

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF FORMALIZING) RESOLUTION NO 04-3496
BUDGET ASSUMPTION GUIDELINES FOR)
DEPARTMENTAL USE IN PREPARING THE) Introduced by Michael Jordan, Chief
FISCAL YEAR 2005-06 BUDGET AND) Operating Office with the concurrence of the
CAPITAL IMPROVEMENT PLAN, AND) Council President
DIRECTING THE CHIEF OPERATING OFFICER)
TO ADVISE COUNCIL OF ANY SUBSTANTIVE)
CHANGES IN THE ASSUMPTIONS PRIOR TO)
THE SUBMISSION OF THE PROPOSED)
BUDGET TO COUNCIL FOR PUBLIC REVIEW)

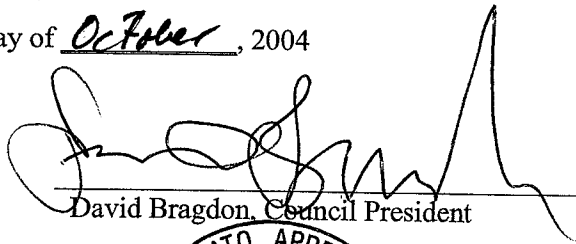
WHEREAS, The Metro Council has deliberated upon the global budget assumptions shown in Exhibit A to: better understand the factors that are used in creating Metro departmental and agency assumptions; discuss questions, issues, or concerns related to these proposed assumptions; determine areas where a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

WHEREAS, The Metro Council has agreed upon the need for this set of assumptions to be used by departments in the preparation of the Fiscal Year 2005-06 budget; and

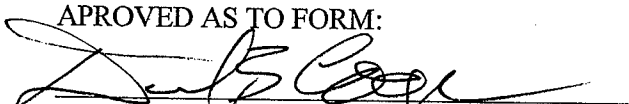
WHEREAS, The Metro Council wishes to formalize these assumptions as guidelines prior to the dissemination of the Budget Preparation Manual; now therefore

BE IT RESOLVED that the Metro Council approves and formalizes the budget assumptions as guidelines for departmental use in preparing the Fiscal Year 2005-06 budget, and directs the Chief Operating Officer to advise the Council of any substantive changes in these assumptions prior to the submission of the budget to Council for public review.

ADOPTED by the Metro Council this 28th day of October, 2004



David Bragdon, Council President

APPROVED AS TO FORM:


Daniel B. Cooper, Metro Attorney



EXHIBIT A
Resolution No. 04-3496
SUMMARY OF FINANCIAL ASSUMPTIONS FOR FY 2005-06 BUDGET

	FY 2005-06 Assumption	FY 2005-06 Cost Estimate
Salary Adjustments:		
✓ Elected Officials	0% increase	\$0
✓ Cost of Living Adjustment – <i>Represented Only</i>	2.5% COLA	\$501,996
✓ Other Salary Adjustments		
○ AFSCME (step adjustment)	2.5% pool	\$282,527
○ Non-Represented (Metro & MERC)	4.5% pool	\$682,076
○ All Other Groups (i.e. LIU 483, AFSCME 3580-1, etc.)	0.0% pool	\$0
Fringe Benefits:		
✓ FICA	7.65% of salaries/wages with exceptions for Elected Officials	\$3,225,850
✓ TriMet Payroll Tax	0.6218% of salaries/wages	\$264,035
✓ Worker Comp Tax	\$0.017 per hour worked	\$32,166
✓ Long Term Disability	0.55% of eligible salaries/wages	\$203,864
✓ Life Insurance	\$0.15 per \$1,000 of annual salary (to a maximum of \$50,000) per month	\$58,701
✓ Accidental Death Insurance	\$0.03 per \$1,000 of annual salary (to a maximum of \$50,000) per month	\$11,749
✓ Dependent Life Insurance	\$0.35 per employee per month	\$2,698
✓ Employee Assistance Program	\$1.78 per employee per month	\$13,918
✓ TriMet Passport Program	Regular Employees Only Metro Regional Center - \$166/emp. Oregon Zoo - \$164/emp. Solid Waste Offsite - \$46/emp. (average) Regional Parks Offsite Facilities - \$20/emp	\$74,949
✓ Health & Welfare Program	\$692.50 per employee per month	\$5,438,915
✓ PERS	6.00% Employee Pick-Up (where applicable) 7.14% Employer Contribution 4.70% Estimated average increase due to investment loss 6.65% Additional to Reserve	\$1,995,234 \$2,646,639 \$1,742,180 \$2,465,006
	24.49% Total estimated PERS Rate for FY 2005-06	

EXHIBIT A
Resolution No. 04-3496
SUMMARY OF FINANCIAL ASSUMPTIONS FOR FY 2005-06 BUDGET

	FY 2005-06 Assumption	FY 2005-06 Estimate
General Revenue Estimates:		
✓ Interest Rate	2.5% of cash balances	Varies
✓ Excise Tax Forecast		
○ Base solid waste excise tax	2.0% above FY 2004-05 base	\$6,338,740
○ All other facilities	Estimate based on existing 5-year forecasts	\$2,721,338
○ \$2.50 per ton to Parks	2.0% above FY 2004-05 rate - \$2.55/ton for FY 2005-06	\$3,181,038
○ \$0.50 per ton to Tourism Account	2.0% above FY 2004-05 rate - \$0.51/ton for FY 2005-06	\$636,208
Other Global Assumptions:		
✓ Excise Tax Allocations		
○ Planning Fund (general allocation)	FY 2004-05 allocation plus 2%	\$4,147,943
○ Regional Parks Fund (general allocation)	FY 2004-05 allocation plus 2%	\$486,384
○ Regional Parks Fund (landbanking)	FY 2004-05 allocation plus 2%	\$235,628
○ Regional Parks Fund (1% on SW)	Tied to formula – 11.75% of base SW excise tax	\$744,802
○ Regional Parks Fund (\$2.50 per ton)	\$2.50 per ton amount based on current estimate of SW tonnage	\$3,181,038
○ MERC Operating Fund (Tourism Account)	\$0.50 per ton amount based on current estimate of SW tonnage	\$636,208
○ MERC - OCC VDI Compliance	Same as FY 2004-05	\$182,129
✓ Inflation factor for other costs	2.5% where no other factors exist	Varies
✓ Contingency	4% of operating expenses with variances based on volatility of activity	Varies
✓ Special Appropriations		
○ Elections Expenses	Primary elections for Council President, Auditor, and three Council seats	\$300,000
○ Contribution to RACC	Contribute same amount as in current year	\$25,000
○ Water Consortium Dues	Provide for inflation over 5-year period	\$15,750
○ Public Notifications	Fund amount estimated by Public Affairs & Planning staff	\$150,000
✓ Central Service Transfers/Overhead Rates	Central service estimates to be provided in the budget manual based on a preliminary run of the FY 2005-06 cost allocation	TBD
✓ Capital Improvement Plan *** REQUEST WITHDRAWN ***	Increase minimum capital cost criteria of a CIP project from \$50,000 to \$100,000	n/a

STAFF REPORT

IN CONSIDERATION OF RESOLUTION NO. 04-3496 FOR THE PURPOSE OF FORMALIZING BUDGET ASSUMPTION GUIDELINES FOR DEPARTMENTAL USE IN PREPARING THE FISCALYEAR 2005-06 BUDGET, AND DIRECTING THE CHIEF OPERATING OFFICER TO ADVISE COUNCIL OF ANY SUBSTANTIVE CHANGES IN THE ASSUMPTIONS PRIOR TO THE SUBMISSION OF THE PROPOSED BUDGET TO COUNCIL FOR PUBLIC REVIEW

Date: October 7, 2004

Prepared by: Kathy Rutkowski

BACKGROUND

At the September 21, 2004 Council work session, Financial Planning staff presented for discussion a series of financial assumptions to guide the development of the FY 2005-06 budget. The assumptions included estimates for salary adjustments for various employee groups, fringe benefit costs such as health & welfare and PERS, and a variety of general revenue or global assumptions such as excise tax forecast and allocations for FY 2005-06 and elections expense. This year's assumptions also included a request to increase the threshold level for a capital project to be included in the Capital Improvement Plan (CIP) from \$50,000 to \$100,000 per project.

Councilors identified three areas where they wished to see additional information:

- ✓ Cost estimates for a range of cost-of-living options
- ✓ The estimated excise tax/general fund impact of the salary adjustment options
- ✓ Listing of capital projects that fall within the \$50,000 to \$100,000 range

Staff followed up with this information at the Council work session on September 28, 2004. There was considerable discussion on some of the assumptions and staff was asked to return to Council with a resolution to formalize the assumptions.

Exhibit A to the resolution summarizes the assumptions that were presented to Council at work session on September 21st and September 28th. There are two changes to the assumptions from those presented to the Council.

1. We have withdrawn the request to increase the capital project threshold from \$50,000 to \$100,000. There was considerable discussion on this request at both work sessions. It seems clear that Councilors are indeed interested in all projects currently shown in the CIP and were uncomfortable with increasing the project threshold.
2. We have made a preliminary allocation to departments of non-dedicated excise tax to be received in FY 2005-06. This allocation is based on current year allocations increased by the CPI factor allowed against the solid waste per ton rate. For FY 2005-06 that CPI rate is 2 percent. The original presentation made no assumption on the allocation formula pending Council discussion with departments on programs. By the time this resolution is presented to Council on October 28, 2004, the Council will have had a series of discussions with departments. Councilors may wish to amend this allocation formula based on those discussions.

This resolution is presented for approval at the October 28, 2004 Council meeting. Assumptions included in this resolution will be incorporated in the budget manual guidelines to be distributed to departments in early November. Departments are to begin formal budget development in November.

ANALYSIS/INFORMATION

1. **Known Opposition:** None known.
2. **Legal Antecedents:** None.
3. **Anticipated Effects:** Approval of this resolution will formalize the assumptions to be used in the FY 2005-06 budget. It provides that any significant changes to these assumptions will be brought back to Council prior to submission of the Proposed Budget.
4. **Budget Impacts:** The estimated cost impact of each assumption has been calculated where appropriate, and is shown in Exhibit A to the Resolution, Summary of Financial Assumptions.

RECOMMENDED ACTION

The Chief Operating Officer, in concurrence with the Council President, recommends approval of Resolution No. 04-3496.

M:\Asd\Finance\Confidential\Budget\FY05-06\Manual\Global Financial Assumptions\Resolution\Staff Report For Resolution To Approve FY 2005-06 Assumptions.Doc