	885,000	315,478.75	310,000	48,078.75	1,195,000	363,557.50	1,558,557.50	
2-1-09		303,863.13		44,010.00	0	347,873.13	347,873.13	1,906,430.63
8-1-09	905,000	303,863.13	320,000	44,010.00	1,225,000	347,873.13	1,572,873.13	
2-1-10		291,985.00		39,810.00	0	331,795.00	331,795.00	1,904,668.13
8-1-10	935,000	291,985.00	330,000	39,810.00	1,265,000	331,795.00	1,596,795.00	
2-1-11		277,960.00		34,860.00	0	312,820.00	312,820.00	1,909,615.00
8-1-11	960,000	277,960.00	340,000	34,860.00	1,300,000	312,820.00	1,612,820.00	
2-1-12		262,960.00		29,547.50	0	292,507.50	292,507.50	1,905,327.50
8-1-12	990,000	262,960.00	350,000	29,547.50	1,340,000	292,507.50	1,632,507.50	
2-1-13		246,625.00		23,772.50	0	270,397.50	270,397.50	1,902,905.00
8-1-13	1,025,000	246,625.00	360,000	23,772.50	1,385,000	270,397.50	1,655,397.50	
2-1-14		228,687.50		17,472.50	0	246,160.00	246,160.00	1,901,557.50
8-1-14	1,060,000	228,687.50	380,000	17,472.50	1,440,000	246,160.00	1,686,160.00	
2-1-15		209,607.50		10,632.50	0	220,240.00	220,240.00	1,906,400.00
8-1-15	1,090,000	209,607.50	395,000	10,632.50	1,485,000	220,240.00	1,705,240.00	
2-1-16		189,442.50		3,325.00	0	192,767.50	192,767.50	1,898,007.50
8-1-16	1,150,000	189,442.50	175,000	3,325.00	1,325,000	192,767.50	1,517,767.50	
2-1-17		167,592.50			0	167,592.50	167,592.50	1,685,360.00
8-1-17	1,210,000	167,592.50			1,210,000	167,592.50	1,377,592.50	
2-1-18		143,392.50			0	143,392.50	143,392.50	1,520,985.00
8-1-18	1,255,000	143,392.50			1,255,000	143,392.50	1,398,392.50	
2-1-19		118,292.50			0	118,292.50	118,292.50	1,516,685.00
8-1-19	1,305,000	118,292.50			1,305,000	118,292.50	1,423,292.50	
2-1-20		91,540.00			0	91,540.00	91,540.00	1,514,832.50
8-1-20	1,360,000	91,540.00			1,360,000	91,540.00	1,451,540.00	
2-1-21		62,980.00			0	62,980.00	62,980.00	1,514,520.00
8-1-21	1,420,000	62,980.00			1,420,000	62,980.00	1,482,980.00	
2-1-22		32,450.00			0	32,450.00	32,450.00	1,515,430.00
8-1-22	1,475,000	32,450.00			1,475,000	32,450.00	1,507,450.00	1,507,450.00
Total	$20,380,000	$8,248,736.85	$4,055,000	$893,290.66	$24,435,000	$9,142,027.51	$33,577,027.51	$33,577,027.51

Oregon Economic and Community Development Department SPWF Loan

Washington Park Parking Lot
1995 Series A and 1996 Series A

Metro obtained loans from the Oregon Bond Bank through the Oregon Economic & Community Development Department (OECDD) Special Public Works Fund (SPWF) to pay for Metro's share of the construction costs for the Washington Park light rail station and to pay for reconstruction of the Washington Park parking lot serving the Oregon Zoo, the World Forestry Center, and the Portland Children's Museum. The loans were issued in two series to coincide with construction schedules, and are repaid from Zoo revenues.

In October 2003, Metro issued Full Faith & Credit bonds that re-funded the callable parts of these loans. The table below shows the remaining debt service schedule for the outstanding portion, which consists of one final payment on the 1996 loan. The remaining obligation is now part of the Full Faith & Credit Refunding Bonds, Series 2003.

	1995	1996
Amount Issued:	$2,723,000	$2,217,000
Issue Date:	9-13-95	9-6-96
Original Issue True Interest Cost (TIC):	5.487%	5.4424%

Ratings	1995	1996
Moody's:	A	A
Fitch:	A	A
Principal Outstanding as of July 1, 2004:	$0	$97,407

Payment Due	1995 Series A Interest Rate	1995 Series A Principal Due	1995 Series A Interest Due	1996 Series A Interest Rate	1996 Series A Principal Due	1996 Series A Interest Due	Total Principal Due	Total Interest Due	Total Debt Service
12-1-04	n/a	0.00	0.00	5.000%	97,407.00	4,870.35	97,407.00	4,870.35	102,277.35
Totals		$0.00	$0.00		$97,407.00	$4,870.35	$97,407.00	$4,870.35	$102,277.35

Oregon Economic and Community Development Department SPWF Loan

Expo Center Hall D Replacement 2000 Series A

Metro obtained a loan from the Oregon Bond Bank through the Oregon Economic Development Department (OEDD) Special Public Works Fund (SPWF) to pay for the construction of a new building to replace the existing Hall D at the Expo Center. The loan is divided into two parts with the first being used to finance the construction of the Hall D replacement. The second part of the loan is for infrastructure improvements associated with the new building. The loan is to be repaid from the operating revenues of the Expo Center.

	Facility	Infrastructure
Amount Issued:	$13,618,000	$2,013,000
Issue Date:	4-12-00	4-12-00
Original Issue True Interest Cost (TIC):	5.524%	5.2445%

Ratings
Not Rated

	Facility	Infrastructure
Principal Outstanding as of July 1, 2004:	$12,923,349	$1,915,478

Payment Due	Interest Rate	Facility Principal Due	Facility Interest Due	Interest Rate	Infrastructure Principal Due	Infrastructure Interest Due	Total Principal Due	Total Interest Due	Total Debt Service
12-1-04	5.250%	344,669.00	709,881.89	5.250%	48,722.00	105,234.99	393,391.00	815,116.88	1,208,507.88
12-1-05	5.250%	366,490.00	691,786.77	5.250%	54,180.00	102,677.08	420,670.00	794,463.85	1,215,133.85
12-1-06	5.250%	383,405.00	672,546.05	5.250%	54,663.00	99,832.63	438,068.00	772,378.68	1,210,446.68
12-1-07	5.250%	405,421.00	652,417.28	5.250%	60,170.00	96,962.83	465,591.00	749,380.11	1,214,971.11
12-1-08	5.250%	422,544.00	631,132.68	5.250%	60,704.00	93,803.90	483,248.00	724,936.58	1,208,184.58
12-1-09	5.250%	449,777.00	608,949.12	5.250%	66,266.00	90,616.94	516,043.00	699,566.06	1,215,609.06
12-1-10	5.375%	472,128.00	585,335.83	5.375%	71,858.00	87,137.98	543,986.00	672,473.81	1,216,459.81
12-1-11	5.500%	494,662.00	559,958.95	5.500%	72,497.00	83,275.61	567,159.00	643,234.56	1,210,393.56
12-1-12	5.500%	522,394.00	532,752.54	5.500%	78,185.00	79,288.27	600,579.00	612,040.81	1,212,619.81
12-1-13	5.500%	550,275.00	504,020.87	5.500%	83,911.00	74,988.10	634,186.00	579,008.97	1,213,194.97
12-1-14	5.500%	583,316.00	473,755.74	5.500%	84,677.00	70,372.99	667,993.00	544,128.73	1,212,121.73
12-1-15	5.500%	616,524.00	441,673.36	5.500%	90,484.00	65,715.76	707,008.00	507,389.12	1,214,397.12
12-1-16	5.500%	649,907.00	407,764.54	5.500%	96,335.00	60,739.14	746,242.00	468,503.68	1,214,745.68
12-1-17	5.500%	683,477.00	372,019.66	5.500%	102,234.00	55,440.71	785,711.00	427,460.37	1,213,171.37
12-1-18	5.500%	722,244.00	334,428.42	5.500%	108,182.00	49,817.84	830,426.00	384,246.26	1,214,672.26
12-1-19	5.500%	761,217.00	294,705.00	5.500%	114,183.00	43,867.83	875,400.00	338,572.83	1,213,972.83
12-1-20	5.625%	805,410.00	252,838.07	5.625%	120,237.00	37,587.77	925,647.00	290,425.84	1,216,072.84
12-1-21	5.625%	849,934.00	207,533.76	5.625%	126,375.00	30,824.44	976,309.00	238,358.20	1,214,667.20
12-1-22	5.625%	894,711.00	159,724.97	5.625%	132,578.00	23,715.84	1,027,289.00	183,440.81	1,210,729.81
12-1-23	5.625%	944,757.00	109,397.48	5.625%	138,848.00	16,258.33	1,083,605.00	125,655.81	1,209,260.81
12-1-24	5.625%	1,000,087.00	56,254.89	5.625%	150,189.00	8,448.13	1,150,276.00	64,703.02	1,214,979.02
Totals		$12,923,349.00	$9,258,877.87		$1,915,478.00	$1,376,607.11	$14,838,827.00	$10,635,484.98	$25,474,311.98

Local Improvement District Installment Contract

Oregon Convention Center
Steel Bridge LID Assessment Installment Contract

The City of Portland has made a local improvement district assessment on the Oregon Convention Center for the construction of a pedestrian walkway across the Willamette River. MERC has chosen to repay the assessment through a 20-year installment contract at a rate of 5.32%.

Amount Issued:	$205,588	Installment Period:	20 years
Issue Date:	01/13/2002	Payment Frequency:	Semi-Annual
Interest Rate:	5.32%		
		Principal Outstanding as of July 1, 2004:	$185,029

Payment Due	Interest Rate	Principal Due	Interest Due	Trans. Fee	Total Debt Service	Total F/Y Debt Service
7/13/04	5.32%	5,139.69	4,921.77	3.00	10,064.46	
1/13/05	5.32%	5,139.69	4,785.05	3.00	9,927.74	19,992.20
7/13/05	5.32%	5,139.69	4,648.34	3.00	9,791.03	
1/13/06	5.32%	5,139.69	4,511.62	3.00	9,654.31	19,445.34
7/13/06	5.32%	5,139.69	4,374.91	3.00	9,517.60	
1/13/07	5.32%	5,139.69	4,238.19	3.00	9,380.88	18,898.48
7/13/07	5.32%	5,139.69	4,101.48	3.00	9,244.17	
1/13/08	5.32%	5,139.69	3,964.76	3.00	9,107.45	18,351.62
7/13/08	5.32%	5,139.69	3,828.04	3.00	8,970.73	
1/13/09	5.32%	5,139.69	3,691.33	3.00	8,834.02	17,804.75
7/13/09	5.32%	5,139.69	3,554.61	3.00	8,697.30	
1/13/10	5.32%	5,139.69	3,417.90	3.00	8,560.59	17,257.89
7/13/10	5.32%	5,139.69	3,281.18	3.00	8,423.87	
1/13/11	5.32%	5,139.69	3,144.47	3.00	8,287.16	16,711.03
7/13/11	5.32%	5,139.69	3,007.75	3.00	8,150.44	
1/13/12	5.32%	5,139.69	2,871.03	3.00	8,013.72	16,164.16
7/13/12	5.32%	5,139.69	2,734.32	3.00	7,877.01	
1/13/13	5.32%	5,139.69	2,597.60	3.00	7,740.29	15,617.30
7/13/13	5.32%	5,139.69	2,460.89	3.00	7,603.58	
1/13/14	5.32%	5,139.69	2,324.17	3.00	7,466.86	15,070.44
7/13/14	5.32%	5,139.69	2,187.46	3.00	7,330.15	
1/13/15	5.32%	5,139.69	2,050.74	3.00	7,193.43	14,523.58
7/13/15	5.32%	5,139.69	1,914.02	3.00	7,056.71	
1/13/16	5.32%	5,139.69	1,777.31	3.00	6,920.00	13,976.71
7/13/16	5.32%	5,139.69	1,640.59	3.00	6,783.28	
1/13/17	5.32%	5,139.69	1,503.88	3.00	6,646.57	13,429.85
7/13/17	5.32%	5,139.69	1,367.16	3.00	6,509.85	
1/13/18	5.32%	5,139.69	1,230.44	3.00	6,373.13	12,882.98
7/13/18	5.32%	5,139.69	1,093.73	3.00	6,236.42	
1/13/19	5.32%	5,139.69	957.01	3.00	6,099.70	12,336.12
7/13/19	5.32%	5,139.69	820.30	3.00	5,962.99	
1/13/20	5.32%	5,139.69	683.58	3.00	5,826.27	11,789.26
7/13/20	5.32%	5,139.69	546.87	3.00	5,689.56	
1/13/21	5.32%	5,139.69	410.15	3.00	5,552.84	11,242.40
7/13/21	5.32%	5,139.69	273.43	3.00	5,416.12	
1/13/22	5.32%	5,139.69	136.72	3.00	5,279.41	10,695.53
Total		$185,028.84	$91,052.80	$108.00	$276,189.64	$276,189.64

Pacific Power and Light Finanswer Loan

Metro Regional Center Energy Conservation Loan

In 1993 Metro entered into an energy services agreement with Pacific Power and Light to finance various energy conservation measures in the Metro Regional Center. Payments due on the loan are billed as part of Metro's monthly electric utility bill.

Amount Issued:	$293,672	Ratings
Issue Date:	4-23-93	Not Rated
Original Issue True Interest Rate (TIC):	6.230%	
Principal Outstanding as of July 1, 2004:		$106,844

Payment Due	Interest Rate	Principal Due	Interest Due	Total Debt Service
FY 2004-05	6.23%	24,294.37	5,981.64	30,276.01
FY 2005-06	6.23%	28,054.77	4,429.33	32,484.10
FY 2006-07	6.23%	27,603.20	2,777.45	30,380.65
FY 2007-08	6.23%	26,891.56	795.69	27,687.25
Total		$106,843.90	$13,984.11	$120,828.01

Waste Disposal Project Revenue Bonds

Riedel Compost Facility
Variable Rate Bonds Set by Market (est. @ 7.00%)
Semi-Annual Debt Service Schedule
$5,000,000 1990 Series 1

Metro provided conduit financing for Riedel Environmental Technologies, Inc., for a share of the cost of a composter Riedel built in North Portland. Under the terms of this financing, Metro obtained $5 million for Riedel, and Riedel is solely responsible for payment of debt service. Should Riedel fail to pay debt service, payment will be made by a letter of credit provided by U.S. Bank. Metro has no obligation to make payments on this debt. The composter closed in 1993, and Riedel went out of business shortly thereafter. Debt service payments are currently being made by North Union Corp., Riedel's successor.

Amount Issued:	$5,000,000		Ratings
Issue Date:	6-20-90	Standard & Poor's:	A+/A-1
Original Issue True Interest Rate (TIC):	variable		
		Principal Outstanding as of July 1, 2004:	$5,000,000

Payment Due	Interest Rate	Principal Due	Interest Due	Total Debt Service	Total F/Y Debt Service
7-1-04	variable	0	175,000.00	175,000.00	
1-1-05	variable	0	175,000.00	175,000.00	350,000.00
7-1-05	variable	0	175,000.00	175,000.00	
1-1-06	variable	0	175,000.00	175,000.00	350,000.00
7-1-06	variable	0	175,000.00	175,000.00	
1-1-07	variable	0	175,000.00	175,000.00	350,000.00
7-1-07	variable	0	175,000.00	175,000.00	
1-1-08	variable	0	175,000.00	175,000.00	350,000.00
7-1-08	variable	0	175,000.00	175,000.00	
1-1-09	variable	0	175,000.00	175,000.00	350,000.00
7-1-09	variable	0	175,000.00	175,000.00	
1-1-10	variable	0	175,000.00	175,000.00	350,000.00
7-1-10	variable	0	175,000.00	175,000.00	
1-1-11	variable	0	175,000.00	175,000.00	350,000.00
7-1-11	variable	5,000,000.00	175,000.00	5,175,000.00	5,175,000.00
Total		$5,000,000.00	$2,625,000.00	$7,625,000.00	$7,625,000.00

Summary of Planned Debt

Metro does not plan on issuing any new debt in FY 2004-05.

Table of Contents

Capital Improvement Plan

Adopted Capital Improvement Plan FY 2004-05 through FY 2008-09

METRO

PEOPLE PLACES
OPEN SPACES

Prepared by

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User's Guide and CIP Calendar

This section describes the Capital Improvement Plan (CIP) process, as well as the structure of this portion of the budget document and the calendar established to prepare the agency's CIP.

Overview of Process

Metro's CIP process involves the four phases described below and detailed in the accompanying CIP calendar.

Phase 1: Departmental Submissions. The foundation for the CIP is the departments' capital project requests. To develop these requests, departments inventory existing capital assets, prepare a status report on current capital projects, and assess future capital needs. The capital project requests, status report, list of unfunded projects, and major assets inventory comprise a department's CIP submission.

Phase 2: Financial Forecasts. The departments and the Financial Planning Division prepare five-year financial forecasts that are used to evaluate the departments' funding capacity for the capital projects requested.

Phase 3: Chief Operating Officer Review and CIP Development. After the departments submit these project requests, the information is reviewed by the Chief Operating Officer. This includes:

- Technical review by Financial Planning of projects submitted by departments, including an assessment of Metro's capacity to fund the requested projects based on the five-year forecasts
- Review of projects by the Chief Operating Officer
- Presentation of recommended projects to the Council President for final decision and inclusion in the proposed CIP

Phase 4: Council Review and CIP Adoption. The Metro Council reviews the proposed capital projects and acts on the proposed CIP following a public hearing. Projects in the CIP for FY 2004-05 are included in the proposed budget.

Because appropriations for projects are included in the annual budget, capital projects included in the first year of the CIP are reviewed as the Council considers the proposed budget.

Overview of Document

This CIP section contains Metro's plan for fiscal years 2004-05 through 2008-09. It also includes estimates for any project costs incurred prior to FY 2004-05. The document is divided into the following sections:

CIP Overview and Summary. This section presents summary information on capital project funding sources and uses.

Departmental Summary and Analysis. The departmental summary and analysis of the department's funding capacity for the requested capital projects are found in this section.

Lists of Unfunded Projects. Those projects that were not included in the Plan for lack of funding, insufficient details, or further needs assessment are presented in this section. Departments may request that these projects be included in future plans as funding becomes available or project scope is further defined.

Current Projects Status Reports. This section presents information on the status of capital projects which were authorized previously and scheduled for completion by the end of FY 2003-04.

Appendices. Included in this section is information pertinent to the review and adoption of the CIP.

Previously, the major capital assets inventories and project details were included in this document. To conserve resources, this information is now available upon request. In addition, the project detail sheets, including detailed descriptions of each capital project, are now available upon request in a database.

Metro CIP Calendar

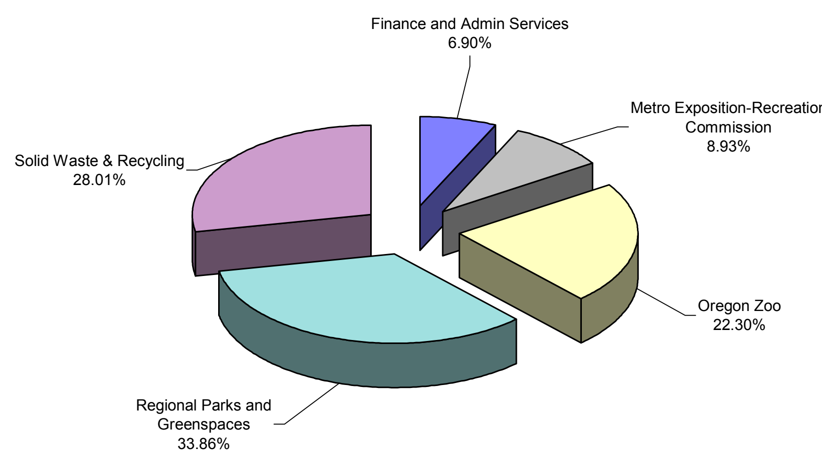
Key Tasks	***Task Completion***
• Financial Planning issues CIP Manual	September 15
• Departments submit Capital Project Requests, Current Projects Status Reports, and List of Unfunded Projects	October 15
• Financial Planning Division of Finance & Administrative Services Department completes evaluation of departmental requests and prepares financial projections	October—November
• Information Technology Steering Committee Review	November
• Chief Operating Officer and Council President review and discussion	November
• Council President finalizes recommended capital projects	November
• Proposed CIP document forwarded to Council	January
• Budget review meetings	March—April
• Council holds public hearing and adopts CIP	June
• Adopted first year projects incorporated into FY 2004-05 adopted budget	June

Overview and Summary

Capital projects are defined in the Capital Improvement Plan (CIP) as any physical asset acquired or constructed by Metro with a total capital cost of $50,000 or more and a useful life of at least five years. The proposed CIP for FY 2004-05 through FY 2008-09 includes 96 capital projects at a total cost of about $49.6 million. The capital costs of these projects by fiscal year are presented by department in the summary table below. The shaded line shows costs for the five years of this CIP. The "Total" column represents the total project costs, including spending in prior years.

No single project dominates this year's CIP. In prior years, the CIP has been dominated by three large projects that are now winding down. Those projects are the Zoo's Great Northwest Project, Open Spaces' land acquisition, and the addition to the Oregon Convention Center. This CIP is comprised of regular renewal and replacement projects and the planned Regional Parks' development of certain of the properties acquired by the Open Spaces bond measure.

Percentage of Project Cost by Department



Project Cost Summary by Department/All Funds

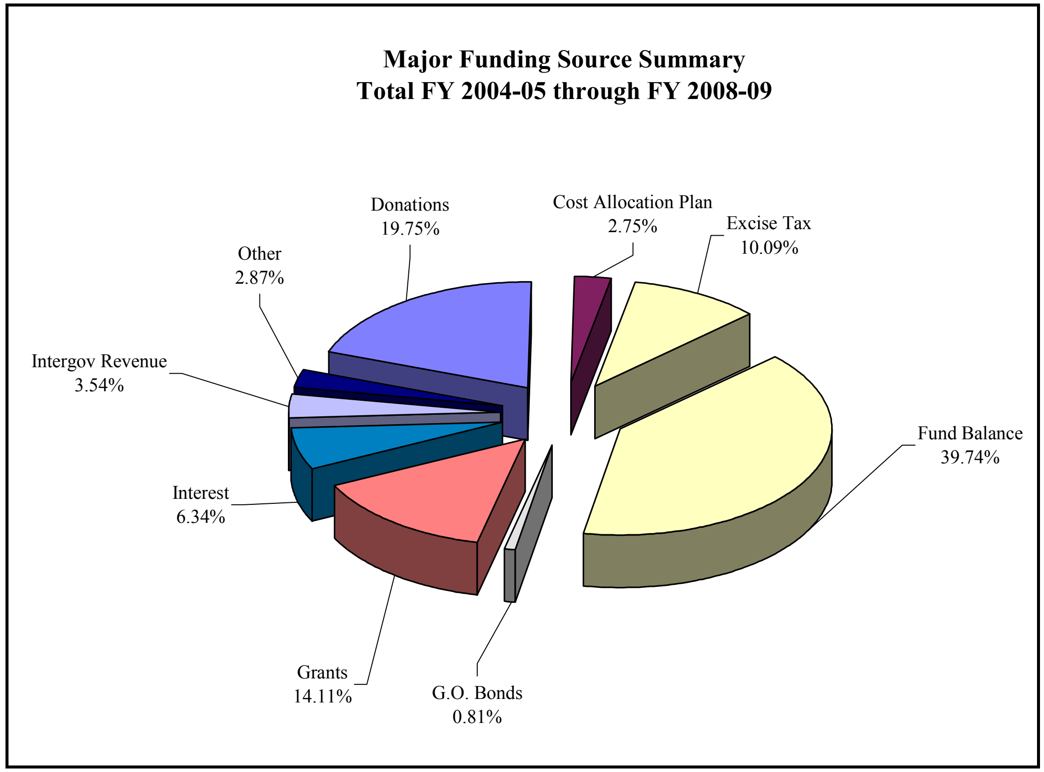
Department	Total # of Projects	Prior Years	FY 2004-2005	FY 2005-2006	FY 2006-2007	FY 2007-2008	FY 2008-2009	Total
Finance and Admin Services	11	2,316,301	387,000	961,500	768,000	492,000	811,000	5,735,801
Metro Exposition-Rec. Comm.	23	117,329,698	2,786,750	585,000	450,000	375,000	230,000	121,756,448
Oregon Zoo	14	6,300,990	3,178,988	3,600,000	2,940,000	735,000	600,000	17,354,978
Regional Parks and Greenspaces	15	127,992,652	5,331,029	7,208,809	2,108,500	656,000	1,480,000	144,776,990
Solid Waste and Recycling	33	1,226,886	2,689,000	2,554,800	3,318,000	2,553,900	2,768,000	15,110,586
Total Metro	96	255,166,527	14,372,767	14,910,109	9,584,500	4,811,900	5,889,000	304,734,803

Total FY 2004-2005 through FY 2008-2009	$49,568,276
Total # of Projects	96

The overall number of projects is six more than last year's adopted CIP, at 96. Of the 96 projects, 28 are new. Two Metropolitan Exposition-Recreation Commission (MERC) projects were in prior year CIPs but not in the most recent, so they are again listed as new.

Overall, the majority of the capital project expenditures during the five years are from three Metro departments: Regional Parks & Greenspaces at 33.9 percent, Solid Waste & Recycling at 28.0 percent, and the Oregon Zoo at 22.3 percent.

A reorganization of Metro departments moved Information Technology to Finance & Administrative Services (previously Administrative Services Department). In addition, Property Services, previously a division of Council, was moved to Finance & Administrative Services.



Sources of Funds

The financing sources for these capital projects vary by project and by department.

The Solid Waste & Recycling Department generally relies on Fund Balance or Capital Reserve accounts. Funding for their projects is included in the rate-setting process.

MERC and Zoo projects have typically been funded from Fund Balance. MERC, in this CIP, is funding many of PCPA's projects from Naming Rights sales. These funds are held in trust by the Oregon Community Foundation, as stipulated by the donors, and are transferred as needed. They therefore appear as donations. The Zoo also has an active fundraising arm in the Oregon Zoo Foundation and is relying on their fundraising efforts for almost 71 percent of their capital projects funding needs.

Regional Parks & Greenspaces is predominantly funded by grants (42 percent) and excise tax (30 percent). The land purchases and some major improvements were funded by general obligation bonds. This CIP anticipates expending renewal and replacement funds set aside from the "dollar per ton" dedicated excise tax and developing new parks from an additional $1.50 per ton dedicated excise tax.

The Information Technology division of Finance & Administrative Services relies on the central services allocation of costs to the operating departments to fund its projects. Property Services proposes to utilize capital reserves and allocations for its projects. This department implemented in FY 2004-05 a renewal and replacement contribution that will even out the funding of projects for both Information Technology and Property Services projects.

1. **Fund Balance.** The largest source of funds for capital projects, about 40 percent of total funds, is fund balance. Departments' fund balances, in the form of reserves or unrestricted funds, represent Metro's major source of pay-as-you-go financing. This financing technique is particularly well-suited for small- to medium-sized projects with a useful life of less than 20 years.

Major Funding Source Summary/All Funds
FY 2004-05 through FY 2008-09

Source of Funds	Prior Years	FY 2004-2005	FY 2005-2006	FY 2006-2007	FY 2007-2008	FY 2008-2009	Total
Donations	2,242,856	2,216,991	3,300,000	2,900,000	675,000	700,000	12,034,847
Cost Allocation Plan	437,000	225,000	454,000	256,000	267,000	159,000	1,798,000
Excise Tax	-	570,000	2,166,600	834,750	650,000	780,000	5,001,350
Fund Balance	7,548,283	5,598,448	3,698,800	3,908,000	3,044,900	3,448,000	27,246,431
G.O. Bonds	111,472,656	320,749	-	80,000	-	-	111,873,405
Grants	446,037	895,651	4,449,233	1,124,275	-	525,000	7,440,196
Interest	14,791,522	3,144,940	-	-	-	-	17,936,462
Intergovernment Revenue	107,285,176	920,000	583,976	169,475	-	80,000	109,038,627
Other	10,942,997	480,988	257,500	312,000	175,000	197,000	12,365,485
Total Metro	255,166,527	14,372,767	14,910,109	9,584,500	4,811,900	5,889,000	304,734,803

Because fund balance is used for operating as well as capital purposes and can be affected by fluctuations in operating revenues and expenditures, Financial Planning staff and departments prepared projections of fund balance available for capital projects for the five years spanning the CIP. In the *Project Detail Section,* departmental summaries show projections for those operating funds which will finance capital projects in whole or in part.

2. **Donations.** The majority of the donations are in the Zoo and MERC CIP submissions. Phase V of the Great Northwest, the Lion Exhibit, the California Condor Captive Breeding Facility, the Insect Zoo, the Elephant Museum Renovation, and the Primate Building at the Oregon Zoo are expected to be funded through donations from individual and group fund raising efforts. Nine of the MERC projects for the Portland Center for the Performing Arts (PCPA) are funded by donations (already sold naming rights).

3. **Grants.** Grants comprise about 14 percent of total funding for capital projects and are tied directly to specific projects. Regional Parks & Greenspaces Department has the majority of grants. The large increase from last year is the identification of two projects funded by Metropolitan Transportation Improvement Program (MTIP) grant allocations.

4. **Excise Tax.** This category is general fund excise tax allocated for department use. In FY 2004-05, Council adopted an additional $1.50 per solid waste disposed ton of garbage for the benefit of Regional Parks. This category makes up 10 percent of funding for Regional Parks projects.

5. **Interest.** This category is generally interest earned on bond proceeds and includes a large amount of interest for the Open Spaces Project and the Great Northwest Project. Interest can also be earnings on specified reserves for a project. This source makes up about 6 percent of overall project funding.

6. **Cost Allocation Plan.** This funding source is for central services projects, whose funding is derived from allocation to the operating departments. The category represents about 3 percent of project funding. With the depletion of existing reserves, Information Technology and Metro Regional Center will rely more heavily on this source for their capital project funding. The current year's budget institutes a contribu-

tion to Renewal and Replacement for both of these divisions. This action will smooth out department contributions.

7. **Intergovernmental.** Intergovernmental revenues are contributions from other governmental units in the region or State of Oregon.

8. **Other.** Other financing sources represent about 3 percent of total funds allocated to capital projects. This includes the financing of certain types of capital items using capital leases. To qualify for capital lease financing, equipment must have a unit cost greater than $10,000 (except when purchasing as a component of a larger system) and an expected life greater than three years. The term of the lease may not exceed the life of the equipment.

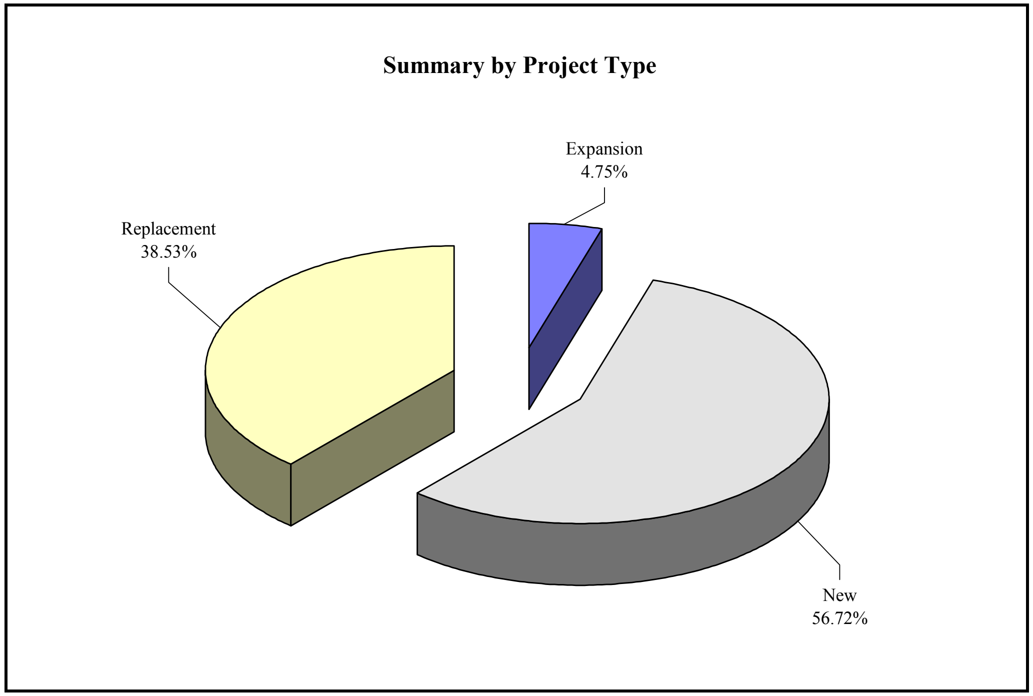
Uses of Funds

Capital projects in the proposed CIP consist of facilities (purchase, construction, or improvements), land acquisitions, and equipment purchases of $50,000 or more. Of the 96 projects, 57 percent are new construction or acquisition, 5 percent are expansion or remodeling projects, and 38 percent are replacement projects. A brief review of each use is presented in the "Summary by Project Type" chart displayed here.

Facilities. About 78 percent of total funds is allocated to a variety of facility projects. These projects include the replacement, renovation, expansion or new construction of buildings, exhibits, roadways, trails, and other infrastructure. As with other capital projects, these capital assets must have a minimum useful life of five years to be considered within the CIP. This eliminates routine maintenance and repair projects, which are treated as operating expenses. Regional Parks & Greenspaces projects account for over 35 percent of the total projects in this category, followed by the Oregon Zoo at 29 percent, and Solid Waste & Recycling at 23 percent.

Equipment. Almost 16 percent of funds for capital projects is allocated to stand-alone equipment and furnishings. As with other capital projects, equipment can only qualify for CIP consideration if it costs $50,000 or more and has a useful life of five years or more. Equipment required for new facilities is reflected in the costs of those facilities. About 62 percent of the equipment category relates to Solid Waste & Recycling improvements. Information Technology projects are the next highest, at almost 28 percent.

Land. The remaining 6 percent of total funds in the CIP is allocated to land acquisition or improvements. This $3.1 million amount is for Open Spaces Acquisition in the Regional Parks & Greenspaces Department. This program, financed with general obligation bonds, was approved by the Council and voters in FY 1994-95 and is scheduled to be complete in FY 2004-05.



Summary by Project Type
FY 2004-05 through FY 2008-09

Department	Total # of Projects	Prior Years	FY 2004-2005	FY 2005-2006	FY 2006-2007	FY 2007-2008	FY 2008-2009	Total
Expansion	6	117,010,698	699,000	256,000	-	400,000	1,000,000	119,365,698
New	34	132,874,208	9,626,767	9,860,809	6,082,500	1,648,900	896,000	160,989,184
Replacement	56	5,281,621	4,047,000	4,793,300	3,502,000	2,763,000	3,993,000	24,379,921
Total Metro	96	255,166,527	14,372,767	14,910,109	9,584,500	4,811,900	5,889,000	304,734,803

Annual Operating Budget Impact Summary

Each department also projected the net impact on operating costs resulting from each capital project. The impact is shown in 2003 dollars for the first full year of operation after completion of the project. The table below is a summary by major budget category for all projects in the CIP. On a Metro-wide basis, the overall gross cumulative operating cost impact of almost $40 million is somewhat offset by the projected growth in revenue sources of $37 million.

The chart labeled "Annual Net Operating Impact by Project" lists the projects with operating impact by department. MERC's one project that increases resources does not completely cover the new cost of two other projects. The Oregon Zoo's two projects that increase revenues do not absorb the additional net operating cost of the California Condor Project. Regional Parks & Greenspaces projects are all a net cost to the department's operations, as is Solid Waste & Recycling's Leachate Pretreatment. Metro, overall, will have an additional cost of $298,856 to $840,345 per year from these projects.

Annual Operating Budget Impact Summary

Revenue and Cost By Major Budget Category	FY 2004-2005	FY 2005-2006	FY 2006-2007	FY 2007-2008	FY 2008-2009	Total
Revenues	7,281,500	7,286,000	7,338,000	7,432,000	7,459,500	36,797,000
Expenditures						
Personal Services	3,369,500	3,379,500	3,461,697	3,632,204	3,638,631	17,481,532
Materials and Services	4,160,483	4,257,603	4,304,126	4,364,798	4,360,926	21,447,936
Capital Outlay	-	10,000	10,000	10,000	10,000	40,000
Other Costs	50,373	57,889	115,016	265,342	262,667	751,287
Total Expenditures	7,580,356	7,704,992	7,890,839	8,272,344	8,272,224	39,720,755
Net Contribution (Cost)	(298,856)	(418,992)	(552,839)	(840,344)	(812,724)	(2,923,755)

Annual Net Operating Impact by Project

Project	FY 2004-05	FY 2005-06	FY 2006-07	FY 2007-08	FY 2008-09
Metropolitan Exposition Rec. Comm.					
Keller Auditorium - Portico Upgrades	(7,500)	(7,500)	(7,500)	(7,500)	(7,500)
Oregon Convention Center Expansion	(196,643)	(196,643)	(196,643)	(196,643)	(196,643)
OCC - Video Signage System	85,500	78,000	105,000	114,000	127,500
Total MERC	**(118,643)**	**(126,143)**	**(99,143)**	**(90,143)**	**(76,643)**
Oregon Zoo					
Lion Exhibit	-	-	5,000	5,000	5,000
Calif Condor Captive Breeding Facility	(135,000)	(135,000)	(135,000)	(135,000)	(135,000)
Cascade Grill and Sunset Room Remodel	-	-	-	25,000	50,000
Total Zoo	**(135,000)**	**(135,000)**	**(130,000)**	**(105,000)**	**(80,000)**
Regional Parks and Greenspaces					
M James Gleason Boat Ramp Phase I & II	-	-	-	(33,427)	(33,427)
Blue Lake Park - Lakefront Enhancement	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)
Mt Talbert Development	-	-	(187,112)	(192,725)	(198,506)
Gales Creek/Tualatin River Confluence	(40,173)	(33,525)	(12,260)	(10,000)	(10,000)
Oxbow Pakr - Picnic Shelters & Restrooms	(3,040)	(3,040)	(3,040)	(3,040)	
Wilsonville Tract Development	-	-	-	(271,250)	(279,389)
Trolley Trail Engr & Const Phase I	-	-	-	(13,476)	(13,475)
Water Play Area Blue Lake	-	(9,000)	(9,000)	(9,000)	(9,000)
Smith & Bybee Lakes Facility Imp	-	(10,284)	(10,284)	(10,284)	(10,284)
Total RP&G	**(45,213)**	**(57,849)**	**(223,696)**	**(545,202)**	**(556,081)**
Solid Waste and Recycling					
St Johns Leachate Pretreatment	-	(100,000)	(100,000)	(100,000)	(100,000)
Total SW&R	**-**	**(100,000)**	**(100,000)**	**(100,000)**	**(100,000)**
TOTAL METRO	**(298,856)**	**(418,992)**	**(552,839)**	**(840,345)**	**(812,724)**

Capital Improvement Plan Department Summaries

Department Summary and Analysis

The following is an overview of the CIP departmental submissions and the narrative discussing relevant issues relating to each department's CIP requests. The first item in this section is a full listing and prioritization of the CIP requests by year, summarized in *Total Projects Summary by Year.*

A short narrative for each department addresses the following: operating budget impact, funding source analysis, and the five-year financial forecast. In addition, there are two subsections: an Overview of the Projects and Major Changes from the Prior Year.

Total Projects Summary—By Year. Each department section begins with a complete listing, in priority order, of the projects contained in the current CIP. This chart shows the expected expenditures by year. The shaded section under the chart shows the total number of projects and their expected cost during the five-year CIP period.

Operating Budget Impact. An *Annual Operating Budget Impact Summary* chart at the end of the narrative details the combined impact on operations that the new projects will have, as addressed in the department narrative.

Funding Source Analysis. A *Major Funding Source Summary* chart at the end of the narrative details the combined funding sources for the projects included in the department's CIP submission. The narrative discusses these funding sources, including their adequacy.

Five-Year Financial Forecast. A *Five-Year Financial Forecast* chart is included at the end of the narrative for operating departments. This forecast reflects the ending fund balance for a five-year period. This is a summary of a detailed five-year financial forecast that includes all expected revenues and expenditures overlaid with the adopted CIP projects and the resulting impact on ending fund balance. A discussion of the adequacy of funding as demonstrated in this financial forecast is included in the narrative.

Overview of the Projects. This subsection of the narrative discusses the adopted projects, including their intended purpose and reasons for inclusion in the CIP.

Major Changes from the Prior Year. This subsection of the narrative discusses major changes from the prior year's CIP.

Fund Balance Projections. This subsection discusses the impact of these projects on the five-year Financial Forecast and the ability of the departments to both fund the projects and financially support the maintenance and renewal and replacement.

Finance & Administrative Services Department

Total Projects Summary - By Year

Finance

Project No.	Priority		Prior Years	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009	Total
		Building Management Fund							
TEMP109	2	Metro Regional Center Roof Replacement	-	-	-	-	-	$455,000	$455,000
56180	3	Carpet Replacement	-	-	$250,000	$200,000	$50,000	-	$500,000
		Total - Building Management Fund	**-**	**-**	**$250,000**	**$200,000**	**$50,000**	**$455,000**	**$955,000**
		Support Services Fund							
56130	1	Copier Replacement in Print Shop	$50,000	-	-	$65,000	-	-	$115,000
56131	4	Satellite copier replacement	-	$36,000	$36,000	$36,000	$36,000	$36,000	$180,000
		Total - Support Services Fund	**$50,000**	**$36,000**	**$36,000**	**$101,000**	**$36,000**	**$36,000**	**$295,000**
		All Funds							
IT1	3	Replace/Acquire Desktop Computers	$310,237	$115,000	$115,000	$115,000	$115,000	$115,000	$885,237
		Total - All Funds	**$310,237**	**$115,000**	**$115,000**	**$115,000**	**$115,000**	**$115,000**	**$885,237**
		Planning Fund							
94403/94404	5	Regional Land Information System (RLIS)	$706,025	$30,000	$20,000	$70,000	$35,000	$25,000	$886,025
46903	6	Travel Forecasting System Computer Replacement	$799,866	$17,000	$122,500	$127,000	$25,000	$57,000	$1,148,366
		Total - Planning Fund	**$1,505,891**	**$47,000**	**$142,500**	**$197,000**	**$60,000**	**$82,000**	**$2,034,391**
		Support Services Fund							
56110	1	Server Management	$281,965	$84,000	$313,000	$80,000	$126,000	$98,000	$982,965
56120	2	Upgrade Network Infrastructure	$168,208	$55,000	$55,000	$25,000	$55,000	$25,000	$383,208
65612	4	Upgrade of Business Enterprise Software (PeopleSoft)	-	$50,000	-	$50,000	$50,000	-	$150,000
56137	7	Upgrade Desktop Operating Systems and Office	-	-	$50,000	-	-	-	$50,000
		Total - Support Services Fund	**$450,173**	**$189,000**	**$418,000**	**$155,000**	**$231,000**	**$123,000**	**$1,566,173**
		Total - Finance	**$2,316,301**	**$387,000**	**$961,500**	**$768,000**	**$492,000**	**$811,000**	**$5,735,801**

Total FY 2004-2005 through FY 2008-2009	$3,419,500
Total # of Projects	11

Information Technology Division, F&AS Department

The Information Technology division of the Finance & Administrative Services Department manages the information technology infrastructure and services of the agency. All projects throughout the agency related to information technology, regardless of funding source, are grouped in this section of the CIP.

Overview of Projects

Two projects are related to maintenance of the network: Upgrade Network Infrastructure and Server Management. Both projects enable the department to maintain the computer infrastructure that is used by the entire agency by upgrading or replacing equipment and software. These changes are necessary to meet agency performance demands for daily operations.

The PeopleSoft financial and human resource systems are upgraded periodically as new versions of the software are released. This CIP anticipates periodic software upgrades enabling these systems to work more efficiently and to stay current with technology advancements in this area.

Two other projects call for planned upgrades to both the Regional Land Information System (RLIS) and the Travel Forecasting System. These projects are budgeted in the Planning Fund.

The remaining project, Replace/Acquire Desktop Computers, is a continuation of reporting the replacement costs of the agency for desktop computers. The annual amounts included in this project represent a three-year replacement cycle for all desktop systems. Costs are budgeted throughout the agency, but all purchases are coordinated by Information Technology.

The adopted CIP also includes ten projects on the unfunded list. Seven of the ten projects provide for new or greatly expanded information technology applications. Two projects provide for the upgrade or replacement of the Oregon Zoo's outdated network equipment and infrastructure. The final project provides for the replacement of the specialized HVAC system in the Metro Regional Center's main computer room. The projects included on this list have been recognized as of benefit to the agency; however, funding has not yet been identified.

Major Changes from the FY 2003-04 through FY 2007-08 CIP

The FY 2004-05 through FY 2008-09 CIP includes seven projects, for a total of about $2.2 million. This is a decrease of slightly over $700,000 from last year's adopted CIP. There are a variety of project changes that contribute to the net decrease.

One project – the PeopleSoft Database Conversion – was completed in FY 2002-03 well ahead of the originally planned FY 2003-04 completion date. Also, the Solid Waste Database Consolidation project planned for FY 2003-04 was canceled. However, the single largest change is the elimination of the project to implement new enterprise application (PeopleSoft) software. The implementation of additional new financial management software modules (e.g., fixed asset management, time and labor) was considered of lower priority, and funds reserved for this project were redirected to projects with a higher need. This project has now been moved to the unfunded list.

All other projects are of an ongoing or recurring nature. Replacement or upgrade of information technology hardware is proposed according to the existing replacement schedule, usually 3-5 years. Each year as the projects are updated costs may increase or decrease depending on the replacement cycle. Historically, the Travel Forecasting computer system was replaced every three years, financed with 5-year capital leases. The department has now developed a replacement schedule which allows for replacement of components as needed. The development of reserves allows for an annual pay-as-you-go financing structure. In addition, IT reevaluated the estimated annual cost for replacement and/or acquisition of desktop computers and lowered the cost by $35,000.

Project Funding

Historically, large projects included for the Planning Fund were financed through capital leases. Grants and other resources in the Planning Fund provided the resources to cover the debt service. However, a re-evaluation of replacement schedules now allows for expenses related to both the Travel Forecasting and the Regional Land Information System to be financed on a pay-as-you-go basis. Costs are passed along to the users of the system through computer billing charges.

The FY 2004-05 budget established, for the first time, a renewal and replacement reserve for information technology projects. The reserve was seeded with discretionary fund balance that has accumulated over a period of years from the Contractor's License program. Annual contributions to the reserve will be made from allocations to departments through the cost allocation plan (estimated at $150,000 annually), and from profits of the Contractor's License program (annual estimate of $50,000). Ongoing replacement projects approved in the capital improvement plan will be funded from this reserve.

Major Funding Source Detail

Information Technology

Major Funding Source Category	Prior Years	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009
Fund Balance - Capital Reserve	$185,902	-	-	-	$50,000	-
Other - Cost Allocation Plan	$287,000	$189,000	$418,000	$155,000	$231,000	$123,000
Other	$430,058	$162,000	$257,500	$312,000	$175,000	$197,000
Other Capital Lease	$1,263,341	-	-	-	-	-
Total - Finance	**$2,266,301**	**$351,000**	**$675,500**	**$467,000**	**$456,000**	**$320,000**

Property Services Division, F&AS Department

The Property Services Division of the Finance & Administrative Services Department is responsible for the operations and maintenance of the Metro Regional Center, the attached parking garage, and the operation of the print shop at Metro.

Overview of Projects

There are four CIP projects included in the Property Services Division this year. The first of the four projects is for the replacement of the carpet at the Metro Regional Center. The current carpet has been in place since 1993, and is showing signs of wear in the higher traffic areas. The replacement of the carpet will be done over a three-year period and is to be funded out of a Renewal and Replacement Reserve in the General Revenue Bond Fund.

Replacement of the roof at the Metro Regional Center is a project that was added to the CIP last year. The roof is currently ten years old and has an estimated life of twenty years. Although the anticipated replacement of the roof falls outside the five-year window of the CIP, it is included in the 2008-09 fiscal year because it is such a large project and will require replenishing the Renewal and Replacement Reserve to fund it. Beginning in FY 2004-05, the replenishment of the reserve is included in the budget.

The replacement of the copiers in the Print Shop is an ongoing project and represents the routine replacement of equipment that is nearing the end of its useful life. Replacement of these copiers is charged to the departments that use the Print Shop's services through the agency's central service cost allocation plan.

The final project in the Property Services Division for this year's CIP is the replacement of satellite copiers. These copiers are located throughout the Metro Regional Center and are used by all of the Departments in the building. Although satellite copier replacement is ongoing, this project is included because it represents a change in the technology. New copiers that are able to print, fax, and scan, in addition to copy, operate at a much lower cost-per-page than the printers currently being used in the departments. Replacement of these copiers is funded by charging the departments that use them through the agency's central service cost allocation plan.

Major Changes from FY 2003-04 through FY 2007-08 CIP

Prior years' CIPs included a project for partial carpet replacement at the Metro Regional Center. This is the first CIP to include the complete carpet replacement. The complete carpet replacement was decided on for reasons of aesthetics and for safety.

This is the first CIP to include the satellite copier replacement project. Although copier replacement is ongoing, this represents a change in the technology.

Major Funding Source Detail

Property Services

Major Funding Source Category	Prior Years	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009
Fund Balance - Capital Reserve	-	-	$250,000	$200,000	-	$455,000
Other - Cost Allocation Plan	$50,000	$36,000	$36,000	$101,000	$36,000	$36,000
Total - Finance	**$50,000**	**$36,000**	**$286,000**	**$301,000**	**$36,000**	**$491,000**

METRO

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Metro Exposition-Recreation Commission

Total Projects Summary—By Year

Metro Exposition-Recreation Commission

Project No.	Priority		Prior Years	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009	Total
		MERC Pooled Capital Fund							
57300	1	ASCH - West Entry Remodel	$200,000	$180,000	-	-	-	-	$380,000
57420	2	ASCH - Carpet	-	$300,000	-	-	-	-	$300,000
57310	3	ASCH - Main Street Tents	-	$400,000	-	-	-	-	$400,000
TEMP115	4	ASCH - Dressing Tower Elevator	-	-	-	$100,000	-	-	$100,000
TEMP32	5	ASCH - Fore Stage Lift Replacement	-	-	-	-	-	$80,000	$80,000
TEMP31	6	ASCH - Sound System Replacement	-	-	-	-	-	$100,000	$100,000
		Total - MERC Pooled Capital Fund	**$200,000**	**$880,000**	**-**	**$100,000**	**-**	**$180,000**	**$1,360,000**
		MERC Pooled Capital Fund							
57110	1	Keller Auditorium - Portico Upgrades	$110,000	$95,000	-	-	-	-	$205,000
TEMP136	2	Keller - Pit Lifting System	-	$100,000	-	-	-	-	$100,000
57108	3	Keller Auditorium - Lobbies Upgrade	$406,000	$40,000	-	-	-	-	$446,000
TEMP116	4	Keller - ASCH Fire Alarm Upgrade	-	-	-	$150,000	-	-	$150,000
TEMP118	5	Keller - Roof Replacement	-	-	-	-	$175,000	-	$175,000
		Total - MERC Pooled Capital Fund	**$516,000**	**$235,000**	**-**	**$150,000**	**$175,000**	**-**	**$1,076,000**
		MERC Pooled Capital Fund							
57165	1	NTB (Winningstad) - Replace Seat Risers	-	$100,000	-	-	-	-	$100,000
TEMP43	2	NTB - Stage Floor Replacement (Newmark Theatre)	-	-	$100,000	-	-	-	$100,000
TEMP119	3	NTB - Interior Painting	-	-	$300,000	-	-	-	$300,000
		Total - MERC Pooled Capital Fund	**-**	**$100,000**	**$400,000**	**-**	**-**	**-**	**$500,000**
		MERC Pooled Capital Fund							
57600	1	Oregon Convention Center - Expansion	$116,573,698	$450,000	-	-	-	-	$117,023,698
TEMP170	2	OCC - Replace Sound Proofing in Oregon Ballroom	-	$55,000	-	-	-	-	$55,000
57740	3	OCC - Video Signage System	-	$266,750	-	-	-	-	$266,750
TEMP113	4	OCC - Garbage Compactors	-	-	$70,000	-	-	-	$70,000
TEMP165	5	OCC - Replace Glass in Exterior Canopies in MLK &	-	-	$65,000	-	-	-	$65,000
TEMP112	6	OCC - Six Foot Round Tables	-	-	-	$150,000	-	-	$150,000
TEMP166	7	OCC - Resurface Exhibit Hall Moveable Partitions	-	-	-	-	$150,000	-	$150,000
		Total - MERC Pooled Capital Fund	**$116,573,698**	**$771,750**	**$135,000**	**$150,000**	**$150,000**	**-**	**$117,780,448**
		MERC Pooled Capital Fund							
57025	1	Expo - Parking Lot Maintenance	$40,000	$50,000	$50,000	$50,000	$50,000	$50,000	$290,000
Temp183	2	Expo - In-House Electrical	-	$750,000	-	-	-	-	$750,000
		Total - MERC Pooled Capital Fund	**$40,000**	**$800,000**	**$50,000**	**$50,000**	**$50,000**	**$50,000**	**$1,040,000**
		Total - Metro Exposition-Recreation Commission	**$117,329,698**	**$2,786,750**	**$585,000**	**$450,000**	**$375,000**	**$230,000**	**$121,756,448**

Total FY 2004-2005 through FY 2008-2009	$4,426,750
Total # of Projects	23

Metro Exposition-Recreation Commission

The Metropolitan Exposition-Recreation Commission (MERC) manages the operations of the Oregon Convention Center (OCC) and the Portland Exposition Center (Expo) for Metro. The Portland Center for the Performing Arts (PCPA) is managed by Metro, through an intergovernmental agreement with the City of Portland that owns this facility. The PCPA facilities are: Arlene Schnitzer Concert Hall (ASCH); Keller Auditorium; and New Theatre Building (NTB), which houses the Winningstad and Newmark theaters.

Overview of Projects

The Oregon Convention Center Expansion was completed in April 2003. This five-year plan turns its focus to capital renewal and replacement to ensure the continuation of attractive public facilities.

Funding for projects in the last several years has been from bond proceeds. Beginning in FY 2004-05, PCPA projects will be funded by drawing on the $3.5 million in donated capital held in trust for PCPA improvements.

Major Changes from the FY 2003-04 through FY 2007-08 CIP

The Oregon Convention Center Expansion project, along with the upgrading of the current facility, completed much of OCC's ongoing renewal and replacement projects. This CIP marks the beginning of a new renewal and replacement cycle on the renovated facility.

One of the two previously approved projects, OCC—Six-Foot Round Tables, is moved out two years, and the estimated cost is increased based on the anticipated need for additional tables.

Four of the five new projects, spread over the five-year CIP window, reflect MERC's stated renewal and replacement focus. Those projects are:

- Replace Sound Proofing in Oregon Ballroom, 2004-2005
- Replace Glass in Exterior Canopies, 2005-2006
- Replace Tables in Inventory, 2006-2007
- Resurface Exhibit Hall Movable Partitions, 2007-2008

The new Video Signage System project included for OCC is expected to generate additional revenue, as well as offering an additional amenity to the users of this facility.

In addition to completing the Convention Center Expansion, other projects scheduled for completion in FY 2002-03 that benefited both the new addition and the existing facility were completed either inside the larger project or separately. They include the following: Boiler, Energy System Upgrade, Security System, Systems Upgrade and Expansion, Primary Power Feed, Concession and Kitchen Tenant Improvements, and Cooling Water System.

OCC has eight projects totaling $2.2 million on the unfunded list.

In FY 2004-05, PCPA begins expending the funds donated in previous years for naming rights of facilities. In prior years, MERC has experienced difficulties in working projects into the busy schedules of the PCPA facilities. This year's CIP reflects a revised schedule for many projects to accommodate those scheduling issues. The following ten projects are delayed from original completion dates. The total expected cost of one of those projects, ASCH–Fore Stage Lift Replacement, was reduced from $500,00 to $80,000, as the lift will be repaired rather than replaced. Projects with changed completion dates:

- ASCH–Fore Stage Lift Replacement, from FY 2006-07 to 2008-09
- ASCH–Sound System Replacement, from FY 2004-05 to 2008-09
- ASCH–Dressing Tower Elevator, from FY 2004-05 to 2006-07
- ASCH–Carpet, from FY 2002-03 to 2004-05
- ASCH–Main Street Tent, from FY 2002-03 to 2004-05
- Keller-ASCH–Fire Alarm Upgrade, from FY 2005-06 to 2006-07
- Keller–Roof Replacement, from FY 2004-05 to 2007-08
- Keller–Pit Lifting System, from FY 2002-03 to 2004-05
- NTB–Stage Floor (Newmark), from FY 2003-04 to 2005-06
- NTB (Winningstad)–Replace Seat Risers, from FY 2002-03 to 2004-05
- NTB–Interior Painting, from FY 2006-07 to FY 2005-06

Two PCPA projects were completed as scheduled: Keller–Elevator Code Compliance and NTB–Carpet Replacement.

PCPA has nine unfunded projects totaling $2.8 million.

The largest new, identified, single project is the Expo project to realign the South Access Drive, creating 400 more parking spaces expected to generate an additional $96,000 in annual revenue. This project is added to the unfunded list. Also included on the unfunded list is the replacement of Halls A, B, and C. Expo is currently completing a feasibility study of the newly proposed In-House Electrical project, which will replace outdated electrical service for shows. The project to replace Expo's bleachers has been deferred.

Fund Balance Projections

The OCC and Expo projects are primarily funded on a pay-as-you-go basis from operations. A one-time expenditure of TriMet money paid for the parking lot at Expo is the exception. The PCPA's funding is a combination of contributions from the City of Portland and a drawdown of the approximately $3.5 million balance held by the Oregon Community Foundation. All CIP projects are budgeted in the MERC Pooled Capital Fund. This analysis looks at the ability of the facilities to transfer funds to the Pooled Capital Fund to pay for proposed expenditures.

As noted in the five-year forecast, OCC does not have sufficient funding in the final two years of the forecast for the proposed project. At the current level of forecasted funding, OCC reaches a negative fund balance by the end of FY 2007-08. While the projects proposed for the five years of the CIP are relatively small on a yearly basis, they constitute a draw of approximately $500,000 over the five-year CIP window.

Expo's five year forecast indicates a slow build-up of fund balance after paying for planned projects.

Funding for the PCPA projects is derived from prior year naming rights sales and do not impact operational cash flow.

Cumulative Net Impact on Operating Costs

Metro Exposition-Recreation Commission

Annual Net Impact on Operating Costs	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009
Revenues	$7,270,500	$7,275,000	$7,302,000	$7,311,000	$7,324,500
Personal Services	$3,244,500	$3,244,500	$3,244,500	$3,244,500	$3,244,500
Materials and Services	$4,144,643	$4,156,643	$4,156,643	$4,156,643	$4,156,643
Total Expenditures	**$7,389,143**	**$7,401,143**	**$7,401,143**	**$7,401,143**	**$7,401,143**
Net Contribution (Cost) Metro Exposition-Recreation	**($118,643)**	**($126,143)**	**($99,143)**	**($90,143)**	**($76,643)**

Major Funding Source Detail

Metro Exposition-Recreation Commission

Major Funding Source Category	Prior Years	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009
Donations	$110,000	$895,000	$400,000	$150,000	$175,000	$100,000
Other - City of Portland	$606,000	$220,000	-	$100,000	-	$80,000
Donations - MERC	-	$188,000	-	-	-	-
Fund Balance - Capital Reserve	$5,340,000	$1,033,750	$185,000	$200,000	$200,000	$50,000
Intergov Rev - COP	$100,796,809	$450,000	-	-	-	-
Intergov Rev - PDC	$4,968,141	-	-	-	-	-
Multnomah County	$710,726	-	-	-	-	-
Other	$4,798,022	-	-	-	-	-
Total - Metro Exposition-Recreation Commission	**$117,329,698**	**$2,786,750**	**$585,000**	**$450,000**	**$375,000**	**$230,000**

5 Year Financial Forecast Total MERC
as of October, 2003

MERC Operating Fund	2003-04		Projections				
	Adopted	Est. Actual	2004-05	2005-06	2006-07	2007-08	2008-09
Estimated Beginning Fund Balance	***$9,986,094***	***$9,787,303***	***$10,806,747***	***$9,722,877***	***$8,466,195***	***$6,660,909***	***$4,773,695***
Projected Operating Revenues	$34,254,811	$32,494,173	$31,296,564	$31,915,428	$31,942,624	$32,515,960	$33,100,105
Less Operating Expenditures	($35,141,609)	($31,474,730)	($32,380,434)	($33,172,110)	($33,747,910)	($34,403,174)	($34,892,733)
Ending Fund Balance Prior to CIP	$9,099,296	$10,806,746	$9,722,877	$8,466,195	$6,660,909	$4,773,695	$2,981,067
Proposed Capital Projects	$0	$0	$0	$0	$0	$0	$0
Ending Fund Balance After CIP	***$9,099,296***	***$10,806,746***	***$9,722,877***	***$8,466,195***	***$6,660,909***	***$4,773,695***	***$2,981,067***

NOTE: This forecast is used for determining funding capacity of requested capital improvement projects only.

5 Year Financial Forecast OCC Only
as of October, 2003

MERC Operating Fund	2003-04		Projections				
	Adopted	Est. Actual	2004-05	2005-06	2006-07	2007-08	2008-09
Estimated Beginning Fund Balance	***$4,485,334***	***$4,176,519***	***$4,328,256***	***$3,585,658***	***$2,671,003***	***$1,174,201***	***($401,268)***
Projected Operating Revenues	$19,298,410	$17,734,961	$17,453,261	$17,806,279	$17,564,495	$17,863,597	$18,168,157
Less Operating Expenditures	($20,645,856)	($17,583,224)	($18,195,859)	($18,720,934)	($19,061,297)	($19,439,066)	($19,674,391)
Ending Fund Balance Prior to CIP	$3,137,888	$4,328,256	$3,585,658	$2,671,003	$1,174,201	($401,268)	($1,907,502)
Proposed Capital Projects	$0	$0	$0	$0	$0	$0	$0
Ending Fund Balance After CIP	***$3,137,888***	***$4,328,256***	***$3,585,658***	***$2,671,003***	***$1,174,201***	***($401,268)***	***($1,907,502)***

NOTE: This forecast is used for determining funding capacity of requested capital improvement projects only.

METRO

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Oregon Zoo

Total Projects Summary—By Year

Oregon Zoo

Project No.	Priority		Prior Years	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009	Total
		General Revenue Bond Fund (Zoo)							
TEMP188	15	Washington Park Parking Lot Renovation	$4,376,576	$178,988	-	-	-	-	$4,555,564
		Total - General Revenue Bond Fund (Zoo)	**$4,376,576**	**$178,988**	**-**	**-**	**-**	**-**	**$4,555,564**
		Zoo Capital Projects Fund							
512151	1	Introduction to the Forest & Remote Forest (GNW IV)	-	$2,200,000	-	$2,500,000	-	-	$4,700,000
ZOO2	2	Lion Exhibit	-	-	$1,900,000	-	-	-	$1,900,000
ZCON	3	California Condor Captive Breeding Facility	$1,200,000	$800,000	$1,000,000	-	-	-	$3,000,000
TEMP9	4	Refurbish Tree Tops Area	-	-	$400,000	-	-	-	$400,000
Z004	6	Insect Zoo	-	-	-	$250,000	-	-	$250,000
ZOO5	7	Primate Building	$724,414	-	-	-	$500,000	$500,000	$1,724,414
TEMP122	8	Admission Ticketing System Upgrade	-	-	$200,000	-	-	-	$200,000
TEMP15	9	Steller Cove Upgrades	-	-	$100,000	-	-	-	$100,000
TEMP121	10	AfriCafe Terrace Permanent Cover	-	-	-	$100,000	-	-	$100,000
TEMP13	11	Administration Building Upgrades	-	-	-	-	$135,000	-	$135,000
TEMP123	12	Cascade Grill and Sunset Room Remodel	-	-	-	-	$100,000	-	$100,000
TEMP120	13	Elephant Museum renovation	-	-	-	-	-	$100,000	$100,000
		Total - Zoo Capital Projects Fund	**$1,924,414**	**$3,000,000**	**$3,600,000**	**$2,850,000**	**$735,000**	**$600,000**	**$12,709,414**
		Zoo Operating Fund							
TEMP92	14	Elevator Replacements	-	-	-	$90,000	-	-	$90,000
		Total - Zoo Operating Fund	**-**	**-**	**-**	**$90,000**	**-**	**-**	**$90,000**
		Total - Oregon Zoo	**$6,300,990**	**$3,178,988**	**$3,600,000**	**$2,940,000**	**$735,000**	**$600,000**	**$17,354,978**

Total FY 2004-2005 through FY 2008-2009	$11,053,988
Total # of Projects	14

Oregon Zoo

There is a wide variety of capital projects for the Oregon Zoo in this CIP. There is a mix of new facility construction projects like the Phase V of the Great Northwest Project, and renewal and replacement projects such as the upgrades to Steller Cove. The preceding summary table lists each capital project by fiscal year.

Overview of Projects

The single largest project at the Zoo is the $40 million Great Northwest Project (formerly called the Oregon Project). The overall project is funded by a $28.8 million bond measure approved by the region's voters in September 1996. A transfer of $2.8 million from the Zoo Operating Fund, another $5 million in donations, and $3.4 million in interest earnings supply the additional funding needed. The first major phase of the project opened in September 1998 with the new entrance facilities and the mountain goat exhibit. Other phases include the Steller Cove and the Eagle Canyon exhibits. Phase V of the Great Northwest project is the "Introduction to the Forest and Remote Forest," which is scheduled to continue into FY 2006-07.

Other projects are planned to rehabilitate existing facilities, such as the Primate Facility, the Tree Tops area of the Africa exhibit, and the Elephant Facility. New facilities include the Lion Exhibit and the Condor Creek Conservation Facility. There is also an elevator project to maintain the facilities and ensure employee safety, and a new project to make parking lot improvements using funds remaining from the parking lot remodel that was done in conjunction with Westside MAX and the opening of the Great Northwest. The Washington Park parking lot renovation was completed several years ago; the residual funding is available for debt reduction or parking lot improvements.

Major Changes from the FY 2003-04 through FY 2007-08 CIP

The Great Northwest Project has expanded due to higher than anticipated interest earnings over the last two years, coupled with an additional $2.5 million in contributions. This enables the project managers to add enhancements to the exhibit that were set aside due to funding constraints.

The Zoo was chosen to join the California Condor Recovery Team. The construction of a breeding facility to enable the Zoo to participate in this project began in 2003; six pairs of birds arrived in November 2003 and have already produced the first California Condor chick in Oregon in 100 years. Later phases are for construction of additional breeding facilities and a flight cage at the Condor Creek Conservation Facility, and for an exhibit of a nonbreeding pair at the Zoo.

A number of Zoo projects that were in last year's CIP have been moved to the unfunded list, due to a shortage of funds to pay for them. See the Unfunded List for details. One new project, the Insect Zoo, has been added. This project replaces a small building that has reached the end of its useful life, and will be funded by donations.

Fund Balance Projections

With the exception of the Great Northwest Project, projects will be financed largely by donations and fund balance remaining from prior years' transfers from the Zoo Operating Fund. Based on the financial projections, the fund balance in the operating fund is adequate to finance these capital projects. This was achieved by moving many projects to the unfunded list. In addition to these unfunded projects, the Zoo has an outdated information technology system (see Information Technology). Funding for future renewal and replacement needs remains problematic, requiring additional revenue beyond what is anticipated in the five-year projection.

Cumulative Net Impact on Operating Costs

Oregon Zoo

Annual Net Impact on Operating Costs	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009
Revenues	-	-	$25,000	$50,000	$75,000
Personal Services	$125,000	$125,000	$125,000	$125,000	$125,000
Materials and Services	$10,000	$10,000	$30,000	$30,000	$30,000
Total Expenditures	**$135,000**	**$135,000**	**$155,000**	**$155,000**	**$155,000**
Net Contribution (Cost) Oregon Zoo	**($135,000)**	**($135,000)**	**($130,000)**	**($105,000)**	**($80,000)**

Major Funding Source Detail

Oregon Zoo

Major Funding Source Category	Prior Years	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009
Donations	$1,200,000	$1,100,000	$2,900,000	$2,750,000	$500,000	$600,000
Fund Balance - Capital Reserve	$724,414	$1,852,000	$700,000	$190,000	$235,000	-
Other	$4,376,576	$178,988	-	-	-	-
Other - Interest Earnings	-	$48,000	-	-	-	-
Total - Oregon Zoo	**$6,300,990**	**$3,178,988**	**$3,600,000**	**$2,940,000**	**$735,000**	**$600,000**

Five-Year Financial Forecast
as of March 2004

Zoo Operating Fund	2003-04 Adopted	2003-04 Est. Actual	Projections 2004-05	2005-06	2006-07	2007-08	2008-09
Estimated Beginning Fund Balance	***$5,202,233***	***$5,902,342***	***$6,005,062***	***$6,032,095***	***$6,052,857***	***$5,813,317***	***$5,296,588***
Projected Current Revenues	$23,302,316	$21,871,793	$24,038,921	$24,530,000	$25,114,000	$25,706,000	$26,310,000
Less Operating Expenditures	($24,253,312)	($21,769,073)	($25,011,888)	($24,509,238)	($25,353,540)	($26,222,729)	($27,122,827)
Ending Fund Balance Prior to CIP	$4,251,237	$6,005,062	$5,032,095	$6,052,857	$5,813,317	$5,296,588	$4,483,761
Proposed Capital Projects	$0	$0	$0	$0	$0	$0	$0
Ending Fund Balance After CIP	***$4,251,237***	***$6,005,062***	***$5,032,095***	***$6,052,857***	***$5,813,317***	***$5,296,588***	***$4,483,761***
Ending Fund Balance Breakdown							
Reserves	$0	$550,000	$550,000	$4,321,000	$4,356,000	$4,392,000	$4,429,000
Unrestricted Fund Balance	$4,251,237	$5,455,062	$4,482,095	$1,731,857	$1,457,317	$904,588	$54,761

NOTE: This forecast is used for determining funding capacity of requested capital improvement projects only.

Five-Year Financial Forecast
as of March 2004

Zoo Capital Fund	2003-04 Adopted	2003-04 Estimated	Projections 2004-05	2005-06	2006-07	2007-08	2008-09
Estimated Beginning Fund Balance	***$6,110,661***	***$6,407,567***	***$3,698,288***	***$1,779,281***	***$1,028,076***	***$860,961***	***$552,740***
Projected Revenues	$2,122,213	$1,330,402	$1,155,474	$2,927,000	$2,765,000	$513,000	$508,000
Less Operating Expenditures	$596,819	$96,819	$574,481	$328,205	$332,115	$336,221	$340,532
Ending Fund Balance Prior to CIP	$7,636,055	$7,641,150	$4,279,281	$4,378,076	$3,460,961	$1,037,740	$720,208
Proposed Capital Projects	($4,742,862)	($3,942,862)	($3,000,000)	($3,600,000)	($2,850,000)	($735,000)	($600,000)
Ending Fund Balance After CIP	***$2,893,193***	***$3,698,288***	***$1,279,281***	***$778,076***	***$610,961***	***$302,740***	***$120,208***

NOTE: This forecast is used for determining funding capacity of requested capital improvement projects only.

METRO

PEOPLE PLACES
OPEN SPACES

Planning Department

Planning Department

The Planning Department serves as the metropolitan region's transportation planning organization and is responsible for urban growth management and land use planning. The Technical Service division of the department consists of two sections – Travel Forecasting and the Data Resource Center.

The work performed by the Travel Forecasting Section provides the base data used by Metro and local jurisdictions in the region for developing transportation alternatives. The department uses a sophisticated system of interconnected servers and workstations for the development and application of travel demand forecasting models. In FY 2001-02, the department replaced the existing computer system with a new, more powerful modeling system called TRANsportation SIMulationS (TRANSIMS). This travel modeling system requires very large amounts of processing power. The financing mechanism for the project was a three-year internal loan from a Metro department. The department plans to replace components of this system every year, with a replacement schedule ranging from two to three years, depending on the component. Historically, large capital computer purchases for the Planning Department have been financed with three-year capital leases or loans. However, beginning in FY 2003-04, the department is attempting to fund a capital replacement reserve. The reserve, if fully funded, would finance the component purchases, with the department replenishing the reserve over the life of the equipment. Debt or reserve payments are allocated to users and individual projects through a billing system. Approximately 9 percent of the annual payments are funded with excise tax.

The Data Resource Center operates a network of computers to provide the forecasting, mapping and decision-making tools needed for Metro departments, local governments and private-sector subscribers. The Regional Land Information System (RLIS) is the heart of the planning and mapping services provided by Metro. This technology supports the enterprise applications of the Geographic Information System (GIS). To keep up with the demand for sophisticated land-use planning tools, the department replaces portions of the RLIS system each year. The replacement schedule covers GIS work stations, plotters, specialized printers, etc., and may include some network infrastructure items as needed to support high end data exchanges between the Data Resource Center and Metro partners. All costs are allocated to the users and contracting agencies through a billing system. Historically, approximately 31 percent is funded with excise tax.

All computer projects are included in a consolidated information technology proposal. Refer to Information Technology for detail of the projects.

Regional Parks & Greenspaces Department

Total Projects Summary—By Year

Regional Parks and Greenspaces

Project No.	Priority		Prior Years	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009	Total
		Open Spaces Fund							
TEMP4	1	Open Spaces Land Acquisition	$126,538,978	$3,096,940	-	-	-	-	$129,635,918
		Total - Open Spaces Fund	**$126,538,978**	**$3,096,940**	**-**	**-**	**-**	**-**	**$129,635,918**
		Regional Parks Capital Fund							
70170	1	M. James Gleason Boat Ramp Renovation Phase I & II	$756,540	$300,000	$9,000	$600,000	$6,000	-	$1,671,540
70180	2	Oxbow Park - Picnic Shelters & Restrooms	$380,000	$30,000	-	-	-	-	$410,000
70167	3	Blue Lake Park - Lakefront Enhancement	$213,884	$25,000	-	-	-	-	$238,884
TEMP187	4	Mt. Talbert Development	-	$150,000	$1,341,600	-	-	-	$1,491,600
TEMP184	5	Wilsonville Tract Development	-	$75,000	$825,000	$684,750	-	-	$1,584,750
TEMP185	6	Cooper Mountain Park Development	-	-	-	$150,000	$650,000	$780,000	$1,580,000
TEMP146	7	Three Bridges on the Springwater	-	-	$4,691,000	-	-	-	$4,691,000
TEMP99	8	Trolley Trail Engineering & Construction - Phase I	-	-	$342,209	$673,750	-	-	$1,015,959
TEMP191	9	Glendoveer Golf Course Fence Repair	-	$90,000	-	-	-	-	$90,000
TEMP193	10	Gales Creek/Tualatin River Confluence Project	-	$367,740	-	-	-	-	$367,740
TEMP190	11	Road Resurfacing	-	$255,000	-	-	-	-	$255,000
TEMP148	12	Water Play Area - Blue Lake Park	-	$140,000	-	-	-	-	$140,000
TEMP147	13	M James Gleason Boat Ramp - Phase III	-	-	-	-	-	$700,000	$700,000
		Total - Regional Parks Capital Fund	**$1,350,424**	**$1,432,740**	**$7,208,809**	**$2,108,500**	**$656,000**	**$1,480,000**	**$14,236,473**
		Smith and Bybee Lakes Fund							
71780	1	Smith & Bybee Lakes Facility Improvements	$103,250	$801,349	-	-	-	-	$904,599
		Total - Smith and Bybee Lakes Fund	**$103,250**	**$801,349**	**-**	**-**	**-**	**-**	**$904,599**
		Total - Regional Parks and Greenspaces	**$127,992,652**	**$5,331,029**	**$7,208,809**	**$2,108,500**	**$656,000**	**$1,480,000**	**$144,776,990**

Total FY 2004-2005 through FY 2008-2009	$16,784,338
Total # of Projects	15

Regional Parks & Greenspaces Department

The goal of the Regional Parks & Greenspaces Department is to establish and maintain a regional system of interconnected natural areas, parks, trails and greenways. Specific facilities (not including properties acquired under the Open Spaces Program) include:

Regional Parks and Facilities
- Mason Hill
- Sauvie Island Boat Ramp
- Howell Territorial Park
- M. James Gleason Boat Ramp
- Broughton Beach
- Glendoveer Golf Course
- Blue Lake Regional Park
- Oxbow Regional Park
- Chinook Landing Marine Park

Natural Areas
- Bell View Point
- Beggar's-tick
- Gary and Flagg Island
- Indian John Island
- Larch Mountain Corridor
- Smith and Bybee Lakes

The department also maintains 14 pioneer cemeteries.

The 15 projects listed in the preceding summary are included in the adopted CIP and eight other projects are included on the department's List of Unfunded Projects. The List of Unfunded Projects addresses those projects that are currently components of existing facility master plans. It also includes an initial estimate for a second phase of acquisition of sites that were not included in the original Open Spaces Bond measure.

Overview of Projects

The Open Spaces, Parks and Streams bond measure passed in 1995 provided $110.4 million for the acquisition of regionally significant open space properties. With the bond funds and the addition of interest earnings, grants and donations, the department has secured approximately 8,000 acres with a value of over $127 million. It is anticipated that by the end of FY 2004-05, financial resources for regional acquisitions will be substantially depleted and this program will terminate. Acquisitions comprise about 18 percent of the $16.8 million in Regional Parks' capital expenditures included in the CIP for fiscal years 2004-05 through 2008-09.

Two new trail projects are included in the FY 2004-05 through FY 2008-09 CIP. Both projects are being done in partnership with other local jurisdictions. These projects also receive significant funding through Metro Transportation Improvement Program (MTIP) grant allocations. (The MTIP prioritizes and allocates available federal, state, and local grant funds to projects in the Regional Transportation Plan.) These two projects account for 34 percent of capital expenditures in the five-year CIP.

The FY 2004-05 through FY 2008-09 capital improvement plan also includes three new projects to develop lands purchased under the open spaces, parks and streams bond measure into regional parks accessible to the general public. Funding for these projects will come from an increase in the per ton excise tax levy on solid waste. The funding will provide for the development of four new regional parks built out over an eight-year period (the fourth project begins after the five-year planning window of this CIP). These three projects account for 28 percent of capital expenditures during the five-year period.

Renewal and replacement, capital maintenance, and land restoration projects are included in the CIP if they are over $50,000. Three new projects in the FY 2004-05 through FY 2008-09 CIP fall into this category. Funding for these projects is from a combination of excise tax provided to the department for renewal and replacement needs or grants received for specific land restoration projects. These three projects account for slightly over four percent of capital expenditures during the five-year period.

The remaining projects are financed, in large part, by specific grants or other intergovernmental revenues associated with individual capital projects. Additional funding has been provided through the Multnomah County portion of the local share monies from the Open Spaces bond measure.

Major Changes from the FY 2003-04 through FY 2007-08 CIP

The FY 2004-05 through FY 2008-09 CIP includes 15 projects, for a total of $16.8 million. This is an increase of $9.3 million from last year's adopted CIP. There are a variety of project changes that contributed to the net increase.

One project is expected to be completed in FY 2003-04—the Smith & Bybee Lakes Dam Removal. One project from last year's CIP, the Oxbow Park Environmental Education Center, has been moved to the unfunded list. Fundraising opportunities for this project were uncertain. The project will be reevaluated at a future time.

Ten projects, totaling slightly over $11.9 million, are new to the CIP. The majority of funding for these projects, over $6.7 million, is derived from grants or other intergovernmental revenue. The ten projects include the Trolley Trail, Three Bridges on the Springwater Corridor Trail, the Water Play Area at Blue Lake Park, M. James Gleason Boat Ramp Renovations Phase III, the Mt. Talbert development, the Wilsonville Tract development, the Cooper Mountain Park development, the Glendoveer Golf Course Fence Repair, the Gales Creek/Tualatin River Confluence Restoration, and Road Resurfacing at various regional parks. The two trail projects are being done in partnership with the North Clackamas Parks & Recreation District and the City of Portland, respectively. The restoration project at Gales Creek will be done in partnership with Ducks Unlimited.

The remaining projects are continuations from the previous year's CIP. The Smith & Bybee Lakes Facility Improvements shows a significant increase in total costs of $209,000, or about 35 percent. The increase reflects additional dedicated funding received in donations and State grants.

Fund Balance Projections

Beginning in FY 2004-05, a Regional Parks Capital Fund was created. All capital improvement projects, as well as all renewal and replacement reserves, will be accounted for in this new fund. CIP projects funded through the Regional Parks Capital Fund during the five-year planning window total $12.9 million. Federal, state and local grants, or other intergovernmental revenues provide almost $7.5 million, or 58 percent, of the funding. Another $4.7 million, or approximately 36 percent, comes from the new excise tax levy on solid waste. Other funding for capital projects comes from the local share portion of the Open Spaces bonds that has been allocated to Multnomah County projects ($150,000) and dedicated renewal and replacement reserves ($605,000).

The new excise tax levy will be managed through the Regional Parks Operating Fund. The levy provides not only capital funding, but it also provides for existing operating costs as well as future operating costs associated with the newly developed capital projects. As projects are completed, funding will be transitioned from capital to operations.

The Regional Parks Operating Fund five-year forecast on the last page of this subsection shows the projected fund balance for capital project funding as well as operations (shown in the Unrestricted Fund Balance). The operating impact of the newly developed projects is included in the forecast. The forecast shows a build up of fund balance over the five-year period. The fund balance built up in these years will be used to complete capital development through FY 2011-12. The forecast indicates that funding will be sufficient for both capital development and operations for some time in the future.

Cumulative Net Impact on Operating Costs

Regional Parks and Greenspaces

Annual Net Impact on Operating Costs	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009
Revenues	$11,000	$11,000	$11,000	$71,000	$60,000
Personal Services	-	-	$82,197	$252,704	$259,131
Materials and Services	$5,840	$10,960	$37,483	$98,155	$94,283
Other Costs	$50,373	$57,889	$115,016	$265,342	$262,667
Total Expenditures	**$56,213**	**$68,849**	**$234,696**	**$616,201**	**$616,081**
Net Contribution (Cost) Regional Parks and Greenspaces	**($45,213)**	**($57,849)**	**($223,696)**	**($545,201)**	**($556,081)**

Major Funding Source Detail

Regional Parks and Greenspaces

Major Funding Source Category	Prior Years	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009
Donations	$932,856	$33,991	-	-	-	-
Excise Tax	-	$570,000	$2,166,600	$834,750	$650,000	$780,000
Fund Balance - Capital Reserve	$50,508	$23,698	-	-	-	-
Fund Balance - Renewal and Replacement	$50,573	-	$9,000	-	$6,000	$175,000
G.O. Bonds - Local Share	$872,656	$320,749	-	$80,000	-	-
G.O. Bonds - Open Spaces	$110,600,000	-	-	-	-	-
Grants	$141,100	$371,437	-	-	-	-
Grants - Land & Water Cons. Fund	$66,000	-	-	-	-	-
Grants - MTIP	-	-	$4,449,233	$604,275	-	-
Grants - OR Fish & Wildlife	$40,000	-	-	-	-	-
Grants - State Marine Board	$128,937	$230,000	-	$520,000	-	$525,000
Grants - State Parks	$40,000	$294,214	-	-	-	-
Interest on Bond	$14,791,522	$3,096,940	-	-	-	-
Intergov Rev - Army Corp of Eng.	-	$50,000	-	-	-	-
Milwaukie	-	-	$28,000	-	-	-
Multnomah County	$120,000	-	-	-	-	-
NCPRD	-	-	$102,209	$69,475	-	-
Other - GSR Contribution	$75,000	$70,000	-	-	-	-
Other - RACC	$10,000	$190,000	-	-	-	-
Other - Transfer	-	$70,000	-	-	-	-
Other Gov Cont	$73,500	-	-	-	-	-
Port of Portland	-	$10,000	-	-	-	-
Portland	-	-	$453,767	-	-	-
Total - Regional Parks and Greenspaces	**$127,992,652**	**$5,331,029**	**$7,208,809**	**$2,108,500**	**$656,000**	**$1,480,000**

5-Year Financial Forecast
as of February 2004

Regional Parks Operating Fund	FY 2003-04		Proposed	Projections			
	Adopted	Est. Actual	2004-05	2005-06	2006-07	2007-08	2008-09
Estimated Beginning Fund Balance	***$3,596,309***	***$3,612,336***	***$3,551,811***	***$3,325,477***	***$3,567,587***	***$4,242,749***	***$4,140,653***
Projected Operating Revenues	$7,087,864	$7,087,864	$7,961,005	$9,271,033	$9,605,282	$9,693,638	$9,818,637
Less Operating Expenditures	($6,564,534)	($6,363,469)	($8,187,339)	($9,028,923)	($8,930,120)	($9,795,734)	($9,734,628)
Ending Fund Balance Prior to CIP	$4,119,639	$4,336,731	$3,325,477	$3,567,587	$4,242,749	$4,140,653	$4,224,662
Proposed Capital Projects	($898,311)	($898,311)	$0	$0	$0	$0	$0
Ending Fund Balance After CIP	***$3,221,328***	***$3,438,420***	***$3,325,477***	***$3,567,587***	***$4,242,749***	***$4,140,653***	***$4,224,662***
Ending Fund Balance Breakdown							
Reserves	$2,163,660	$2,306,660	$2,136,660	$2,136,660	$2,136,660	$2,136,660	$2,136,660
Unrestricted Fund Balance	$1,057,668	$1,131,760	$1,188,817	$1,430,927	$2,106,089	$2,003,993	$2,088,002

NOTE: This forecast is used for determining funding capacity of requested capital improvement projects only.

Solid Waste & Recycling Department

Total Projects Summary—By Year

Solid Waste and Recycling

Project No.	Priority		Prior Years	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009	Total
		Solid Waste General Account							
76927	1	Metro South- Relocate Latex Paint Operations	-	$320,000	-	-	-	-	$320,000
76928	2	Metro South- Latex Building/Public Area Lunch Room	$10,000	$50,000	-	-	-	-	$60,000
76947	3	Metro Central - Expansion of Hazardous Waste Facility	$47,000	$150,000	$150,000	-	-	-	$347,000
76929	4	Metro South - Install High Capacity Baler	-	$50,000	$400,000	$325,000	-	-	$775,000
76955	5	Metro Central - Office Addition	-	$19,000	$106,000	-	-	-	$125,000
76954	6	Metro Central - Woodroom Improvements	$20,000	$216,000	-	-	-	-	$236,000
76963	7	Metro Central - Seismic Cleanup	-	$25,000	$175,000	-	-	-	$200,000
76931	8	Metro South - Wood Processing Capacity	-	$60,000	$595,000	$150,000	-	-	$805,000
TEMP78	9	Metro Central - Chimney Removal	-	-	$10,000	$165,000	-	-	$175,000
TEMP103	10	Metro South- Installation of Compactor for Public	-	-	-	$200,000	$680,000	-	$880,000
TEMP173	11	Metro Central - Install New Scale at Scalehouse "C"	-	-	$25,000	$252,000	-	-	$277,000
TEMP80	12	Metro Central - Rainwater Harvesting	-	-	-	$310,000	-	-	$310,000
TEMP175	13	Future Master Facility Plan Improvements	-	-	-	-	$400,000	$1,000,000	$1,400,000
		Total - Solid Waste General Account	**$77,000**	**$890,000**	**$1,461,000**	**$1,402,000**	**$1,080,000**	**$1,000,000**	**$5,910,000**
		Solid Waste Landfill Closure							
76987	1	St. John's - Leachate Pretreatment	$419,074	$105,000	-	-	-	-	$524,074
76984	2	St. John's - Groundwater Monitoring Wells	-	$200,000	$10,800	-	-	-	$210,800
76986	3	St Johns - Perimeter Dike Stabilization and Seepage	$1,578	$60,000	$211,000	$442,000	$6,000	$6,000	$726,578
76982	4	St. John's - Re-establish Proper Drainage	$604,482	$5,000	$5,000	$5,000	$5,000	$252,000	$876,482
TEMP101	5	St. John's - Landfill Bridge Repairs	-	-	$30,000	$120,000	-	-	$150,000
TEMP158	6	St. Johns Landfill Remediation	-	-	-	$500,000	$500,000	$500,000	$1,500,000
76985	7	St. John's - Native Vegetation on the Cover Cap	$87,752	$15,000	$15,000	$10,000	$15,000	$10,000	$152,752
		Total - Solid Waste Landfill Closure	**$1,112,886**	**$385,000**	**$271,800**	**$1,077,000**	**$526,000**	**$768,000**	**$4,140,686**
		SW Renewal & Replacement Account							
76926	1	Metro South - Convert Mechanical Room to Lockers	$37,000	$320,000	-	-	-	-	$357,000
76961	2	Metro Central - Rebuild Compactor No. 2	-	$400,000	-	-	-	-	$400,000
76962	3	Metro Central - Replace Compactor #2 Feed Conveyor	-	$385,000	-	-	-	-	$385,000
76930	4	Metro South - Install Sidewalk on Washington Street	-	$250,000	-	-	-	-	$250,000
76945	5	Metro Central - Replace Compactor #3 Feed Conveyor	-	$59,000	$325,000	-	-	-	$384,000
76944	6	Metro Central - Woodline	-	-	$400,000	$472,000	-	-	$872,000
76921/76953	7	Replace Computer Network Components	-	-	$67,000	$67,000	-	-	$134,000
TEMP152	8	Metro Central - Truckwash	-	-	$30,000	$150,000	-	-	$180,000
TEMP153	9	Metro South - Compactor Replacement	-	-	-	$150,000	$750,000	$750,000	$1,650,000
TEMP178	10	Metro South - Repair Commercial Tip Floor	-	-	-	-	$197,900	-	$197,900
TEMP155	11	Metro Central-HHW- Ventilation System Replacement	-	-	-	-	-	$100,000	$100,000
TEMP157	12	Metro South-Replace Dust Suppression System	-	-	-	-	-	$50,000	$50,000
TEMP156	13	Metro South- Replace Ventilation System Components	-	-	-	-	-	$100,000	$100,000
		Total - SW Renewal & Replacement Account	**$37,000**	**$1,414,000**	**$822,000**	**$839,000**	**$947,900**	**$1,000,000**	**$5,059,900**
		Total - Solid Waste and Recycling	**$1,226,886**	**$2,689,000**	**$2,554,800**	**$3,318,000**	**$2,553,900**	**$2,768,000**	**$15,110,586**

Total FY 2004-2005 through FY 2008-2009	$13,883,700
Total # of Projects	33

Solid Waste & Recycling Department

The Solid Waste & Recycling Department (SW&R) is responsible for regional solid waste management. The primary goals of the department are:

- Reduce the toxicity and amount of solid waste generated and disposed
- Develop an efficient, economical, and environmentally sound solid waste disposal system

In carrying out these responsibilities, the department operates Metro's two transfer stations and two hazardous waste facilities; maintains two closed landfills; arranges for disposal at landfills and other facilities; develops and administers a solid waste management plan for the region as part of Metro's planning responsibilities; and promotes waste reduction and recycling activities.

The projects included in the plan are shown in the summary table on the preceding page. These projects are grouped into the three restricted accounts available within the Solid Waste Revenue Fund to finance capital projects: General Account Capital Reserve, Renewal and Replacement Account, and St. Johns Landfill Closure Account.

Overview of Projects

The projects to be financed through the General Account Capital Reserve are typically new capital assets designed to increase the efficiency and effectiveness of Metro's two transfer stations: Metro Central and Metro South. The projects are designed to improve safety, improve customer service, meet growing public customer base, or increase resource recovery rates. The majority of these projects have been outlined in detail in a Master Facility Plan for the transfer stations, originally completed in April 1998, and updated early in fiscal year 2001-02. With the completion of the Master Facility Plan update, many projects were changed in scope and timeline. The projects in the Master Facility Plan and this CIP were based on the following goals:

- Improve waste recovery and recycling
- Reduce traffic congestion and improve site safety
- Maximize station efficiencies
- Improve facilities for Metro and station operator personnel

The projects financed through the Renewal and Replacement Account are replacements of equipment and rehabilitation of facilities needed to realize the optimal lifespans of capital components. Under bond covenants, Metro is required to maintain adequate reserves to finance capital asset replacements. Every three years, the department contracts with an engineering firm to assess the condition of equipment and facilities and calculate annual contribution amounts to the Renewal and Replacement Account. The latest renewal and replacement study was completed in October 2001. This CIP includes the replacement of assets as recommended in that study. With the completion of the update to the Renewal and Replacement Plan, the scope and timeline changed many of the existing projects. A new study will be completed October of 2004.

St. Johns Landfill Account is restricted to financing capital projects needed to close the St. Johns Landfill. The projects in the CIP represent a series of improvements that are needed to minimize erosion damage, provide wastewater pretreatment, repair the cover systems, and provide adequate facilities for staff.

Major Changes from the FY 2003-04 through FY 2007-08 CIP

One large project, the Northern Tip Floor Renovation at Metro South, listed in last year's General Account Capital Reserve, is being completed during FY 2003-04. A new project at Metro Central has been added to improve seismic conditions at that facility. Adjustments to scheduling change the timing of some projects. The total amount dedicated to General Account Capital Reserve projects has declined over $200,000.

The dollar value of projects in the Renewal and Replacement Account is scheduled to decline by approximately $1.8 million from the previous CIP, while the number of projects is increasing by three. The dollar value decline reflects removal from the CIP of the roof replacement project at Metro Central that was completed in FY 2003-04. There are six new projects dealing with the replacement of ventilation, dust suppression, and computer systems, in addition to one that renovates the truck wash at Metro Central.

Two projects funded by the Landfill Closure Account, involving a major phase of the dike stabilization and construction of the maintenance facility at the landfill, have been completed. A new project dealing with landfill remediation requirements is added to the CIP. Metro will be required to undertake remediation projects as a result of the remedial investigation currently underway. This investigation is required by DEQ as part of the closure permit.

Fund Balance Projections

The financing for the above projects is derived from a combination of tip fee contributions and capital reserves. The final table in this section shows the projected fund balance available for capital projects for the fiscal years covered by the CIP. The reserve amounts shown for Capital, Renewal and Replacement, and Landfill Closure are net of the amounts allocated for the capital projects financed from those reserves. The projections currently show that a combination of fund balance and rate support is available to finance all of the department's capital projects.

Cumulative Net Impact on Operating Costs

Solid Waste and Recycling

Annual Net Impact on Operating Costs	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009
Personal Services	-	$10,000	$10,000	$10,000	$10,000
Materials and Services	-	$80,000	$80,000	$80,000	$80,000
Capital Outlay	-	$10,000	$10,000	$10,000	$10,000
Total Expenditures	**-**	**$100,000**	**$100,000**	**$100,000**	**$100,000**
Net Contribution (Cost) Solid Waste and Recycling	**-**	**($100,000)**	**($100,000)**	**($100,000)**	**($100,000)**

Major Funding Source Detail

Solid Waste and Recycling

Major Funding Source Category	Prior Years	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009
Fund Balance - Capital Reserve	$77,000	$890,000	$1,461,000	$1,402,000	$1,080,000	$1,000,000
Fund Balance - Landfill Closure	$1,082,886	$385,000	$271,800	$1,077,000	$526,000	$868,000
Fund Balance - Renewal and Replacement	$37,000	$1,414,000	$822,000	$839,000	$947,900	$900,000
Grants	$30,000	-	-	-	-	-
Other	-	-	-	-	-	-
Total - Solid Waste and Recycling	**$1,226,886**	**$2,689,000**	**$2,554,800**	**$3,318,000**	**$2,553,900**	**$2,768,000**

Five-Year Financial Forecast
as of March 2004

Solid Waste Revenue Fund	2003-04		Projections				
	Adopted	Est. Actuals	2004-05	2005-06	2006-07	2007-08	2008-09
Estimated Beginning Fund Balance	***$31,239,138***	***$34,800,955***	***$29,421,392***	***$28,081,165***	***$26,386,426***	***$24,968,845***	***$25,313,295***
Projected Operating Revenues	$50,770,072	$49,840,182	$49,690,371	$51,290,845	$53,954,899	$56,265,394	$56,225,860
Less Operating Expenditures	(62,431,273)	(50,913,145)	($48,732,598)	($50,536,784)	($52,054,480)	($53,367,044)	($56,704,064)
Ending Fund Balance Prior to CIP	$19,577,937	$33,727,992	$30,379,165	$28,835,226	$28,286,845	$27,867,195	$24,835,091
Proposed Capital Projects	($4,560,600)	($4,306,600)	($2,298,000)	($2,448,800)	($3,318,000)	($2,553,900)	($2,768,000)
Ending Fund Balance after CIP	***$15,017,337***	***$29,421,392***	***$28,081,165***	***$26,386,426***	***$24,968,845***	***$25,313,295***	***$22,067,091***
Ending Fund Balance Breakdown							
Debt Service Reserve	$1,376,733	$2,486,946	$3,556,946	$3,556,947	$3,556,947	$4,595,397	$2,349,000
Renewal & Replacement Reserve	$0	5,220,866	4,516,881	4,284,062	4,101,485	3,805,990	3,452,666
Capital Reserve	$3,196,768	3,636,280	2,871,280	1,516,280	1,200,000	1,200,000	1,200,000
Rate Stabilization	$1,738,898	2,437,070	2,440,971	2,440,971	2,440,971	2,440,971	2,440,971
Working Capital	$5,759,668	8,169,770	8,169,771	8,169,770	8,169,770	8,169,770	8,169,770
Reserves (Metro Central)	$2,945,270	0	0	0	0	0	0
Business Assistance Account	$0	700,000	0	0	0	0	0
Landfill Closure	$0	6,770,459	6,525,316	6,418,396	5,499,672	5,101,167	4,454,684
Remaining Fund Balance	$0	$0	$0	$0	$0	$0	$0

NOTE: This forecast is used for determining funding capacity of requested capital improvement projects only.

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Unfunded Projects

Projects included on these lists are those projects which were deemed worthy of future consideration but were not included in the CIP for one of the following reasons: 1) sufficient funds are not available to finance the project, 2) scope of the project requires further definition, or 3) alternatives need to be explored. As funds become available or projects are refined, departments may request their inclusion in the CIP.

Key To Unfunded Lists

Project Title – Name given to project by the department.

Type – Indicates whether project is a “New” capital asset, or an “Expansion” or “Replacement” of an existing asset.

Prepared By – Department staff person preparing report.

Department Priority – Indicates whether the project is a “High,” “Medium,” or “Low” priority relative to other projects.

Estimated Project Cost – Preliminary estimate of capital costs for the project expressed in 2003 dollars. A blank field here means the cost is unknown.

List of Unfunded Projects

Department / Project Title	Type	Prepared By	Dept Priority		Estimated Cost
Finance					
Information Technology					
Zoo Network Equipment Replacement	New	David Biedermann	High	$	120,000
Zoo Network Infrastructure Upgrade	Expansion	David Biedermann	High	$	233,000
Webcasting of Public Meetings (primarily Metro Council)	New	David Biedermann	Medium	$	100,000
Connect PeopleSoft Accounts Payable and TRIM	New	David Biedermann	Medium	$	100,000
Zoo food cart network integration for central cash management	New	David Biedermann	Medium	$	100,000
Connect MERC Concentrics Event Management System	New	David Biedermann	Medium	$	100,000
Eagle Salmon Infrastructure	New	David Biedermann	Medium	$	116,000
Replace main computer room specialized HVAC systems	Replacement	David Biedermann	Low	$	25,000
Zoo Point of Sales System	Expansion	David Biedermann	Low	$	200,000
Develop Enterprise Business Applications Software	Expansion	David Biedermann	Low	$	434,333
Property Services					
Signs on Metro Regional Center	New	Brian Phillips	Medium	$	65,000
Air Rights (Housing) Project over Metro Parking Garage (no cost to Metro)	New	Brian Phillips	Low	$	25,000,000
Department Total				**$**	**26,593,333**
Metro Exposition-Recreation Commission					
OCC - Finishes in Existing Lobbies and Meeting Rooms	Replacement	Pam Krecklow	High	$	250,000
ASCH - Interior Painting	Replacement	Pam Krecklow	High	$	300,000
Keller Auditorium - Ceiling and Wall Painting	Replacement	Pam Krecklow	High	$	300,000
Expo - Replacement of Halls A,B & C	New	Pam Krecklow	High	$	34,621,000
Expo - South Property Development	New	Marilyn Shaw	High	$	2,000,000
OCC - Chiller Retrofit	Replacement	Pam Krecklow	High	$	500,000
Keller Auditorium - Rehearsal Hall Modernization	Replacement	Pam Krecklow	High	$	700,000
OCC - Volume Air Handler Upgrade	Replacement	Pam Krecklow	High	$	80,000
OCC - Install Electronic Locking System in Meeting & Ballrooms	New	Pam Krecklow	High	$	300,000
OCC - Chiller Room Ventilation	New	Pam Krecklow	High	$	90,000
OCC - Improvements to Existing Administration Area	Replacement	Pam Krecklow	High	$	600,000
OCC - Air Wall Upgrade in Halls A,B & C	Replacement	Pam Krecklow	High	$	200,000
OCC - Lobby Furniture	New	Marilyn Shaw	High	$	150,000
NTB - Restaurant Kitchen	Replacement	Cynthia Hill	High	$	80,000
Keller - HVAC Control	Replacement	Cynthia Hill	High	$	85,000
Keller - Chiller Replacement	Replacement	Cynthia Hill	High	$	200,000
ASCH - Boiler	Replacement	Cynthia Hill	High	$	80,000
NTB - Lobby Bar	New	Cynthia Hill	High	$	85,000
ASCH - Electro-Acoustical Sound Enhancements	New	Marilyn Shaw	Medium	$	1,000,000
Department Total				**$**	**41,621,000**

List of Unfunded Projects, continued

Department Project Title	Type	Prepared By	Dept Priority	Estimated Cost
Oregon Zoo				
Asia Exhibit	New	Sarah Chisholm	High	$ 45,000,000
Masai Hut and Pygmy Goat Barn	Replacement	Sarah Chisholm	Medium	$ 70,000
Elephant Electrical Upgrades	Replacement	Sarah Chisholm	Medium	$ 50,000
Asphalt Roads Path Repair and Replacement	Replacement	Sarah Chisholm	Medium	$ 200,000
Elephant Museum Reroof	Replacement	Sarah Chisholm	Medium	$ 100,000
BearWalk Café Restroom Upgrades	Replacement	Sarah Chisholm	Medium	$ 50,000
Elephant Walls/Structural Upgrades	Replacement	Sarah Chisholm	Medium	$ 100,000
Musk Ox Fencing	Replacement	Sarah Chisholm	Low	$ 83,500
Wolf Yard Renovations	Replacement	Sarah Chisholm	Low	$ 75,000
Department Total				**$ 45,728,500**
Regional Parks and Greenspaces				
Blue Lake Park Improvements Phase 1	New	Heather Nelson Kent	High	$ 8,900,000
Open Spaces Land Acquisition - Second Phase	New	Jim Desmond	High	$ 50,000,000
Blue Lake Park Improvements Phase 2	New	Heather Nelson Kent	Medium	$ 3,000,000
Oxbow Park - Diack Environmental Education Center	New	Heather Nelson Kent	Medium	$ 1,767,645
Howell Territorial Park - Wildlife Interpretive Trail	New	Heather Nelson Kent	Low	$ 172,000
Oxbow Park Capital Improvements	Expansion	Heather Nelson Kent	Low	$ 3,400,000
Howell Territorial Park - Phase I and II Improvements	Expansion	Heather Nelson Kent	Low	$ 1,075,000
Blue Lake Park - Eastside Wetlands Enhancement	New	Heather Nelson Kent	Low	$ 205,000
Department Total				**$ 68,519,645**
Grand Total Unfunded Projects				**$ 182,462,478**

Current Projects Status Reports

The *Current Projects Status Report* is used to report on the progress toward completion of existing projects and to assist with preparing the CIP. Included are previously approved projects that were expected to be completed by the end of FY 2003-04. Status reports are grouped by department.

Key to Status Reports

Project Title. Title by which the project was referenced in the last budget.

FY First Authorized. The fiscal year in which funds were first appropriated for the project.

Project Status. The status of the project is identified by the following: *Completed, Incomplete, Canceled*.

Completion Date. The actual completion date for projects designated as *Completed*, or the expected completion date for projects designated as *Incomplete*. The date listed for canceled projects is the original date projected for completion.

Original Cost Estimate. Estimate of total project costs when the project was first authorized.

Revised Cost Estimate. The most recent estimate of total project costs.

Expenditures. The total funds expended for the project as of June 30, 2003.

Current Projects Status Report

Department

Project ID	Project Title	FY First Authorized	Project Status	Completion Date	Original Cost Estimate	Revised Cost Estimate	Actual Expend.
Information Technology							
65210	Database Consolidation	2003-04	Canceled	6/1/2004	85,000		
Metro Exposition-Recreation Commission							
TEMP142	PCPA - All Theaters - Power Distribution Panels	2002-03	Complete	7/30/2003	55,000		59,511
TEMP33	ASCH - Balcony Level Safety Railing	2001-02	Complete	12/30/2003	75,000	8,000	6,955
TEMP145	Expo - Canopy and Walkway for Tri - Met Station	2002-03	Complete	6/30/2004	675,000		321,349
Oregon Zoo							
TEMP85	Penguin Filtration Replacement	2001-02	Canceled	6/1/2004	60,000		
TEMP87	Generator Replacement	2001-02	Complete	6/1/2004	50,000	27,500	27,500
TEMP124	Modular Education Classrooms	2003-04	Canceled	6/30/2004	70,000		
TEMP189	Primate HVAC Replacement	2003-04	Complete	6/30/2004	110,000		90,000
Regional Parks and Greenspaces							
70280	Smith & Bybee Lakes Dam Removal	2000-01	Complete	12/31/2003	436,000	494,000	590,770
Solid Waste and Recycling							
76924	Metro South - Northern Tip Floor Renovation	1998/99	Complete	1/31/2004	875,000	1,064,600	1,094,169
76957	Metro Central - Replace Metal Roof and Ventilation System	1998/99	Complete	1/31/2004	1,530,650	1,891,394	1,845,251
76959	Metro Central - Organics Recovery	2002-03	Canceled	9/1/2003	600,000		
76981	St. John's - Maintenance Building	1998-99	Complete	11/1/2003	311,000	408,914	389,886
TEMP176	Metro South - Office and Facilities Improvements	2000-01	Canceled	4/1/2004	647,000	308,000	
TEMP23	Metro South - Replace Metal Siding	2002-03	Canceled	9/1/2003	224,147		

Capital Improvement Plan Appendices

Capital Asset Management Policies

During the Council's FY 2000-01 budget review process, concern was raised about the lack of comprehensive agency asset management policies. In response to this concern, the Presiding Officer established a Systems Performance Task Force to review the differing departmental approaches to capital asset management and make recommendations to the Council. The major finding of the task force was a need to have capital management polices for three principal reasons:

- to provide a general framework for capital asset management
- to provide minimum standards and requirements related to capital asset management for all Metro departments
- to have established written policies against which the Council can review the capital asset management programs of individual departments; these policies also require additional fiscal information be included in the capital improvement plan and the budget that will give the Council a clearer picture of the total capital needs of the agency

On October 18, 2001 via Resolution No. 01-3113, Council approved the Metro Capital Asset Management Policies as follows. During FY 2002-03, operating procedures are being developed by a joint effort of Agency finance and facility staff to ensure consistent application of these policies.

Capital Asset Management Policies

The following policies establish the framework for Metro's overall capital asset planning and management. They provide guidance for current practices and a framework for evaluation of proposals for future projects. These policies also seek to improve Metro's financial stability by providing a consistent approach to fiscal strategy. Adopted financial policies show the credit rating industry and prospective investors (bond buyers) the agency's commitment to sound financial management and fiscal integrity. Adherence to adopted policies ensures the integrity and clarity of the financial planning process and can lead to improvement in bond ratings and lower cost of capital.

1. Metro shall operate and maintain its physical assets in a manner that protects the public investment and ensures achievement of their maximum useful life.

   Ensuring the maximum useful life for public assets is a primary agency responsibility. Establishing clear policies and procedures for monitoring, maintaining, repairing and replacing essential components of facilities is central to good management practices. It is expected that each Metro department will have written policies and procedures that address:

   - *Multi-year planning for renewal and replacement of facilities and their major components;*
   - *Annual maintenance plans.*

2. Metro shall establish a Renewal & Replacement Reserve account for each operating fund responsible for major capital assets.

   Ensuring that the public receives the maximum benefit for their investments in major facilities and equipment requires an ongoing financial commitment. A Renewal & Replacement Reserve should initially be established based on the value of the asset and consideration of known best asset management practices. Periodic condition assessments should identify both upcoming renewal and replacement projects and the need to adjust reserves to support future projects. If resources are not sufficient to fully fund the Reserve without program impacts, the Council will be consider alternatives during the annual budget process. Establishing and funding the Reserve demonstrates Metro's ongoing capacity and commitment to these public investments.

3. Metro shall prepare, adopt and update at least annually a five-year Capital Improvement Plan (CIP). The Plan will identify and set priorities for all major capital assets to be acquired or constructed by

Metro. The first year of the adopted CIP shall be included in the Proposed Budget.

The primary method for Metro departments to fulfill the need for multi-year planning is the Capital Improvement Planning process. The CIP allows a comprehensive look at Metro's capital needs for both new facilities and renewal and replacement of existing ones, and allows the Council to make the necessary decisions to ensure financial resources match forecasted needs.

4. Capital improvement projects are defined as facility or equipment purchases or construction which results in a capitalized asset costing more than $50,000 and having a useful (depreciable life) of five years or more. Also included are major maintenance projects of $50,000 or more that have a useful life of at least five years.

   A clear threshold ensures that the major needs are identified and incorporated in financial plans.

5. An assessment of each Metro facility will be conducted at least every five years. The report shall identify repairs needed in the coming five years to ensure the maximum useful life of the asset. This information shall be the basis for capital improvement planning for existing facilities and in determining the adequacy of the existing Renewal & Replacement Reserves.

   A foundation step for capital planning is an understanding of the current conditions of Metro facilities. It is expected that Metro departments have a clear, documented process for assessing facility condition at least every five years. The assessment processes may range from formal, contracted engineering studies to in-house methods such as peer reviews. The assessment should identify renewal and replacement projects that should be done within the following five years. The Renewal & Replacement Reserve account should be evaluated and adjusted to reflect the greater of the average renewal & replacement project needs over the coming five years or 2% of the current facility replacement value.

6. The Capital Improvement Plan will identify adequate funding to support repair and replacement of deteriorating capital assets and avoid a significant unfunded liability from deferred maintenance.

   Using the information provided by facility assessments, Metro departments should use the CIP process to identify the resources necessary to keep facilities in an adequate state of repair. In situations where financial resources force choices between programs and facility repair, the annual budget process should highlight these policy choices for Council action.

7. A five-year forecast of revenues and expenditures will be prepared in conjunction with the capital budgeting process. The forecast will include a discussion of major trends affecting agency operations, incorporate the operating and capital impact of new projects, and determine available capacity to fully fund the Renewal & Replacement Reserve.

   Incorporation of capital needs into Agency five-year forecasts ensures that problem areas are identified early enough that action can be taken to ensure both the maintenance of Metro facilities and integrity of Metro services.

8. To the extent possible, improvement projects and major equipment purchases will be funded on a pay-as-you-go basis from existing or foreseeable revenue sources. Fund Balances above established reserve requirements may be used for one-time expenditures such as capital equipment or financing of capital improvements.

   Preparing a CIP and incorporating it into five-year forecasts enables Metro to plan needed capital spending within foreseeable revenues. This minimizes the more costly use of debt for capital financing and ensures renewal and replacement of facility components takes place without undue financial hardship to operations.

9. Debt (including capital leases) may only be used to finance capital, including land acquisition, not ongoing operations. Projects that are

financed through debt must have a useful service life at least equal to the debt repayment period.

Because interest costs impact taxpayers and customers, debt financing should be utilized only for the creation or full replacement of major capital assets.

10. When choosing funding sources for capital items, every effort should be made to fund enterprise projects either with revenue bonds or self-liquidating general obligation bonds. For the purpose of funding non-enterprise projects other legally permissible funding sources, such as systems development charges should be considered.

11. Acquisition or construction of new facilities shall be done in accordance with Council adopted facility and/or master plans. Prior to approving the acquisition or construction of a new asset, Council shall be presented with an estimate of the full cost to operate and maintain the facility through its useful life and the plan for meeting these costs. At the time of approval, Council will determine and establish the Renewal & Replacement Reserve policy for the asset to ensure resources are adequate to meet future major maintenance needs.

    New Metro facilities should be planned within the overall business and service objectives of the agency. To ensure that the public gains the maximum utility from the new facility or capital asset, Metro should identify the full cost of building and operating the facility throughout its useful life. Resources generated from its operation or other sources should be identified to meet these needs.

Glossary

Capital Improvement Plan (CIP) – The CIP is a long-range plan prepared annually to identify the capital projects to be funded over a five-year period. It identifies each planned project, the year in which it will be started or acquired, the amount to be expended on the project each year and the proposed method of financing these expenditures. The CIP is reviewed and approved by the Executive Officer and the Council. Projects approved for the first year of the plan become part of the agency's budget for the ensuing year, where they may be modified. Projects in years two through five of the plan are subject to revision in subsequent CIPs.

Capital Project – A capital project is any physical asset acquired, constructed, or financed by Metro, with a total capital cost of $50,000 or more and a useful life of at least five years. It can include land, facilities, trails, roads, other infrastructure, major equipment and parts thereof. It can include replacement and renewal projects as well as new acquisitions and construction projects.

Acquisition or construction of a capital project may be staged over several years. All elements of the original project are included in the total project costs even if individual elements do not meet the cost and useful life criteria. For example, the acquisition of a computer system may involve the purchase of individual workstations over several years, each of which cost less than $50,000 each and have a useful life of less than five years. The project cost of the computer system includes the acquisition of all individual workstations originally planned as part of the system.

CIP Document – The official document presenting Metro's five-year capital improvement plan. It also contains information on Metro's capital funding capacity, an inventory of existing major capital assets, unfunded capital needs and a status report on current capital projects. Like the annual operating budget document, the CIP document is presented to the Council by the Executive Officer for its consideration and adoption. Appropriations for capital projects continue to be made through the annual budget.

Prior CIP – The capital improvement plan for FY 2003-04 through FY 2007-08 adopted by the Metro Council on November 14, 2002.

Adopting Resolution

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF ADOPTING THE CAPITAL IMPROVEMENT PLAN FOR FISCAL YEARS 2004-05 THROUGH 2008-09	)))	RESOLUTION NO. 04-3454 Introduced by Michael Jordan, Chief Operating Officer with the concurrence of The President of the Council

WHEREAS, Metro recognizes the need to prepare a long-range plan estimating the timing, scale and cost of its major capital projects & equipment purchases;

WHEREAS, Metro departments have inventoried existing major capital assets, prepared status reports on current capital projects and assessed future capital needs;

WHEREAS, Metro's Executive Officer has directed the preparation of a Capital Improvement Plan for fiscal years 2004-05 through 2008-09 that projects Metro major capital spending needs over the next five years, assesses the impact of capital projects on the forecasted financial condition of Metro funds, and assesses the impact on operating costs;

WHEREAS, The Metro Council has reviewed the FY 2004-05 through FY 2008-09 Capital Improvement Plan; and

WHEREAS, The Council has conducted a public hearing on the FY 2004-05 through FY 2008-09 Capital Improvement Plan; now, therefore

BE IT RESOLVED,

1. That the FY 2004-05 through 2008-09 Capital Improvement Plan, included as Exhibit A to this Resolution, on file at the Metro offices, is hereby adopted.

2. That the FY 2004-05 capital projects from the FY 2004-05 through 2008-09 Capital Improvement Plan be included in the FY 2004-05 budget.

ADOPTED by the Metro Council this 17th day of June, 2004.

David Bragdon, Council President

Approved as to Form:

Daniel B. Cooper, Metro Attorney

APPROVATO APPROVED METRO COUNCIL CONSIGLIO METROPOLITANO

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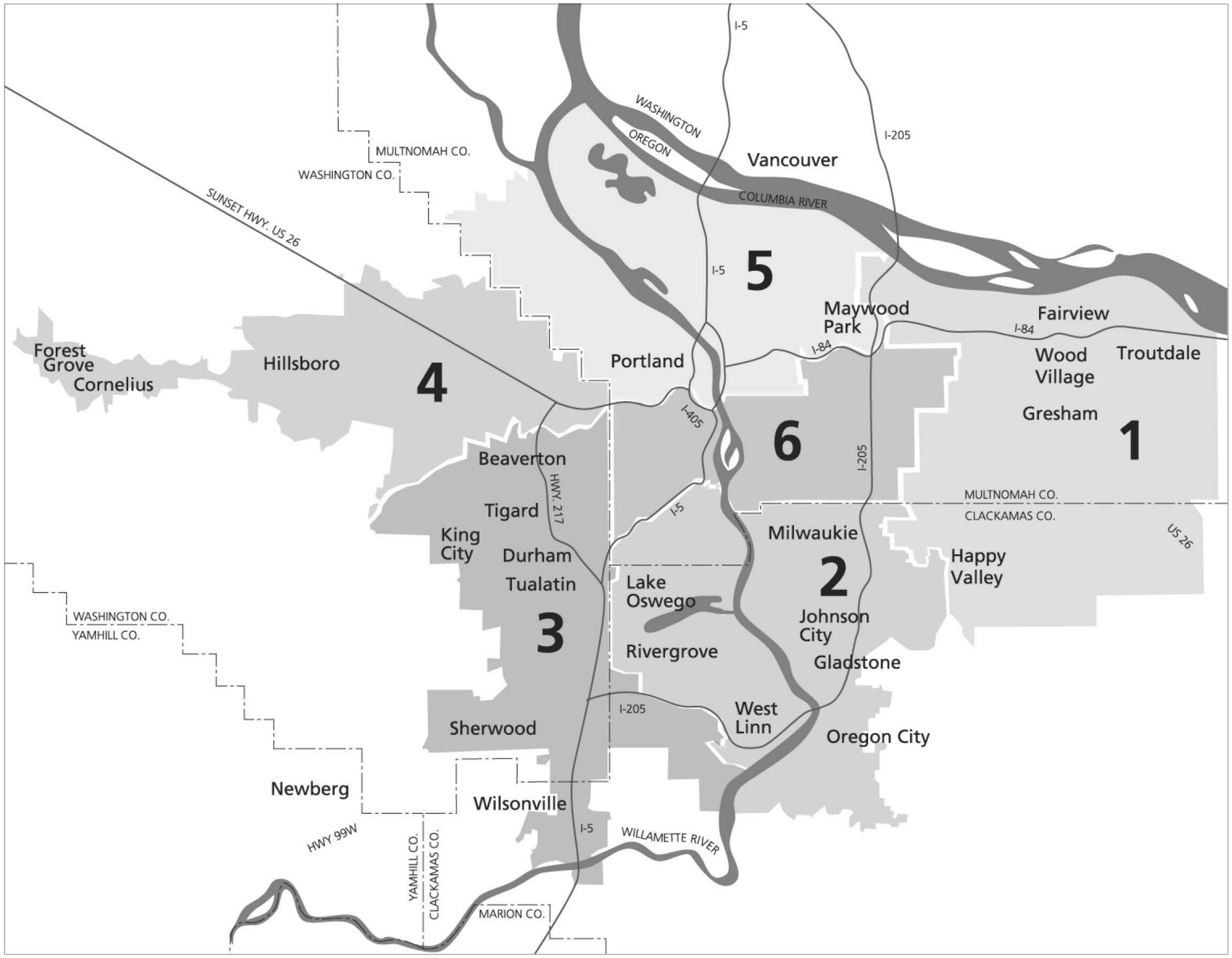
West Coast Vicinity



What is Metro?

Introduction

Metro, the nation's only elected regional government, is responsible for a broad range of services. According to Metro's Charter, approved by voters in 1992 and amended in 2000, Metro has primary responsibility for regional land-use and transportation planning, and is further empowered to address any other issue of metropolitan concern. This grant of authority clearly underscores the Portland metropolitan region's commitment to maintain and enhance the livability of the region.

Metro covers approximately 460 square miles of the urban portions of Clackamas, Multnomah and Washington counties in northwestern Oregon. There are 24 cities in the Metro service area, including Portland, Gresham, Beaverton, Hillsboro, Milwaukie, Lake Oswego and Oregon City.

History

Metro was formed in 1979, when voters approved the merger of a council of governments (Columbia Region Association of Governments – CRAG) that had land-use and transportation planning responsibilities with the Metropolitan Service District, which had been created to provide regional services that included the solid waste management plan and operation of a metropolitan zoo. The new Metropolitan Service District (MSD) was governed by an elected Council and an elected Executive Officer. It had the combined authority of the two predecessor agencies and other additional powers.

Over the years, additional responsibilities have been assigned to Metro by the state Legislature with concurrence of the jurisdictions within Metro's boundaries. In 1980, Metro became responsible for regional solid waste disposal when it took over operation of the one existing, publicly owned regional landfill and began construction of a solid waste transfer station. In November 1986, voters approved general obligation bond funding for the Oregon Convention Center, built and operated by Metro. In January 1990, Metro assumed management responsibility for the Portland Center for the Performing Arts, Portland Civic Stadium and Portland Memorial Coliseum (though management of the latter two facilities has since returned to the City, which turned them over to private management companies). Finally, in 1994, Metro assumed management responsibility for the Multnomah County parks system and the Portland Metropolitan Exposition Center (Expo Center). Ownership of these facilities was transferred to Metro on July 1, 1996.

In November of 2000, voters in the region approved an amendment to the Metro Charter abolishing the position of Executive Officer. On January 6, 2003, a new regionally elected Council President absorbed and/or delegated the authorities and functions previously vested in the Executive Officer.

Regional Planning Functions

Throughout Metro's history, its responsibility for regional planning has grown. Metro has long had an important coordination role in regional transportation planning. Metro is the federally-designated metropolitan planning organization, responsible for the allocation of federal transportation funds to projects in the region. The region's success in attracting federal funding for highway and transit projects is due, in large part, to Metro's role in building and maintaining regional consensus on projects to be funded and ensuring that funding is allocated to high-priority projects.

In connection with its responsibility for transportation planning, Metro has developed a regional data center to forecast transportation and land-use needs. All local jurisdictions now rely on and contribute to this data center, eliminating duplication between governments and allowing jurisdictions in the region to focus their resources on policy issues.

With the adoption of the nation's first state-wide land-use planning law (Senate Bill 100) in 1973, local governments were required to prepare comprehensive land-use plans. Metro (as CRAG) was the agency responsible for establishing and maintaining an urban growth boundary (UGB) for the Portland region. Through the enforcement of the UGB pursuant to Oregon's land-use laws, the region has maintained its unique character and is now a national model for urban growth management planning.

Metro's current role in regional land-use planning and growth management is an outgrowth of its role in establishing the urban growth boundary, transportation planning and data management. Local jurisdictions and the region's voters have recognized the value of a coordinated approach to land-use and livability issues, and have assigned that responsibility to Metro.

Charter Approval

A significant development in Metro's history occurred with the approval by the voters in 1992 of a home-rule Charter. Prior to that time, Metro was organized under a grant of authority by the Oregon Legislature and the Oregon Revised Statutes. Metro's powers were limited to those expressly granted by the Legislature, and any extension of those powers had to first be approved by the Legislature.

With the growth in the region, however, and Metro's increasingly important role, the region recognized that the power and authority of the regional government should be controlled directly by the voters of the region and not by the state Legislature. Accordingly, in 1990, the Legislature referred a constitutional amendment to the voters to allow the creation of a home-rule regional government in the Portland metropolitan area. Voters approved that amendment, and a charter committee was formed shortly thereafter. In 1992, a Charter for Metro was referred to voters, who approved it. Metro thereby achieved the distinction not only of being the nation's only elected regional government (as it had been since 1979), but also the only one organized under a home-rule Charter approved by voters.

Metro Milestones

1979

Columbia Region Association of Governments (CRAG) combined with the Metropolitan Service District to form Metro. Functions include solid waste and transportation planning, the zoo and managing the urban growth boundary

Joint Policy Advisory Committee on Transportation (JPACT) formed and staffed by Metro's Transportation Planning Department

Transfer of the ownership and operation of the Washington Park Zoo to Metro

1980

Solid waste operations (including the management of the St. Johns Landfill) added to Metro's functions

1983

Clackamas Transfer and Recycling Center (now named Metro South Transfer Station) opens

1986

Voters approve $65 million general obligation bond issue to build the Oregon Convention Center

1987

Metropolitan Exposition-Recreation Commission established

1988

Metro assumes responsibility of appointing members of the Portland Metropolitan Area Local Government Boundary Commission

1989

Attendance at the Metro Washington Park Zoo breaks the one million mark

1990

Metro assumes management responsibility for the Portland Center for the Performing Arts, Civic Stadium and Memorial Coliseum

Columbia Ridge Landfill opens near Arlington, Oregon, to replace the St. Johns Landfill and serve the Portland metropolitan region

Metro issues $28.5 million in solid waste revenue bonds to construct the Metro East Transfer Station (now named Metro Central Transfer Station)

Voters approve tax base for the Metro Washington Park Zoo

Metro initiates an excise tax on its own enterprise operations

Oregon Convention Center opens for business and exceeds projected use and economic projections.

Voters approve an amendment to the Oregon Constitution allowing the creation of a home-rule regional government in the Portland metropolitan region and calling for the creation of a charter committee

1991

Metro Central Transfer Station opens

St. Johns Landfill closes as a general purpose landfill

1992

Voters approve a new home-rule charter for Metro, identifying Metro's primary mission, revising Metro's structure, and formally changing the name of the organization from Metropolitan Service District to Metro

1993

Management of the Memorial Coliseum is returned to the City of Portland and subsequently transferred to the management of the Oregon Arena Corporation

1994

Metro assumes management responsibility for the Multnomah County parks system and the Portland Metropolitan Exposition Center (Expo Center)

Region 2040 concept plan adopted

1995

New seven-member Metro Council takes office under home rule charter, along with a new Executive Officer and Metro's first elected Auditor

Voters approve $135.6 million general obligation bond measure to acquire and protect open spaces, parks and streams

Future Vision adopted

2040 Growth Concept adopted

1996

Transfer of ownership of the Multnomah County Parks and Expo Center to Metro

Voters approve $28.8 million general obligation bond measure to fund construction of the Great Northwest Project at the Metro Washington Park Zoo

Urban Growth Management Functional Plan adopted

1997

Expo Hall E is completed at the Expo Center in time to host the traveling exhibition of the Smithsonian's 150th anniversary celebration in April/May 1997

Through May 31, 1997, acquisition of 2,323 acres of open spaces with the 1995 bond measure proceeds

Regional Framework Plan adopted, December 1997

Phase I of Great Northwest Project completed, consisting of new classrooms and Wildlife Garden Way (return loop from Africa Exhibit)

1998

Through May 31, 1998, acquisition of 3,413 acres of open spaces with the 1995 bond measure proceeds

Metro Washington Park Zoo renamed the Oregon Zoo

The Washington Park light rail station serving the Oregon Zoo opens

Great Northwest Phase II opens at Oregon Zoo, including new entrance designed with mountain goat exhibit, catering and restaurant facilities, and new gift shop

1999

Acquisition totals more than 4,400 acres of open spaces with the 1995 bond measure proceeds

2000

Voters approve charter amendment eliminating the Executive Officer position, establishing a regionally elected Council President and reducing council districts from seven to six

Steller Cove opens at the Oregon Zoo, completing Phase III of the Great Northwest Project, and a new attendance record is set at 1.2 million visitors

2001

The reconstructed Expo Hall D opens. The new hall adds 72,000 feet of modern exhibit space, new meeting rooms, and a full service commercial kitchen to the Expo Center package. Expo Center now offers 330,000 square feet of exhibition space and 3,000 parking spaces on a 60-acre campus

Work on the Oregon Convention Center expansion project begins. The expansion will provide an additional 105,000 square feet of exhibit space, 35,000 square feet of ballroom space, and 30,000 square feet of meeting room space

Through June 15, 2001, acquisition of 6,933 acres of open spaces with the 1995 bond measure proceeds

Oregon Zoo achieves record-breaking attendance of over 1.3 million visitors

2002

Election of new Council President reflecting changes to the Charter adopted by the voters in November 2000

Opening of new Oregon Convention Center underground parking facility in April 2002

Acquisition of 7,767 acres of open spaces through May 15, 2002

2003

On January 6, 2003, a new regionally elected Council President absorbed and/or delegated the authorities and functions previously vested in the Executive Officer

Work on the Oregon Convention Center expansion is completed, opening to the public in April 2003

The Metro Council approves advancing light rail projects along the I-205 corridor and from Milwaukie to downtown Portland as the next additions to the region's light rail system

The state Land Conservation and Development Commission approves the Metro Council's recommendation to bring an additional 18,617 acres into the urban growth boundary

Acquisition of 7,935 acres of open spaces through June 1, 2003

The first endangered California Condors arrive at the Oregon Zoo's Condor Creek Conservation Facility

2004

On May 1, 2004, the Interstate MAX Yellow Line opens, connecting the Expo Center to the Rose Quarter Transit Station

The first Condor egg is produced at the Oregon Zoo Condor Creek Conservation Facility

Acquisition of 8,015 acres of Open Spaces with the 1995 bond proceeds through April 1, 2004

Oregon Zoo opens Eagle Canyon Exhibit in May 2004 and the Trillium Creek Family Farm in July 2004, completing Phase IV of the Great Northwest Project

The Metro Charter

A home-rule Charter defines Metro's structure, assigns its working priorities and grants the power necessary to achieve those priorities. A home-rule Charter is a grant of power directly from the citizens of the jurisdiction rather than a grant of power from a legislature or some other body.

The voters of the region approved a home-rule charter for Metro in 1992, and a charter amendment in 2000. Prior to the amendment, Metro was governed by a seven-member Council, which was responsible for setting the overall policy direction for the organization and for legislative oversight of management activities. A regionally elected Executive Officer was responsible for carrying out the policy directives of the Council, day-to-day management of the organization and recommending policy initiatives to the Council. As a result of the charter amendment, effective January 6, 2003, the Council and Executive offices were consolidated. Under the new structure, the number of districts and the number of Councilors was reduced to six. A regionally elected Council President presides over the Council, sets the policy agenda for the Council, and has the authority to appoint all members of Metro committees, commissions, and boards. A Chief Operating Officer, appointed by the Council President with Council consent, is responsible for the day-to-day management of the organization.

The original Metro charter created the position of Metro Auditor. The Auditor, elected region-wide, is responsible for managing the contract with Metro's independent, outside financial auditor and for conducting performance or management audits of Metro operations and functions.

The home-rule Charter sets Metro's working priorities. Metro's primary responsibility under the Charter is regional land-use planning. To this end, Metro was required to adopt a future vision for the region. The Metro Council adopted the future vision document June 15, 1995.

State law requires Metro to develop regional land-use goals and objectives. In 1991, the Metro Council adopted Regional Urban Growth Goals and Objectives (RUGGOs). RUGGOs provide a policy framework for guiding Metro's regional planning program and establish a process for coordinating local planning in the region to maintain the region's livability.

In December 1995, the Metro Council adopted a 2040 growth concept. In general, the growth concept encourages compact development near existing or future transit centers to reduce land consumption and the need to convert rural land to urban uses. It encourages preservation of existing neighborhoods. It also identifies rural reserves as areas not subject to urban growth boundary expansion to serve as buffers between urban areas. The growth concept also sets goals for providing permanent open space areas inside the urban growth boundary and recognizes that neighboring cities – such as Sandy, Canby and North Plains – will grow and that cooperation is necessary to address common issues. On December 11, 1997, the Council adopted the more detailed Regional Framework Plan, which specifies how the region will implement the 2040 growth concept.

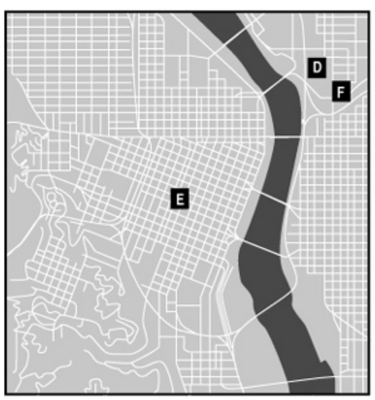
Although the Charter makes regional land-use planning Metro's primary responsibility, it also recognizes the significant role Metro has played and will continue to play in other regional issues such as solid waste disposal, and the operation and development of regional recreation and entertainment facilities such as the Oregon Zoo, the Oregon Convention Center, and regional parks and open spaces.

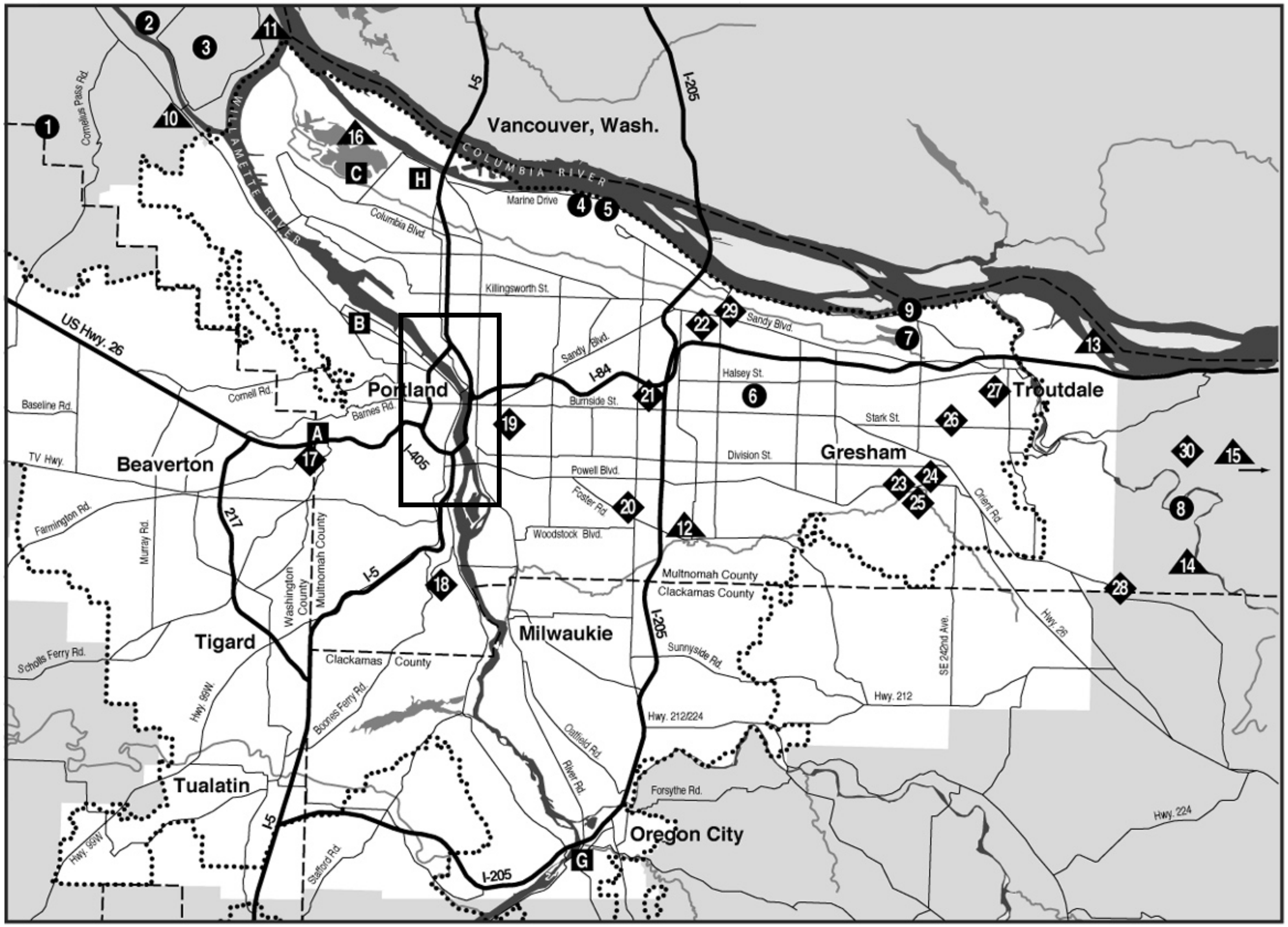
Finally, the Charter recognizes that regional government and regional issues evolve over time. The Charter grants Metro authority to assume responsibility for issues of metropolitan concern. This authority will allow Metro to work with local jurisdictions as needed to develop common solutions to problems that may exceed local boundaries and which may, therefore, be difficult to address at the local level.

In addition to defining Metro's structure and priorities, the Charter gives Metro the tools necessary to meet its financial resource needs. The Charter gives Metro the authority to ask voter approval for broad-based revenue sources. These sources include traditional revenues such as property tax, sales tax, or income tax. In addition, the Charter also grants authority to the Council to adopt taxes of limited applicability without a vote of the people, but only after review by a citizens' review committee, called a Tax Study Committee. These niche taxes could include a broad list of revenue sources levied on limited activities such as cigarette sales, real estate transfers, hotel/motel occupancy, etc. Expenditures from non-voter approved revenue sources are limited by Charter to no more than $12.5 million per year (in 1992 dollars). This expenditure limitation increases in each subsequent fiscal year by a percentage equal to the rate of increase in the Consumer Price Index (additional information on this Charter Limitation is available in the Appendix of Volume 2 of this budget). Metro's only revenue source that currently falls under this limitation is its excise tax, which totals approximately seven-tenths of the limit. The Charter also grants Metro authority for levying fees and charges for services it provides on an enterprise basis.

Metro Facilities, Natural Areas, and Cemeteries

Area of Inset

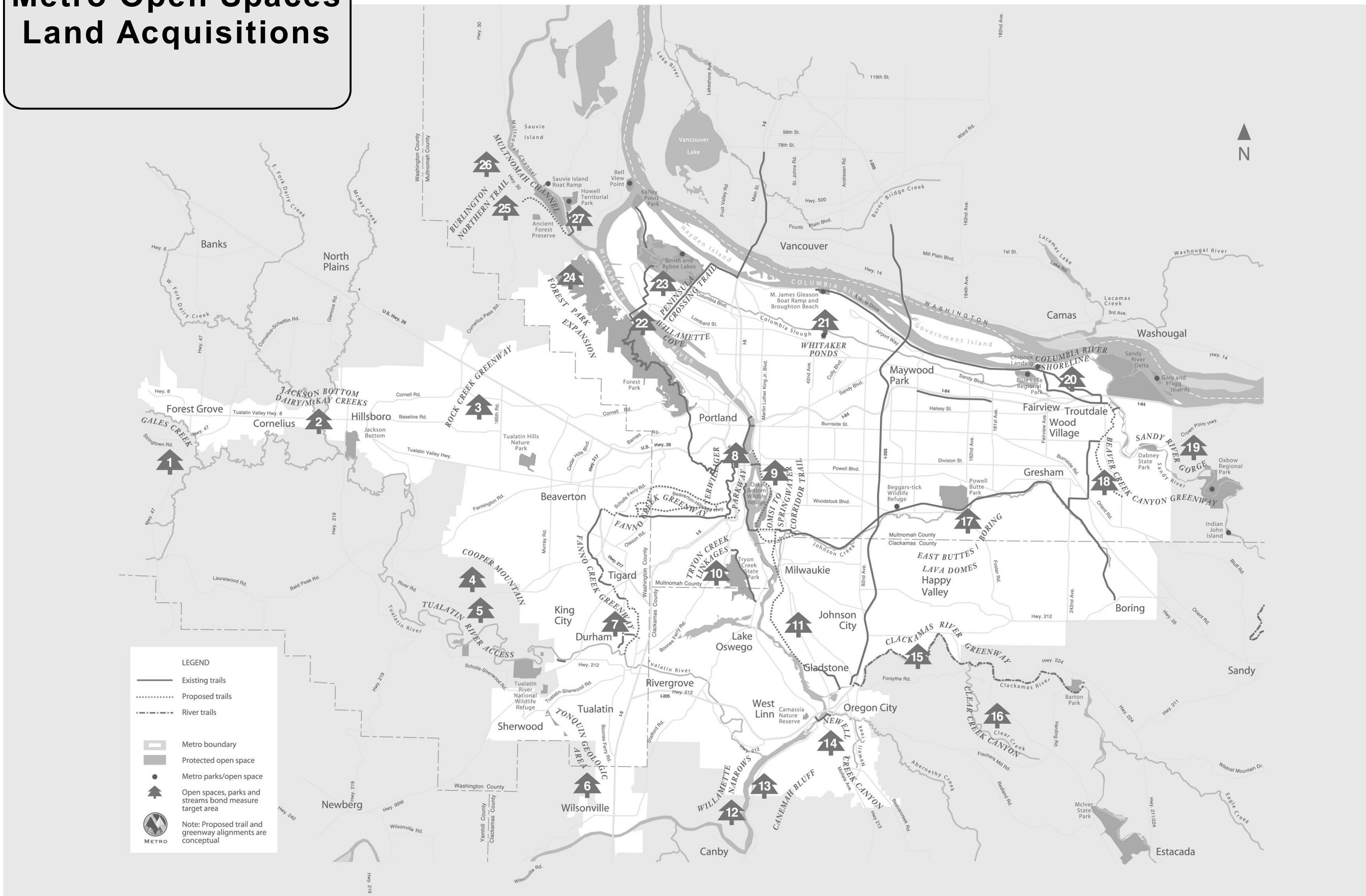




Metro Facilities, Natural Areas, and Cemeteries

■ Metro Facilities	● Regional Parks Facilities	▲ Natural Areas	◆ Cemeteries
A. Oregon Zoo 4001 SW Canyon Rd. Portland, OR 97221	1. Mason Hill 3 acres	10. Multnomah Channel 11 acres	17. Jones 2.5 acres
B. Metro Central Transfer Station 6161 NW 61st Avenue Portland, OR 97210	2. Sauvie Island Boat Ramp 1 acre	11. Bell View Point 10 acres	18. Grand Army of the Republic 1 acre
C. St. Johns Landfill 9363 N. Columbia Blvd. Portland, OR 97232	3. Howell Territorial Park 101 acres	12. Beggar's-tick Wildlife Area 20 acres	19. Lone Fir 30.5 acres
D. Oregon Convention Center 777 NE Martin Luther King Jr. Blvd. Portland, OR 97232	4. M. James Gleason Boat Ramp 6 acres	13. Gary and Flagg Islands 132 acres	20. Multnomah Park 9.3 acres
E. *Portland Center for the Performing Arts 1111 SW Broadway Portland, OR 97205	5. Broughton Beach 9 acres	14. Indian John Island 64 acres	21. Brainard 1.1 acres
F. Metro Regional Center 600 NE Grand Avenue Portland, OR 97232	6. Glendoveer Golf Course and Fitness Trail 232 acres	15. Larch Mountain Corridor 185 acres	22. Columbia Pioneer 2.4 acres
G. Metro South Transfer Station 2001 Washington Street Oregon City, OR 97045	7. Blue Lake Regional Park 185 acres	16. Smith and Bybee Lakes 2,000 acres	23. White Birch 0.5 acres
H. Expo Center 2060 N. Marine Drive Portland, OR 97217	8. Oxbow Regional Park 1,200 acres		24. Escobar 0.5 acres
* Owned by the City of Portland, managed by Metro	9. Chinook Landing Marine Park 67 acres		25. Gresham Pioneer 2 acres
			26. Mt. View Stark 0.8 acres
			27. Douglass 9.1 acres
			28. Pleasant Home 2 acres
			29. Powell Grove 1 acre
			30. Mt. View Corbett 2 acres

Metro Open Spaces Land Acquisitions

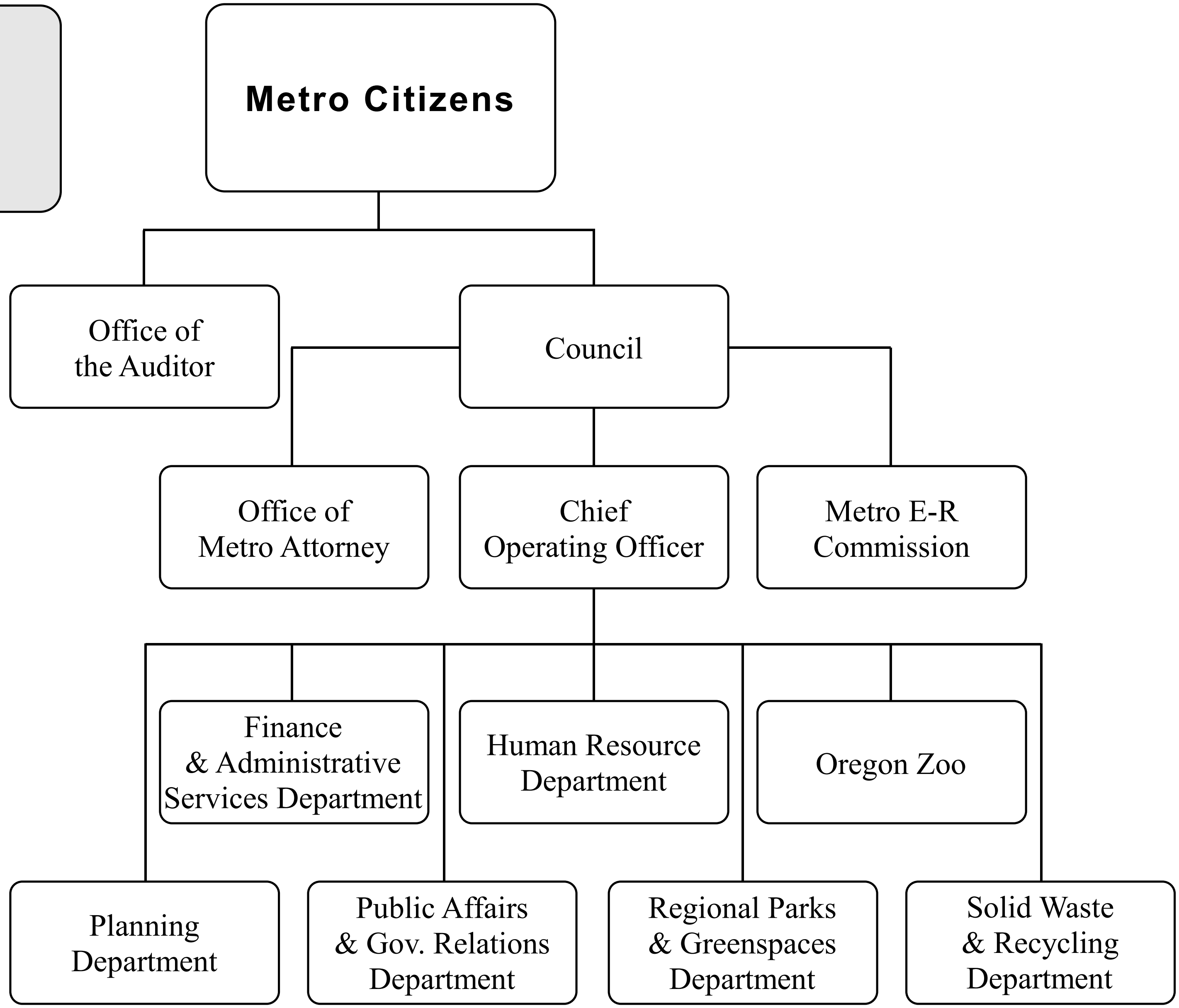


Metro Open Spaces Land Acquisitions

Open spaces acquired as of April 8, 2004

1.	Gales Creek	606 acres
2.	Jackson Bottom/Dairy/McKay Creeks	493 acres
3.	Rock Creek Greenway	117 acres
4.	Cooper Mountain	256 acres
5.	Tualatin River Access	391 acres
6.	Tonquin Geologic Area	487 acres
7.	Fanno Creek Greenway	39 acres
8.	Terwilliger Parkway/Marquam Woods	19 acres
9.	OMSI to Springwater Corridor Trail	53 acres
10.	Tryon Creek Linkages	50 acres
11.	Trolley Trail (Milwaukie to Gladstone)	20 acres
12.	Willamette Narrows	472 acres
13.	Canemah Bluff	129 acres
14.	Newell Creek Canyon	280 acres
15.	Clackamas River Greenway	608 acres
16.	Clear Creek Canyon	520 acres
17.	East Buttes/Boring Lava Domes	828 acres
18.	Beaver Creek Canyon Greenway	47 acres
19.	Sandy River Gorge	1,082 acres
20.	Columbia River Shoreline	271 acres
21.	Whitaker Ponds	5 acres
22.	Willamette Cove	27 acres
23.	Peninsula Crossing Trail	1 acre
24.	Forest Park Expansion	861 acres
25.	Burlington Northern Trail	2 acres
26.	Multnomah Channel	326 acres
27.	Multnomah County Local Share	27 acres
	TOTAL	8,015 acres

Organization Structure



Organization Structure

Department Structure

Metro's organizational structure includes three offices (Metro Council, Metro Auditor, and Metro Attorney), one commission (Metropolitan Exposition-Recreation Commission), and seven departments (Finance & Administrative Services, Human Resource, Oregon Zoo, Planning, Public Affairs & Government Relations, Regional Parks & Greenspaces, Solid Waste & Recycling).

Office of the Council

The Metro Council is the governing body of Metro. It provides leadership from a regional perspective, reflects an ongoing innovative planning orientation, and focuses on issues that cross local boundaries and require collaborative solutions.

The Office of the Council consists of the Council President and six Councilors, the Chief Operating Officer, and their staffs. The Council sets the overall policy direction and provides legislative oversight of management activities for the agency. The Council President presides over the Council, sets the policy agenda, and has the authority to appoint all members of Metro committees, commissions, and boards. The Chief Operating Officer, appointed by the Council President with Council consent, is responsible for the day-to-day management of the organization. The Council Office also provides staffing for the Metro Policy Advisory Committee.

Office of the Auditor

The Metro Auditor and her staff make up the Office of the Auditor. The Auditor is responsible for all audits of the agency, including managing the annual outside financial audit and conducting performance and management audits of agency programs and operations.

Office of Metro Attorney

The Office of Metro Attorney provides legal services to the Council, Chief Operating Officer, Auditor, and to Metro departments. This office also oversees the due diligence portion of the regional Open Spaces Acquisition program.

Metropolitan Exposition-Recreation Commission (MERC)

The Metropolitan Exposition-Recreation Commission, established in 1987, is the operating arm for Metro's trade and spectator facilities, including the Oregon Convention Center, the Portland Metropolitan Exposition Center (Expo Center), and the Portland Center for the Performing Arts (PCPA). The PCPA was transferred to Metro's management from the City of Portland in 1990, when the Convention Center opened. Management of the Expo Center was transferred to Metro from Multnomah County in January 1994, with ownership of the facility transferred in July 1996. A seven-member commission oversees MERC's operations. The commissioners are appointed by Metro to serve four-year terms. The Metro Council approves the commission's budget.

Finance & Administrative Services Department

The Finance & Administrative Services Department (FAS) provides financial management services for Metro's elected officials, operating departments, employees, and the public. The Finance & Administrative Services Department is changed somewhat in FY 2004-05 from the Finance Department in FY 2003-04. In addition to the Office of the Chief Financial Officer (CFO), Accounting Services, and Financial Planning divisions, FAS includes the Information Technology, Purchasing & Contract Services, and Risk Management divisions that were in the Business Support Department in FY 2003-04. The department provides accounting services for the agency; coordinates the preparation, monitoring, and implementation of the agency's annual budget and Capital Improvement Plan; manages debt; performs long-range financial planning; administers Metro's risk management program; coordinates the agency's decentralized purchasing system; manages the Emerging Small Business and Minority- and Women-Owned Business program; and provides information technology services for Metro's operations.

Human Resource Department

The Human Resource Department exists to help its customers fulfill business requirements by positioning Metro's work force for the future. The department provides assistance in the areas of recruitment and staff development, classification and compensation, labor and employee relations, benefits administration, and manages the agency's Human Resource Information System.

Oregon Zoo

The Oregon Zoo celebrated its 100th anniversary in 1987, and is the number-one paid attraction in Oregon. Over one million visitors to the Oregon Zoo each year help support the facility through paid admissions, Zoo memberships, train tickets, gift shop and food service purchases, and donations. Over sixty percent of Zoo revenue is from non-tax sources. The Zoo provides visitors a unique educational and recreational opportunity to experience wildlife in a naturalistic setting by "inspiring our community to create a better future for wildlife." In November 1996 voters approved a $28.8 million bond measure for the Zoo to begin work on the Great Northwest Project. The new entrance and Mountain Goat exhibit opened in September 1998, and the Steller Cove Marine Exhibit opened in July 2000. These new facilities have stimulated record attendance levels the last three years, with FY 2001-02 attendance exceeding 1.3 million visitors; current projections for FY 2003-04 are for 1.28 million visitors.

Planning Department

The mission of the Planning Department is to plan for and seek to implement a model land-use and transportation program to address the needs of the region and to protect its livability, especially in the areas of regional transportation, air and water quality, and land use. Through the Planning Department, Metro manages the regional urban growth boundary, the primary urban growth management tool mandated by state land-use planning laws. The department maintains a Data Resource Center and develops estimates of regional population and employment growth patterns in support of the agency functions and the planning efforts of local governments. The department is also responsible for regional transportation planning, which includes preparing the Regional Transportation Plan, securing and allocating federal highway and transit funds for the region, and conducting all regional transit and light rail planning under contract with TriMet, the regional transit agency.

Public Affairs & Government Relations Department

The Public Affairs & Government Relations Department supports the development and implementation of the Metro Council's policies through its public involvement, community outreach, and government relations activities. The department, led by the Director of Public Affairs & Government Relations, coordinates Metro-wide communications and government relations plans, working closely with all Metro departments. The department staff also provides support to the Metro Committee for Citizen Involvement (MCCI).

Regional Parks & Greenspaces Department

The Regional Parks & Greenspaces Department was created in January 1994 with the transfer of parks functions from Multnomah County. The department provides both an operational arm and a planning function to protect and care for the public's investment in park land and facilities. The department operates 16 regional parks and natural areas, as well as 14 pioneer cemeteries. Passage of the Open Spaces Program bond measure in 1995 added a significant component to the department's responsibilities. These components include acquisition of land for use as parks, open spaces, and trails, and maintenance or site stabilization of purchased lands. Since the passage of the Open Spaces Program bond measure, over 8,015 acres of open space have been acquired.

Solid Waste & Recycling Department

The Solid Waste & Recycling Department provides services that reduce and manage the region's solid waste in an effective, economical, and environmentally sound manner. Specifically, the department oversees the operation of two Metro-owned regional solid waste transfer stations; operates two hazardous waste facilities; manages contracts for the transport and disposal of waste brought to the regional transfer stations; develops the Regional Solid Waste Management Plan; franchises and licenses privately owned and operated solid waste disposal sites; manages the now closed St. Johns Landfill; operates the Metro Recycling Information hotline; develops programs to encourage waste prevention, recycling, composting, and natural gardening; and cleans up illegal dump sites.

Metro Advisory Committees

There are two advisory committees required by Metro's charter.

Metro Policy Advisory Committee – 24-member committee consisting of representatives of local government and citizens to provide advice and consultation to the Metro Council on the Regional Framework Plan and approval or disapproval of Metro's provision or regulation of a local government service.

Metro Committee for Citizen Involvement – 27-member citizen committee assisting in the development, implementation, and evaluation of Metro's citizen involvement activities and advising on the best ways to involve citizens in the regional planning activities.

Elected Officials	**Position**	**Service Began**	**Current Term Expires**
Alexis Dow, CPA	Metro Auditor	Jan. 1995	Jan. 2007
Elected Council Members			
David Bragdon	Council President	Jan. 1999	Jan. 2007
Rod Park	District 1	Jan. 1999	Jan. 2007
Brian Newman Deputy Council President	District 2	Jan. 2003	Jan. 2007
Carl Hosticka	District 3	Jan. 2001	Jan. 2005
Susan McLain	District 4	Jan. 1991	Jan. 2007
Rex Burkholder	District 5	Jan. 2001	Jan. 2005
Rod Monroe	District 6	July 1998	Jan. 2005

Economy and Growth

The metropolitan region served by Metro covers 24 incorporated cities and includes the urban portions of three Oregon counties. Metro is at the heart of Oregon's largest population center with nearly 1.4 million residents. In addition, the metropolitan region provides job opportunities for a workforce of over 800,000 within the tri-county area. This region supports a range of diversified industries within its borders. A key pillar of the region's economic success has been its investment in transportation infrastructure which serves as a regional hub for domestic and international trade. The region enjoys, by virtue of its location at the confluence of two major river systems, tremendous competitive advantage in exporting large volumes of freight from inland sources to foreign markets abroad. Imports of goods such as cars and electronic/computer products are also important regional trade components. Portland is a key origin and destination point for ocean-going vessels moving freight between the west coast and Asian Pacific Rim trading partners. The Portland area's strengths have been built around its water – the Columbia River and Willamette River – but it is now diversifying and creating other strengths.

The region has historically enjoyed above average economic and population growth trends. The strong historical growth rates in the region's employment and population has propelled the citizens and leaders of the region to plan for this growth and to provide stewardship of the region's valuable resources. This commitment towards both growth and economic sustainability for regional resources is a key component of the region's economic advantage. It is this advance planning and creativity which has encouraged the growth in high-technology in the Portland economy. The region's reputation and commitment as a livable place helps set the stage for the region's economic vitality and its ability to attract and maintain strong industries. Metro, as the agency charged with preserving and sustaining the conditions that foster a healthy economy, has as its primary mission the task of preserving the region's quality of life and planning for regional growth including transportation. Metro is poised to set an example for other areas of the country, showing how a directly elected regional government can help maintain a healthy economy while preserving the livability its residents cherish.

Regional Population Trends

Nearly 1.4 million people live inside today's Metro's boundary. This represents 38.6 percent of the population in the State of Oregon. An additional half million other residents in southwest Washington state (especially Clark county) and a portion of the upper Willamette Valley are economically intertwined with the metropolitan economy and depend on this region for jobs, financial and business services, as well as many other social services and amenities.

As an indication of the region's economic strength, diversity and vitality, population growth from 1990 to 2000 inside the Metro boundary increased 23.9 percent, exceeding the growth rate for both the state of Oregon (20.4 percent) and the nation (13 percent) for the same period. Net migration to the region accounted for over two-thirds of that population growth in the decade of the 1990s.

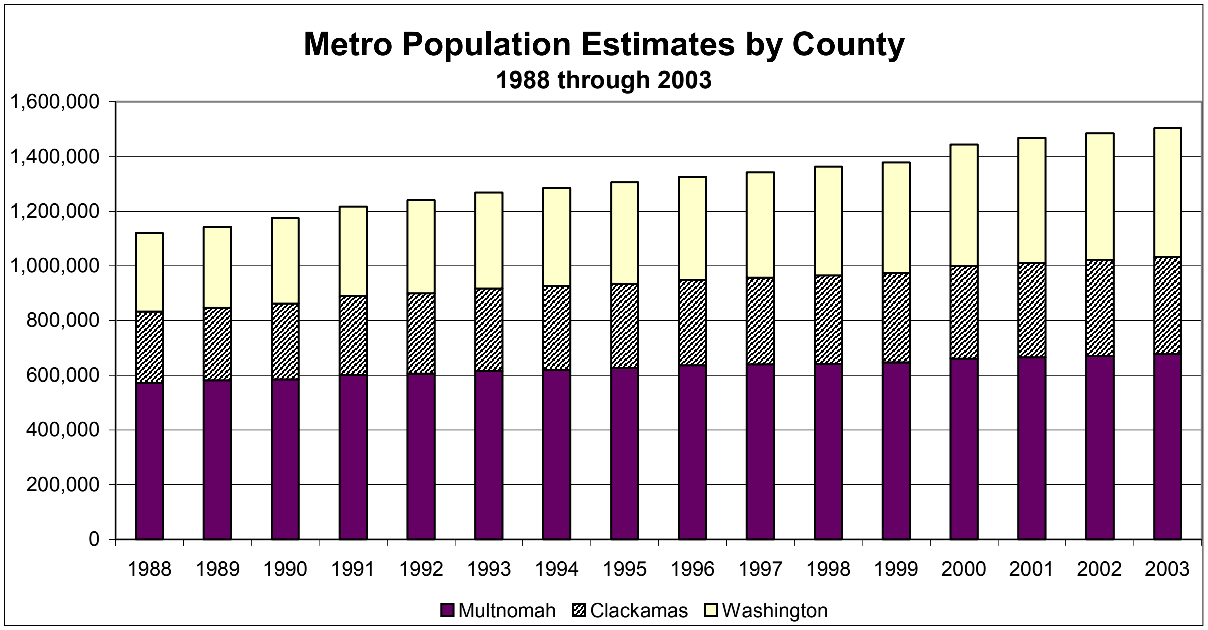
The region's growth through the 1990s was primarily attributable to its strong economy and its attractive quality of life. People moved here and stayed here for job opportunities and to enjoy the amenities of urban life while maintaining ready access to the region's diverse natural attractions. It is quality of life that is one of Metro's core values and is in our mission statement. This is exemplified by many of Metro's transportation investment decisions and its commitment to a regional growth strategy aimed at preserving and enhancing the region's many attributes.

Much has been noted of Metro's urban growth boundary (UGB) – an invisible line that girds the greater-Portland metropolitan area. This line focuses Metro's urban growth strategy which is aimed at concentrating regional population and economic growth where public investment and infrastructure already exists. The UGB attempts to maximize the returns of investments made by both public and private concerns.

Metro recently completed an update to its statutorily required periodic review (similar to a comprehensive plan update required of cities) which included a regional assessment of future economic and population growth.

Year	Multnomah County	Clackamas County	Washington County
1988	570,500	262,200	287,000
1989	581,000	265,500	295,000
1990	583,887	278,850	311,554
1991	600,000	288,700	328,500
1992	605,000	294,500	340,000
1993	615,000	302,000	351,000
1994	620,000	305,500	359,500
1995	626,500	308,600	370,000

Year	Multnomah County	Clackamas County	Washington County
1996	636,000	313,200	376,500
1997	639,000	317,700	385,000
1998	641,900	323,600	397,600
1999	646,850	326,850	404,750
2000	660,486	338,391	445,332
2001	666,350	345,150	455,800
2002	670,250	350,850	463,050
2003	677,850	353,450	472,600



This regional economic and population assessment indicated a continuation of relatively vibrant demographic growth to go along with a comparatively robust economic outlook (over the long run – 25 years). Population growth in the greater Portland-Vancouver Primary Metropolitan Statistical Area (PMSA, which includes Multnomah, Clackamas, Washington, Yamhill, and Clark counties) is projected to increase at an average annual rate of 1.6 percent per year or a 58 percent increase between the years 2000 and 2030 (*Economic Report to the Metro Council*, September 2002).

Local Labor Force and Unemployment

Through much of the 1990s, population growth and the resulting increase in the labor force produced an unprecedented and sustained expansion in the regional economy. Employment opportunities more than kept pace with the growing number of workers. However, job growth during the last several years has not kept pace with population trends, due to the U.S. recession that began in 2000 and slower industry growth in construction and high-tech in the Metro area. Unemployment rates in the region have increased, but fortunately have not approached the widespread unemployment experienced by this region in the early 1980s. The economic downturn in the region has been uneven, with the worst impacts being felt by the region's durable goods sector.

Unemployment rates briefly topped 9 percent in the Portland-Vancouver PMSA in early 2002, but have been on the decline since then. Currently, unemployment rates have fallen below 8 percent and show a declining trend as economic conditions in the region begin to improve. The service and retail sectors are beginning to show improvement first, but the industrial sectors, in particular high-tech, remain stubbornly depressed but are expected to rebound over the long haul. At this point of the regional economic recovery, construction activity is starting to show early signs of rebounding.

Business Diversity

A major contributing factor to the region's past economic health is the diversity of its businesses. The recession of the early 1980s illustrated that Oregon's economic dependence on the extraction of natural resources, particularly wood products, was a fundamental weakness. In the ensuing years, the state and the region successfully diversified their economic bases, expanding in other industries such as high-technology, trade, warehousing, transportation, and financial services.

Over the last 20 years, the region, in particular, broadened its manufacturing base, focusing on metals, high-tech machinery and semiconductors. Employment in manufacturing, construction, and mining is now proportionately higher in the region than in the United States as a whole. This has had its upside as evidenced in the 1990s, but also a downside with this latest economic downturn. However, economic conditions in the region, as they have been on a national basis, are showing definite signs of emerging economic upturn.

The high-tech industry in the region is led by a diverse group of multinational corporations that manufacture a wide range of computer-related products, including microprocessors, silicon memory chips, computer equipment, and office-related equipment. A significant portion of the region's high-tech employers have located their manufacturing divisions here, as well as shifting a sizable number of research and development divisions to their Portland regional offices.

Regional Income

The compound annual rate of change in total personal income for the Portland PMSA (1990-2000) was 6.9 percent, 6.2 percent for the state of Oregon, and 5.4 percent for the nation. The annual rate of change in per capita income for the Portland PMSA during the same period was 4.4 percent, compared with 4.3 percent for the state of Oregon and 4.4 percent for the nation as a whole. During this current recession, the change in personal income growth in Oregon dropped to 2.5 percent in 2001. In 2002, the state's personal income rose 3.3 percent. The official Oregon state economic forecast predicts personal income growth to rebound to pre-recession levels by 2004.

Regional Employment Trends

The major employers within the Metro region reflect the diversity of the region's economic base. Fortune 1000 corporations operating within the Metro region include NIKE, Inc.; Louisiana Pacific Corp.; Precision Castparts; StanCorp Financial; and Hollywood Entertainment. Fortune 1000 directories rank companies by annual sales, except for utilities and banks, which are ranked by assets.

The presence of these largest employers (see Table 1) highlights two features of the Metro region economy, namely an emphasis on private-, rather than public-, sector employment and broad diversity among companies and industries. The combination of these features, plus an established role as a warehousing distribution center has emerged as a regional asset.

Table 1

Top Ten Private Sector Employers in the Portland Metropolitan Area

Employer	Service	2003 Employment
Intel Corporation	Manufactures computer components	14,890
Providence Health System	Health care and health insurance	13,496
Oregon Health & Science University	Education, research, patient care	11,400
Fred Meyer Stores	Retail merchandising	10,500
Kaiser Foundation Health Plan	Health care	8,000
Legacy Health System	Non-profit health care organization	7,972
Safeway Inc.	Distribution and sales of retail groceries	6,000
Nike, Inc.	Sports shoes and apparel	5,742
Albertsons Food Centers	Grocery chain	5,600
U.S. Bank of Oregon	Financial institution	4,138

Source: Portland Business Alliance, Largest Employers of the Portland/Vancouver Metropolitan Area, 2003/04

Wage and salary employment growth in the region through the 1990s averaged 2.95 percent per year and since 1972 average 2.98 percent per year. This represents a significantly faster growth rate as compared to the U.S. averages of 1.9 and 2.1 percent, respectively for the same time periods. The region's economy demonstrated significant resiliency and adaptability despite having had to climb out of a deeper economic recession in 1980 and 1982 in order to forge faster job growth than the United States.

During the last 20 years, the Portland region has transformed itself from a resource-based economy to a knowledge-driven economy. Many of the region's top employers hail from the high technology sector and have become market leaders in their own niche. This has helped the Portland economy to propel ahead in key growth and manufacturing sectors.

The region's cluster of high-technology companies in 2000 employed 59,900 jobs in the Portland-Vancouver PMSA as compared to 40,300 in 1990 for an increase of 48.6 percent in the decade. In comparison, total nonfarm wage and salary employment grew only 33.3 percent over the same time span. Recently, the region's high-tech employers have scaled back their workforce in conjunction with slower U.S. economic growth. However, growth is expected to return as the technology sector rebounds.

In recent years, there has also been a transformation occurring in the agricultural sector of the region's economy. In the late 1990s, nursery and seed growers in the region became the top grossing in sales for agricultural sectors in Oregon. Nursery growers in the region export the plants and stock throughout the United States and now represent a key employment cluster for the region.

Transportation and Distribution

The Metro region is a leading warehousing and distribution center for the Pacific Northwest, serving a market area of approximately seven million people. The region uses marine, air, rail, and road networks to capitalize on its location to serve a wide and growing variety of markets.

The geographical heart of the region is the confluence of the Columbia and Willamette rivers, which makes it a natural transportation center. Transportation networks have long focused on this area as a destination for waterborne commerce from eastern Oregon and Washington, and as the distribution center for the products of the rich agricultural lands of the Willamette River valley. From its rudimentary beginnings, the region has capitalized on its location as the head of deep water navigation on the Columbia River system to give it an economic base as a port for the shipment of freight. The Columbia River channel is maintained at a depth of 40 feet from the harbor at Portland downstream 110 miles to the Pacific Ocean. The metropolitan area is a port of call for 16 regularly scheduled major steamship lines serving world trade routes. In tonnage of total waterborne commerce, the Port of Portland is ranked as the third largest volume port on the West Coast, after Long Beach and Los Angeles. In 1999, 12.1 million short tons of cargo moved through port facilities. In 2000, slumping world export markets and the onset of slower U.S. growth led to a 2.6 percent drop in cargo handled at the Port of Portland.

With the upswing in the regional and global economy, total cargo tonnage through port facilities rose nearly 12 percent in 2003 – rebounding to tonnage levels not seen since before this latest recession.

Upstream from Portland, the Columbia provides the only water route through the Cascade Mountains to the productive Inland Empire of eastern Oregon and Washington, and including northern Idaho. Slack-water barge access to these lands is made possible by a series of locks in the network of federal hydroelectric dams on the lower Columbia River and its largest tributary, the Snake River.

Air traffic through Portland International Airport (PDX) complements the waterborne transportation that established the region. PDX handled 12.7 million passengers and 229,740 tons of air cargo in 2001, with growth forecast at nearly 27 million passengers by the year 2020. PDX provides service from 32 carriers, with over 580 passenger flights daily.

The Port of Portland manages the airport, and in 1996 embarked on an ambitious ten-year, $1 billion expansion and remodeling effort that will produce an additional terminal building, greatly increased parking capacity, and a doubling of roadway access to the main terminal building. Construction on the light rail link to the airport, "Air MAX," began in 1999, and the project was completed in September 2001.

Ground transportation in the region features three major railroads and four interstate freeways. The railroads add to the region's freight-handling capacity and also serve passenger traffic with regular Amtrak routes through

Portland's Union Station. The region's highway system includes Interstate 5, the north-south link connecting the Pacific Coast of the United States from San Diego to the Canadian border, and Interstate 84, the major east-west corridor whose western terminus is in Portland. Interstate 205 and Interstate 405 serve as beltways.

Public transportation is provided by the Tri-County Metropolitan Transit District, known as TriMet. TriMet serves bus and light rail passengers throughout the region. The light rail system (MAX, short for Metropolitan Area Express) opened for service in 1986, with a 15-mile line linking downtown Portland and the City of Gresham, to the east. In 1998, TriMet completed construction of a second link in the system that extended light rail twelve miles west to the City of Hillsboro and its burgeoning high-tech industry. A line from the Gateway Transit Center to the airport opened in Fall 2001, and construction on an Interstate Avenue MAX line from downtown to the Expo Center was completed and opened in May of 2004.

Trade

The Portland region has long been a center of trading activity for Oregon and the Pacific Northwest. In recent years, the region has become a warehousing and distribution center for the western United States and has steadily expanded its role in international trade. The Metro region is a focal point of import and export trade for Oregon, southwestern and eastern Washington, and a large portion of the inland United States. International trade continues to grow as the region takes advantage of its location on the Pacific Rim and the deep channel port on the Columbia River to attract trading partners in east Asia and the Pacific. Principal commodities exported are grains, forest products, processed foods, scrap metal, and aluminum products; major imports include automobiles, iron and steel products, ores, consumer goods, and petroleum products. High-tech electronic goods are becoming a greater part of the region's trade, in imports as well as exports.

The Port of Portland reports that the value of marine shipments passing through Portland in 1999 was well over $9.5 billion. Air freight represents a significant portion of our region's trade. The region's trade routes also include rail and interstate freeways, for which Portland is a major western hub.

Commercial and Industrial Activity

In the five years preceding the regional recession, retail sales in the region expanded at a compounded annual rate of growth of 13.45 percent. However, recent sales have stagnated with the downturn in the regional economy, but growth is anticipated to rebound with the U.S. recovery now underway.

Portland once had one of the nation's healthiest and most attractive office markets, but with the recent downturn in economic activity, commercial and industrial real estate activity has stagnated.

Residential Building Activity and Assessed Value

Residential home construction mirrored the growth of industrial construction. Population growth in the region sustained strong increases in new home construction, with building permits authorizing the construction of about 6,400 houses in 2002. Multi-family construction saw nearly 3,700 permits issued during the same period. Despite a weak regional economy in 2002, home construction remained at near pre-recession levels.

Residential home construction continues to remain relatively robust as historically low interest rates continue to prop up home sales and new home construction despite slower economic growth. Residential home construction may see a dip as interest rates rise, but faster regional economic growth will eventually offset the higher interest rates as more income is pumped back into future homebuyers. Home ownership has never been higher in the region, and continued interest in owning homes is expected.

Total assessed value in the region reflects the growth in population and its growing popularity as a place to live. Property values grew strongly during the 1990s. Growth rates ranged from a high of 19.3 percent to a low of 7.8 percent, with seven of the nine years between 1991-2000 having double-digit increases. Total market value of property in the region stood at $113 billion in 2001.

Tourism

Tourism is Oregon's third largest industry, and the metropolitan area is the most popular of Oregon's visitor destinations. The single most visited attraction in the state, Multnomah Falls, is just east of Portland, and the most popular paid attraction, the Oregon Zoo, is located in Portland. The region also serves as a central embarkation point for visitors to travel west to the Pacific Ocean or east to the Cascade Mountains. Portland itself is home to numerous cultural and visitor attractions that include the International Rose Test Gardens, World Forestry Center, and Japanese Gardens neighboring the Zoo in Washington Park, Oregon Museum of Science and Industry, Oregon Historical Society, the new classical Chinese Garden, as well as its art museum, symphony, opera, ballet, and numerous high quality theater organizations. The Portland Rose Festival, Portland's premier civic celebration, takes place each June and lasts 25 days. The Rose Festival attracts more than two million visitors each year who attend such signature events as the Grand Floral Parade and the carnival at Waterfront Park. The Rose Festival Airshow is another popular Festival event. Other regional festivals held in Portland include the Waterfront Blues Festival and the Oregon Brewers' Festival.

Metro's Oregon Convention Center (OCC) added to the region's inventory of visitor attractions when it opened for business in 1990. The Convention Center was built to bolster the region's economy by capturing a share of the rapidly growing convention and tourism market, and its success has exceeded expectations. The facility includes 500,000 square feet of exhibit halls, meeting rooms, and ballroom space, and is located near downtown on the MAX light rail line. More than 330,000 convention delegates attended conventions at the Oregon Convention Center in 2000, contributing to a healthy hospitality industry. The OCC's $116 million expansion project opened its doors in 2003. The project added another 150,000 square feet of new exhibit space, a ballroom, and meeting rooms.

Attendance at the convention center rebounded in 2003 on a combination of the positive upturn in the U.S. economy and expansion of convention center floor space. Attendance in 2003 topped 780,000 attendees to various tradeshows, consumer events, meetings and other private bookings.

Extended Outlook for the State

Oregon's economic forecast calls for growth to rebound in 2004 after three years of stagnant employment growth. According to the most recent forecast (March 2004) from the State of Oregon's Office of Economic Analysis (OEA), the general outlook indicated sluggish growth through most of 2003. Job growth is expected to rebound sharply in 2004 as the state's economy finally shakes off the ill effects of the global recession that has gripped the state since 2000. The Oregon economy is expected to achieve 2.5 percent job growth in the first quarter of 2004 and peaking to 2.8 percent in the second quarter. Total personal income in the state is expected to jump 5 percent in 2004 as compared to an anemic 3.3 percent growth posted in 2003.

Oregon's labor market data still exhibit signs of reduced demand for workers, however the economy is starting to see improvement in some sectors. Unemployment rates across the state fell to their lowest levels in over two years. Signs of employment growth are starting to emerge in manufacturing and business services. Rebounding economic conditions in the United States and abroad are beginning to help boost the recovery in the region.

The slower economic growth of 1999 and 2000 affected the growth of Oregon per capita income and average wages. As the Oregon economy became more industrially diverse, per capita income and wages grew faster than the nation as a whole. Although the Oregon economy is projected to grow faster than the nation in 2004, per capita income and average wages are still below the national average. The Portland-Vancouver area, being a metropolitan area, has per capita income and wage rates comparable to the U.S. averages.

Key factors that will fuel the state's long-term growth are:

- *Recovery in the semiconductor industry:* Increasing demand for computers and communications equipment and an increase in orders will eliminate the excess capacity in the industry. The needs of the Internet should fuel greater demand. The strength in the industry will allow previously announced investment plans by major companies to be carried out in the 2003-2006 period.

- *Export growth and rising commodity prices:* Global recovery of economies will increase demand for Oregon finished goods and commodities. Rising commodity prices will benefit agriculture and timber producers in the state.
- *Continued strength in domestic markets:* A return to economic growth in California and other major domestic markets will fuel demand for Oregon products.
- *Business cost advantages:* The Oregon economy will benefit from a comprehensive energy plan. If the plan can assure business of an abundant, reliable, and relatively inexpensive supply of electricity, the state (and Pacific Northwest) will continue to have a relative energy advantage over other regions. If recent price hike proposals for electricity and natural gas surpass those for other parts of the country, Oregon could lose this price advantage. Equally important is an educated workforce that contributes to productivity.
- *Environmental Issues:* Salmon protection measures, Portland Super Fund, and other issues could change the economic landscape.
- *Affordable Housing:* If Oregon can maintain a relative cost advantage in housing over California and Washington state, this factor will be attractive for households and firms looking for a competitive housing market for its employees.
- *Quality of Life:* Oregon will continue to attract financially secure retirees. Companies that place a high premium on quality of life will desire to locate in Oregon.

Table of Contents

Appendices Volume 1

METRO

PEOPLE PLACES
OPEN SPACES

Adopting Ordinance

I HEREBY CERTIFY THAT THE FOREGOING IS A COMPLETE AND EXACT COPY OF THE ORIGINAL THEREOF

Rebecca Shoemaker
METRO COUNCIL ARCHIVIST

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF ADOPTING THE ANNUAL BUDGET FOR FISCAL YEAR 2004-05, MAKING APPROPRIATIONS, AND LEVYING AD VALOREM TAXES, AND DECLARING AN EMERGENCY	)))))	ORDINANCE NO 04-1044B Introduced by David Bragdon, Council President

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, 2004, and ending June 30, 2005; 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 Ordinance) and considered; now, therefore,

THE METRO COUNCIL ORDAINS AS FOLLOWS:

1. The "Fiscal Year 2004-05 Metro Budget," in the total amount of TWO HUNDRED EIGHTY FIVE MILLION NINE HUNDRED NINETY EIGHT THOUSAND THREE HUNDRED TWENTY SEVEN ($285,998,327) DOLLARS, 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 Ordinance, at the rate of $0.0966 per thousand dollars of assessed value for Zoo operations and in the amount of EIGHTEEN MILLION SIXTY FOUR THOUSAND FIVE HUNDRED TWENTY FOUR ($18,064,524) DOLLARS for general obligation bond debt, said taxes to be levied upon taxable properties within the Metro District for the fiscal year 2004-05. 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 Limitation	Excluded from the Limitation
Zoo Tax Rate Levy	$0.0966/$1,000	
General Obligation Bond Levy		$18,064,524

3. The Regional Parks Fund is hereby renamed the Regional Parks Operating Fund. The purpose of the fund remains the same.

4. The Regional Parks Capital Fund is hereby created for the purpose of accounting for major capital improvement and renewal and replacement reserves for the Regional Parks &

Greenspaces Department and facilities. Major revenue sources for the fund include but are not limited to grants, donations, excise tax contributions from the General Fund, and other revenues or contributions identified for capital purpose. In the event of the elimination of this fund, any fund balance shall revert to any fund designated for similar purpose, or to the Regional Parks Operating Fund.

5. 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 Ordinance, and hereby appropriates funds for the fiscal year beginning July 1, 2004, from the funds and for the purposes listed in the Schedule of Appropriations, Exhibit C.

6. The Chief Financial Officer shall make the filings as required by ORS 294.555 and ORS 310.060, or as requested by the Assessor's Office of Clackamas, Multnomah, and Washington Counties.

7. This Ordinance being necessary for the health, safety, or welfare of the Metro area, for the reason that the new fiscal year begins July 1, 2004, and Oregon Budget Law requires the adoption of a budget prior to the beginning of the fiscal year, an emergency is declared to exist and the Ordinance takes effect upon passage.

ADOPTED by the Metro Council on this 17th day of June, 2004.

APPROVATO APPROVED METRO COUNCIL CONSIGLIO METRO

David Bragdon, Council President

ATTEST:

Christina Billington, Recording Secretary

Approved as to Form:

Daniel B. Cooper, Metro Attorney

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Schedule of Appropriations

BUILDING MANAGEMENT FUND	
Operating Expenses (PS & M&S)	$983,785
Capital Outlay	15,000
Interfund Transfers	1,607,314
Contingency	66,259
Unappropriated Balance	1,659,150
Total Fund Requirements	**$4,331,508**

CONVENTION CENTER PROJECT CAPITAL FUND	
Interfund Transfers	385,000
Total Fund Requirements	**$385,000**

GENERAL FUND	
Council Office/Public Affairs	
Operating Expenses (PS & M&S)	$2,101,192
Subtotal	2,101,192
Special Appropriations	
Operating Expenses (PS & M&S)	265,000
Subtotal	265,000
General Expenses	
Interfund Transfers	9,542,038
Contingency	1,212,615
Subtotal	10,754,653
Unappropriated Balance	1,314,403
Total Fund Requirements	**$14,435,248**

GENERAL OBLIGATION BOND DEBT SERVICE FUND	
Debt Service	$18,174,887
Unappropriated Balance	9,814,193
Total Fund Requirements	**$27,989,080**

GENERAL REVENUE BOND FUND	
Project Account	
Capital Outlay - Washington Park Parking Lot	178,988
Subtotal	178,988

GENERAL REVENUE BOND FUND (continued)	
Debt Service Account	
Debt Service - Metro Regional Center	1,510,314
Debt Service - Expo Center Hall D	1,208,508
Debt Service - Washington Park Parking Lot	420,242
Subtotal	3,139,064
General Expenses	
Contingency	300,000
Subtotal	300,000
Unappropriated Balance	392,594
Total Fund Requirements	**$4,010,646**

MERC OPERATING FUND	
Operating Expenses (PS & M&S)	$28,084,378
Debt Service	22,809
Interfund Transfers	3,666,545
Contingency	2,479,849
Unappropriated Balance	8,427,577
Total Fund Requirements	**$42,681,158**

MERC POOLED CAPITAL FUND	
Operating Expenses (PS & M&S)	$416,287
Capital Outlay	3,142,350
Interfund Transfers	354,000
Contingency	537,581
Unappropriated Balance	2,050,548
Total Fund Requirements	**$6,500,766**

OPEN SPACES FUND	
Operating Expenses (PS & M&S)	$1,764,532
Capital Outlay	3,096,940
Interfund Transfers	608,749
Contingency	174,735
Unappropriated Balance	1,380,000
Total Fund Requirements	**$7,024,956**

PIONEER CEMETERY PERPETUAL CARE FUND

Unappropriated Balance	$133,173
Total Fund Requirements	**$133,173**

PLANNING FUND

Operating Expenses (PS & M&S)	$15,662,444
Capital Outlay	47,000
Interfund Transfers	2,189,991
Contingency	786,840
Unappropriated Balance	90,000
Total Fund Requirements	**$18,776,275**

REGIONAL PARKS CAPITAL FUND

Operating Expenses (PS & M&S)	$620,000
Capital Outlay	1,087,740
Unappropriated Balance	764,822
Total Fund Requirements	**$2,472,562**

REGIONAL PARKS OPERATING FUND

Operating Expenses (PS & M&S)	$4,879,860
Interfund Transfers	2,902,040
Contingency	493,908
Unappropriated Balance	2,940,082
Total Fund Requirements	**$11,215,890**

REGIONAL PARKS SPECIAL ACCOUNTS FUND

Operating Expenses (PS & M&S)	$225
Interfund Transfers	70,000
Unappropriated Balance	370,864
Total Fund Requirements	**$441,089**

REHABILITATION & ENHANCEMENT FUND

Operating Expenses (PS & M&S)	$534,151
Interfund Transfers	26,630
Contingency	300,000
Unappropriated Balance	1,482,986
Total Fund Requirements	**$2,343,767**

RISK MANAGEMENT FUND

Operating Expenses (PS & M&S)	$8,166,381
Contingency	534,547
Unappropriated Balance	4,260,202
Total Fund Requirements	**$12,961,130**

SMITH AND BYBEE LAKES FUND

Operating Expenses (PS & M&S)	$20,148
Capital Outlay	801,349
Interfund Transfers	25,000
Contingency	822
Unappropriated Balance	3,594,145
Total Fund Requirements	**$4,441,464**

SOLID WASTE REVENUE FUND

Operating Account	
Operating Expenses (PS & M&S)	$41,994,564
Subtotal	41,994,564
Debt Service Account	
Debt Service	1,251,412
Subtotal	1,251,412
Landfill Closure Account	
Materials & Services	178,800
Capital Outlay	401,900
Subtotal	580,700
Renewal and Replacement Account	
Capital Outlay	1,514,000
Subtotal	1,514,000
General Account	
Capital Outlay	961,000
Subtotal	961,000
Master Project Account	
Debt Service	350,000
Subtotal	350,000

SOLID WASTE REVENUE FUND (continued)	
Recycling Business Assistance Account	
Materials & Services	700,000
Subtotal	700,000
General Expenses	
Interfund Transfers	4,308,854
Contingency	13,695,368
Subtotal	18,004,222
Unappropriated Balance	14,448,060
Total Fund Requirements	**$79,803,958**

SUPPORT SERVICES FUND	
Human Resources	
Operating Expenses (PS & M&S)	$1,077,057
Subtotal	1,077,057
Finance & Administrative Services	
Operating Expenses (PS & M&S)	5,628,184
Capital Outlay	180,000
Subtotal	5,808,184
Public Affairs - Creative Services	
Operating Expenses (PS & M&S)	541,122
Subtotal	541,122
Office of the Auditor	
Operating Expenses (PS & M&S)	645,956
Subtotal	645,956
Office of Metro Attorney	
Operating Expenses (PS & M&S)	1,083,292
Subtotal	1,083,292

SUPPORT SERVICES FUND (continued)	
General Expenses	
Interfund Transfers	705,540
Contingency	1,052,261
Subtotal	1,757,801
Unappropriated Balance	239,500
Total Fund Requirements	**$11,152,912**

ZOO CAPITAL FUND	
Operating Expenses (PS & M&S)	$71,083
Capital Outlay	3,000,000
Contingency	505,648
Unappropriated Balance	1,277,031
Total Fund Requirements	**$4,853,762**

ZOO OPERATING FUND	
Operating Expenses (PS & M&S)	$20,655,227
Capital Outlay	85,700
Interfund Transfers	2,790,366
Contingency	2,030,595
Unappropriated Balance	4,482,095
Total Fund Requirements	**$30,043,983**

TOTAL BUDGET	**$285,998,327**

Property Tax Calculation

FY 2004-05 PROPERTY TAX CALCULATIONS

Zoo Operating Fund Tax Base:

FY 2003-04 Assessed Value	$92,737,859,477	
Assessed Value Increase:		
Statutory 3% allowable	$2,782,135,784	
Estimated FY 2004-05 Assessed Value	$95,519,995,261	
Zoo Operating Levy Tax Rate	$0.0966	/$1000
FY 2004-05 Zoo Operating levy	**$9,227,231**	
(estimated assessed value x tax rate)		
Estimated Taxes to be Received	$8,673,597	
(based on 94% collectable rate)		

General Obligation Bond Debt Service:

FY 2004-05 Requirements:		
7/1/04 payment	$881,432	
7/15/04 payment	606,255	
9/1/04 payment	8,317,957	
1/1/05 payment	4,411,432	
1/15/05 payment	1,821,255	
3/1/05 payment	2,136,556	
7/1/05 payment (cash flow)	810,832	
7/15/05 payment (cash flow)	569,805	
9/1/05 payment (cash flow)	8,433,556	
Total Requirements	$27,989,080	
Sources available for cash flow:		
Fund balance	$10,308,427	
Prior years taxes	500,000	
Interest earned, FY 2004-05	200,000	
Total non-tax sources	$11,008,427	
Tax resources required	$16,980,653	
Levy (assume 94% collectable rate)	$18,064,524	
Assessed valuation of district	$95,519,995,261	
Levy rate per $1000	$0.189117723	
On $100,000 property		$0.189
		$18.90
FY 2004-05 Tax Levy Amount	**$18,064,524**	

Budget Notes

Planning Fund

Budget Note 1: Regional Travel Options

The Chief Operating Officer is requested to implement the marketing and evaluation functions of the new Regional Travel Options program by retaining the services of a professional advertising, marketing, or public relations firm or non-profit organization. The contract(s) for these services shall be subject to Council approval regardless of amount.

Budget Note 2: Affordable Housing

Up to $55,000 of materials & services in the Planning Department budget is expressly designated for consulting, presentations, research, or other materials or services related to housing prices and housing affordability in the region. Contract(s) for these services shall be subject to Council approval regardless of amount.

Oregon Zoo

Budget Note 3: Strategic Plan

The Chief Operating Officer is requested to report to Council at least quarterly with regard to progress on the Zoo's strategic plan, particularly as related to the financial sustainability of the institution.

Budget Note 4: Revenue Alternatives

The Council recognizes that this budget projects revenue that cannot be achieved with the pricing structure in effect as of July 1, 2004. The Chief Operating Officer is requested to evaluate two alternatives for addressing this shortfall in revenue. The COO is requested to report to Council by September 1, 2004 on the relative merits of:

> Alternative One – an increase in the gate admission charge for all customers, regardless of whether they use the automobile parking lot.
>
> Alternative Two – an increase in revenue achieved by charging an additional fee only to those customers who do use the automobile parking lot.

Budget Note 5: Transfer from General Fund

The amount of excise tax generated through the end of FY 2003-04 from the proceeds of the Simulator and Winged Wonders attractions at the Oregon Zoo will be considered by the Council for transfer to the Zoo Operating Fund upon presentation by Zoo staff of a capital maintenance or renewal and replacement project in FY 2004-05. The amount is estimated to be $63,000, but the actual amount will be determined by actual excise tax proceeds calculated at FY 2003-04 year end (second close).

Metro Exposition-Recreation Commission

Budget Note 6: Tourism Opportunity and Competitiveness Account

An excise tax amount equivalent to $0.50 per ton on solid waste is placed into a Tourism Opportunity and Competitiveness Account. The Chief Operating Officer is directed to work with the General Manager of MERC, with the advice of the MERC Commission, in presenting the Metro Council with options for the expenditure of these funds. These expenditures are restricted to strategies and programs designed specifically to enhance the OCC's competitiveness in the pursuit of conventions from outside the region which bring new dollars into the region and which utilize the OCC. The Chief Operating Officer's proposals to the Metro Council are to be accompanied by an estimated "Return on Investment" for such expenditures.

Solid Waste & Recycling

Budget Note 7: Regional System Fee Credits

Expenditure of the final $150,000 of the Regional System Fee Credits for FY 2004-05 shall be based upon an assessment of the need for the credits relative to potential implementation of requirements that all dry waste be subject to material recovery at a Metro licensed material recover facility.

Glossary

Accrual Basis of Accounting – Accounting method in which revenue is recognized when it is earned, regardless of when cash is received; expenses are recognized when the associated liability is incurred, regardless of when cash is paid.

Ad Valorem Tax – A tax based on the assessed value of taxable property.

Advance Disposal Fee – A fee on a product that is intended to capture the cost of waste disposal of that product.

AFSCME – American Federation of State, County, and Municipal Employees, an organized labor bargaining unit.

Airport Light Rail/AirMAX – A light rail line from the Gateway Transit Center to the Portland International Airport.

Appropriation – Authorization granted by the Metro Council to spend money. Metro appropriates expenditure authority in each fund by category (operating expenditures, capital outlay, etc.).

Arbitrage – Interest earned from the proceeds of bond issues in which the rate of interest earned is greater than the interest rate owed on the bonds.

Arbitrage Rebate – Money owed to the Internal Revenue Service from interest earnings on bond proceeds that exceed the interest (bond yield) owed on the bonds.

Assessed Value – The value set by the county assessor on real and personal taxable property as a basis for levying taxes.

Ballot Measure 5 – Amendment to the Oregon Constitution approved by the voters in 1990, which limits property tax rates. This is now Article XI, Section 11(b) of the Oregon Constitution.

Ballot Measure 47 – An initiative Constitutional amendment approved by voters in November 1996. Ballot Measure 47 rolled back property taxes on individual properties to the lesser of the FY 1994-95 tax or the FY 1995-96 tax less 10 percent, whichever was less. The measure allowed increases of no more than 3 percent per year in property tax bills in ensuing years and limited fee increases without voter approval. Ballot Measure 47 was to take effect in FY 1997-98, but was repealed in May 1997 by Ballot Measure 50.

Ballot Measure 50 – A Constitutional amendment referred to the voters by the Legislature in May 1997. Ballot Measure 50 repealed and replaced Ballot Measure 47. Ballot Measure 50 rolled assessed values back to FY 1994-95 levels less 10 percent and allows them to increase no more than 3 percent per year. Existing operating tax levies (including tax bases and levies approved in November 1996) were reduced by a statewide average of 17 percent and were converted to rate-based levies. Ballot Measure 50 took effect in FY 1997-98.

Beginning Fund Balance – Net resources (cash and non-cash) available in a fund at the beginning of a fiscal year, carried over from the prior fiscal year.

Bonds – A written promise to pay a sum of money at a future date, with interest paid at an agreed rate on a set schedule. Bonds are typically used by governments to finance long-term capital improvements.

Budget – A plan for receiving and spending money in a fiscal year. The budget is the financial plan for Metro's allocation of resources to provide services, accomplish Metro's objectives and perform activities.

Budget Calendar – The schedule of key dates and major events in the budget process.

Budget Committee – The Metro Council sits as a special committee under Oregon Budget Law to review the Council President's proposed budget and to adopt the budget for the following fiscal year.

Budget Phases – Metro's annual budget is developed in four phases, as follows:

> *Requested:* Requests from departments for the following year's budget.
>
> *Proposed:* The Council President's recommended budget, which is reviewed by the Council Budget Committee.
>
> *Approved:* The budget as approved by the Council that is forwarded to the Multnomah County Tax Supervising and Conservation Commission for its certification.

Adopted: The budget as adopted by the Council in the annual budget ordinance, following certification by the Tax Supervising and Conservation Commission.

Business Development Grants – Matching grants administered by the Solid Waste and Recycling Department to promote business development of new products using materials recovered from the local waste stream.

CAFR – See *Comprehensive Annual Financial Report*.

Capital Fund – See description under *Fund*.

Capital Improvement Plan (CIP) – A plan for capital expenditures to be made each year over a five-year period that sets forth each capital project anticipated in that period and that identifies the expected beginning and ending date for each project, the amount to be spent each year, the method of financing the projects and estimated impact of projects on operating budgets.

Capital Outlay – A major expenditure category that includes appropriations for the purchase or improvement of land and buildings, and for furniture and equipment with a cost of more than $5,000 and a useful life of one or more years.

Capital Project – Land, facilities, equipment, or any other capital asset acquired or constructed by Metro costing $50,000 or more and having a useful life of five years or more.

Cash Basis of Accounting – Accounting method under which transactions are recognized when cash changes hands.

Central Services – Services provided internally to Metro departments by a Metro department or departments. These are primarily business services, such as accounting, risk management, information services, human resources, and legal services.

Challenge Grants – Grants to local jurisdictions to support their waste reduction programs to help meet state and regional waste reduction goals.

Chart of Accounts – A coding framework that categorizes various financial information into a logical structure which is the basis and foundation for all financial reporting within the agency.

Commission – An appointed body established in the Metro Code responsible for daily operations of a Metro operation or operations.

Compensation Plan – A listing of all Metro position classifications, their classification number and the rates of pay authorized. The document is updated annually and adopted by the Council.

Component Unit – Legally separate organization for which elected officials of the primary government are financially accountable. In addition, a component unit can be another organization for which the nature and significance of its relationship with a primary government is such that exclusion would cause the reporting entity's statements to be misleading or incomplete, in accordance with GASB Statements 14 and 39.

Comprehensive Annual Financial Report (CAFR) – The official public record of Metro's financial condition and results of operations, prepared at the close of each fiscal year, subject to audit.

Compression – The effect produced if the combined (and otherwise authorized) property tax rates of all non-school jurisdictions in a taxing area exceed the limit of $10 tax per $1000 in assessed value, as required by the Oregon Constitution since the passage of Ballot Measure 5. The result of such an excess is proportionally to reduce each general government jurisdiction's rate so the total rate does not exceed $10.

Concept Plan – See *Region 2040*.

Conditionally Exempt Generators – Commercial hazardous waste generators producing limited amounts of hazardous materials.

Contingency – A major expenditure category that includes appropriations set aside for unforeseen expenses. The Council must approve, by ordinance, any transfers from a contingency account to an expenditure account.

Contract – An agreement in writing between two parties where there is an exchange of goods or services. A contract is enforceable by law.

Cost Allocation Plan – A document prepared each fiscal year that identifies costs for central services and assigns them to operating units based on the best estimate of use or benefit received. The plan is used in preparing the annual budget to determine the amount of interfund transfers for the central service funds.

Data Resource Center (DRC) – The division of Metro's Planning Department that supplies economic and demographic information for Metro's planning functions, and that manages the Regional Land Information System (RLIS).

DBE – Disadvantaged Business Enterprise – Metro Code specifies Metro's Disadvantaged Business Program requirements for federally funded contracts.

Debt Service – 1) Payment of principal and interest on bonds, interest-bearing warrants, and short-term notes; 2) A major expenditure category that includes all categories of debt service payments.

Department – A functional unit of Metro.

DEQ – The state of Oregon's Department of Environmental Quality, which regulates Metro's solid waste disposal system and aspects of Metro planning operations such as air quality and water quality.

Direct Costs – The amount of charges to a department for specific services provided by another department.

Dry Waste – Non-putrescible (does not decay) waste, including demolition debris.

Employee Fidelity Coverage – Insurance covering loss in the event of theft by an employee.

Ending Fund Balance – Unspent and unobligated net resources at the end of a fiscal year. Usually generated by cash reserves and underspending of appropriations.

Enhancement Grants – Grants for community projects made to local communities that contain major solid waste disposal facilities. There are four such grant programs (for Forest Grove, Metro Central, Metro South, and St. Johns), funded out of the Rehabilitation and Enhancement Fund by a surcharge of $0.50 per ton on waste deposited at the facility.

Enterprise Activity – Business conducted by Metro in which a customer pays a fee or charge for a service or product.

Enterprise Revenues – Revenues earned through the sale of Metro goods or services, including admission fees, building rentals, food, and drink at Metro facilities, etc.

ESB – Emerging Small Business. Metro Code requires an attempt to solicit quotes from an Emerging Small Business for all purchases over $5,000.

ETAC – Economic Technical Advisory Committee. A volunteer committee appointed to review and make recommendations about economic considerations in Metro's proposed regional fish and wildlife habitat protection plan and the trade-offs between economics and natural resources for the region.

Excise Tax – A tax that is paid by users of Metro facilities for the privilege of the use of the facilities, equipment, systems, or services owned, licensed, franchised, or operated by Metro. The excise tax rate for the current fiscal year is $6.61 July 1, 2004, and $8.58 effective September 1, 2004, per ton for solid waste activities and 7.5 percent for all other activities. In December 2000, the Council converted the excise tax levied on solid waste activities from 8.5 percent to a per ton rate. The per ton rate is set annually during the budget process. The FY 2004-05 budget assumes an excise tax of $8.58 per ton that includes $2.50 per ton which is dedicated to Regional Parks and $0.50 per ton to establish a Tourism Opportunity and Competitiveness account in the General Fund to provide marketing support for the Oregon Convention Center as needed. $1.50 of the per ton tax is new this fiscal year and goes into effect September 1, 2004. Proceeds from the excise tax constitute the principal revenue source for Metro's General Fund.

Expenditure – The actual outlay of, or obligation to pay, cash.

Expo – Portland Metropolitan Exposition Center. The Expo Center, located at 2060 N. Marine Drive in Portland, consists of 300,000 square feet of flat floor space in four adjacent buildings for public exhibits and shows.

Finanswer Loan – See *PP&L Finanswer Loan*.

Fiscal Year – Metro's annual budget and accounting period, from July 1 through June 30.

Fringe Benefits – Non-salary employee benefits provided in accordance with state and federal law, union contracts, and/or Council policy. Such benefits for regular employees include: pension plans (including Social Security); medical, dental, vision and life insurance; vacation, holiday, and sick leave; workers' compensation and unemployment insurance. Temporary employees receive only those benefits mandated by law, such as Social Security, workers' compensation, and unemployment insurance.

FTE – See *Full-time Equivalent*.

Full-time Equivalent (FTE) – The ratio of time expended in any position to that of a full-time position. One person working full-time for one year is one FTE.

Fund – An independent fiscal and accounting entity with a self-balancing set of accounts that is segregated for the purpose of carrying on specific activities or attaining certain objectives.

Metro maintains several types of funds, including:

> *General:* Revenues may be spent for any legitimate Metro purpose.
>
> *Enterprise:* A fiscal and budgeting entity that accounts for a specific Metro operation that earns a substantial portion of its money through enterprise activities. Examples of Metro enterprise funds are the Solid Waste Revenue Fund and the Zoo Operating Fund.
>
> *Special Revenue:* Resources are restricted to expenditures for specific purposes, generally in support of the department that manages the fund.
>
> *Capital Projects:* Dedicated to acquisition, construction, or improvement of the fixed assets managed by a particular department.
>
> *Internal Service:* Accounts for the financing of goods or services provided by a central service department, with revenues coming from benefiting departments on a cost-reimbursement basis.
>
> *Debt Service:* Dedicated to paying debt service obligations.
>
> *Trust:* Expenditures are dedicated to a specified purpose, as stipulated by the entity or entities that provided money to establish the fund.

Fund Balance – The difference between a fund's assets and its liabilities – a fund's net resources.

GAAP – Generally Accepted Accounting Principles.

GASB – Governmental Accounting Standards Board.

General Fund – See description under *Fund*.

General Obligation Bonds – Bonds that are backed by the full faith and credit of the issuing government. General obligation bonds must be approved by the voters, and are paid through property taxes.

Grant – A contribution of assets by one entity to another. Grants are generally designated for a specific expenditure or project.

Greenspaces – Open areas, usually in public ownership, that are available for public use. While mostly undeveloped or developed only minimally, greenspaces may include parks, cemeteries, natural areas, and golf courses.

Greenspaces Master Plan – The Council-adopted document that establishes policies and lays out long-range plans and goals for Metro's program of acquiring, preserving, and developing open spaces for public use and protection of wildlife habitat.

Growth Concept – See *Region 2040*.

Household Hazardous Waste – Any discarded chemical materials or products that are or may be hazardous or toxic to the public or the environment and are commonly used in or around households.

IGA – See *Intergovernmental Agreement*.

Indirect Costs – The central overhead costs (i.e., payroll, accounts payable, legal counsel) necessary for the operation of a department or execution of a grant and not directly attributable to a specific function or grant. These costs are computed and charged to the appropriate department or grant based on a cost allocation plan.

Interfund Transfer – 1) An amount of money distributed from one fund to finance activities in another fund. The most common types of interfund transfers are for central services, payment for specific services performed, or for general financial support. 2) A major expenditure category that accounts for all movement of money from one fund to another.

Intergovernmental Agreement (IGA) – A signed agreement between two or more units of government, and approved by their governing bodies, that provides for the exchange of goods or services between the governments.

Intergovernmental Revenue – Funds received from a unit of government other than Metro in support of a Metro activity.

Interstate MAX – A light rail line from the Rose Quarter to the Columbia River along Interstate Avenue that is currently under construction.

Job Share – A budgeted full-time position shared by two people who together work 40 hours per week.

JPACT – Joint Policy Advisory Committee on Transportation. This committee consists of elected and appointed officials from jurisdictions throughout the region who are charged with developing and approving regional transportation plans.

Latex Processing Facility – The part of a solid waste transfer station that treats, recycles, and disposes of latex paint.

Line Item – An object of expenditure (see *Chart of Accounts*).

Line Item Budget – The traditional form of government budgeting in which proposed expenditures are based on individual objects of expenditure within a fund or department.

Major Expenditure Category – One of six classifications of spending, including personal services, materials and services, debt service, capital outlay, interfund transfers, and contingency.

Master Plan – A comprehensive plan for a program or facility that establishes policies and goals for the program or facility, for a period of five years or longer.

Material Recovery Facility (MRF) – A waste facility that receives commingled loads of waste and sorts them into recyclable and non-recyclable components.

Materials and Services – A major expenditure category that includes contractual and other services, materials, supplies, and other charges.

MAX – Metropolitan Area Express. The region's light rail mass transit system.

MBE – Minority Business Enterprise. Metro Code requires an attempt to solicit quotes from a Minority Owned Business for all purchases over $5,000.

Measure 5, Measure 47, Measure 50 – See *Ballot Measure*.

MERC – Metropolitan Exposition-Recreation Commission, consisting of an appointed seven-member board and its staff, which is responsible for daily operations of the Oregon Convention Center, Portland Center for the Performing Arts, and Expo Center.

Metro Central – Metro's solid waste transfer station at 6161 NW 61st Avenue, Portland.

Metro Recycling Information Center – The clearinghouse for waste reduction, recycling, and solid waste disposal information in the region.

Metro Regional Center – Metro's governmental headquarters, located at 600 NE Grand Avenue, Portland.

Metro South – Metro's solid waste transfer station at 2001 Washington St., Oregon City.

MIS – Management information system (see *PeopleSoft*).

Modified Accrual Basis of Accounting – The accrual basis of accounting adapted to the governmental fund type under which revenues are recognized when they become both measurable and available to finance expenditures of the current period. Expenditures are generally recognized when the related fund liability is incurred.

OCC – Oregon Convention Center.

ODOT – Oregon Department of Transportation.

OECDD – Oregon Economic and Community Development Department, which invests lottery, federal, and other funds to help communities and regions build a healthy business climate that stimulates employment, enhances quality of life and sustains Oregon's long-term prosperity.

One-time Revenue – A source of funding that cannot reasonably be expected to recur. Examples include single-purpose grants, use of reserves, and proceeds from the sale of property or other assets.

Open Spaces – Undeveloped land, preserved for its natural, environmental, or recreational benefits.

Open Spaces Acquisition Program – Metro's program of acquiring and preserving open spaces and natural areas. The program is administered by the Regional Parks and Greenspaces Department, and funded through the Open Spaces Fund.

Open Spaces Acquisition Work Plan – The plan guiding the work of the Open Spaces Acquisition Division of the Regional Parks and Greenspaces Department, which establishes the division's development of refinement plans and acquisition of open spaces.

Open Spaces Bond Measure – The Metro bond measure approved by the voters in 1995, authorizing $135.6 million for public acquisition of open spaces and natural areas in and near the Metro region.

Pass-through – Money given by a government or organization to another government or organization with a requirement that it be given to a third government or organization.

PCPA – Portland Center for the Performing Arts, which consists of three buildings and the four performance venues they house. The facilities are Keller Auditorium, Arlene Schnitzer Concert Hall, and the New Theater Building (containing the Newmark Theater and Dolores Winningstad Theater).

PeopleSoft – Metro's management information system software which provides centralized accounting, payroll, human resource, and budgeting information.

Performance Audit – Investigation of a program, operation, or department that is designed to determine whether the subject of the audit is properly, efficiently, and effectively managed. Metro's elected Auditor is responsible for conducting performance audits for Metro.

Performance Measures – Objective standards for determining work loads, effectiveness, and efficiency of Metro departments and programs.

PERS – Public employees retirement system. The retirement benefit package offered by most public jurisdictions in the state.

PERS Reserve – An amount set aside in FY 2003-04 and FY 2004-05 for potential future pension cost liabilities. In the spring of 2003, the Oregon legislature enacted sweeping changes to the public employees retirement system (PERS). All changes have been legally challenged. Court decisions are not expected until early 2005. The reserve is equal to the difference between the PERS rate prior to the changes and the PERS rate after the changes — approximately 6.65 percent of salaries and wages.

Population and Employment Allocations – Estimates of the number of residents and the number of jobs projected for each jurisdiction in the region in a given year.

Position – A budgeted authorization for employment, which can be full-time or part-time. One position may be budgeted as any fraction of an FTE but cannot be budgeted in excess of one FTE.

Post-closure Activities – The planning, execution, and environmental monitoring of activities associated with the closure of the St. Johns landfill.

PP&L Finanswer Loan – A special loan offered by Pacific Power & Light Co. to help finance energy conservation measures. Used by Metro to pay for energy conservation measures in the construction of Metro Regional Center.

Preliminary Audit Plan – The Metro Auditor's work plan periodically developed, reviewed, and updated to guide future audit work.

Program – Related activities and projects that seek to accomplish a specific objective. Programs are budgeted at the department level.

Program Budget – A plan for expenditure of money that is based on objectives and the cost to realize those objectives, rather than on individual line items.

Public Employees Retirement System – See *PERS*.

Rate Stabilization Reserve – A reserved fund balance established to stabilize solid waste rates from unanticipated fluctuations.

Recovery Rate – The percent of solid waste that is recovered from the total municipal solid waste stream.

Recycling Information Center – See *Metro Recycling Information Center*.

Refinement Plan – One of several plans of the Open Spaces Acquisition Division of the Regional Parks and Greenspaces Department that identifies specific parcels of land to be acquired within a larger target area.

Region – The area inside Metro's boundary.

Region 2040 – Metro's growth management planning document that establishes policies to manage regional growth over a 50-year period and to guide development of the Regional Framework Plan. Also known as 2040 Growth Concept, Concept Plan, and 2040 Concept Plan.

Regional Framework Plan – The growth management planning document mandated in the 1992 Metro Charter that is to prescribe guidelines to be observed by local governments in establishing their local land-use plans in conformance with regional goals. The plan was adopted by the Council in 1997.

Regional Land Information System (RLIS) – Metro's computerized mapping system, which has the capability to apply demographic, topographic, land-use, infrastructure, and other information in map form.

Regional Solid Waste Management Plan (RSWMP) – A policy and planning document adopted by the Metro Council in ordinance form that establishes policies for managing the disposal of solid waste from the region.

Regional Solid Waste Reduction Plan – The 10-year plan established to comply with state mandated waste recovery goals.

Regional Transportation Plan (RTP) – The plan required by the federal government, in order to receive federal transportation funds, that includes regional transportation policies and goals as well as a list of major transportation projects contemplated for a six-year period. This plan is required to be approved by the Joint Policy Advisory Committee on Transportation and the Metro Council.

Regional Urban Growth Goals and Objectives (RUGGO) – A policy and planning document approved by the Metro Council in ordinance form that establishes policies to guide growth management planning in the region.

Requirements – Total budgeted expenditures (including contingency) plus the amount of unappropriated balance.

Resources – All financial assets of a fund, including anticipated revenues plus cash available at the start of the fiscal year.

Restoration/Education Grants – Grants administered by the Regional Parks and Greenspaces Department for funding projects of public education on natural resource preservation or in support of restoring land to its natural state.

Revenue – Assets earned or received by a Metro fund during a fiscal year.

RIC – See *Metro Recycling Information Center*.

St. Johns Landfill – A 238-acre parcel of land in North Portland used as the region's principal general purpose landfill for more than fifty years until its closure in 1991. Metro manages activity at the facility, which primarily consists of implementing an approved closure plan.

Satellite Collection Events – Temporary household hazardous waste collection activities at sites remote from permanent household hazardous waste facilities.

Smith and Bybee Lakes Natural Area – The area including Smith and Bybee Lakes and surrounding property in North Portland that is managed as an environmental and recreational resource for the region.

Solid Waste Information System (SWIS) – The data base maintained by Metro staff providing statistical analyses of the region's solid waste generation, recovery, and disposal characteristics.

Special Revenue Fund – A fund used to account for the proceeds of specific revenue sources (other than expendable trust or capital projects) that are legally restricted to expenditure for specified purposes.

Supplemental Budget – A change to an adopted budget that is undertaken during the fiscal year a budget is in effect as defined by Oregon local budget law. A supplemental budget is required if resources greater than those identified in the budget are to be used, or if additional expenditures greater than the amount in contingency, or greater than 15 percent of total appropriations are required. A supplemental budget that is greater than 10 percent of appropriated expenditures requires TSCC review and certification, and Council adoption by ordinance. A supplemental budget less than 10 percent of appropriated expenditures requires Council adoption.

SWIS – See *Solid Waste Information System*.

Target Area – An area containing regionally significant open spaces that are to be preserved through public acquisition.

Tax Base – Property taxes dedicated to the annual financial support of a government or a government operation, authorized by voter approval.

Tax Supervising and Conservation Commission (TSCC) – Review body composed of citizens appointed by the governor, whose charge under state law is to review the budgets of all jurisdictions headquartered in Multnomah County and determine whether they comply with Oregon's local government budget law. The TSCC reviews the approved budget and supplemental budgets of Metro prior to Council adoption, in order to certify compliance.

Transfer – See *Interfund Transfer*.

Transfer Station – A facility that receives solid waste from commercial haulers and private citizens and ships the material to an appropriate disposal facility.

Transit-Oriented Development (TOD) – Development of property near major transit stations that supports reduced dependence on automobile use by mixing housing, retail, and commercial activity with access to transit.

TSCC – See *Tax Supervising and Conservation Commission*.

Unappropriated Balance – A line item in the budget that represents amounts set aside to be carried over to the following fiscal year. Unappropriated balances may not be spent in the current fiscal year.

Urban Growth Boundary (UGB) – A line delineating the area within the Metro region that may be developed at urban density levels.

WBE – Women Owned Business Enterprise. Metro Code requires an attempt to solicit quotes from a Women Owned Business for all purchases over $5,000.

Waste Characterization Studies – Studies conducted to determine the content of solid waste generated in the region.

Westside Light Rail – A light rail line, an extension of MAX, connecting downtown Portland with Hillsboro.

Willing Seller – A land owner who freely agrees to sell land to Metro for its Open Spaces Acquisition program.