

METROPOLITAN EXPOSITION RECREATION COMMISSION

Resolution No. 11-12

For the purpose of approving and transmitting to the Metro Council budget amendments to the MERC Fund for fiscal year 2011-12.

WHEREAS, Metro Code 6.01.050 provides that the Commission shall annually prepare and approve an annual budget which shall, to the maximum extent permitted by law, consist of one commission-wide series of appropriations; and

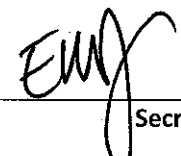
WHEREAS, the Commission previously approved and transmitted to the Metro Council the fiscal year 2011-12 budgets for the MERC Fund.

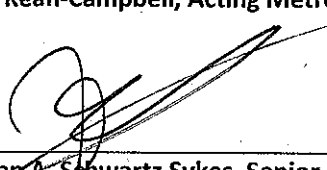
BE IT THEREFORE RESOLVED, that the Metropolitan Exposition Recreation Commission approves a budget amendment to the MERC Fund as described in the attached Staff Report and Exhibit A for the fiscal year beginning July 1, 2011 and ending June 30, 2012 for inclusion as part of the total Metro budget for this period and directs the Acting Metro COO to present this to the Metro Council for ratification.

Passed by the Commission on June 1, 2011.


Chair

Approved as to Form:
Alison Kean-Campbell, Acting Metro Attorney


Secretary/Treasurer

By: 
Nathan A. Schwartz Sykes, Senior Attorney

MERC Staff Report

Agenda Item/Issue: For the purpose of approving and transmitting to the Metro Council budget amendments to the MERC Fund for fiscal year 2011-12.

Resolution No.: 11-12

Presented By: Cynthia Hill

Date: June 1, 2011

Background and Analysis:

The MERC Budget was approved by Metro Council on April 28th and submitted to Tax Supervising and Conservation Commission (TSCC). Metro Council will adopt a final budget on June 23rd.

There are two opportunities to amend the budget before it is adopted in June. As we near the end of the fiscal year capital projects are reviewed to determine if carry over funding is required to complete the projects in the following year. A similar review is done for non capital projects with contract balances or grant funding that requires carry over.

This resolution requests three technical amendments to the approved budget, attached as "Exhibit A":

- 1) Increase the cost of food & beverage sales at the Portland Center for the Performing Arts (\$93,832) and the Hoyt Street Station Café (\$177,000)
- 2) Carry over for projects other than capital (\$82,675)
- 3) Carry over for capital projects (\$1,640,366)

"Exhibit B" is a copy of a Metro Council approved amendment to the proposed budget. This is a technical change in how the MERC fund recognizes the offset of health and welfare cost through use of the Opt out Reserve. The result is an increase in fringe cost and an equal amount recognized as an incoming transfer from the Risk Fund.

Fiscal Impact:

- 1) The beginning balance will increase \$1,601,366 based on unspent balances for carry over projects.
- 2) Revenue will increase \$121,675 for Grants & Donations and \$177,000 Food Service Revenue.
- 3) The New Capital/Business Strategy reserve at PCPA will decrease \$93,832

Attachments to Resolution and/or Staff Report:

"Exhibit A": budget amendment documents for submission to Metro Council for inclusion in the FY 2011-12 Adopted Budget.

"Exhibit B": copy of the Risk Management amendment previously approved by Metro Council.

Recommendation: Staff recommends that the Metropolitan Exposition-Recreation Commission adopt Resolution No. 11-12.

For FP Use Only	
Org Unit	#

AMENDMENT TO FY 2011-12 BUDGET

CENTER/SERVICE: MERC Fund Visitor Venues

DATE: June 1, 2011

DRAFTED BY : Cynthia Hill

<i>Type of Amendment:</i>	<i>Amendment to:</i>	<i>Purpose:</i>	<i>Status:</i>
Technical <input checked="" type="checkbox"/>	Proposed Budget <input type="checkbox"/>	Operating <input checked="" type="checkbox"/>	Ongoing <input checked="" type="checkbox"/>
Substantive <input type="checkbox"/>	Approved Budget <input checked="" type="checkbox"/>	Capital Project <input type="checkbox"/>	One-time <input type="checkbox"/>
		Renewal & Replacement <input type="checkbox"/>	

PROPOSED AMENDMENT:

- 1) Increase the cost of food & beverage sales at the Portland Center for Performing Arts (\$93,832).
- 2) Establish operating budget for the Hoyt Street Station Café (\$177,000).

Org Unit	Fund	Line Items		
		Acct #	Account Title	Amount
Resources	MERC Fund (555)			
		4550	Food Service Revenue	\$177,000
			Total Resources	\$177,000
Requirements	MERC Fund (555)			
		5291	Food & Beverage Services	\$270,832
		5999	Appropriated Fund Balance (New Capital/Business Strategy Reserve	(93,832)
			Total Requirements	\$177,000

PROGRAM/STAFFING IMPACTS:

- 1) PCPA and Aramark reviewed the proposed food & beverage budget for FY 2011-12 and determined expenditures were understated by \$93,832 due to a clerical error between the Excel budget buildup sheet and the entry into EBMS. This amendment adds additional cost in hourly labor and cost of goods sold. The change reduces the food & beverage margin down to 14.69% from 20% included in the proposed budget.
- 2) With the opening of the Hoyt Street Station Café, the Oregon Convention Center is projecting a breakeven budget from the operations for year one starting July 1, 2011. The estimated revenue in year one of operations is \$177,000 net of excise tax. This new project was meant to help disadvantaged individuals gain experience and expertise in the food and beverage management business by creating a training program and providing hands on experience. If successful, this program will create funds to allow for grant funding of individuals to pursue their dreams of owning their own business or furthering their education to help them secure a job in the food industry. All profits from the operations will be directed back into the Café operations for maintaining the day to day business needs and to create monies for grant funding opportunities in the future. An addendum to the ARAMARK contract was executed earlier this year to recognize this change in the flow of monies generated from the Café business.

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Org Unit	#

AMENDMENT TO FY 2011-12 BUDGET

CENTER/SERVICE: MERC Fund Visitor Venues

DATE: June 1, 2011

DRAFTED BY : Cynthia Hill

<i>Type of Amendment:</i>	<i>Amendment to:</i>	<i>Purpose:</i>	<i>Status:</i>
Technical <input checked="" type="checkbox"/>	Proposed Budget <input type="checkbox"/>	Operating <input checked="" type="checkbox"/>	Ongoing <input type="checkbox"/>
Substantive <input type="checkbox"/>	Approved Budget <input checked="" type="checkbox"/>	Capital Project <input type="checkbox"/>	One-time <input checked="" type="checkbox"/>
		Renewal & Replacement <input type="checkbox"/>	

PROPOSED AMENDMENT:

Request carry over funding for projects other than capital.

Org Unit	Fund	Line Items		
		Acct #	Account Title	Amount
Resources	MERC Fund (555)			
		3500	Beginning Fund Balance	\$61,000
		4120	Local Grant Direct – unearned revenue from City of Portland Grant	21,675
			Total Resources	\$82,675
Requirements	MERC Fund (555)			
		5240	Contracted Professional Services	\$82,675
			Total Requirements	\$82,675

PROGRAM/STAFFING IMPACTS:

<u>Project/Grant</u>	<u>Description</u>	<u>Amount</u>
1) Expo Center PSU Study Recommendations	Gard Communications – Develop marketing and communication plan recommendations on brand strategy and business outreach (\$16,000). Oak Tree Digital - Website Re-Design (\$35,000)	\$51,000
2) Expo Center Master Plan/Phase 3	Shields Obletz Johnsen, Inc – Expo Master Plan Update	\$10,000
3) PCPA Grant from the City of Portland	Carry over the unspent balance of the City of Portland Grant for the design, program and budget development for the renovation and expansion of the Arlene Schnitzer Concert Hall (ASCH). The original grant was \$225,000 received in November 2008.	\$21,675
	Total	\$82,675

For FP Use Only	
Org Unit	#

AMENDMENT TO FY 2011-12 BUDGET

CENTER/SERVICE: MERC Fund Visitor Venues

DATE: June 1, 2011

DRAFTED BY : Cynthia Hill

<i>Type of Amendment:</i>		<i>Amendment to:</i>		<i>Purpose:</i>		<i>Status:</i>	
Technical	<input checked="" type="checkbox"/>	Proposed Budget	<input type="checkbox"/>	Operating	<input type="checkbox"/>	Ongoing	<input type="checkbox"/>
Substantive	<input type="checkbox"/>	Approved Budget	<input checked="" type="checkbox"/>	Capital Project	<input checked="" type="checkbox"/>	One-time	<input checked="" type="checkbox"/>
				Renewal & Replacement	<input checked="" type="checkbox"/>		<input type="checkbox"/>

PROPOSED AMENDMENT: Carry-Over for Capital Projects

Capital projects are scheduled to work around event activity at each venue and sometimes may be impacted by weather conditions; as a result some projects have been delayed. An example is the boiler project at the Keller, there are events in the building and the boiler cannot be turned off due to the cooler than normal weather conditions.

- 1) Six projects listed below are in process and the work will cross fiscal years and be complete over the summer.
- 2) There are five projects that are in various stages of planning and will be complete next year.
- 3) The Information Technology projects (\$102,000) are under review by the business practices group in Information Services (IS). They are working on identifying and prioritizing which projects should or should not move forward for the MERC venues. At this time we know we have additional IS issues to deal with at the venues and there is no capital budgeted in FY 12. This project list and budget may need to be expended next fiscal year as detailed, or a new plan for capital investment in MERC IS may be proposed to the Commission later for consideration.

Org Unit	Fund	Line Items		
		Acct #	Account Title	Amount
Resources	MERC Fund (555)			
		3500	Beginning Fund Balance	\$1,540,366
		4750	Donations	100,000
			Total Resources	\$1,640,366
Requirements	MERC Fund (555)			
		5710	Improvement Other than Building	\$515,000
		5720	Building and Related	646,600
		5750	Office Furniture & Equipment	102,000
		5740	Equipment & Vehicles	377,366
			Total Requirements	\$1,640,366

PROGRAM/STAFFING IMPACTS:

	Project	Status	Funding Source	Amount
	Expo Center			
1)	Wi Fi	planning	Beg Bal	\$25,000
	OCC			
2)	Plaza Block 26	in process	Beg Bal	515,000
3)	Hand Dryers	in process	Beg Bal - MTOCA	60,000

"Exhibit A"

4)	Digital Signage	in process	Beg Bal – TLT Reserve	161,000
5)	Coffee Retail Space Remodel (Starbuck #1)	in process	Beg Bal – F & B Capital Contribution	75,000
6)	Catering China Replacement	planning	Beg Bal – F & B Capital Contribution	217,000
7)	Skyview Terrace – Tasting Kitchen	planning	Beg Bal – F & B Capital Contribution	100,000
8)	Kitchen Upgrades	planning	Beg Bal – F & B Capital Contribution	160,366
	<u>PCPA</u>			
9)	Keller Boiler	in process	PCPA Foundation (Friends of PCPA)	100,000
10)	Keller Concessions	in process	Beg Bal – F & B Capital Contribution	100,000
11)	Keller Heat Recovery System	planning	Beg Bal – Metro Sustainability Grant	25,000
	<u>Administration</u>			
12)	Information Technology	TBD	Beg Bal	102,000
			Total	\$1,640,366

ACCT	DESCRIPTION	FY 2011-12 Approved		Commission Proposed Revision		FY 2011-12 Revised	
		FTE	Amount	FTE	Amount	FTE	Amount
MERC Fund							
<u>Resources</u>							
<i>BEGBAL Beginning Fund Balance</i>							
	* Undesignated		3,108,587		788,000		3,896,587
	* Renewal & Replacement Reserve		12,543,636		0		12,543,636
	* Transient Lodging Tax Capital Reserve		269,310		161,000		430,310
	* New Capital / Business Strategy Reserve		5,100,848				5,100,848
	* Aramark Contract Capital Investment Reserve		0		652,366		652,366
	* PERS Reserve		1,991,822		0		1,991,822
	* Expo Phase 3 Reserve		0		0		0
<i>GRANTS Grants</i>							
4105	Federal Grants - Indirect		0		0		0
4110	State Grant - Direct		0		0		0
4115	State Grant - Indirect		0		0		0
4120	Local Grant - Direct		0		21,675		21,675
4125	Local Grants - Indirect		0		0		0
<i>LGSHRE Local Gov't Share Revenues</i>							
4130	Hotel/Motel Tax		11,155,335		0		11,155,335
4142	Intergovernment Misc. Revenue		0		0		0
<i>GVCNTB Contributions from Governments</i>							
4145	Government Contributions		784,320		0		784,320
<i>CHGSVC Charges for Service</i>							
4500	Admission Fees		1,880,177		0		1,880,177
4510	Rentals		7,333,144		0		7,333,144
4550	Food Service Revenue		11,735,662		177,000		11,912,662
4560	Retail Sales		7,000		0		7,000
4570	Merchandising		15,000		0		15,000
4575	Advertising		15,000		0		15,000
4580	Utility Services		1,578,500		0		1,578,500
4590	Commissions		1,123,500		0		1,123,500
4620	Parking Fees		2,874,555		0		2,874,555
4645	Reimbursed Services		2,645,172		0		2,645,172
4647	Reimbursed Services - Contract		527,989		0		527,989
4650	Miscellaneous Charges for Svc		370,050		0		370,050
<i>INTRST Interest Earnings</i>							
4700	Interest on Investments		122,806		0		122,806
<i>DONAT Contributions from Private Sources</i>							
4750	Donations and Bequests		350,000		100,000		450,000
4755	Capital Donations and Bequests		0		0		0
4760	Sponsorship Revenue		160,000		0		160,000

ACCT	DESCRIPTION	FY 2011-12 Approved		Commission Proposed Revision		FY 2011-12 Revised	
		FTE	Amount	FTE	Amount	FTE	Amount
MERC Fund							
<i>MISCRV Miscellaneous Revenue</i>							
4170	Fine & Forfeitures		1,500		0		1,500
4805	Financing Transaction		93,664		0		93,664
4890	Miscellaneous Revenue		35,926		0		35,926
4891	Refunds and Reimbursements		0		0		0
<i>INFREQ Special Items-Infrequent Items</i>							
4810	Sale of Fixed Assets		0		0		0
<i>EQTREV Fund Equity Transfers</i>							
4970	Transfer of Resources						
	* from General Fund		480,000		0		480,000
	* from Risk Management Fund		111,510		0		111,510
TOTAL RESOURCES			\$66,415,013		\$1,900,041		\$68,315,054

Personal Services

SALWGE Salaries & Wages

5010 Reg Employees-Full Time-Exempt

Account Executive	3.00	167,295	-	0	3.00	167,295
Accountant	-	0	-	0	-	0
Accountant II	2.00	116,085	-	0	2.00	116,085
Controller	-	0	-	0	-	0
Admissions Staffing Manager	1.00	50,440	-	0	1.00	50,440
Assistant Ticket Services Manager	1.00	48,880	-	0	1.00	48,880
Asst. Event Svcs Mgr. or Senior House Mg	1.00	75,629	-	0	1.00	75,629
Asst. Executive Director	2.00	205,169	-	0	2.00	205,169
Asst. Operations Mgr. (Asst. Tech Svcs. M	3.00	199,118	-	0	3.00	199,118
Audio Visual Supervisor	1.00	60,112	-	0	1.00	60,112
Audio/Visual Technician Lead	1.00	48,339	-	0	1.00	48,339
Audio/Visual Sales	1.00	53,414	-	0	1.00	53,414
Budget Manager	-	0	-	0	-	0
System Administrator II	-	0	-	0	-	0
System Analyst I	1.00	58,172	-	0	1.00	58,172
System Analyst II	1.00	64,143	-	0	1.00	64,143
Associate Management Analyst	1.00	60,840	-	0	1.00	60,840
Assistant Management Analyst	0.60	27,269	-	0	0.60	27,269
Construction Division Manager	-	0	-	0	-	0
Policy Advisor I	1.00	97,843	-	0	1.00	97,843
Program Director	-	0	-	0	-	0
Director of Event Services	1.00	80,995	-	0	1.00	80,995
Director of Sales & Marketing	1.00	93,600	-	0	1.00	93,600
Event Manager	5.00	303,762	-	0	5.00	303,762

ACCT	DESCRIPTION	FY 2011-12 Approved		Commission Proposed Revision		FY 2011-12 Revised	
		FTE	Amount	FTE	Amount	FTE	Amount
MERC Fund							
	Event Services Manager	1.00	81,078	-	0	1.00	81,078
	Director - Expo Center	1.00	117,395	-	0	1.00	117,395
	Manager I	2.35	189,428	-	0	2.35	189,428
	Manager II	0.30	31,609	-	0	0.30	31,609
	GM of Visitor Venues	0.75	113,599	-	0	0.75	113,599
	Program Analyst II	0.85	54,083	-	0	0.85	54,083
	Graphic Designer II	1.00	60,882	-	0	1.00	60,882
	Human Resources Manager	-	0	-	0	-	0
	Information Technology Manager	-	0	-	0	-	0
	Maintenance Supervisor	-	0	-	0	-	0
	Chief Engineer	1.00	70,990	-	0	1.00	70,990
	Marketing & Web Services Manager	1.00	72,883	-	0	1.00	72,883
	Executive Director - OCC	1.00	165,443	-	0	1.00	165,443
	Operations Manager	4.00	314,642	-	0	4.00	314,642
	Director of Operations	1.00	98,155	-	0	1.00	98,155
	Executive Director - PCPA	1.00	132,956	-	0	1.00	132,956
	Procurement Analyst	-	0	-	0	-	0
	Sales & Events Manager	1.00	78,500	-	0	1.00	78,500
	Sales & Booking Manager	1.00	74,235	-	0	1.00	74,235
	Sales Manager	5.00	296,816	-	0	5.00	296,816
	Security Manager	1.00	73,237	-	0	1.00	73,237
	Senior Event Manager	-	0	-	0	-	0
	Set-up & Operations Supervisor	8.00	426,440	-	0	8.00	426,440
	Senior Set-up Supervisor	1.00	67,413	-	0	1.00	67,413
	Stage Supervisor	1.00	59,779	-	0	1.00	59,779
	Sustainability Coordinator	1.00	58,365	-	0	1.00	58,365
	Ticketing/Parking Service Manager	2.00	147,234	-	0	2.00	147,234
	Ticket Services Manager	1.00	65,062	-	0	1.00	65,062
	Volunteer Services Coordinator	1.00	51,438	-	0	1.00	51,438
5015	Reg Empl-Full Time-Non-Exempt						
	Accounting Technician	3.00	124,675	-	0	3.00	124,675
	Administrative Assistant	11.00	432,206	-	0	11.00	432,206
	Accountant	1.00	47,753	-	0	1.00	47,753
	Executive Assistant	3.00	126,846	-	0	3.00	126,846
	Audio Visual Technician	3.00	132,253	-	0	3.00	132,253
	Electrician	5.00	329,200	-	0	5.00	329,200
	Facility Security Agent	9.00	310,549	-	0	9.00	310,549
	Lead Electrician	2.00	145,613	-	0	2.00	145,613
	Lead Operating Engineer	1.00	64,373	-	0	1.00	64,373
	Operating Engineer	7.00	424,283	-	0	7.00	424,283
	Painter	2.00	80,743	-	0	2.00	80,743

ACCT	DESCRIPTION	FY 2011-12 <u>Approved</u>		Commission <u>Proposed Revision</u>		FY 2011-12 <u>Revised</u>	
		FTE	Amount	FTE	Amount	FTE	Amount
MERC Fund							
	Secretary II	-	0	-	0	-	0
	Services Sales Coordinator	-	0	-	0	-	0
	Marketing/Promotions Coordinator	2.00	86,422	-	0	2.00	86,422
	Lead Stagedoor Watchperson	1.00	38,691	-	0	1.00	38,691
	Telecom & Information Systems Tech	1.00	52,722	-	0	1.00	52,722
	Box Office Coordinator	1.00	32,468	-	0	1.00	32,468
	Utility Lead	4.00	156,665	-	0	4.00	156,665
	Utility Maintenance	4.00	178,728	-	0	4.00	178,728
	Utility Maintenance Specialist	3.00	135,678	-	0	3.00	135,678
	Utility Maintenance Technician	1.00	41,719	-	0	1.00	41,719
	Utility Worker II	40.00	1,358,800	-	0	40.00	1,358,800
5025	Regular Employees Part Time Non-Exempt	-	195,030	-	0	-	195,030
5030	Temporary Employees	-	8,250	-	0	-	8,250
5043	Part-Time, Non-Reimbursed Labor	-	1,177,514	-	0	-	1,177,514
5045	Part-Time, Reimbursed Labor-Stagehands	15.00	358,200	-	0	15.00	358,200
5045	Part-Time, Reimbursed Labor-Other	-	1,060,546	-	0	-	1,060,546
5080	Overtime	-	415,799	-	0	-	415,799
5089	Salary Adjustment						
	Merit/COLA Adjustment (non-rep)		93,148		0		93,148
	Step Increases (AFSCME)		4,962		0		4,962
	COLA (represented employees)		129,281		0		129,281
	<i>FRINGE Fringe Benefits</i>						
5100	Fringe Benefits						
	Base Fringe (variable & fixed)		5,332,297		0		5,332,297
5190	PERS Bond Recovery		0		0		0
Total Personal Services		185.85	\$17,788,181	-	\$0	185.85	\$17,788,181
<u>Materials & Services</u>							
	<i>GOODS Goods</i>						
5201	Office Supplies		198,065		0		198,065
5205	Operating Supplies		307,112		0		307,112
5210	Subscriptions and Dues		55,295		0		55,295
5214	Fuels and Lubricants		16,600		0		16,600
5215	Maintenance & Repairs Supplies		524,140		0		524,140
5225	Retail		11,000		0		11,000
	<i>SVCS Services</i>						
5240	Contracted Professional Svcs		577,634		82,675		660,309
5245	Marketing Expense		2,642,520		0		2,642,520
5246	Sponsorship Expenditures		41,000		0		41,000
5247	Visitor Development Marketing		425,397		0		425,397
5251	Utility Services		2,636,796		0		2,636,796
5255	Cleaning Services		34,200		0		34,200

ACCT	DESCRIPTION	FY 2011-12 Approved		Commission Proposed Revision		FY 2011-12 Revised	
		FTE	Amount	FTE	Amount	FTE	Amount
MERC Fund							
5260	Maintenance & Repair Services		1,199,660		0		1,199,660
5265	Rentals		524,700		0		524,700
5270	Insurance		23,700		0		23,700
5280	Other Purchased Services		387,575		0		387,575
5281	Other Purchased Services - Reimb		448,571		0		448,571
5291	Food and Beverage Services		9,230,371		270,832		9,501,203
5292	Parking Services		272,931		0		272,931
<i>IGEXP Intergov't Expenditures</i>							
5300	Payments to Other Agencies		261,846		0		261,846
5310	Taxes (Non-Payroll)		17,000		0		17,000
<i>OTHEXP Other Expenditures</i>							
5450	Travel		175,696		0		175,696
5455	Staff Development		116,514		0		116,514
5490	Miscellaneous Expenditures		3,500		0		3,500
<i>GAAP GAAP Account</i>							
5520	Bad Debt Expense		0		0		0
Total Materials & Services			\$20,131,823		\$353,507		\$20,485,330
Capital Outlay							
<i>CAPNON Capital Outlay (Non-CIP Projects)</i>							
5710	Improve-Oth thn Bldg		50,000		0		50,000
5720	Buildings & Related		435,000		225,000		660,000
5740	Equipment & Vehicles		140,000		0		140,000
5750	Office Furniture & Equip		0		0		0
<i>CAPCIP Capital Outlay (CIP Projects)</i>							
5710	Improve-Oth thn Bldg		90,000		515,000		605,000
5720	Buildings & Related		505,000		421,000		926,000
5740	Equipment & Vehicles		206,000		377,366		583,366
5750	Office Furniture & Equip		0		102,000		102,000
Total Capital Outlay			\$1,426,000		\$1,640,366		\$3,066,366
Debt Service							
<i>LOAN Loan Payments</i>							
5610	Loan Payments-Principal		0		0		0
5615	Loan Payments-Interest		0		0		0
Total Debt Service			\$0		\$0		\$0

ACCT	DESCRIPTION	FY 2011-12 <u>Approved</u>		Commission <u>Proposed Revision</u>		FY 2011-12 <u>Revised</u>	
		FTE	Amount	FTE	Amount	FTE	Amount
MERC Fund							
<u>Interfund Transfers</u>							
INDTEX	<i>Interfund Reimbursements</i>						
5800	Transfer for Indirect Costs						
	* to General Fund-Support Services		1,953,643		0		1,953,643
	* to General Fund		211,213		0		211,213
	* to Risk Management Fund - Liability		461,938		0		461,938
	* to Risk Management Fund - Workers Comp.		279,827		0		279,827
INTCHG	<i>Internal Service Transfers</i>						
5820	Transfer for Direct Costs						
	* to General Fund-Support Services		77,884		0		77,884
EQTCHG	<i>Fund Equity Transfers</i>						
5810	Transfer of Resources						
	* to Renewal & Replacement Fund		10,824		0		10,824
	* to General Fund-PERS Reserve		1,958,805		0		1,958,805
	* to General Revenue Bond Fund		1,188,632		0		1,188,632
Total Interfund Transfers			\$6,142,766		\$0		\$6,142,766
<u>Contingency and Ending Balance</u>							
CONT	<i>Contingency</i>						
5999	Contingency						
	* General Contingency		2,299,335		0		2,299,335
	* Renewal and Replacement		0		0		0
	* New Capital/Business Strategy Reserve		5,428,213		(93,832)		5,334,381
	* Contingency for Capital (TL TAX)		0		0		0
UNAPP	<i>Unappropriated Fund Balance</i>						
5990	Unappropriated Fund Balance						
	* Restricted Fund Balance (User Fees)		0		0		0
	* Stabilization Reserve		620,500		0		620,500
	* New Capital/Business Strategy Reserve		0		0		0
	* Ending Balance		0		0		0
	* Renewal & Replacement		12,578,195		0		12,578,195
	* Current Year PERS Reserve		0		0		0
	* Prior Year PERS Reserve		0		0		0
Total Contingency and Ending Balance			\$20,926,243		(\$93,832)		\$20,832,411
TOTAL REQUIREMENTS		185.85	\$66,415,013	-	\$1,900,041	185.85	\$68,315,054

For FP Use Only	
Org Unit	#
FRS	2

AMENDMENT TO FY 2011-12 BUDGET

CENTER/SERVICE: Finance and Regulatory Services

DATE: 4/22/11

DRAFTED BY : Kathy Rutkowski

<i>Type of Amendment:</i>		<i>Amendment to:</i>		<i>Purpose:</i>		<i>Status:</i>	
Technical	<input checked="" type="checkbox"/>	Proposed Budget	<input checked="" type="checkbox"/>	Operating	<input checked="" type="checkbox"/>	Ongoing	<input checked="" type="checkbox"/>
Substantive	<input type="checkbox"/>	Approved Budget	<input type="checkbox"/>	Capital Project	<input type="checkbox"/>	One-time	<input type="checkbox"/>
				Renewal & Replacement	<input type="checkbox"/>		<input type="checkbox"/>

Note: If the purpose of the amendment is for a capital or renewal and replacement project please attach a revised 5-year CIP sheet

PROPOSED AMENDMENT: Risk Management Fund – Health & Welfare Program

The initial tasks of the business process evaluation have focused on the Human Resources enterprise system for processing and managing Payroll and Benefits. The evaluation followed up on a recent audit recommendations from Metro’s Auditor Office. The goal of the evaluation team was to identify ways in which to take advantage of functionality provided in PeopleSoft and to begin using the system in the manner in which it was intended thereby recognizing efficiencies in business processes. The recommendations of the evaluation team require a change in how health and welfare program costs are reflected in the budget.

The Risk Management Fund is considered an internal service fund. Charges are levied to departments based on experience for certain costs such as premiums and claims. Funding flows from the department to the Risk Management Fund where actual costs of premiums and claims are paid. This method has been used for all programs of the Risk Management Fund – liability, property, workers compensation, unemployment and health & welfare. While the internal service fund worked well for all other aspects of risk management, the evaluation team found it was an inefficient process for health & welfare and resulted in unintended difficulties in managing health & welfare costs. They found it also posed difficulties in responding to future requirements of the new health care reform act. They highly recommended that Metro reconsider the use of the internal service fund methodology for health & welfare costs. After discussions with the evaluation team, the Budget Office agrees with the recommendations.

This amendment implements the recommendations of the Human Resources business process evaluation team. Health & welfare costs will be treated solely as direct costs charged against the departments based on actual expense. It removes the internal services designation from the health & welfare program and removes associated costs from the Risk Management Fund. It retains the provision to partially offset the costs of health and welfare through the use of the Opt Out Reserve.

See the attached spreadsheet for specific line item changes.

PROGRAM/STAFFING IMPACTS:

Creates efficiencies in the processing and management of payroll and benefits.

ARGUMENTS IN FAVOR OF THE PROPOSED AMENDMENT

This action implements the recommendations of the business process evaluation team related to benefits and payroll processing and management. The change creates efficiencies in the processes by using the enterprise software in the manner in which it was intended. It reduces the double counting of costs that is inherent in any internal service fund and assists in responding to the future requirements of the health care reform act.

OPTIONS FOR FUNDING THIS AMENDMENT

N/A.

Line Item changes for change in Health & Welfare portion of Risk Management Fund

Fund	Org Unit	Acct #	Line Items	
			Account Title	Amount
Resources				
Risk Management Fund	Health & Welfare	4460	Insurance Premiums - H&W	(9,665,664)
			Total	(\$9,665,664)
Requirements				
Risk Management Fund	Health & Welfare	5271	Medical Insurance	(10,405,650)
		5490	Miscellaneous Expense	(20,000)
		5810	Transfer of Resources (opt out)	
			to MERC Fund	111,510
			to Natural Areas Fund	8,940
			to Oregon Zoo Bond Fund	3,350
			to Solid Waste Revenue Fund	56,130
			to General Fund	270,070
			to General Fund (risk staff)	277,890
		5990	Unappropriated Ending Balance	32,096
			Total	(\$9,665,664)
Resources				
MERC Fund		4970	Transfer of Resources (opt out)	111,510
Natural Areas Fund		4970	Transfer of Resources (opt out)	8,940
Oregon Zoo Bond Fund		4970	Transfer of Resources (opt out)	3,350
Solid Waste Fund		4970	Transfer of Resources (opt out)	56,130
General Fund		4970	Transfer of Resources (opt out)	270,070
General Fund		4970	Transfer of Resources (risk staff)	277,890
			Total	\$727,890
Requirements				
General Fund	Human Resources	5240	Contracted Professional Services	40,000
	Communications	5100	Fringe Benefits	12,600
	Council	5100	Fringe Benefits	14,400
	Finance & Reg Services	5100	Fringe Benefits	19,020
	Human Resources	5100	Fringe Benefits	11,400
	Information Services	5100	Fringe Benefits	15,600
	Office of Metro Attorney	5100	Fringe Benefits	9,300
	Office of Metro Auditor	5100	Fringe Benefits	3,600
	Oregon Zoo	5100	Fringe Benefits	91,860
	Parks & Environmental Svcs	5100	Fringe Benefits	22,650
	Planning & Development	5100	Fringe Benefits	33,228
	Research Center	5100	Fringe Benefits	17,580
	Sustainability Center	5100	Fringe Benefits	18,570
MERC Fund	Administration	5100	Fringe Benefits	8,910
	Expo Center	5100	Fringe Benefits	7,980
	Oregon Convention Center	5100	Fringe Benefits	66,180
	PCPA	5100	Fringe Benefits	28,440
Natural Areas Fund	Sustainability Center	5100	Fringe Benefits	8,940
Oregon Zoo Bond Fund	Oregon Zoo	5100	Fringe Benefits	3,350
Solid Waste Rev Fund	Finance & Reg Services	5100	Fringe Benefits	7,200
	Parks & Environmental Svcs	5100	Fringe Benefits	35,430
	Sustainability Center	5100	Fringe Benefits	13,500
General Fund	General Expense-Reserves	5990	Unapp Balance - Stabilization	238,152
			Total	\$727,890